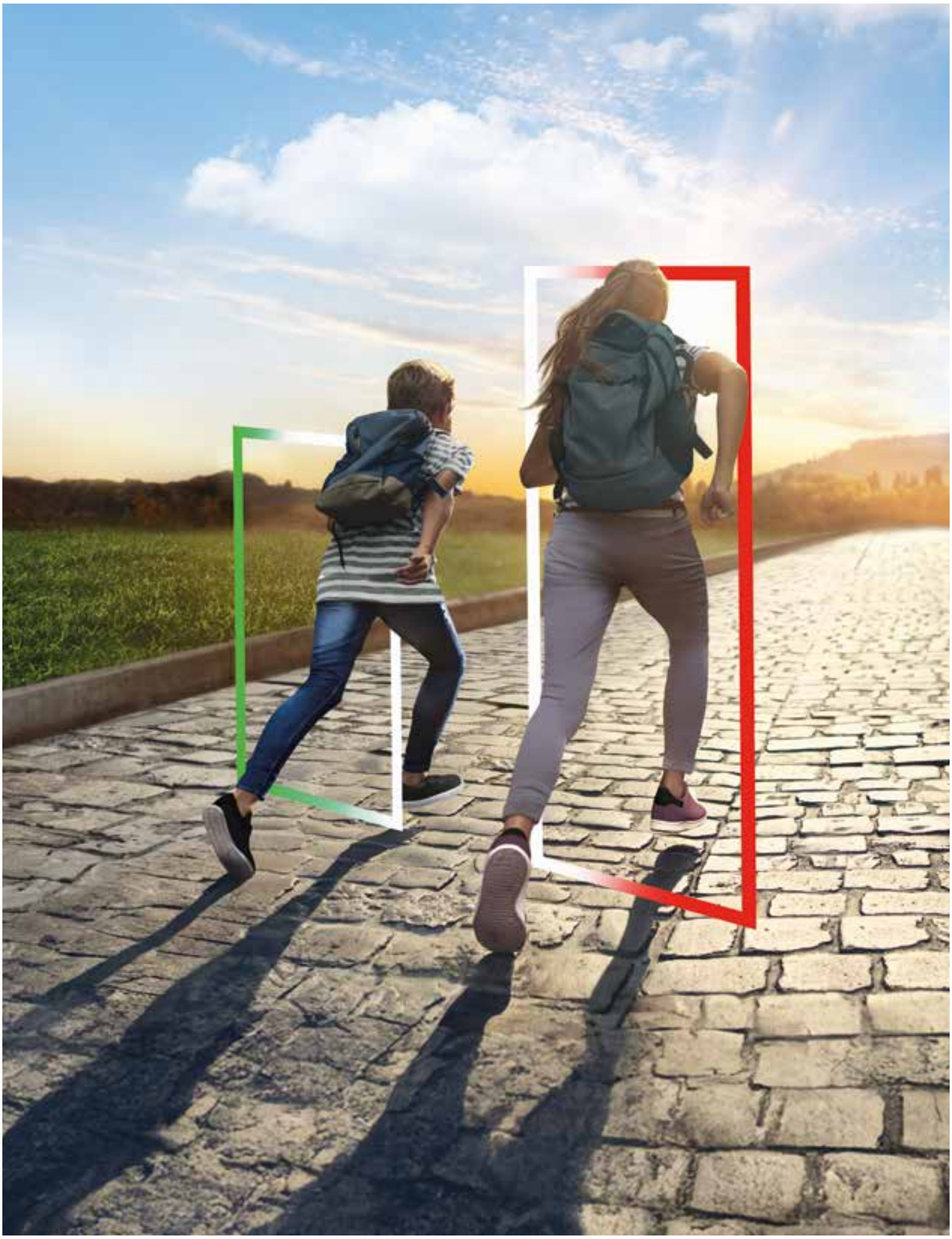
ANNUAL REPORT 2024

CDP Reti



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CORPORATE BODIES AS AT 31 DECEMBER 2024

BOARD OF DIRECTORS (*)

Giovanni Gorno Tempini	*Chairman*
Dario Scannapieco (**)	*Chief Executive Officer*
Sabrina Coletti	*Director*
Yanli Liu	*Director*
Qinjing Shen (***)	*Director*

BOARD OF STATUTORY AUDITORS (*)

Florinda Aliperta	*Chairman*
Paola Dinale	*Statutory Auditor*
Paolo Sebastiani	*Statutory Auditor*

Independent Auditors (****) Deloitte & Touche S.p.A.

(*) Appointed by the Shareholders' Meeting of January 20, 2021 for the three-year period 2021-2023, with a term of office until the approval of the financial statements for the year 2023 - which took place on May 13, 2024 by the Shareholders' Meeting, which at that time postponed the discussion of matters pertaining to the renewal of corporate bodies - and currently in prorogatio.

(**) Appointed by co-option by the Board of Directors on 1 July 2021 to replace Fabrizio Palermo, who submitted his resignation on 7 June 2021. The Shareholders' Meeting held on 31 March 2022 renewed the appointment of Mr. Scannapieco as a member of the Board of Directors with term of office aligned with that of the other Directors in office. In addition, the Board of Directors' meeting held on the same date appointed Mr. Dario Scannapieco as Chief Executive Officer of the Company.

(***) Appointed by co-optation by the Board of Directors on 18 November 2021 to replace Yunpeng He, who submitted his resignation on 25 October 2021, effective from the date of his replacement.
The Shareholders' Meeting held on 31 March 2022 renewed the appointment of Mr. Shen as a member of the Board of Directors with term of office aligned with that of the other Directors in office.

(****) Engagement granted by the Shareholders' Meeting of 10 May 2019 for the period 2020-2028. That Shareholders' Meeting also approved the mutually agreed termination of the auditing agreement between CDP RETI and PricewaterhouseCoopers S.p.A., in accordance with the agreement for the mutually agreed termination signed by the parties and with effect from the date of approving the financial statements at 31 December 2019.

2024 FINANCIAL HIGHLIGHTS

CDP RETI Group

CONSOLIDATED NET INCOME	CONSOLIDATED NET INCOME PERTAINING TO THE GROUP
2.5 bn euro	**733** mln euro

TOTAL CONSOLIDATED ASSETS
80.3 bn euro

CONSOLIDATED EQUITY	GROUP EQUITY
21.3 bn euro	**5.1** bn euro

CDP RETI S.p.A.

NET INCOME	TOTAL ASSETS
539.4 mln euro	**5.3** bn euro

EQUITY
3.5 bn euro

1 REPORT ON OPERATIONS OF THE GROUP

1. PRESENTATION OF THE GROUP

1.1 ROLE AND MISSION OF THE GROUP

PARENT COMPANY

CDP RETI S.p.A. is an investment vehicle established in October 2012 and converted from an Italian law limited liability company into an Italian law joint-stock company in May 2014, whose shareholders are Cassa depositi e prestiti S.p.A. - CDP - (59.1% as of 31 December 2024), State Grid Europe Limited - SGEL - (35% as of 31 December 2024), a company within the State Grid Corporation of China group, and certain Italian institutional investors (5.9% as of 31 December 2024, attributable to Cassa Nazionale di Previdenza e Assistenza Forense and 33 banking foundations). The Company is subject to management and coordination by CDP.

As of 31 December 2024, the share capital is 161,514.00 euro fully paid up and represented by 161,514 special shares (CDP: 95,458 category A shares, SGEL: 56,530 category B shares, Others: 9,526 category C shares), with no nominal value.

The corporate purpose of CDP RETI is the holding as well as ordinary and extraordinary management, directly and/or indirectly, of equity investments in Snam (31.35% as of 31 December 2024), Italgas (25.98% as of 31 December 2024) and Terna (29.85% as of 31 December 2024), with the Company acting as a long-term investor with the objective of supporting the development of transport, dispatching, regasification, storage and distribution infrastructures for natural gas, as well as electricity transmission.

More specifically, in 2012 the Company, as a result of the provisions contained in the Italian Prime Minister's Decree ("DPCM") of 25 May 2012 which defined the procedures and terms for the ownership unbundling[1] of Snam S.p.A. from ENI S.p.A. (aimed at making the market more open and thus creating the conditions for greater competition), acquired an equity investment in Snam from ENI, representing 30% of the voting capital less one share, for 3.47 euro per share (overall purchase value of approximately 3.5 billion euro). As a result of the sale, Snam is no longer subject to the control, management and coordination by ENI and operates under the ownership unbundling regime in accordance with the Italian Prime Minister's Decree of 25 May 2012.

Subsequently, on 27 October 2014, with the objective of pooling, within the assets of one party, the equity investments in the companies that manage infrastructural networks of strategic national interest, and within the context of opening the share capital of CDP RETI to third-party investors (SGEL and Italian institutional investors), CDP RETI was assigned the entire equity investment held by CDP in Terna, representing 29.851% of the share capital. The assignment of this equity investment, acquired from ENEL S.p.A. in 2005, was carried out in accordance with the pooling of interest method, at the same carrying value (around 1.3 billion euro) at which it was entered on the CDP financial statements at 31 December 2013, enabling CDP RETI to assume the role of sub-holding of reference for the CDP Group as regards the energy infrastructure sector.

On 7 November 2016, following the partial and proportional Spin-off of the equity investment held by Snam in Italgas and the admission to trading on the Italian equities market (MTA) of the Italgas shares[2] (Beneficiary Company), CDP RETI was assigned 202,898,297 Italgas shares, in proportion to those already held in Snam on the effective date of the Spin-off. The assignment was one Italgas share for every five Snam shares owned.

Finally, on 19 May 2017, the transfer of shareholdings in Snam S.p.A. (1.12%) and Italgas S.p.A. (0.97%) from CDP to CDP RETI was completed. The overall sale price agreed was 187.6 million euro, of which 155.9 million euro for the 1.12% equity investment in Snam and 31.7 million euro for the 0.97% equity investment in Italgas.

1 Separation between the owner of the natural gas production and/or supply activities and the owner and/or operator of the natural gas transport activities.
2 Company incorporated on 1 June 2016 specifically to implement the Spin-off, at first as ITG Holding S.p.A. and then as Italgas S.p.A. on submission of the application for admission to listing of ordinary shares on the MTA. On the same date, the operating company Italgas S.p.A. took the name of Italgas Reti S.p.A.

DIRECT SUBSIDIARIES AND RELATED AREA OF CONSOLIDATION

For more than 80 years, **Snam** has been involved in the transport, dispatching, storage and regasification of natural gas (this being its core business) in the European and national energy markets, guaranteeing their energy security. Conscious of the environment in which Snam operates, the Company has progressively integrated the Energy Transition Platform businesses - biomethane, hydrogen and energy efficiency - into its activities, becoming one of the enablers of the energy transition, which will also play a key role in achieving energy independence. By creating synergies and by leveraging its know-how, sustainability and innovation, all of Snam's businesses, as a whole, will contribute to achieving Snam's emission reduction targets - carbon neutrality by 2040 and zero net emissions by 2050 - and, at the same time, to creating a pan-European multi-molecule infrastructure, i.e. capable of transporting and storing not only natural gas, but also renewable gases such as hydrogen and biomethane, at national and European levels.

The gas infrastructure businesses

Transport

Through its transportation business, Snam manages the flow of natural gas from import points, regasification facilities, and production and storage centres across the nation, ultimately reaching the delivery points connected to the import pipelines. From here, the gas is further transported and delivered to the delivery points connected to local distribution networks, as well as large industrial and thermoelectric users.

Snam ensures the transport of natural gas throughout Italy using an extensive pipeline system managed by its subsidiary, Snam Rete Gas. This system guarantees high safety and environmental sustainability standards, avoiding road transportation, which is less efficient and less reliable. Thanks to its extensive expertise,

Snam designs and builds environmentally integrated infrastructure, balancing operational efficiency with environmental respect. To guarantee national energy distribution and security, Snam operates 13 compression plants positioned along the pipeline network, ensuring consistent gas pressure and a continuous flow.

Moreover, Snam has established 8 Districts and a Dispatching Centre, the technological heart of the Italian gas network, overseeing and managing the activities of 48 maintenance centres across the country. Through the Jarvis digital platform, users of Snam's transport services (known as shippers) can carry out gas transfers and exchanges near the Virtual Trading Points (PSV) of the national network.

Storage

Natural gas storage plays a critical role in balancing the supply and demand of gas, ensuring continuity of service even during sudden reductions in supply or spikes in demand. Through its subsidiary Stogit, Snam operates 9 storage facilities integrated with the Group's transport and regasification infrastructure, contributing to national energy security, and capable of providing more than 17% of Europe's total capacity. Storage activities are crucial for managing fluctuations in demand linked to seasonal patterns, acting as a true mitigation strategy against unforeseen events, unexpected demand increases due to extreme weather conditions, or disruptions in non-European supplies. The system, through flexible delivery and injection campaigns, allows gas to be stored during periods of lower demand, such as summer, making it available during demand peaks or in the event of temporary import interruptions, typically in winter, thereby ensuring national energy security. In July 2024, Snam entered into a binding agreement to purchase Edison Stoccaggio from Edison, a company that operates three storage facilities with a total capacity of approximately 1.1 billion cubic meters per year. The acquisition, which has obtained the necessary authorisations required by the applicable antitrust and golden power regulations, has allowed Snam to further strengthen its industrial set-up in natural gas storage, which is essential for energy security, reaching a total capacity of approximately 18 billion cubic metres (of which 4.5 billion cubic metres of strategic reserve), corresponding to over 17% of European capacity.

Regasification

Natural gas can be imported in its gaseous state through the pipeline network, or alternatively in its liquid form (LNG), transported by LNG tankers. It serves as a global resource that contributes to enhancing energy independence. In addition to liquefaction plants, Floating Storage and Regasification Units (FSRU) provide further support, enhancing energy supply security and diversification in Italy.

Through its subsidiaries, GNL Italia and Snam FSRU Italia, Snam oversees the regasification of liquefied natural gas (LNG) that is imported to Italy by sea. Natural gas, extracted from reservoirs, undergoes a cooling process that transforms it into a liquid state, significantly reducing its volume. This allows for more efficient transportation via LNG tankers, making it easier to import into the country.

The Panigaglia terminal, located in La Spezia and built in 1971, is Italy's first regasification plant. It covers an area of approximately 45,000 square meters and includes two storage tanks, each with a capacity of 50,000 cubic meters, along with vaporization facilities and a dock for LNG tanker docking. The design, construction, and operation of the terminal adhere to strict international standards and are based on the most advanced technologies to ensure safety and environmental protection.

Additionally, Snam has acquired two floating storage and regasification units (FSRU): the Golar Tundra, renamed ItalisLNG in June 2024, located in Piombino, Tuscany, and the BW Singapore, situated in Ravenna, Emilia-Romagna, both terminals are capable of storing and regasifying natural gas. The ships, stationed near a port area, either docked at the quay or anchored offshore, receive LNG at -160 °C from other LNG carriers, they then regasify it, turning it back into gas, before injecting it into the national gas transmission network.

FSRUs, besides featuring advanced leak detection technologies and emergency systems, are well-known for being secure, safe, and having a minimal environmental impact.

Snam's two regasifiers each feature a maximum storage capacity of about 170,000 cubic meters of LNG and a nominal continuous regasification capacity of approximately 5 billion cubic meters annually.

Small scale LNG and sustainable mobility

The geopolitical dynamics that have shaped the global context in recent years, driving price instability, coupled with the need to ensure Italy's energy independence, have prompted Snam to adjust its asset strategy, particularly regarding Greenture.

Greenture's mission is to promote the energy transition in the sectors of land, maritime, and rail transport, as well as for off-grid industrial users, by developing infrastructure dedicated to the use of Bio C-LNG (compressed and liquefied natural gas from biological sources), hydrogen (H_2), and other green molecules.

The company was founded in 2017 with the aim of promoting the decarbonisation of transportation by creating a network of Bio C-LNG and H2 refuelling stations. Over the past three years, Greenture has expanded its scope of operations, including the automotive sector (with a growing focus on heavy transport), the railway sector, and the maritime sector. This expansion seeks to reinforce Snam's position as a primary infrastructure operator in midstream and Small Scale LNG projects, which involve small liquefaction units and tanker truck loading facilities, aiming to boost sustainable mobility and drive the decarbonisation of the off-grid industrial sector in Italy.

The energy transition businesses

Biomethane

Biomethane is a key contributor to meeting the emission reduction objectives set at the European and national levels, due to its nature as a renewable and sustainable energy source. Thanks to its properties, biomethane can be integrated into existing infrastructure, bringing significant economic and environmental benefits.

Through Bioenerys' expertise and technical know-how, Snam is committed to promoting the development of biomethane infrastructure and promoting its diffusion on a national scale. The objective is to contribute to value creation, support Italy's energy transition, and facilitate the achievement of decarbonisation targets. In 2023, Bioenerys is a leading player on an industrial scale, with around 35 plants in operation by the end of 2024, equivalent to 40 MW of biomethane and biogas capacity.

Decarbonisation Projects

Snam's hydrogen initiatives and carbon capture and storage projects are managed by Decarbonisation Projects, a function established in July 2022, focused on promoting and accelerating the adoption of hydrogen in both industrial applications and sustainable mobility, highlighting the positive role of this energy carrier in supporting the achievement of European and global decarbonisation goals. Indeed, hydrogen does not emit carbon dioxide or any other gases that contribute to climate change. Its high versatility allows hydrogen to be used both in industrial applications (such as thermal, feedstock, and fuel cells) and in the sustainable mobility sector (trains, refuelling stations for light and heavy vehicles, airports), particularly in "hard-to-abate" sectors. Additionally, CCS (Carbon Capture and Storage) represents another opportunity to decarbonise the most carbon-intensive sectors, where carbon is an integral part of the production process and cannot be replaced by alternative energy sources. Snam, also through public funding sources, aims to play a leading role in the development of infrastructure dedicated to the transportation and storage of CO2. A significant example is the Ravenna CCS project, the first of its kind in Italy, developed in collaboration with Eni and included in the European Commission's list of Projects of Common Interest (PCI).

Energy efficiency

Energy efficiency is a key element in the fight against climate change and in the creation of sustainable and competitive economic systems. It contributes to decarbonisation, promotes economic and social development, and drives technological innovation in a way that remains neutral. The European Union, acknowledging the essential role of energy efficiency, has established a target of enhancing efficiency by 32.5% by 2030 compared to 1990 levels, within the framework of its Clean Energy for All Europeans strategy. Efforts to enhance energy efficiency, supported by national, local incentives, and third-party funding, promote a more rational use of energy resources, helping to cut consumption, reduce energy costs, and lower environmental impact, offering economic advantages to citizens, companies, and public entities.

Snam, to date, is one of the leading operators in Italy in the field of energy efficiency services, operating in the residential, industrial, tertiary and public administration sectors through its subsidiary Renovit. The latter was founded in 2021, thanks to a partnership between Snam and CDP Equity, obtaining B-Corp certification in early 2022 and Benefit Company status in 2023. Through Renovit, Snam proposes innovative solutions to improve energy efficiency, investing directly in decarbonisation, digitalisation and promoting self-consumption of energy.

ENERGY TRANSITION

BIOMETHANE

100% Bioenerys S.r.l.

- **100% Bioenerys Agri S.r.l.** Agri biomethane
  - 99.9% Biogas Bruso Soc. Agric. ar.l.
  - 100% BYS Soc. Agric. Impianti S.r.l.
  - 100% Emiliana Agroenergia Soc. Agric. S.r.l.
  - 100% Govone Biometano S.r.l.
  - 100% Maiero Energia Soc. Agric.ar.l.
  - 100% Moglia Energia Soc. Agric.ar.l.
  - 100% MST S.r.l.
  - 99.9% MZ Biogas Soc. Agric. ar.l.
  - 100% Soc. Agric. Agrimetano Pozzonovo S.r.l.
  - 100% Soc. Agric. Agrimetano Ro S.r.l.
  - 100% Soc. Agric. Carignano Biogas S.r.l.
  - 100% Soc. Agric. La Valle Green Energy S.r.l.
  - Soc. Agric. Sangiovanni S.r.l. (50% Bioenerys Agri - 50% SQ Energy)
    - 100% Soc. Agric. G.B.E. Gruppo Bio Energie S.r.l.
    - 100% Soc. Agric. Zoppola Biogas S.r.l.
  - 100% Soc. Agric. SQ Energy S.r.l.
  - 100% Soc. Agric. T4 Energy S.r.l.
  - 100% Zibello Agroenergie Società Agricola S.r.l.
- **100% Bioenerys Ambiente S.r.l.** Waste biomethane
  - 100% Biowaste CH4 Legnano S.r.l.
  - 100% BYS Ambiente Impianti S.r.l.
  - 100% CH4 Energy S.r.l.
  - 100% Enersi Sicilia S.r.l.

ENERGY EFFICIENCY

60.05% Renovit S.p.A.

- **70% Renovit Business Solutions S.p.A.**
- **70% Renovit Public Solutions S.p.A.**
  - 100% T-Lux S.r.l.
- **100% Renovit Business Solutions S.r.l.**

HYDROGEN

100% Asset Company 10 S.r.l.

GAS INFRASTRUCTURE

TRANSPORTATION

100% Snam Rete Gas S.p.A.

100% Asset Company 2 S.r.l.

- **100% Infrastrutture Trasporto Gas S.p.A.**

55% Enura S.p.A.

STORAGE

100% Stogit S.p.A.

REGASIFICATION

100% GNL Italia S.p.A.

100% Snam FSRU Italia S.r.l.

MOBILITY & LIQUEFACTION

100% Greenture S.p.A.

- **100% Cubogas S.r.l.**

OTHER INVESTMENTS

100% Gasrule Insurance DAC

100% Snam International BV

DOMESTIC INVESTMENTS

- E 33.34% Ecos S.r.l.
- E 40% EIS S.r.l.
- E 21.59% Industrie De Nora S.p.A.
- E 13.46% Italgas S.p.A.
- E 49.07% OLT Offshore LNG Toscana S.p.A.
- E 49.90% SeaCorridor S.r.l.
- E 30% Terminale GNL Adriatico S.r.l.
- E 35.93% Zena Project S.p.A.

INTERNATIONAL INVESTMENTS

- E 40% AS Gasinfrastruktur Beteiligung GmbH
- E 50% DCarbonX Limited
- E 25% East Mediterranean Gas Company S.A.E. (EMG)
- E 12.327% Galaxy Pipeline Assets HoldCo Limited
- E 23.68% Interconnector Limited
- E 25% Interconnector Zeebrugge Terminal BV
- E 40.50% Teréga Holding S.A.S.
- E 20% Trans Adriatric Pipeline AG (TAP)
- E 84.47% TAG GmbH
- E 54% Senfluga Energy Infrastructure Holdings S.A.

- - - - Scope of consolidation

E Accounted using equity method

The changes in the consolidation scope of the Snam group as of 31 December 2024, compared to that as of 31 December 2023, were as follows:

1. the merger by incorporation:
   - of 12 companies, operating in the biomethane field from agricultural waste and biomass, into BYS Società Agricola Impianti S.r.l., and one company into Bioenerys Agri S.r.l.;
   - of 7 companies, which own plants for the production of biomethane from organic waste (FORSU), into BYS Ambiente Impianti S.r.l.;
   - of FSRU I Limited, the owner of the floating storage and regasification unit (FSRU – Floating, Storage and Regasification Unit) "BW Singapore", into Snam FSRU Italia S.r.l.;
   - of Ravenna LNG Terminal S.r.l., which owns the offshore maritime terminal near the port of Ravenna, where the floating storage and regasification unit (FSRU) "BW Singapore" will be moored and connected to the transport network, into Snam FSRU Italia S.r.l.;
2. the sale of Renerwaste Cupello S.r.l., owner of a development project for a plant for the production of biomethane from FORSU, 85% owned by Snam through its wholly-owned subsidiary Bioenerys Ambiente S.r.l;
3. the entry of the company Govone Biometano S.r.l. into the scope, against the start-up of activities for the construction of the biomethane production plant from agro-industrial waste.

The shareholder structure of Snam S.p.A. as at 31 December 2024 is shown below (share capital consisting of 3,360,857,809 shares without nominal value):

Consolidating company	Shareholders	% ownership
Snam S.p.A.	CDP Reti S.p.A.	31.35
	Snam S.p.A. (treasury shares)	0.19
	Romano Minozzi	7.45
	Own shares	61.01

The **Terna** group (“Terna” – “Trasmissione Elettrica Rete Nazionale”) is the largest independent electricity transmission operator in Europe and one of the leading operators in the world by km of managed lines (more than 75,000 km).

It is responsible for the transmission and management of electricity flows on the High and Very High Voltage grid throughout Italy, in order to maintain the balance between energy supply and demand (dispatching). It is also responsible for the planning, building and maintenance of the grid.

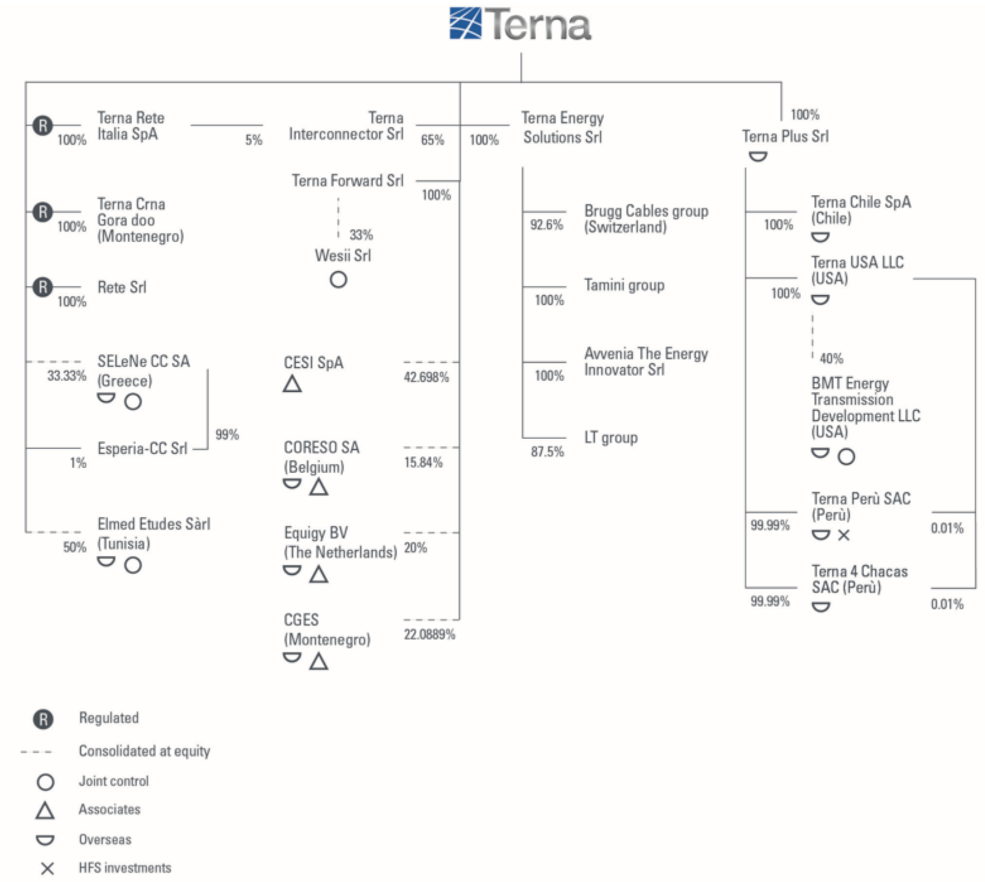
It plays the role of Italian TSO (Transmission System Operator) with a government granted monopoly based on the rules and regulations defined by the Italian Energy, Networks and Environment Regulator (ARERA), and the guidelines issued by Ministry of Enterprise and Made in Italy. It guarantees the safety, quality and cost-effectiveness of the National Electrical System over time and pursues the development of the grid and its integration with the European grid. It ensures conditions of equal access for all Grid users.

The electrical system is composed of:

- Generation: conversion of energy obtained from primary sources into electricity.
- Transmission and Dispatching: the transfer of electricity generated by power plants to the areas of consumption via high-voltage power lines, electric power and transformer stations, and storage systems that make up the transmission grid, guaranteeing a constant balance between electricity supply and demand; through lines interconnecting with foreign countries, the transmission system allows the exchange of electricity between Italy and other countries.
- Distribution: supply of medium and low-voltage electricity to end users.

Terna has been listed on the Italian Stock Exchange since 2004.

In line with the role and objectives of the enabler and director of the ongoing energy and digital transition, the group's corporate structure at 31 December 2024 recorded a series of updates reported in the notes.



The changes compared to 31 December 2023 are:

- On 7 March 2024, Terna's subsidiary Terna Forward S.r.l. finalised the acquisition of a 33% stake in the share capital of Wesii S.r.l., an Italian company that is a market leader in inspection and remote sensing services in the renewable energy sector, with its registered office in Chiavari (GE);
- On 18 November 2024, the third closing for the sale of SPE Transmissora de Energia Linha Verde I S.A. to CDPQ was completed. As of that date, the company is no longer part of the Terna group. It is also noted that, on 7 February 2024, the subsidiary Terna Plus S.r.l. completed the acquisition of the remaining 25% minority stake, thereby gaining full control of the company;
- On 4 December 2024, Terna Chile S.p.A. sold its shares in the two subsidiaries, Terna Peru S.A.C. and Terna 4 Chacas S.A.C., each representing 0.01% of their share capital, to Terna USA LLC. As a result of the transaction, Terna Peru S.A.C. and Terna 4 Chacas S.A.C. are now 99.9% controlled by Terna Plus S.r.l. and 0.01% controlled by Terna USA LLC;
- On 20 December 2024, the subsidiary Terna Energy Solutions S.r.l. completed the purchase of a 12.5% shares from the minority shareholder Solaris S.r.l. in LT S.r.l.. As a result, Terna's ownership in the company increased from 75% to 87.5%.

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

Based on the periodic assessments carried out by the company, 47.6% of Terna's shares are held by Italian Shareholders and the remaining 52.4% by Foreign Institutional Investors, mainly in the USA and in Europe (excluding the UK).

In September, Terna S.p.A. completed the purchase of 998,428 Treasury shares (representing 0.050% of the share capital) for a total value of 7,999,999.09 euro, in connection with the new Performance Share Plan 2024-2028.

Consolidating company	Shareholders	% ownership
Terna S.p.A.	CDP Reti S.p.A.	29.85
	Institutional investors	56.1
	Retail	13.8
	Own shares	0.2

The **Italgas** group is the leading operator in natural gas distribution in Italy and Greece, and the third in Europe. As of 31 December 2024, its companies[3] manage 83,811 kilometres of gas distribution networks, both medium and low pressure, through which, in 2024, it distributed 8,188 million cubic metres of gas, across 8,020 million Delivery Points. The group operates in 1,954 municipalities under concession in Italy and 145 in Greece, with a historical presence in major Italian cities, including Turin, Venice, Florence, and Rome.

Italgas has been listed on the Italian Stock Exchange since November 2016.

Italgas' core business is focused on gas distribution, an activity carried out within the broader national system, which involves the transportation of gas on behalf of authorised sales companies to market it to end customers. In addition to the delivery service, carried out through the local gas transportation networks from the city-gates (pressure reduction and metering stations interconnected to the transportation networks), the company performs metering activities that include the collection, processing, validation and disclosure of consumption data in order to regulate commercial transactions between operators and users.

In Italy, Italgas is subject to regulation by the Italian Energy Networks and Environment Regulator (ARERA), which defines how the service is supplied and the applicable distribution and metering rates. The gas distribution service is supplied under concession arrangements. A similar role is carried out in Greece by the public entity responsible for this purpose (RAE).

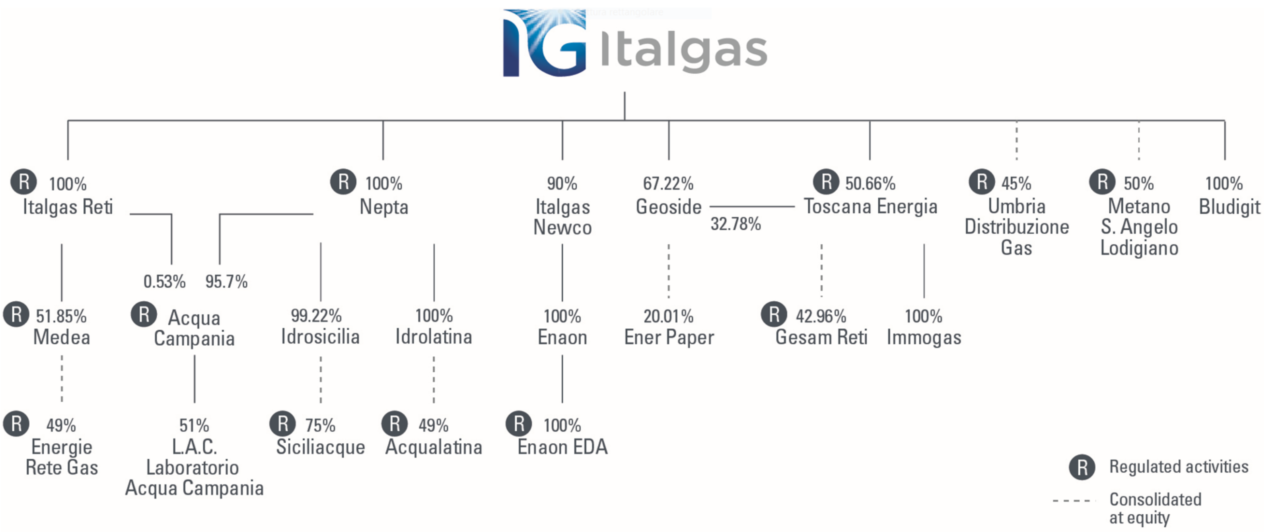
The Italgas group is also active:

- in the concession management of the integrated water service for 5 municipalities in Campania through Nepta S.p.A. and 38 municipalities in ATO 4-Southern Lazio through the associated company Acqualatina S.p.A., in the water intake, storage, purification, and distribution service in the Sicily Region through the associated company Siciliacque S.p.A., and in the water intake, purification, distribution, and transport of drinking water in the Campania Region through Acqua Campania S.p.A.;
- in the energy efficiency services sector through Geoside S.p.A., its ESCo (Energy Service Company), specialised in energy consultancy and the provision of energy services for both the private, residential, and industrial sectors, as well as for public administration;
- in Information Technology activities, through Bludigit S.p.A., a company that centralises all of Italgas group's IT activities, providing proprietary digital solutions and offering competencies and digital solutions developed internally to operators in both the energy sector and other industries.

As of 31 December 2024, the Italgas group's structure has changed from that of 31 December 2023, with the acquisition of 47.8% from Vianini Lavori S.p.A. and 47.9% from the Veolia group in Acqua Campania S.p.A.[4], resulting in a total ownership of 96.23%.

It is noted that on 18 December 2024, Acqua subscribed to the capital increase of Idrosicilia, increasing its shareholding to 99.2%. Moreover, on 10 February 2025, the merger of Acqua into Nepta became effective, with accounting and tax effects starting from 1 January 2025.

Below is the structure of the group.



The company's share capital at 31 December 2024 consisted of 811,242,309 shares, without a nominal value, for a total share capital of 1,003,843,958.76 euro.

3 Includes the parent company, direct and indirect subsidiaries, associated companies and jointly controlled companies.
4 Acqua Campania controls the company Laboratorio Acqua Campania by holding 51% of the share capital.

Based on the evidence in the shareholders' register, the information available and the communications received pursuant to art. 120 of the Consolidated Law on Finance, the holders of significant equity investments as at 31 December 2024 are listed below.

Consolidating company	Shareholders	% ownership
Italgas S.p.A.	CDP Reti S.p.A. (*)(**)	25.98
	Snam S.p.A.	13.46
	Lazard Asset Management Llc	9.84
	Banca d'Italia	1.35
	BlackRock Inc.	3.72
	Sun Life Financial, Inc.	3.20
	Other shareholders	42.45

(*) On 1 August 2019, the Board of Directors of CDP S.p.A., partly in order to take account of the guidelines on control contained in Consob Communication No. 0106341 of 13 September 2017, requalified the shareholding relationship in Italgas as de facto control pursuant to Article 2359(1)(2) of the Civil Code and Article 93 of the Consolidated Law on Financial Intermediation, exercising control through CDP Reti with an equity interest then equal to 26.05% and through Snam with an equity interest then equal to 13.50%. CDP does not perform management and coordination activities over Italgas pursuant to Articles 2497 et seq. of the Italian Civil Code.

(**) On 20 October 2016, a shareholders' agreement was entered into between Snam, CDP Reti and CDP Gas, effective as of the date of the demerger of Italgas S.p.A. on 7 November 2016. Effective 1 May 2017, CDP Gas was merged into CDP. Subsequently, on 19 May 2017, CDP transferred to CDP Reti, inter alia, the equity interest it held in Italgas S.p.A., amounting to 0.969% of the share capital of Italgas S.p.A. CDP Reti is 59.1% owned by CDP, 35% owned by State Grid Europe Limited - SGEL, a company of the State Grid Corporation of China group, and 5.9% owned by a number of Italian institutional investors. On 1 August 2019, the shareholders' agreement was further updated to take into account the aforementioned requalification of the shareholding relationship. The shareholders' agreement has a three-year term and is automatically renewed for successive three-year periods, unless either party terminates it with 12 months' notice. By virtue of this provision, the renewal of the shareholders' agreement occurred in November 2019 and November 2022. On 21 March 2023, Snam and CDP Reti signed an agreement amending the Italgas shareholders' agreement.

1.2 REFERENCE SCENARIO

With reference to **Snam** and the key business and sectors in which it operates, the following should be noted:

Gas infrastructure business

The volume of gas injected into the network in 2024, amounting to 61.82 billion cubic meters, shows a decrease of 2.25 billion cubic meters (-3.5% compared to 2023), due to a significant drop in exports and higher withdrawals from storage. Gas demand in Italy in 2024 reached 62.04 billion cubic meters, an increase of 0.31 billion cubic meters, or 0.5%, compared to 2023, this was primarily driven by higher consumption in the residential and tertiary sectors, which more than offset the decline observed in the thermoelectric sector. In particular, the increase in gas demand from the residential and tertiary sectors (+0.68 billion cubic meters; +3.0%) is due to a colder climate compared to 2023, the easing of voluntary measures and administrative actions that had curtailed consumption earlier in 2023, as well as a more advantageous consumer price situation. This effect was partly offset by the reduction in consumption in the thermoelectric sector (-0.37 billion cubic meters; -1.4%) due to higher hydroelectric production, driven by the heavy rainfall in 2024, and the increased use of renewable sources, supported by photovoltaics in the civil sector. Industrial sector consumption is largely in line with the same period of the previous year (+0.10 billion cubic meters; +0.9%), despite a decline in the industrial production index, particularly in “energy-intensive” sectors.

The gas demand, normalised for temperature, is estimated at 63.23 billion cubic meters, which is in line with the corresponding value from 2023 (63.22 billion cubic meters).

Total Storage Capacity: managed by the Snam group as at 31 December 2024, including strategic storage, amounted to 16.9 billion cubic metres, the highest in Europe. Total capacity includes 4.5 billion cubic meters for strategic storage, as set by the Ministry of the Environment and Energy Security (MASE), which remains unchanged from the 2023-2024 heating year, and 12.4 billion cubic meters for available capacity. As a result of the storage service allocation processes for the 2024-2025 heating year, all available capacity has been fully allocated (100% allocated also in the 2023-2024 heating year).

Gas volumes handled by the Snam Storage System in FY 2024 amounted to 14.58 billion cubic meters, an increase compared to the 2023 financial year (+0.86 billion cubic meters; +6.3%). The increase is attributed to higher deliveries (+0.67 billion cubic meters, a 10.0% increase compared to the 2023 financial year) due to colder temperatures than in 2023, as well as greater injections into storage (+0.19 billion cubic meters, a 2.8% increase compared to the 2023 financial year).

The volumes of liquefied natural gas (LNG) regasified during 2024 amounted to 4.54 billion cubic meters (an increase of 0.83 billion cubic meters compared to 2023; or +22.4%), and 62 LNG carriers (tanker loads) were unloaded, compared to 74 unloading operations in 2023. The increase in regasified volumes is mainly attributed to the commissioning of the

Piombino FSRU plant, which became operational in July 2023. In 2024, it regasified a total of 3.59 billion cubic meters of LNG, completed 39 LNG carrier unloadings (compared to 1.12 billion cubic meters and 12 unloadings in 2023). This effect was partly offset by the decrease in regasified volumes at the Panigaglia LNG terminal (La Spezia), which amounted to -1.62 billion cubic meters compared to the same period in 2023, with 2024 volumes in line with the levels seen before the Russia-Ukraine conflict. This reduction is primarily attributed to the dynamics of LNG prices, which have favoured the Asian market over the European one.

Energy transition business

By the end of 2024, there are 35 biogas/biomethane plants in operation, a decrease of 1 compared to 2023, with an installed capacity of 40 MW, down from 41 MW at the end of 2023. The decrease is attributed to the suspension of a waste (FORSU) plant. By 31 December 2024, the backlog in the energy efficiency sector reached 1.4 billion euro, up by 222 million euro compared to 31 December 2023, driven mainly by the industrial and public administration sectors. The change can be mainly explained by the increases in newly acquired contracts (+404 million euro) and the reductions from contracts that contributed to revenue generation (-200 million euro).

Regarding **Terna** and Italy’s electricity consumption, the demand in 2024 reached 312,285 GWh (provisional data), representing an increase of 2.2% compared to 2023, which had ended with a decrease of -2.8% compared to the previous year.

The growth in electricity consumption is due to favourable changes across nearly the entire year compared to the previous year, particularly during July and August, which saw temperatures above the 10-year average.

In 2024 (provisional data) about 41.2% (provisional data) of the total energy demand was made up by renewable sources. The value of production from renewable sources increased (+13.4%) compared to the previous year.

Regarding the performance of individual renewable sources, production from hydropower increased by 30.4% and from solar energy by 19.3%, while bioenergy saw a decrease of 9.5% and wind energy dropped by 5.6%.

In this context, with a European scenario geared towards decarbonisation and a strong penetration of renewable energies, high voltage grids represent an enabling factor for the growth of renewable generation. Thanks to the strength of the network infrastructure and the system management measures implemented by Terna, intermittent production of 36.1 TWh from solar power and 22.1 TWh from wind energy has been safely accommodated.

In 2024, the number of hours during which the energy demand is met by renewable sources surpassing the 30%, 40%, and 50% thresholds has increased compared to the pre-2023 levels.

Electricity production in 2024 shows a 2.7% increase compared to 2023, largely driven by renewable sources. In the year, renewable energy production increased by 13.4% compared to 2023, almost matching the production from fossil fuels, which saw a 5.9% decline.

At 31 December 2024, **Italgas**, including its investee companies, was the holder of gas distribution concessions in 2,099 Municipalities (2,050 at 31 December 2023), of which 2,024 in operation (1,967 at 31 December 2023):

- Gas distributed: at 31 December 2024, Italgas, including the investee companies over which it does not exercise effective control, had distributed 8,188 million cubic metres of gas (8,145 million cubic metres of gas at 31 December 2023).
- Distribution network: the gas distribution network at 31 December 2024, including the investee companies over which it does not exercise effective control, extended for 83,811 kilometres (82,034 kilometres at 31 December 2023).
- Meters: at 31 December 2024, the meters in service at the re-delivery points, including the investee companies over which it does not exercise effective control, amounted to 8.020 million (7.974 million at 31 December 2023).

2. SIGNIFICANT EVENTS TAKING PLACE IN THE YEAR BY SECTOR/COMPANY

CDP RETI

Refinancing of debt, amounting to 1,200,000,000 euro, resulting from loans taken out in 2020 and 2023

Introduction

The refinancing operation (the "**Refinancing**") of CDP RETI's debt, arising from the loans signed in May 2020 (the "**Term Loan 2020**") and May 2023 (the "**Term Loan 2023**"), was finalised in the second half of 2024, specifically in September and November, through (i) the issuance of a bond (the "**New Bond**") worth 600 million euro, due in September 2031, and (ii) taking on a new loan (the "**New Term Loan**") amounting to 600 million euro, maturing in November 2029.

Through the issuance of the New Bond and taking on the New Term Loan, CDP RETI was mainly able to:

- settle the debt amount for the Term Loan 2020 and the Term Loan 2023 sooner than planned;
- extend the average duration of the outstanding financial debt;
- consolidate and diversify its investor base and expand the pool of financing banks; and
- improve certain contractual provisions, such as for example the one relating to the new financial indebtedness allowed.

As a result of the early termination of the existing arrangements, the Refinancing operation has had the following impact on the 2024 income statement:

- a positive effect of approximately 13.9 million euro (before tax impact) was recognised, resulting from the release to the income statement of the CFH valuation reserve related to the cash flow hedge executed through the Interest Rate Swap ("**IRS**"). This impact arises from the reclassification of the estimated covered cash flows from equity to profit (loss) in the income statement, as these will no longer affect future profits or losses following the termination of the original loans and the recognition of a new financing arrangement;
- a negative effect of approximately 0.9 million euro (before tax impact) due to the reversal of the remaining value of the fees originally paid at the signing of the Term Loan 2020 and Term Loan 2023, which were included in the amortised cost[5].

For a more detailed analysis of the accounting impacts resulting from the early termination of the *Term Loan* 2020 and *Term Loan* 2023, as well as their associated IRS hedging derivatives, please refer to the Notes to the separate financial statements.

Description

Prior to the Refinancing, the financial debt of CDP RETI consisted of the following:

- a Term Loan issued in May 2020 for a total amount of about 938 million euro, with 222 million euro (24%) funded by Cassa Depositi e Prestiti S.p.A. and 715 million euro (76%) by a pool of banks, having a 5-year term (i.e., maturing in May 2025) and an interest rate based on the 6-month Euribor, plus a margin of 105 bps, which was converted into a fixed rate of 0.796% through an IRS transaction;
- a Term Loan taken out in May 2023 with a pool of lending banks, amounting to approximately 253 million euro, having a 3-year term (i.e., maturing in May 2026) and an interest rate based on the 6-month Euribor plus a margin of 140 bps, which was converted into a fixed rate of 4.806% through an IRS transaction; and
- a bond issued on 25 October 2022 for a total nominal value of 500 million euro, with a maturity of 5 years (i.e. maturity on 25 October 2027) and an annual coupon of 5.875%.

With the Term Loan 2020 approaching its maturity, CDP RETI, in collaboration with the relevant CDP departments has begun working to identify the best strategy for refinancing the debt maturing in both May 2025 and May 2026.

5 Considered costs directly attributable to the transaction, these fees were amortised from the outset (and recognised among financial charges) by applying the amortised cost of the liability criterion.

As a result of detailed analysis, reviewing market conditions, and discussions with potential lenders, the best refinancing strategy has been determined:

- through the issuance[6] on 4 September 2024 of a New Bond Loan, followed by the voluntary early partial repayment (i.e. 593 million euro) of the Term Loan 2020 on 18 September 2024. The bonds, with a 7-year term and an annual coupon of 3.875%, issued at a price of 98.874%, were listed on the regulated market of the Irish Stock Exchange (Euronext Dublin Regulated Market). Moody's has assigned a Baa3 rating to the issuance, while Fitch Ratings has rated it BBB;
- by taking out, on 5 November 2024, a new loan with a pool of banks for a total amount of 600 million euro and a term of 5 years. The proceeds from this loan were used, at the interest payment dates[7]and after receiving the liquidity from the New Term Loan, to repay the remaining debt from the 2020 financing agreements (totalling 344,634,700 euro) and the 2023 loan (amounting to 252,900,000 euro). Furthermore, on the same dates, CDP RETI closed the existing IRS contracts early, in place to hedge the aforementioned financing agreements.

The main features of the New Term Loan are as follows:

(i) Total amount: 600 million euro;
(ii) Expiry: 5 November 2029;
(iii) Interest period: six months;
(iv) Repayment: bullet repayment at maturity (except in the case of cancellation or early repayment);
(v) Interest rate: variable, calculated based on the 6-month Euribor rate plus a margin of 115 bps;
(vi) Upfront fee: 40 bps.

In order to provide more stability and predictability to CDP RETI's income statement, in line with previous *Term Loans*, the variable interest rate of the New *Term Loan* was converted into a fixed interest rate through the Company's subscription to two IRS transactions[8]. Since CDP RETI does not engage in derivative operations with the market, these IRS were entered into with the parent company, CDP, which in turn signed mirror derivative contracts (known as back-to-back swaps) with market counterparties with whom it conducts derivative transactions.

Other significant events occurred in the period

Regarding the **dividends received** from subsidiaries, totalling **577.8 million euro (550.4 million euro in 2023)**, during the reporting period about 297.1 million euro were collected from Snam (2023 interim dividend equal to 119 million[9] euro and 2023 final dividend equal to 178 million euro), about 206.5 million euro from Terna (2023 final dividend equal to 135 million euro and 2024 interim dividend equal to 72 million euro[10]) and about 74.2 million euro from Italgas (2023 dividend).

The increase (+27.4 million) compared to 2023 is due to the higher collections deriving from the dividend policies (in terms of dividend per share) of Snam (+7.3 million), Terna (+12.8 million) and Italgas (+7.4 million).

Furthermore, on 6 November 2024 the Board of Directors of Snam approved the distribution of interim dividend on the 2024 net income, of which 122 million was paid to CDP RETI (in January 2025).

For more details, please refer to the "Report on operations of CDP RETI S.p.A."

With regard to **dividends paid** to shareholders, **amounting to around 531.4 million euro** before tax (**511.7 million euro** in 2023), the following amounts were distributed during the year:

- the balance of the 2023 net income (i.e. approximately 169.5 million[11] euro before tax), of which about 100 million distributed to CDP and 59 million to State Grid Europe Limited, was up compared to the final dividend distributed in the first half of 2023 (i.e. 168.6 million euro). Moreover, it should be noted that a part (343 million) of the 2023 net income was distributed in November 2023 as an interim dividend[12];
- an interim dividend on the 2024 net income[13] equal to 362 million before tax, of which about 214 million to CDP and 127 million to State Grid Europe Limited.

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6 The bond issue attracted substantial market interest, with around 180 investors placing orders for more than 2.7 billion euro, which is 4.5 times the amount offered.

7 Which took place on 19 and 25 November 2024, respectively.

8 Specifically, the two derivative contracts were entered into to cover the first drawdown of 345 million euro (at a fixed rate of 3.383%) and the second drawdown of 255 million euro (at a fixed rate of 3.406%).

9 Interim dividend (equal to 0.1128 euro per share, with payment starting from 24 January 2024, with coupon due on 22 January and record date on 23 January) approved by the Board of Directors of Snam S.p.A. on 8 November 2023 and recognised in the financial statements of CDP RETI S.p.A. at 31 December 2023.

10 Interim dividend (amounting to €0.1192 per share, with payment starting on 20 November 2024, ex-dividend date on 18 November, and record date on 19 November) was approved by the Board of Directors of Terna S.p.A. on 6 November 2024.

11 1,049.41 Euro distributed for each of the 161,514 shares.

12 The interim dividend of 2,123.92 per each of the 161,514 shares was approved by the Board of Directors on 21 November 2023 on the basis of the company's accounting situation at 30 June 2023, prepared in accordance with IFRS. The company ended the period with a net income of approximately 343 million and available reserves of approximately 3,369 million.

13 The interim dividend of 2,240.46 per each of the 161,514 shares was approved by the Board of Directors on 21 November 2024 on the basis of the company's accounting situation at 30 June 2024, prepared in accordance with IFRS. The company ended the period with a net income of approximately 362 million and available reserves of approximately 3,369 million.

The following should be noted with regard to relations with investees:

- on 12 March 2024, in implementation of the incentive plan called "2021-2023 Co-Investment Plan" - approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021 - and the decision of the Board of Directors of Italgas to freely assign a total of 497,089 new ordinary shares of the Company to the beneficiaries of the Plan (the so-called first cycle of the Plan) and launch the execution of the *first tranche* of the capital increase approved by the aforementioned Shareholders' Meeting, CDP RETI's equity investment in Italgas went from 25.99% to 25.98%;
- following the announcement[14] by Italgas (the first Italian operator in the distribution of natural gas in terms of volumes of distributed gas) about initiating exclusive negotiations for acquiring 100% of the capital of 2i Rete Gas, Italy's second largest operator, (the Transaction), CDP RETI, as the primary shareholder, communicated in a letter to Italgas on 15 May 2024, based on preliminary assessments and subject to further review, that "*taking into account the strategic nature of the infrastructure and energy sectors, it viewed the potential completion of the Transaction positively, acknowledging its potential industrial value. In this context, as shareholders, we are willing to explore options for supporting the potential Transaction, once we have the necessary information to verify the prerequisites for our participation"* and *"in any case subject to the approval of the relevant corporate bodies"*. The same letter also specifies that it does not constitute a commitment and does not entail any obligation or responsibility. Subsequently, on 8 October 2024, following Italgas's announcement [15] of the signing of the Share Purchase Agreement for the acquisition of 2i Rete Gas S.p.A. and its plans for a 1 billion euro capital increase in connection with the acquisition, CDP RETI, as the main shareholder of Italgas, sent a non-binding letter of support for a potential future equity contribution from CDP RETI to back the acquisition of 2i Rete Gas. Further details on CDP RETI's equity contribution in Italgas's capital increase, intended to refinance a portion of the bridge financing supporting the Transaction, can be found in the section "Significant events after 31 December 2024".

SNAM (GAS TRANSPORT, REGASIFICATION AND STORAGE SECTOR AND ENERGY TRANSITION)

The following are the main significant events that occurred during 2024 relating to Snam group:

- Snam received a contribution exceeding 7 million euro from ARERA, representing about a quarter of the contributions granted by the Authority, to support pilot projects focused on the innovative use of existing gas infrastructure.
- Snam introduces the 2023-2027 Strategic Plan, focusing on investments in multi-molecule infrastructure to support the energy transition.
- For the third year running, Snam has been recognised in CDP's "A List" for its environmental risk disclosure and management, along with its implementation of best practices such as the 2023-2027 strategic plan.
- Snam is the first company to have Moody's publish its Net Zero Assessment, an independent evaluation of the company's decarbonisation objectives and its ability to implement these programmes.
- Snam has released its new Sustainable Finance Framework, through which it will be able to issue Green and Sustainability-Linked debt instruments in the form of bonds, bank loans, project financing, or any other financial instrument in various formats and currencies.
- Snam successfully issues a sustainable financing of 1.5 billion euro in dual tranches: the first Green Bond of 500 million euro and a 1 billion euro Sustainability-Linked Bond (SLB).
- Snam launches the third edition of the HyAccelerator programme, a global initiative aimed at startups and SMEs developing hydrogen and decarbonisation technologies.
- Snam's Hydrogen Valley project in Puglia has been selected by the European Commission as part of the IPCEI hydrogen projects, approved in the third Hy2Infra wave.
- Snam integrates the new Asset Control Room (ACR), an advanced digital platform to monitor and manage assets and fully digitised processes in an integrated manner.
- In 2023, Snam was once again recognised as a leader in CDP's Suppliers Engagement Rating (SER), receiving the highest "A" rating.
- The volunteer initiatives "E-Lab (Empowerment Lab)" and "Donare per Imparare", developed in collaboration with the Snam Foundation ETS, received the National Volunteer Award for Competence during the first edition of "Volontari@work", organised by the Terzjus Foundation at the Chamber of Deputies.
- Snam exercises its right of first refusal to increase its equity investment in Terminale GNL Adriatico S.r.l. from 7.3% to 30%, the company that owns the Adriatic LNG terminal. Located about 15 kilometres off the coast of Veneto, the terminal is the country's largest offshore infrastructure for the unloading, storage, and regasification of liquefied natural gas (LNG).

14 On 13 May 2024, Italgas announced to the market that "following a non-binding offer for the entire share capital of 2i Rete Gas S.p.A ("2i Rete Gas"), shareholders F2i SGR S.p.A and Finavias S.à r.l granted Italgas an exclusive period to carry out due diligence for the purpose of making a binding offer to purchase 100% of 2i Rete Gas's share capital. In the event of binding agreements, Italgas will meet the related financing requirements through a "bridge" loan guaranteed by J.P. Morgan, which may be refinanced through a combination of equity, debt, or "equity-like" instruments, aiming to maintain Italgas' current rating profile. The final terms and conditions of this refinancing will be communicated to the market upon the successful completion of negotiations."

15 On 5 October 2024, Italgas announced to the market that "F2i SGR S.p.A. and Finavias S.à r.l. had accepted the binding offer for the purchase of their shares in 2i Rete Gas S.p.A., and the related Share Purchase Agreement (SPA) was subsequently signed. This positive result comes after the negotiations that were communicated to the market on 13 May 2024."

- The SouthH2Corridor and Callisto Mediterranean CO2 Network projects, in which Snam participates as a partner, have been included by the European Commission in the sixth list of Projects of Common Interest (PCI).
- For the second consecutive year, Snam has been awarded the "Transition Bond of the Year" by Environmental Finance, a publication that covers topics related to sustainable finance.
- The Shareholders' Meeting approves the 2023 financial statements and the distribution of a dividend of €0.1692 per share, as a final payment on the advance of €0.1128 per share already distributed in January 2024. The dividend for the entire year is therefore €0.2820 per share.
- Cassa Depositi e Prestiti (CDP) grants Snam an ESG-linked loan of 200 million euro, contingent on the achievement of sustainability goals. The loan is intended for the refurbishment of the Ravenna-Chieti gas pipeline, contributing to the improvement of energy infrastructure in line with sustainable principles.
- Snam signs a new Sustainability-Linked credit line for a total amount of 1 billion euro, in accordance with the group's new Sustainable Finance Framework.
- Snam has been included in the top 500 most sustainable companies worldwide, as featured in the 2024 World's Most Sustainable Companies ranking by Statista and US magazine Time, which highlights exceptional sustainability practices.
- Snam signs a €100 million financing agreement with the European Investment Bank (EIB) to support energy refurbishment projects for public buildings and energy efficiency measures for industrial activities.
- Snam, together with TenarisDalmine and Tenova, conducts the first experiment in Italy at a steel plant using hydrogen in steel processing, aiming to decarbonise hard-to-abate industries.
- Snam signs a binding agreement to acquire 100% of Edison Stoccaggio from Edison for approximately 560 million euro.
- The Ministry of the Interior and Snam sign a protocol to safeguard legality and combat organised crime infiltration in activities central to Snam group's core business.
- IGU, Snam and Rystad Energy present the Global Gas Report 2024.
- The injection of CO_2 into the reservoir has begun as part of Phase 1 of Ravenna CCS, Italy's first carbon capture and storage project, as announced by Eni and Snam.
- Snam S.p.A. successfully issues its first 1 billion euro perpetual subordinated hybrid instrument, with demand surpassing four times the offer.
- Snam is one of the 25 Italian companies, and the only representative of the energy sector, featured in Newsweek and Statista's "World's Most Trustworthy Companies 2024" ranking of the world's most reliable firms.
- Snam supports the new project "Pari. Insieme contro la violenza di genere" (Together Against Gender Violence), an initiative launched by eight companies and a foundation to raise awareness and take action against gender-based violence in all its manifestations.
- Snam, along with other key players in the sector such as Sonatrach (Algeria), Sonelgaz (Algeria), VNG (Germany), SeaCorridor (Italy), and Verbund Green Hydrogen (Austria), signs a Memorandum of Understanding to jointly conduct the necessary studies across the entire hydrogen value chain.
- Snam presents its first Transition Plan, a transparent roadmap towards Net Zero by 2050, supporting the group's energy transition and the decarbonisation of the country.
- Snam publishes the findings of the study on the potential hydrogen market and the survey on the potential market for CO2 transport and storage at offshore reservoirs of the CCS project.
- Snam achieves, for the fourth consecutive year, the highest score in the United Nations Gold Standard for its commitment to reducing methane emissions.
- Snam successfully issues a dual tranche Sustainability-Linked bond of 600 million GBP with a 12-year maturity and 750 million euro with a 7-year maturity, representing a major milestone in sustainable finance and the diversification of its funding.
- In recognition of the International Day for the Elimination of Violence Against Women, Snam promotes the "Insieme contro la violenza di genere | Panchine Rosse" (Together Against Gender Violence | Red Benches) initiative to raise awareness of the importance of gender equality and its social, cultural, and economic value, through activities and programs conducted throughout the year in the Italian communities where the group is active.
- VTTI and Snam complete the acquisition of shares in Terminale GNL Adriatico S.r.l., as per agreements signed in April. The two shareholders presently hold 70% and 30% of the company, respectively.
- Snam promotes art and sustainability through the contest "Disegnando il futuro" (Drawing the future), designed to artistically portray the company's role in the energy transition.
- Snam ranks third in Europe for corporate and financial digital communication, based on the Webranking Europe 500 2024-2025 list created by Lundquist in partnership with Comprend.
- Snam signs a new Sustainability-linked credit line worth a total of 4 billion euro, the largest revolving credit line in the utilities sector for the year, which also includes an option to increase by up to 1.1 billion euro.
- Snam receives the special award for the Non-Financial Statement Disclosures as part of the 2024 Oscar di Bilancio, promoted by FERPI, Borsa Italiana, and Bocconi University. This recognition highlights Snam's excellence in reporting on environmental, social, and governance performance, reinforcing the company's commitment to sustainability and transparency.
- For the fifteenth year in a row, Snam has been included in the Dow Jones Sustainability World Index by Standard & Poor's, achieving a score of 85/100, one of the leading global indices evaluating corporate sustainability commitments based on rigorous long-term economic, environmental, and social criteria.

- On 30 December, the BW Singapore docked in Italy; this Floating Storage and Regasification Unit (FSRU) marks the start of the final phase for the commissioning of the plant, scheduled for spring 2025.

TERNA (DISPATCH AND TRANSMISSION OF ELECTRICITY)

Management and development of the NTG:

- Tyrrhenian Link
  - East Branch:
    - Cable Connections: the land-to-sea drilling in Sicily and Campania has been completed, the marine cable production for pole 1 is finished, and preparatory activities for the marine installations are ongoing. 50% of the land-based ducts in Sicily and Campania have been completed, and the laying of the land cables has commenced;
    - Conversion Stations: the first transformer is currently being produced, while the prefabrication of the control buildings in Eboli and Termini Imerese, as well as the pole 1 valve and DC building in Eboli, has been completed. Construction is underway for the foundations of the other buildings in Eboli and Termini Imerese;
  - West Branch:
    - Cable connections: the land-to-sea drilling in Sicily has been completed; the first batch of marine cable for pole 1 has been completed, and the marine and land survey activities have been concluded. The validation of the executive design in Sicily has been completed. The executive design in Sardinia is underway. The construction of civil works in Sicily is about to begin;
    - Conversion Stations: the delimitation of the Selargius site area has been completed and the contractor has started the setup activities. In Sicily, the relocation of the Cornelio Aqueduct has been completed, and the areas required to start the construction of the station in Termini Imerese have been handed over, with ongoing work on the remaining archaeological contexts.
- Adriatic Link: Following the receipt of the regional agreements, the authorisation decree was issued in January. In February, the contract for the supply and construction of the conversion stations was signed.
  - Cable Connections: civil works of the terrestrial cable in the Marche region have begun. The first 110 km of marine cable were completed and the qualification tests were carried out.
  - Conversion Stations: at the Cepagatti and Fano sites, preliminary geotechnical activities are underway, alongside the initiation of design work and procurement of key supplies.
- Olympic Projects:
  - CP Livigno: excavation and laying have been completed for approximately 80% and 33%, respectively, of the total 19.8 km of connection; around 25% of the 70 joints/terminals have also been completed;
  - CP Laion-CP Corvara: excavation is nearly complete at 97%, while laying is ongoing at 65% for the total 22.9 km of pipeline; the execution of joints has begun, with approximately 37% of the 35 joints/terminals completed;
  - CP Brunico-SE Vandoies: excavation and laying are ongoing, with approximately 60% and 20% completed respectively out of the total 21.5 km of pipeline, and the assembly of the first joints has begun;
  - SE Moena-CP Campitello: excavation and laying activities are ongoing, with approximately 80% and 56% completed respectively out of the total 19.5 km of pipeline, and the assembly of joints has begun, with about 38% of the 26 joints/terminals completed;
- Paternò-Pantano-Priolo:
  - 380 kV Pantano-Priolo power line: approximately 83% of the foundations were completed and approximately 81% of the supports were assembled out of a total of 116, and the stringing of approximately 50% of the conductors was completed over a total of approximately 45 km of connection.
  - Pantano 380/220/150 kV station: the remaining 150 kV section came into service, following the 380 kV section, the 220 kV section and the relevant transformer came into service in December 2023.
- Sa.Co.I.3: on March 28, 2024, Terna signed the contract for the supply of the conversion stations.
  - Cable connections: detailed marine surveys in Italy and Corsica were completed, and terrestrial surveys, executive design, and production of the terrestrial cable are underway.
  - Conversion Stations: executive design and preliminary surveys continue at the Suvereto and Codrongianos sites, and production of electrical equipment is underway.
  - Overhead line: investigations and track preparation continue, construction sites are underway.
- Colunga-Calenzano power line:
  - 380 kV Colunga-Calenzano Power Line: Approximately 47% of the foundations have been completed, and the installation of the first supports and tensioning of the conductors for the initial sections has begun, following the reactivation of the construction sites after receiving the final approval from ARPAT (Regional Agency for Environmental Protection of Tuscany) for Lot 3 of the 380 kV power line.
  - Cable Variants: The Calenzano-Vaiano and Calenzano-Barberino cable variants, which intersect with the new 380 kV power line, have been commissioned.
- Bolano-Annunziata:
  - 380 kV Bolano-Annunziata Cable Variant and Annunziata Substation: Ongoing construction activities, with approximately 81% of the 3.4 km of the connection excavated; the civil works contract for the Annunziata substation has been awarded, and the construction of the substation plan has commenced.

    - 380 kV Bolano-Annunziata Duplication: The connection was authorised by the Ministry of the Environment and Energy Security on 23 September 2024. The cable tender for the supply and installation of the marine section of the connection was awarded last June. Executive design is in progress.
- Cassano-Chiari power line:
    - For the 380 kV Cassano-Chiari power line, approximately 54% of the foundations and 54% of the supports have been completed, out of a total of 69; around 75% of the conductors have been installed over a total distance of 35.3 km.
    - The 132 kV variant on the West Brescia-Chiari receiving line has been commissioned.
- Synchronous compensators: Compensator Aurelia: Following the completion of the main foundations, the prefabricated building, and the production of key supplies, along with the factory testing of the compensator, the primary machinery has been transported and installed on-site, and commissioning activities have begun.
- Reactor at Sandrigo: the manufacturing of the machinery has been completed.
- Reactor at Nogarole: the manufacturing of the machinery has been completed, civil works are almost completed, and the assembly of electromechanical systems and the control system has started.
- Reactor at Chiari: the foundation of the reactor has been completed and the machine delivered to the site.
- Fiber for the grid: this project aims to boost availability of information from the field to benefit secure management of the electricity system, consisting of the upgrading and expansion of the optical fibre network. In December 2024, 16 stations were reached via proprietary optical fibre, for a total of 571 stations connected remotely.
- Stabilising Resistors: Rizziconi Resistor: the step-up transformer and its related stall have entered into service, and the commissioning of the converter system is at an advanced stage.
- Scandale Resistor: the executive design has been completed, and following the opening of the construction site, civil works have commenced.
- Other sites (Feroleto, Melilli, Brindisi): the design and production of the main supplies is underway. Renewal of electrical assets: the commitment to renewing electrical assets aimed at improving the reliability and resilience of the National Transmission Grid is confirmed. Following the overhead line and station machinery renewal activities carried out, as of 31 December 2024, approximately 1,124 km of backhoe loaders and 16 machines (6 transformers, 7 autotransformers and 3 reactors) had been replaced.

Non-Regulated and International Activities:
- Connectivity:
    - the fibre optic infrastructure, widespread across the territory, is made available to meet the growing demand for fast and reliable digital connections. The partners are also supported to develop smart solutions in the field of connectivity, through the connection of the right of use of optical fibre, rental of the pylons and Housing and facility (installation of telecommunication equipment within already operational Terna spaces).
    - Terna, through the granting of rights to use fibre optic allows the customer to have a new infrastructure available, featuring a higher performance than the standards of underground cables both in terms of reliability (much lower number of annual failures per km) and quality (low attenuation), with significant savings in terms of length compared to ground connections (>20% on long distance).
    - In total, since 2017, approximately 42,700 km of fibre pair were granted under IRUs, for which Terna provides maintenance and Housing service for regeneration. In 2024, a total of approximately 6,205 km of fibre pairs were delivered.
- Energy Services: engineering, procurement and construction (EPC), operation and maintenance (O&M), and digital services. In particular, among these, the main initiatives of the year are outlined below.
    - Smart Grid: creation of “turnkey solutions” for companies that want to evaluate, design and integrate renewable plants (photovoltaic or wind), storage systems (batteries) and cogeneration/trigeneration solutions into their production cycle. Complex systems for generation, storage, active demand behind the meter, utility scales and advanced control of the systems themselves are created that are able to optimise their operation;
        - LT Group Renewables: LT group is engaged in the operation and maintenance of photovoltaic power stations, the revamping and repowering of existing stations and the construction of new photovoltaic farms on behalf of third parties. The revenues generated during the 2024 financial year, amounting to approximately 119.5 million euro, are in line with the plan. Compared to the end of 2023, there is an increase in revenues of approximately 12.5 million euro, mainly driven by EPC activities, which grew by over 20%, and a stable performance in O&M activities as well as revamping and repowering;
        - Other projects: in 2024, following the commissioning of the Storage plant on the island of Pantelleria, fine-tuning was carried out under real operating conditions. Regarding the revamping/repowering contracts for photovoltaic plants, activities are ongoing or nearing completion at sites in the Emilia-Romagna, Puglia, and Sicily regions. Inverter revamping activities are also underway on several national sites for a single client.
- High voltage: In 2024, operational activities continued for the construction of two substations in Lazio and Sardinia, intended for the connection of Utility Scale photovoltaic plants. As for the Lazio plant, the project has reached the mechanical completion stage. The first phase of the Utility Scale photovoltaic plant in Sicily (temporary connection solution - electrical substation built using SCRI module) has been completed, and the second phase (permanent connection solution) has begun. Work under the framework agreement with Rete Ferroviaria Italiana (RFI) for the “Design, supply, installation, certification and commissioning of Metering Equipment” is also continuing. As of 31 December 2024, 41 installations were completed, bringing the total number of installed plants to 101, in line with the

existing contractual agreements. Ongoing activities for a “turnkey project” for the construction of a connection infrastructure to the RTN (electrical station and HV Cable[16]) for a major customer operating in the data centre sector in the province of Milan. In 2024, the construction activities for two revamping projects related to electrical substations for two major industrial clients, one in the automotive sector and the other in chemicals/plastics, were also completed in Emilia-Romagna. Furthermore, work has started on a number of recently contracted projects, including an HV plant revamping in Sicily, a partial plant renewal (MV section and SPCC[17]) in Tuscany, and an additional revamping project in San Marino. During 2024, a contract was secured for the revamping of 220 kV and 132 kV Metering Units in Valle d'Aosta, along with a contract for revamping the 132 kV transformation stall in Lombardy, for an industrial production client, and the procurement process for the materials and services required for these projects has commenced. Two additional projects have been acquired, involving unplanned interventions for the replacement of obsolete HV components at industrial clients in the Triveneto region. The activities aimed at supplying, laying the HV cable, and installing the respective terminals at both ends of the primary distribution plant in the metropolitan area of Palermo have been completed. Additional activities are currently underway for the installation and commissioning of a HV/MV[18] transformer at a client facility managing the public water supply infrastructure in the Puglia region and several municipalities in Campania. As of 31 December 2024, the revamping activities of a 132 kV substation, which powers the steelworks of a client in the province of Arezzo, have been completed. As part of a multi-year O&M contract, activities are underway to upgrade a 14 MW BESS[19] facility located in Assemini (CA), in accordance with Annex A79 of the Network Code. Additionally, revamping activities for HV electrical stations have increased, with key contracts focusing on clients in the oil and gas, shipbuilding, and industrial production sectors.
- South America – sale of the LatAm portfolio: As part of the international initiatives, the project to enhance activities in South America continued, which began in the latter part of 2021, with the aim of divesting up to 100% of the LatAm portfolio. The closing of the transaction, which was planned in multiple phases, was largely completed in November and December 2022, with the transfer to CDPQ (the global investment group Caisse de dépôt et placement du Québec) of SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A., SPE Transmissora de Energia Linha Verde II S.A., and Difebal S.A..In January 2024, the 500 kV electrical infrastructure Governador Valadares-Mutum, spanning approximately 150 km in the state of Minas Gerais, Brazil, entered commercial operation. This asset, owned by SPE Transmissora de Energia Linha Verde I S.A., was sold to CDPQ on 18 November 2024. Operation and maintenance activities continue in Peru on the 132 km-long 138 kV line between Aguaytìa and Pucallpa, following the entry into commercial operation of the work on 16 May 2021.
- North America: market monitoring activities continued regarding electric transmission infrastructure projects through Terna USA LLC (wholly owned by Terna Plus S.r.l.) and BMT Energy Transmission Development LLC, a joint venture in which Terna USA LLC holds a 40% stake and Meridian (an independent investment firm) owns 60%.

Sustainable finance:
- As of December 31, 2024, the senior green bonds issued by Terna, as part of the €12,000,000 Euro Medium Term Notes (EMTN) programme, and not yet matured, amounted to €2.25 billion, in addition to the two hybrid subordinated green perpetual issues, issued in February 2022 and April 2024, respectively, on a standalone basis, for a total amount of €1.85 billion.
- With reference to green bond debt, the second green non-convertible hybrid subordinated perpetual bond issue was successfully launched on 4 April 2024, with a total nominal amount of EUR 850 million. The bond is non-c callable for six years, and the issue price was set at 99.745%, with a spread of 214.2 basis points over the midswap rate. The issue provides for a fixed annual coupon of 4.750%, which will be paid until the first reset date (excluding), scheduled for 11 April 2030, and will have an effective rate of 4.800%. As of that date, if early redemption has not taken place, the hybrid bond will accrue annual interest equal to the five-year benchmark midswap rate, increased by an initial margin of 214.2 basis points, increased by a further margin of 25 basis points as of 11 April 2035 and by a subsequent increase of a further 75 basis points as of 11 April 2050.
- In addition, on February 10, 2025, Terna launched a new green, single-tranche bond issue, again as part of the EMTN Programme, with a total nominal value of €750 million, a term of 7 years and maturity on February 17, 2032. The bond was issued at a price of 99.975%, with a spread of 90 basis points over the midswap rate and carries an annual coupon of 3.125%.
- The senior green bonds issued by Terna are also listed on Borsa Italiana's ExtraMOT PRO segment (in addition to the listing on the regulated Luxembourg Stock Exchange), which was created to offer institutional and retail investors the opportunity to identify instruments whose proceeds are intended to finance projects with specific environmental and social benefits or impacts. In addition, the latest EUR 750 million green bond, issued on 10 February 2025, was also listed on the electronic bond market (MOT) managed by Borsa Italiana.
- At 31 December 2024, Terna has access to multiple ESG-linked Term Loans with a total value of 1.25 billion euro, three ESG-linked Revolving Credit Facilities linked to sustainability metrics amounting to around 4.2 billion euro, and a 2 billion Euro Commercial Paper (ECP) programme for short-term bond issuance, including conventional and “ESG Notes.”
- Specifically, regarding the ESG-linked Revolving Credit Facility, it should be noted that on 15 April 2024, an agreement was signed to amend and restate the Revolving Credit Facility, increasing its amount to 2.255 billion euro from the

16 High Voltage
17 Command and Control Protection System
18 Medium voltage
19 Battery Energy Storage System

original 1.8 billion euro agreed in May 2023, furthermore, on 29 May 2024, a new ESG-linked Revolving Credit Facility was signed with Intesa Sanpaolo, totalling 250 million euro with a five-year term. It should also be noted that on 21 March 2025, an ESG-linked Revolving Credit Facility was signed for a total amount of 1.8 billion euro to refinance the ESG Revolving Credit Facility signed on 17 December 2021 for a total amount of 1.65 billion euro.

- Regarding the ESG-linked Term Loans, on 4 July 2024, a 200 million euro ESG-linked Credit Facility Agreement was signed with Unicredit, with a maximum duration of five years. On 31 July 2024, an ESG-linked Credit Facility Agreement was signed with Banca Nazionale del Lavoro and CaixaBank for a total of 400 million euro with a five-year term. Additionally, on 4 October 2024, a similar agreement was signed with Intesa Sanpaolo for 400 million euro, also with a maximum duration of five years. Finally, on 18 December 2024, two more ESG-linked Credit Facility Agreements were signed for a total of 250 million euro: one with Banco BPM for 150 million euro and another with Mediobanca – Banca di Credito Finanziario S.p.A. for 100 million euro, both with a five-year duration.
- In line with Terna's commitment to sustainability and socio-environmental responsibility, the share buyback programme supporting the 2024-2028 Performance Share Plan was completed in September with a total investment of roughly 8 million euro and the purchase of 998,428 treasury shares (representing around 0.050% of the share capital). The Program incorporates a framework that ties the company's progress to achieving ESG goals.
- Terna's leadership in sustainable finance has been widely recognised by the market which, since 2018, has warmly welcomed all the green bonds issued by the company. In January 2021, beyond its inclusion in the main ESG indices, Terna became the first Italian electric utility to join the Nasdaq Sustainable Bond Network, the platform managed by Nasdaq dedicated to sustainable finance, which brings together investors, issuers, investment banks and expert organisations.
- Moreover, Terna continues to participate in the CFO Coalition for the SDGs, previously known as the CFO Taskforce for the SDGs, the initiative launched at the end of 2019 by the UN Global Compact for the development of sustainable finance, of which Terna is among the founding members. The Coalition aims to continue on the path of sustainability, expand the global community, and follow the example provided by the CFOs that founded the Task Force.
- Providing further evidence of its commitment to play an active role in the development of sustainable finance, Terna participates in the Corporate Forum on Sustainable Finance, a network of leading European companies that are committed to developing sustainable finance as a tool to promote a more sustainable and responsible society.
- Finally, Terna, both individually and within the framework of the aforementioned Corporate Forum on Sustainable Finance, constantly monitors the development of European legislation, paying particular attention to the impacts of the taxonomy for sustainable finance.

Additional financial resources:

- With reference to bank debt, with regard to the Tyrrhenian Link project, Terna subscribed the entire amount of €1.9 billion made available by the European Investment Bank (EIB). The contract for the last tranche of the loan for the aforementioned project, in the amount of €500 million, was signed on February 7, 2024.
- This last tranche, together with the first tranche of €500 million, signed on November 8, 2022, and the second and third tranches of the loan, signed on March 30, 2023 for a total of €900 million, are intended to support the construction and commissioning of the East Branch and West Branch of the Tyrrhenian Link.
- In addition, on October 24, 2024, Terna signed a new loan agreement with the EIB in the amount of €400 million aimed at enhancing the efficiency and reliability of the national transmission grid. The agreement further consolidates the partnership between the EIB and Terna, a collaboration that is key to achieving the REPowerEU objectives and promoting energy transition and security in Europe.
- The above loans have a term of about twenty-two years from the first date of disbursement, are characterised by a longer duration and more competitive costs than those of the market, and thus form part of Terna's policy of optimising its financial structure.
- With reference to bond debt, on January 10, 2024, a single-tranche, fixed-rate bond issue was successfully launched as part of Terna's Euro Medium-Term Notes (EMTN) programme, with a total nominal value of €850 million and a duration of seven years maturing on January 17, 2031. The bond, issued at a price of 99.385%, with a spread of 100 basis points over the mid-swap rate, carries an annual coupon of 3.50%.
- In addition, on June 7, 2024, Terna renewed its Euro Medium Term Note Programme (EMTN) bond issue programme, also increasing the maximum amount that can be subscribed to €12 billion. IMI - Intesa Sanpaolo and UniCredit acted as joint arrangers of the programme.

ITALGAS (GAS DISTRIBUTION SECTOR)

Extraordinary transactions and tenders

- On 5 October Italgas announced that F2i SGR S.p.A. and Finavias S.à r.l. accepted the binding offer for the purchase of their equity investment in 2i Rete Gas S.p.A., the second-largest gas distribution operator in Italy, and the relevant Share Purchase Agreement (SPA) was subsequently signed. This positive result comes after the start of exclusive negotiations, which were announced to the market on 13 May 2024. The equity value consideration of the transaction was agreed at 2.060 billion euro. Net financial debt and other net liabilities as of 31 December 2023 (reference date based on the so-called "locked box" mechanism) amounted to 3.246 billion euro. The closing of the transaction is expected to take place after obtaining the necessary regulatory approvals. Italgas will finance the payment of the consideration through a "bridge" loan, which will also be refinanced through a capital increase of 1 billion euro, aiming to reduce leverage after the acquisition and uphold the current credit rating.

- As part of the group's expansion in the water sector, Italgas acquired a 47.8% stake in Acqua Campania S.p.A. from Vianini Lavori S.p.A. on 30 January 2024. Additionally, on 24 April 2024, Italgas completed the acquisition of a further 47.9% of the company from the Veolia group, bringing its total ownership to 96.23%.
- After the tender was awarded in 2020 and the Service Contract was signed, the handover of the management of the natural gas distribution networks of ATEM Belluno to Italgas Reti was formalised on 1 February 2024. The concession has a duration of 12 years and includes the implementation of a significant investment program totalling approximately 135 million euro.
- In November 2024, Italgas Reti was officially awarded the tender for the gas distribution service in the CATANZARO – CROTONE Territorial Area, which includes 107 municipalities and a total of 109,000 delivery points. In its bid, the company had planned an investment of 165 million euro to extend the network by 174 kilometres, aiming to serve about 8 thousand new users, along with upgrades and interconnections for approximately 100 kilometres.
- Following the award of the tender in 2023 and the signing of the Service Contract, the transfer of the management of the natural gas distribution networks in the ATEM La Spezia area to Italgas Reti was formalised on 13 November 2024. The concession has a duration of 12 years and includes the implementation of an investment program totalling approximately 230 million euro.

Rating and debt structure optimisation

- On 1 February 2024, as part of its EMTN Programme renewed by resolution of the Board of Directors on 29 September 2023, Italgas successfully completed the launch of a bond issue maturing on 8 February 2029, with a fixed rate and a total amount of 650 million euro, and an annual coupon of 3.125%. On 24 September 2024, Italgas also completed the market launch of a bond issuance worth 350 million euro, reopening the aforementioned bond that was already in circulation. The bonds were placed exclusively with institutional investors and are listed on the Luxembourg Stock Exchange.
- On 8 March 2024, Italgas signed, with a pool of leading financial institutions, a 600 million euro Sustainability Linked Revolving Credit Facility with a maximum maturity of 5 years.
- On 5 October 2024, Italgas signed a financing agreement under which J.P. Morgan Chase Bank, N.A. - Milan Branch, Banco BPM S.p.A., Bank of America Europe Designated Activity Company - Milan Branch, Citibank N.A. - Milan Branch, Morgan Stanley Bank AG, and Société Générale - Milan Branch committed to granting a credit line denominated in euros, amounting to 2,000 million euro, to be used, in full or in part, for the payment of the acquisition consideration for 2i Rete Gas.
- On 9 October 2024, the rating agency Fitch confirmed Italgas' long-term credit rating at BBB+, with a Stable Outlook. The rating confirmation follows the agreement reached for the acquisition of 2i Rete Gas S.p.A. and reflects the improved business risk profile of the combined entity, the expected funds from operations (FFO) net leverage in line with the current rating (partly due to the anticipated capital increase), and the management's efforts to reduce leverage. Furthermore, the rating reflects Italgas' successful track record in executing acquisitions and improving operational profitability, recognising the group's ability to anticipate gas sector trends and effectively incorporate and manage renewable gases.
- On 10 October 2024, the rating agency Moody's confirmed Italgas' long-term credit rating at Baa2, with a Stable Outlook. The rating confirmation follows Italgas' announcement of the agreement reached for the acquisition of 2i Rete Gas S.p.A., highlighting that, as a result of the transaction, Italgas will continue to benefit from the low-risk profile of its activities, supported by the high share of revenues generated within the stable and predictable Italian regulatory framework. Additionally, the rating confirmation takes into account Italgas' operational efficiencies, the low average cost of debt, and the limited exposure to volume risk. Moody's highlights that Italgas' rating is still linked to the company's exposure to the country risk of Italy (Baa3 Stable).
- It is noted that on 9 October 2024, the rating agency S&P confirmed the long-term BBB rating on 2i Rete Gas and its senior unsecured bonds. In addition, the agency, considering the activity and financial position of the combined entity, placed 2i Rete Gas on positive credit watch, indicating a potential rating upgrade by one notch following Italgas' acquisition.
- On 24 October 2024, the Board of Directors of Italgas approved the renewal of the EMTN Programme, launched in 2016, increasing the maximum nominal amount to 10 billion euro.

Equity transactions

- On 12 March 2024, in implementation of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021, the Board of Directors resolved on the free allotment of a total of 497,089 new ordinary shares of the Company to the beneficiaries of the Plan (so-called first cycle of the Plan) and executed the first tranche of the capital increase approved by the same Shareholders' Meeting, for a nominal amount of 616,390 euro drawn from the retained earnings reserve.
- On 6 May 2024, the Shareholders' Meeting of Italgas approved the Co-investment Plan 2024-2025 and the proposal to increase the share capital at no cost, in one or more tranches, in support of the Co-investment Plan 2024-2025 for a maximum nominal amount of 3,720,000 euro, by issuing up to 3,000,000 new ordinary shares to be allocated, under

Article 2349 of the Italian Civil Code, using reserves from the retained earnings account, exclusively for the Plan's beneficiaries, i.e., employees of the Company and/or group companies.

Innovation, digitisation of networks and business processes

In 2024, Italgas strengthened its commitment to innovation and the digitisation of networks and business processes, with projects and initiatives that further consolidated its leadership position in the sector. Bludigit, the digital company of the group, continues to lead the digital transformation by leveraging the potential offered by AI, including generative AI (GenAI), to:

- enhance operational efficiency through fluid dynamics simulations and advanced algorithms for scheduling and the automatic optimisation of on-call shifts;
- promote the use of smart maintenance, enabling more efficient, safe, and sustainable management of the gas network. Working with top-tier suppliers has enabled the successful development and testing of this cutting-edge technology.

The DANA system (Digital Advanced Network Automation) has become the primary gateway to the IoT ecosystem, enhancing the control and management of the digitized gas network by remotely managing cathodic protection systems and the development of artificial intelligence features for network telecontrol and smart document search. Leveraging the expertise developed for the innovation and digitisation of the natural gas distribution infrastructure, the group also aims to significantly reduce losses in its water network with a digitisation programme that was launched in 2018.

Legal and regulatory events

- On 30 January 2024, the Authority published Resolution No. 26/2024/R/idr with which it initiated a procedure aimed at defining and introducing the incentive mechanism to promote water resilience, provided for when updating the technical quality regulation set forth in Resolution no. 637/2023/R/IDR with a view to mitigating, also through the development of large strategic works, the effects of climate change.
- On 6 February 2024, the Authority published Resolutions No. 37/2024/R/idr and No. 39/2024/R/idr concerning, respectively, the commencement of proceedings for the quantitative assessments, for the two-year period 2022-2023, provided for by the incentive mechanism of contractual quality and technical quality of the water service.
- On 1 February 2024, the Regulatory Decision E-14/2024 of the Greek Regulatory Authority for Energy, Waste and Water, (RAEWW) was published in the Official Gazette, which formalised, within the distribution tariff document, the WACC of 8.38% to be applied for the period 2024-2026 to DSOs in Greece.
- Resolution No. 570/2019/R/gas approved the tariff regulation of gas distribution and metering services for the fifth regulatory period 2020-2025 and Resolution No. 737/2022/R/gas approved the infra-period update of the tariff regulation of gas distribution and metering services, for the second semi-period 2023-2025 of the current regulatory period.
- Resolution No. 614/2021/R/com approved the criteria for determining and updating the rate of return on invested capital for infrastructure services in the electricity and gas sectors for the period 2022-2027 (TIWACC 2022-2027). The 2PWACC is divided into two sub-periods, each lasting three years. While maintaining a three-year updating frequency of the parameters relating to the macroeconomic and fiscal environment, the Authority has introduced a mechanism for updating the macroeconomic variables annually (at least for the first three-year period), if the cumulative effect of updating the parameters leads to a change in the WACC above a threshold of 50 bps (basis point spread).
- Resolution No. 556/2023/R/com updated, for the year 2024, the parameters provided for verifying the activation of the trigger mechanism, on the basis of which the conditions for the annual update of the WACC, as set out in Article 8 of the TIWACC 2022-2027 (variation of 90 bps compared to the previous year) are verified. The Resolution therefore determined the value of the WACC for the natural gas distribution and metering service for the year 2024 to be 6.5%.
- With Resolution No. 631/2023/R/gas, the Authority approved the mandatory tariffs for natural gas distribution, metering and marketing services for the year 2024.
- With Resolution No. 186/2024/R/gas, the Authority determined the provisional reference tariffs for gas distribution and metering services for the year 2024, calculated on the basis of the preliminary balance sheet data for the year 2023 and, following the redetermination of the rate of change of the deflator of gross fixed investments pursuant to Resolution No. 173/2024/R/gas, it redetermined the values of certain tariff components for the same year 2024.
- Italgas Reti contested, on technical grounds, Resolution No. 134/2024/R/gas published on 9 April 2024. This resolution involved the re-evaluation of tariffs for gas distribution and metering services for the years 2017 to 2022, incorporating the acceptance of tariff redetermination petitions and adjustment requests submitted by distribution companies. Additionally, the measure revises the reference tariffs for the years 2020 to 2022, specifically for the portion covering operating costs for the distribution service, to address the calculation error identified by the Regional Administrative Tribunal in the appeals against Resolution No. 570/2019/R/gas, as amended by Resolution No. 409/2023/R/gas.
- Italgas Reti contested, on technical grounds, Resolution No. 146/2024/R/gas, through which the Authority established the final reference tariffs for gas distribution and metering services for 2023, based on the final asset data for 2022.
- Regarding the dispute with the Municipality of Cavallino Treporti, the Municipality has filed an appeal with the Supreme Court against the ruling of 22 April 2024, in which the Venice Court of Appeal, despite acknowledging its lack of jurisdiction, upheld the lower court's decision that the Municipality has owned the property in Block A only since 1

January 2013 and rejected the Municipality's claim for the reimbursement of fees paid for the use of public spaces and areas. At this time, the hearing date before the Supreme Court has not yet been set.

- By Resolution No. 173/2024/R/gas, published on 8 May 2024, the Authority adjusted the rate of change for the deflator for the year 2024 to 5.3%, increasing it from the earlier 3.8%, on an extraordinary basis. The Resolution takes into account the revised Istat data for calculating the changes in the gross fixed capital formation deflator related to gas distribution and metering services.
- The Authority concluded the process initiated by Resolution No. 114/2022/R/gas and extended by Resolution No. 162/2023/R/gas with Resolution No. 207/2024/R/gas, to verify Italgas Reti's declared operating costs for the centralised remote reading/telemanagement system from 2011 to 2016, resulting in a recalculation of these costs and an overall reduction of 9.9 million euro. The Company disagrees with the contents of Resolution No. 207/2024/R/gas and has appealed, with further grounds, the related decision before the TAR Lombardia, challenging its legality.
- On 18 July, the Greek Regulatory Authority for Energy, Waste and Water (RAEWW) approved the Five-Year Investment Plan submitted by the subsidiary Enaon Eda.
- With Resolution No. 296/2024/R/gas of 16 July 2024, the Authority approved the new Integrated Text of provisions concerning gas distribution tenders, related to gas distribution tenders, aiming to simplify and speed up the ongoing procedures, offering more efficient verification methods for those initiated after the resolution's adoption, and accelerating the tendering process.
- With Resolution No. 283/2024/R/efr, the Authority approved the tariff contribution to be granted to distributors who comply with their energy savings obligations within the framework of the TEE mechanism for the 2023 obligation period. Specifically, the Authority has set a contribution of 248.99 €/TEE, which is the weighted value between the average market price of the GME (249.33 €/MWh) and the average price of relevant bilateral contracts (248.22 €/MWh).
- With Resolution No. 376/2024/R/gas, the Authority has recalculated the reference tariff values for gas distribution and measurement services for the years 2015 to 2023, in order to recognise the residual value of smart meters of class G6 or lower, installed by 31 December 2018, with a manufacturing year no later than 2016, and decommissioned prematurely before the end of their useful life for tariff purposes, as per the operational procedures outlined in Determination 1/2023 DINE.
- With Resolution No. 489/2024/R/gas, the Authority has recalculated the tariffs for gas distribution and measurement services for the years 2013 to 2023, in order to take into account the requests for correction of physical and asset data submitted by the distribution companies. Additionally, the provision rectifies the material error identified in the calculation algorithm for the tariff recognition of the value of new investments in electronic meters made in 2022.
- With Resolution no. 513/2024/R/com, the Authority approved the update of the relevant parameters for determining the rate of return on invested capital for the 2025-2027 sub-period, as well as the beta asset parameter, with respect to the infrastructure services of the electricity and gas sectors. With regard to the beta parameter, the Authority has decided to reduce the value for the gas distribution sector, setting it at 0.41 (as opposed to the 0.439 value for the 2022-2024 period). The trigger mechanism for the 2025-2027 period has been maintained, with the activation threshold lowered from 50 bps to 30 bps, in line with resolution 614/2021/R/Com. For 2025, the WACC for the gas distribution sector is set at 5.9% as per the Resolution.
- On 22 October 2024, the Authority published consultation document no. 427/2024/R/gas dated 22 October 2024, outlining its guidelines for the revision of gas distribution tariff regulation for the 2020-2025 period. The planned interventions aim to achieve the following main objectives: (i) addressing the information gaps identified in judicial proceedings through a more accurate definition of the criteria for elaborating the data provided by operators in their separate accounts and determining the actual cost for the year 2018; (ii) to address the issues of illegitimacy identified by the Council of State regarding the level of actual operating costs for 2018 (COE 2018) and the determination of the annual cost reduction factor (X-factor) for operating costs.
- Italgas Reti has challenged Resolution No. 490/2024/R/gas, in which the Authority approved the second assessment of premiums and penalties for the recovery of security in the natural gas distribution service for the year 2020, failing to recognise approximately 24 million euro owed to the company. Italgas Reti disagrees with the contents of the Resolution, particularly contesting the violation of the proportionality principle in determining the mentioned premiums, and has appealed the decision before the TAR Lombardia. Currently, the next hearing is scheduled for 14 May 2025.
- With Decision E-257/2024, the RAEWW revised the tariff structure applied by Enaon EDA for natural gas distribution, which will progressively introduce a single tariff for the same categories of users across the entire service area starting 1 December 2024. For the years 2025 and 2026 in the 2023-2026 regulatory period, the tariffs will be calculated based on the most recent percentage change in the annual average consumer price index (CPI) published by the Hellenic Statistical Authority.
- With Resolution no. 570/2024/R/IDR dated 17 December 2024, the Authority defined the theoretical purchase mix for the determination of the reference electricity cost for calculating the adjustments related to electricity for the year 2027, as provided by the Water Tariff Method MTI-4.
- With Resolution no. 587/2024/R/gas, the Authority approved the mandatory tariffs for the distribution, measurement, and commercialisation services of natural gas for the year 2025. In addition, this Resolution sets the rate of change of the deflator for gross fixed investments at 0.30% for the 2025 tariffs, based on the current criteria. It also allows for any re-determination of the rate for the revaluation of capital costs resulting from the procedure initiated with Resolution no. 339/2024/R/com may take effect in the determination of the final reference tariffs for the year 2025, expected by 31 March 2026.

Other events

- On 18 September 2024, the main companies of the Italgas group, namely Italgas, Italgas Reti S.p.A., Medea S.p.A., Bludigit S.p.A., Geoside S.p.A., Toscana Energia S.p.A., Nepta S.p.A., and Metano Sant'Angelo Lodigiano S.p.A., received certification of their whistleblowing management systems from the certification body DNV, in compliance with the ISO 37002:2021 "Whistleblowing Management Systems – Guidelines" standard.
- On 12 November 2024, Italgas and SOCAR (State Oil Company of Azerbaijan Republic) signed a Cooperation Agreement during COP29, renewing and reinforcing the collaboration between the two industrial groups to consolidate their strategic partnership aimed at promoting innovation, efficiency, and sustainability in the gas distribution sector.
- On 15 November 2024, for the fourth consecutive year, Italgas received the important Gold Standard award as part of the International Methane Emissions Observatory (IMEO) report An Eye on Methan 2024, which was published by the United Nations Environment Programme with backing from the European Commission. The award recognizes Italgas' ongoing commitment to monitoring and reducing methane emissions, highlighting the advanced level of expertise it has acquired in their measurement, thanks in part to the use of innovative technologies and the digital transformation of assets.

KEY CONSOLIDATED MANAGEMENT FIGURES

The accounting situation of the companies of the CDP RETI Group as at 31 December 2024 is presented below from a management accounting standpoint.

It should be noted that with resolution 139/2023/R/gas "Tariff regulation criteria for the transportation and measurement service of natural gas for the sixth regulatory period (2024-2027)", the Authority has decided that the variable tariff charged to users to cover the costs of procuring the gas necessary for the operation of the transportation network, will be fully transferred to the CSEA. The actual costs of gas supply are fully recognised by the CSEA on a monthly basis. Therefore, with respect to the 2023 financial year, the revenues covering the gas procurement costs for the operation of the transport network, amounting to 347 million euro, have been reclassified to offset the related costs.

For detailed information concerning balance sheet and income statement performance, refer to the financial statements of the Group's companies, which contain full accounting information and analyses of the companies' operating performances.

Key financial figures

Items		2024	2023
Total revenue	(million of euro)	8,985	8,944
EBITDA	(million of euro)	6,562	5,767
EBITDA margin	(%)	73%	64%
Operating profit (EBIT)	(million of euro)	3,875	3,062
EBIT margin	(%)	43%	34%
Net income	(million of euro)	2,522	2,197
Profit margin	(%)	28%	25%

Key balance sheet and cash flow figures

Items		31/12/2024	31/12/2023
Property, plant and equipment	(million of euro)	44,121	40,894
Intangible assets	(million of euro)	12,807	12,561
Long-term financial liabilities	(million of euro)	37,099	32,687
Equity	(million of euro)	21,338	18,877
- attributable to the parent company CDP RETI	(million of euro)	*5,142*	*4,976*
- attributable to minority interests	(million of euro)	*16,196*	*13,901*
Net financial debt	(million of euro)	(35,711)	(33,897)

Other key figures

Items		2024	2023
Technical investments	(million of euro)	6,491	4,971
Net cash flow for the period	(million of euro)	1,488	(1,390)
Average workforce	(numbers)	14,354	13,706
Dividends distributed to shareholders during the period			
- *from Snam S.p.A.*	(million of euro)	*(946)*	*(933)*
- *from Terna S.p.A.*	(million of euro)	*(691)*	*(666)*
- *from Italgas S.p.A.*	(million of euro)	*(286)*	*(258)*
- *from CDP RETI S.p.A.*	(million of euro)	*(531)*	*(512)*

Ratios

Items		2024	2023
ROE	(%)	13%	12%
Net financial debt/EBIT	(numbers)	9.2	11.1
Net financial debt/Equity	(numbers)	1.7	1.8

With regard to key management figures, 2024 results were as follows:

Total revenues amounted to 8,985 million euro (8,944 million euro in 2023), an increase of 0.5% compared to the previous year.

EBITDA amounted to 6,562 million euro (5,767 million euro in 2023), representing 73% of revenue, an increase of 795 million euro (+13.8%) compared to 2023. The contribution to the EBITDA margin was 30% for Snam, 28% for Terna and 15% for Italgas.

EBIT amounted to 3,875 million euro (3,062 million euro in 2023), representing 43% of revenue (a slight increase compared to 2023). These figures also reflect the amortisation/depreciation and impairment resulting from the purchase price allocation (PPA[20]) process for the assets and liabilities of Snam, Terna and Italgas).

Net income amounted to 2,522 million euro (2,197 million euro in 2023), with a percentage impact on revenues of 28% (25% in 2023). The amount pertaining to the Parent Company was about 732 million euro (631 million euro in 2023).

Net financial debt was equal to 35,711 million euro, increasing by 1,814 million (+5.4%) on 31 December 2023. The total amount of 36 billion euro refers to Snam (45.5%), Terna (31.1%) and Italgas (19%), and the remaining portion (4.4%) to the Parent Company CDP RETI.

Technical investments amounted to 6,491 million euro at 31 December 2024 and related to Snam (45%), Terna (41%) and Italgas (14%).

20 This allocation, required by IFRS 3 (International Financial Reporting Standard 3 – Business Combinations), must be made by the buyer, in its consolidated financial statements, to justify the purchase cost incurred in the context of this acquisition.

Net cash flow for the year was positive by 1,5 billion million euro (with cash and cash equivalents rising from 3,140 million euro to 4,628 million euro), attributable to Terna (933 million euro), Snam (424 million euro) and Italgas (153 million euro) and partially offset by CDP RETI (-21 million euro). Operating activities and financing activities generated resources of 3,722 million euro and 3,385 million euro, respectively, absorbed by investing activities (net of divestments) for -5,619 million euro.

ALTERNATIVE PERFORMANCE MEASURES[21] (IAP)

CDP RETI measures the performance of the Group and its business sectors also on the basis of a number of measures not provided for in the IFRS. Consequently, the criterion used to determine values may differ from and not be comparable with those used by other groups.

Non-GAAP[22] financial reporting must be considered as supplementary and does not replace the information drafted in accordance with IFRS. In fact, the APMs presented in this Annual Report are considered significant for assessing operating performance with reference to the results of the CDP RETI Group as a whole. Furthermore, it is believed that they ensure better comparability over time of the same results, even though they are not substitutes or alternatives to the results determined by applying IFRS.

Pursuant to Consob Communication No. 0092543 of 3 December 2015, which implements Guidelines ESMA/2015/1415 on alternative performance measures, the components of each of these measures are described below:

- "EBITDA": Profit for the year (from the statutory income statement) adjusted by the following items (included in the reclassified income statement of the consolidated/separate financial statements): (i) Net income on assets available for sale and discontinued operations, (ii) Income taxes, (iii) Financial income/expenses (including the effects of equity investments accounted for using the equity method), (iv) Amortisation, depreciation and impairment;
- "EBITDA margin": the percentage impact of EBITDA on total revenues. This margin represents an indicator of the Group's ability to generate profits through its revenues. In fact, the EBITDA margin measures the Group's operating performance by analysing the percentage of revenues that become EBITDA;
- "EBIT": EBITDA less amortisation, depreciation and impairment;
- "EBIT margin": the percentage impact of EBIT on total revenues. This margin represents an indicator of the Group's ability to generate profits through its revenues. In fact, the EBIT margin measures the Group's operating performance by analysing the percentage of revenues that become EBIT;
- "ROE" (Return on equity): the ratio of Net income/loss for the period (over 12 months, from 1 January to 31 December) to average Total Equity at the beginning and at the end of the reporting period;
- "Net financial debt"[23]: the sum of short-term and long-term debt, including financial payables for lease obligations pursuant to IFRS 16 net of cash and cash equivalents and other current financial assets. See the specific section for further details. Net financial debt represents an indicator of the ability to meet one's financial obligations;
- "Net financial debt/EBIT" ratio: this measure is calculated by the Group as the ratio of Net financial debt, as monitored by the Group, to EBIT;
- "Net Financial Debt/Equity" ratio: this measures the level of solidity and efficiency of the capital structure in terms of the relative impact of borrowing and equity sources of financing (level of dependence on outside sources of financing). It is calculated as the ratio of Net financial debt, as monitored by the Group, to Equity;
- "Net financial debt/Dividends" ratio: this indicator is calculated as the ratio of Net financial debt to dividends for the period;
- Operating Income/Loss: calculated as the sum of income and financial expenses (excluding dividends for the period), amortisation/depreciation charges and administrative expenses;
- "Dividends/Financial Expenses" ratio: this indicator is calculated as the ratio of dividends for the period to financial expenses;
- Market value of equity investment portfolio: product of the number of CDP RETI shares multiplied by the official price per share at the end of the period of Snam, Terna and Italgas.

The calculation of these measures, unchanged with respect to those used at 31 December 2023, is consistent with that recorded in the comparison period.

21 A financial indicator of historical or future financial performance, financial position, or cash flows, other than a financial indicator defined or specified in the applicable financial reporting framework. Alternative performance measures are usually derived from (or based on) the financial statements prepared in accordance with the applicable financial reporting framework, most of the time by adding or subtracting amounts from the figures presented in financial statements (Guidelines ESMA/2015/1415 – articles 17 and 18).

22 Generally accepted accounting principles (GAAP) representative of the set of accounting standards that companies must follow when preparing their financial statements.

23 Determined in accordance with Consob Communication No. DEM/6064293 of 2006, as amended on 5 May 2021 to implement new ESMA Recommendations 32-232-1138 of 4 March 2021 on Net Financial Position.

3. ORGANISATIONAL STRUCTURE

3.1 THE ORGANISATIONAL STRUCTURE

At 31 December 2024, CDP RETI had four employees (plus 12 under part-time secondment), all on permanent contracts.

More generally speaking, it should be noted how the Company uses the operating support of the parent company CDP S.p.A. and of CDP Equity S.p.A. based on service agreements that provide the Company with all the skills and services that are key for the correct performance of its business.

Reported below are the average headcounts for the three groups - Snam, Terna, and Italgas:

SNAM

(average numbers)

	31/12/2024	31/12/2023
Senior Managers	138	139
Middle Managers	712	675
Office staff	2,136	2,037
Manual workers	878	875
Total	**3,865**	**3,726**

TERNA

(average numbers)

	31/12/2024	31/12/2023
Senior Managers	103	107
Middle Managers	928	887
Office staff	3,512	3,205
Manual workers	1,604	1,523
Total	**6,147**	**5,722**

ITALGAS

(average numbers)

	31/12/2024	31/12/2023
Senior Managers	82	75
Middle Managers	431	381
Office staff	2,513	2,471
Manual workers	1,312	1,329
Total	**4,338**	**4,256**

3.2 RISK FACTORS

INTRODUCTION

In the ordinary conduct of its business operations, CDP RETI Group is exposed to various financial and non-financial risks that could impact the Group's economic, equity, and financial position if they arise.

This section illustrates the main risks to which the CDP RETI Group is exposed in the ordinary management of its business activities, as measured and managed at the level of Terna, Snam and Italgas. For the description of the financial risks, reference is made to the specific "Financial risk management" section of the notes to the Consolidated Financial Statements, and to the "Information on risks and related hedging policies" section of the Separate Financial Statements.

The main risks, classified by sector and risk categories, are outlined below.

SNAM GROUP

STRATEGIC RISKS

Regulatory and legislative risk

Snam's regulatory and legislative risk concerns the rules applicable to the gas industry. The resolutions of the Energy Networks and Environment Regulator (ARERA) and the National Regulatory Authorities of the countries where the foreign affiliates operate, the European and Italian legislation and, more generally, changes to the reference regulatory framework may have a significant impact on Snam's operations, earnings and financial stability.

With reference to energy transition businesses, starting from 31 December 2023, the maximum rate of the tax benefit of 110% for the Superbonus has ceased to apply. The tax benefits for 2024 and 2025 are those provided by Law 77/2020 and subsequent amendments, amounting to 70% and 65%, respectively. Incentives in this sector are expected to continue in future years, albeit with a gradual reduction. Future regulatory changes may affect the economic and financial performance of the group.

It is not possible to predict the effect that future changes in legislative and tax policies could have on Snam's business and the industrial sector in which it operates. Considering the specific nature of its business and the area in which Snam operates, developments in the regulatory context with regard to criteria for determining reference tariffs are particularly significant.

Macroeconomic and geopolitical risk

Due to the specific nature of Snam's business, the risks associated with political, social, and economic instability in the countries supplying natural gas, primarily related to the gas transportation sector, remain of primary importance. Most of the natural gas transported on the Italian national transport network is historically imported from or transits through countries in the MENA area (Middle East and North Africa, in particular Algeria, Tunisia, Libya and, in light of TANAP-TAP, Turkey combined with the States which overlook the eastern Mediterranean) and in the former Soviet Bloc (Russia, Ukraine, Azerbaijan and Georgia) – nations sensitive to political, social and economic instability.

The ongoing Russian-Ukrainian conflict, now entering its third year, continues to disrupt global and regional energy dynamics, heightening uncertainty over gas flows from these regions. Furthermore, in 2024, the escalation of tensions in the Middle East, marked by intensified clashes between armed groups in Libya and internal conflicts in Algeria and Tunisia, has further complicated the geopolitical landscape, heightening the risk of interruptions on natural gas supplies. Such turbulences may not only have a negative impact on the European economy, but also introduce additional challenges in managing energy supply sources. Snam will continue to monitor the geopolitical context, including potential consequences and their impact on the group.

In response to these developments, Snam has focused on securing supply by improving flexibility and ensuring the gas infrastructure is adequately scaled. The actions undertaken include purchasing new floating regasification units (FSRUs) and upgrading the existing infrastructure. In particular, the "Italis LNG" regasification plant, purchased in June 2022 and based in Piombino, commenced operations in July 2023, offering a storage capacity of 170,000 cubic metres of LNG and an annual regasification capacity of 5 billion cubic metres of gas. The second FSRU, named "BW Singapore," was built in 2015 and has a maximum storage capacity of approximately 170,000 cubic meters of liquefied natural gas, with a nominal regasification capacity of about 5 billion cubic meters per year. It is moored approximately 8 km off the coast of Ravenna. Furthermore, work has begun on the Adriatic Line, Snam's new gas pipeline along the North-South route in Italy.

Should shippers utilising the transportation service through Snam's networks be unable to complete the supply or transport of natural gas from or through these countries due to the occurrence of the aforesaid adverse conditions, or are affected by them to an extent that causes or worsens the inability to fulfil their contractual obligations towards Snam, this may produce adverse impacts on the business and on the performance and financial position of the Snam group.

In addition, Snam is exposed to macroeconomic risks arising from displacement or tension in financial markets or situations deriving from external events, which could affect liquidity and accessibility to financial markets. Given the ongoing geopolitical tensions and high volatility in energy markets, it is crucial to maintain a diversified and resilient supply strategy.

Market risk

Lastly, as to the risk linked to gas demand, under the current tariff system applied by the Energy Networks and Environment Regulator (hereinafter ARERA or the Authority) to natural gas transport, Snam's revenues, through its directly controlled transport subsidiaries, are partly correlated to volumes redelivered. However, with Resolution 139/2023/R/gas for the sixth regulatory period (2024-2027), ARERA confirmed the guarantee mechanism covering the share of revenues correlated with redelivered volumes already introduced in the fourth regulatory period on volumes transported. This mechanism reconciles higher or lower revenues exceeding ± 4% of the reference revenue correlated with output volumes. This mechanism guarantees about 99.5% of the authorised overall revenues from transmission activities.

Under the current tariff system applied by ARERA to natural gas storage, Snam's revenues, through Stogit, are correlated to the use of infrastructure. However, ARERA has introduced a guarantee mechanism for reference revenues, ensuring companies can cover most of the recognised revenues. With the fifth regulatory period (2020-2025), Resolution No. 419/2019/R/gas extended the guarantee level to cover 100% of the recognised revenues. The same resolution also introduced an enhanced incentive mechanism (defined by subsequent Resolution 232/2020/R/gas) through voluntary participation, which provides for a 50% increase in the profit-sharing of revenues from short-term services against a reduction in the portion of recognised revenue subject to a hedging factor.

Finally, with reference to the tariff regulatory criteria for the LNG regasification service for the fifth regulatory period (2020-2023), resolution 474/2019/R/gas confirmed the mechanism to cover reference revenue at a guaranteed minimum level of 64%. Resolution 196/2023/R/gas relating to the tariff regulation criteria for the sixth regulatory period (2024-2027) confirmed the mechanism and established a fund for the new regasifiers pursuant to Legislative Decree 50/2022 (art. 5), earmarked to cover the portion of revenues for the regasification service, including the cost of purchase and/or construction of new plants, with priority placed on the portion exceeding the application of the revenue coverage factor. In general, the changes in the current regulatory framework might have adverse impacts on the Snam group's business, financial position and results.

In foreign markets, protections against market risk are provided by the French, Greek, and Austrian regulations. Another type of protection comes from long-term contracts with TAP (expiring in 2045), GCA (with gradual expirations until 2031), Teréga (with gradual expirations of long-term contracts at the interconnection point with Spain starting from 2023), and Adnoc Gas Pipeline (20 years tariff-based with a minimum ship-or-pay).

The UK regulation does not guarantee coverage from volume risk, but the current capacity bookings of the Interconnector subsidiary already exceed the regulatory cap for the period 2023-2026.

With reference to the subsidiary SeaCorridor, a joint venture that manages the international pipelines linking Algeria to Italy, although operating in an unregulated context and exposed to volume risk, the company can benefit from medium- to long-term contracts already in place and a prospect of utilization close to maximum capacity given that it represents one of the main sources of imports to replace Russian gas. In addition, the contractual arrangements of the purchase and sale with Eni, provide protection to Snam toward volume fluctuations from pre-set estimates.

Regarding the macroeconomic market and consumption framework, in terms of pricing, 2024 started with a downward trend that characterised much of the first quarter, primarily due to the high level of national storage fill, stable supply, and relatively low demand, driven by higher-than-average seasonal temperatures during the winter. This trend then reversed starting in March 2024, with pricing progressively increasing for the remainder of the year and volatility rising. Among the bullish factors are the growing international tensions, scheduled maintenance during the summer period, and the uncertainty surrounding the gas transit agreements between Russia and Ukraine. The bullish trend intensified during the last quarter, with prices surpassing €50/MWh, driven by persistent geopolitical tensions and higher demand resulting from colder temperatures than in previous winters.

Regarding gas, Snam has continued to mitigate this risk through measures implemented in recent years, including:

- investments in new import capacities and supply routes, such as the EastMed pipeline and the increased LNG imports from the United States that improved the diversification of supply sources and reduced dependence on Russian supplies;
- large availability of gas storage capacity, covering more than 25 per cent of current gas demand, improving the resilience of the system to supply disruptions;

- managing the network efficiently by working in partnership with other infrastructure operators and possibly implementing innovative solutions to address extraordinary emergencies, such as peak shaving at regasification terminals and the interruptibility service for transport network withdrawals. These measures, included in the national emergency plan (managed by the Italian Environment and Energy Security Ministry - MASE), have proven effective, ensuring the continuity of supplies even during periods of high demand.

In certain sectors, especially among private consumers, there could be a growing perception that high prices are a structural issue, leading to the risk of gas supply reductions or interruptions in favour of alternative energy sources like electricity.

Climate change risk

Achieving global climate targets will require significant investment in the decarbonisation of the energy sector over the next 30 years.

In recent years, Snam has repositioned itself to benefit from new opportunities of the energy transition, through its infrastructure, which will be crucial to achieving decarbonisation targets, its presence in the energy transition businesses, international expansion and a disciplined approach to investments.

Snam has committed to achieving carbon neutrality by 2040 and net zero by 2050, with an intermediate target of reducing direct (Scope 1) and indirect (Scope 2) emissions by 50% by 2032 compared to 2022 levels for its regulated business. This aligns with the goal of limiting global warming to 1.5°C as outlined in the Paris Agreement adopted during the Climate Conference (COP 21). This objective is also consistent with the UNEP (UN Environment Programme) goals for CO2 emission reduction, as outlined in the OGMP 2.0 (The Oil & Gas Methane Partnership) protocol, which the company has signed as part of the framework.

With regard to the risks associated with the emissions market, within the scope of the European Union directives on trading carbon dioxide emission permits and the rules for controlling emissions of certain atmospheric pollutants, the update of the sector regulations accompanying the start of the fourth regulatory period (2021-2030) of the European Emissions Trading System (EU ETS), also through the introduction of a new carbon border adjustment mechanism (CBAM), has confirmed a continuous reduction in the number of free emission allowances. The allowances are allocated to each plant with progressively decreasing, and no longer constant grants, and also depend on the actual operation of the plants. The allowances granted free of charge to the group's plants are no longer sufficient to comply with regulatory compliance obligations relating to ETS mechanisms; that is why the companies of the Snam group obtain the missing allowances from the market.

With resolution 139/2023/R/gas of 5 April 2023, ARERA defined the regulatory criteria for the sixth regulatory period (2024-2027) of the natural gas transmission and metering service, including – among other things – the recognition of costs related to the Emission Trading System (ETS). With resolutions 419/2019/R/gas and 196/2023/R/gas, the recognition of costs relating to the ETS mechanism was introduced also for the storage services (regulatory period 2020-2025) and for the regasification service (2024-2027).

Climate change scenarios could also lead to a change in the choice of the energy mixes of the various European countries and in consumer behaviour, with resulting impacts on the demand for natural gas (and on volumes transported).

On the one hand, in the short and medium term, gas could benefit from its greater sustainability than other fossil fuels and represent a bridging solution towards the complete decarbonisation of some sectors.

On the other hand, individual policies and choices could lead to a progressive reduction in natural gas consumption, with a consequent impact on the current use of infrastructure. The increase in decarbonisation targets at the community and international levels, including support for an energy transition aimed at phasing out fossil fuels by 2050 as outlined in the COP 29 and G7 statements and potential new legislative proposals for a 90% emission reduction intermediate target by 2040, alongside existing energy transition policies (such as the Fit for 55 package and the EU Taxonomy) and key international energy studies (like the International Energy Agency's Net Zero roadmap), could accelerate the gradual reduction in both demand and supply of fossil natural gas. On the other hand, this could encourage a greater and earlier penetration of renewable, low-carbon gases (green hydrogen, blue hydrogen, biomethane, synthetic methane) in the energy mix, supporting the promotion of Snam's new businesses.

Climate change could also increase the severity of extreme weather events (such as flooding, drought, extreme temperature fluctuations), thus deteriorating the natural and hydro-geological conditions of the territory, with possible impacts on both the quality and continuity of the service supplied by Snam and on the demand for gas at national and European level.

The Company may also face pressure from stakeholders regarding its ability to meet their expectations on climate change, as well as its role as a gas system operator.

The Transition Plan, presented in October 2024, outlines the roadmap with the objectives, actions, and resources that Snam will employ to support a credible transition to Net Zero by 2050.

With reference to the effects of the change in gas demand on the financial position and results of the Snam group, see section “Market risk” in this chapter and section “Failures and sudden outage of the service” in the chapter on operational risks.

Lastly, Snam has signed up to the Methane Guiding Principles, which commit the company to further reducing methane emissions from its operations in natural gas infrastructure. In subscribing to these principles, Snam is also committed to encouraging other players in the entire gas supply chain – from producer to end consumer – to pursue the same objective.

Snam joined the Oil & Gas Methane Partnership (OGMP) 2.0, a voluntary initiative launched as part of UNEP to support Oil & Gas companies in reducing methane emissions. Snam participated, and is still actively involved, in various UN working groups which led to developing a framework able to provide governments and the general public with the guarantee that methane emissions are treated and managed in a responsible manner, with progress against stated objectives, and offering transparency and cooperation, including the implementation of best practices. The protocol suggests the targets to reach: -45% by 2025 compared to 2015.

Since 2021, Snam has raised its target to reduce methane emissions from -45% to -55% by 2025 compared to 2015 for operating assets. This is a more ambitious target than the Oil & Gas Methane Partnership protocol (OGMP 2.0), which has already been achieved and has become a key part of the Decarbonisation Strategy.

In relation to its operating business, in 2023, Snam raised the new target for reducing methane emissions by 2030 compared to 2015, from -65% to -70% (and to -72% by 2032), a target which is aligned with the recommendations set by OGMP 2.0.

UNEP has confirmed its Gold Standard for Snam for 2024. Already achieved by Snam in 2021, 2022 and 2023, the Gold Standard is the highest level of achievement under the OGMP 2.0 protocol, rewarding the company’s commitment to reporting and reducing its methane emissions.

LEGAL AND COMPLIANCE RISK

Legal and compliance risk concerns the failure to comply, in full or in part, with laws and regulations at European, national, regional and local level with which Snam must comply in relation to the activities it performs. Violation of such laws and regulations may result in criminal, civil, tax and/or administrative penalties as well as financial and non-financial, economic and/or reputational damage.

On the other hand, the violation of specific regulations (by way of example, but not limited to, infringements of occupational health and safety and environmental protection regulations or anti-corruption rules) may entail the corporate administrative liability of the company pursuant to Italian Legislative Decree No. 231 of 8 June 2001, and the consequent application of disqualification measures and/or pecuniary sanctions, including significant penalties. Snam, which has always been driven by carrying out its business activities with ethical standards and principles of fairness and transparency, has therefore adopted an adequate internal control and risk management system aimed at enabling the identification, measurement, management, prevention and monitoring of the main risks relating to the activities carried out.

Snam, which has always been driven by carrying out its business activities with ethical standards and principles of fairness and transparency, has therefore adopted an adequate internal control and risk management system aimed at enabling the identification, measurement, management, prevention and monitoring of the main risks relating to the activities carried out. In 2022, Snam launched a project to implement its “Anti-Corruption Compliance Program” in accordance with ISO 37001:2016 “Anti-Corruption Management System” standards, to both confirm and certify its ongoing commitment to the fight against corruption.

Consequently, in May 2023, Snam obtained the ISO 37001:2016 “Anti-Corruption Management System” certification from a third-party certification body (DNV Business Assurance Italia S.r.l.), issued with no deficiencies. This certification was confirmed following the annual control audit conducted by DNV in April 2024.

The main reference documents for the "Anti-Corruption Compliance Program" are (i) the Ethical Code; (ii) the Anti-Corruption Policy – drafted in accordance with the UNI ISO 37001:2016 standard and approved by Snam's Board of Directors on 18 January 2023 – reflecting the commitment of "Top Management" in addressing corruption risk prevention, and incorporating the fundamental elements highlighted by ISO 37001; and (iii) the Anti-Corruption Guidelines, which encompass the comprehensive regulatory framework for the anti-corruption measures adopted by Snam.

Firmly believing that reputation is one of the key elements for sustainable growth and ethical business management, with a focus on continuous improvement, Snam updated the Anti-Corruption Guidelines and its annexes both in 2023 (the first update on 18 January and the second on 10 May) and, most recently, on 27 November 2024. The 2023 update focused mainly on incorporating all the new elements in the Anti-Corruption Compliance Programme in line with the Certification project, ensuring systematic consistency, while the 2024 update focused on revising the third-party due diligence system.

Snam is also a member of the United Nations Global Compact and, in 2023, strengthened its collaborations and partnerships with institutions and bodies active in the fight against corruption (i.e. Transparency International, the Organisation for Economic Co-operation and Development (OECD) and the Business and Industry Advisory Committee (BIAC)).

In 2024, Snam continued its proactive collaboration with Transparency International Italy, notably hosting the BIF National Event titled “Business Ethics & Sustainability” at its headquarters.

The event, where Snam played an active role, showcased experiences and testimonies addressing the new corporate compliance challenges in sustainability, ranging from the CSRD to issues of human and environmental rights.

The day featured contributions from representatives of Transparency International Italia, with whom Snam has been working proactively since 2017 and is both a promoter and supporter, along with the GNCI Global Compact Network Italia of the United Nations, the EU’s DG FISMA, and several industrial groups.

In February 2025, the Business Integrity & Compliance function joined the presentation of Transparency International’s 2024 edition of the Corruption Perception Index, which measures the public perception of corruption in both the public sector and politics.

In 2017, Snam started working with the OECD (Organization for Economic Cooperation and Development), joining the Business at OECD Committee (BIAC), and in October 2019 – as the first Italian company – it joined the Leadership as Vice-Chair of the Anticorruption Committee. As part of this collaboration, throughout 2024, Snam actively participated in numerous national and international events. One of the key highlights was Snam's contribution at the Bureau meeting of the BIAC Anti-Corruption Committee, where strategic topics were explored, especially addressing the ethical implications of AI technology advancement. Furthermore, Snam participated in the "AI-driven Anti-corruption Efforts, Use-Cases from the Private Sector" project, providing insights into how AI is integrated into reputational due diligence, offering a Use Case for the formulation of global anti-corruption strategies.

As part of its multilateral collaborations, in addition to the aforementioned activities, Snam also participated in the work of the BIAC Committees: Corporate Governance Committee, focusing on the OECD Working Party on State Ownership and Privatisation Practices; Responsible Business Conduct Committee, overseeing updates to the AI Principles document; Governance and Regulatory Policy Committee, contributing to the creation of the Recommendation on Principles for Transparency and Integrity in Lobbying and Influence; and Anti-Corruption Committee, where, due to its role, Snam led various initiatives within the larger BIAC project related to the role of education and AI systems in the fight against corruption.

OPERATIONAL RISKS

Ownership of storage concessions

For Snam, the risk connected with keeping storage concessions stems from the business operated by its subsidiary Stogit, on the basis of concessions awarded by the Italian Ministry of Enterprise and Made in Italy. The first ten-year extensions for the concessions in Brugherio, Ripalta, Sergnano, Settala and Sabbioncello were issued at the end of 2020, with a new expiration date of 31 December 2026, while those for the concessions in Cortemaggiore and Minerbio were issued in January 2022 also expiring on 31 December 2026. For the Alfonsine concession, the process for the first extension is still pending with the relevant Ministry. The Company's activities, as required by the relevant regulations, will continue to be carried out until the completion of the ongoing authorisation procedures, as provided by the original permit, the expiry of which is to be automatically extended until the completion of these procedures. Stogit submitted, within the legal deadlines, a request for a second ten-year extension to the Ministry of Enterprises and Made in Italy for nine concessions: Fiume Trieste in 2020, and Alfonsine, Brugherio, Cortemaggiore, Minerbio, Ripalta, Sabbioncello, Sergnano, and Settala in 2024. For the Fiume Trieste concession, which underwent its first ten-year extension in 2011, the second ten-year extension was issued on 18 June 2024, with the new expiry date being 20 June 2032. Lastly, the Bordolano concession will expire in November 2031 and may be extended for an additional ten years. In the event that Stogit is unable to retain ownership of one or more of its concessions or if, at the time of renewal, concessions are awarded under terms less favourable than current ones, the company may experience negative effects on its business, financial position and results.

Failures and sudden outage of the service

The risk of service failure and sudden outages is due to unforeseeable events, such as breakdowns or malfunctioning of equipment or control systems, lower plant yield and extraordinary events such as explosions, fires, landslides or other similar events, interference from third parties and cases of corrosion that fall outside Snam’s control. Such events may cause a drop in revenues as well as result in significant damage to persons and property, with possible compensation obligations. Although Snam has taken out specific insurance policies to cover some of these risks, in accordance with the sector best practice, the related insurance cover could be insufficient to meet all the losses incurred, compensation obligations or cost increases.

Delays in infrastructure work progress

Moreover, Snam may incur delays in infrastructure work progress due to the many unknown factors linked to operational, financial, regulatory, authorisation, competition, social, health or climate emergency aspects over which it has no control. Snam is therefore unable to absolutely guarantee that planned works to expand, improve and maintain the infrastructure are effectively undertaken or, if undertaken, are effectively completed or able to achieve the benefits envisaged by the tariff system. Furthermore, development projects may involve higher levels of investment or longer timeframes than initially estimated, thus affecting Snam's financial position and performance. Investment projects could be stalled or delayed due to difficulties in obtaining environmental and/or administrative authorisations or due to objections raised by political forces or other organisations, or could be affected by changes in the price of equipment, material and labour, as well as changes in the political or regulatory framework during construction, or even by the inability to secure financing at an acceptable interest rate.

Such delays might have adverse impacts on the Snam group's business, financial position and results. In addition, changes in the price of commodities, equipment, material and labour could affect Snam's financial results.

Environmental risks

Snam's sites are compliant with laws and regulations on pollution, prevention and control, environmental protection, use of hazardous substances, and waste management. Applying these rules exposes Snam to contingent costs and liabilities connected with the use of its assets. Snam cannot predict the evolution of environmental legislation over time and whether and in what way it may eventually become more binding. Nor can assurance be provided that future costs necessary to ensure compliance with environmental legislation will not increase or that these costs may be recovered within the applicable tariff mechanisms or regulation. In addition, the costs arising from potential environmental remediation obligations on Snam's sites are subject to particular uncertainty. These costs are especially difficult to estimate in terms of the extent of the contamination, the appropriate corrective actions to be implemented and, finally, the possible share of responsibility of other parties.

Although Snam has entered into specific insurance contracts to cover some environmental risks, in line with industry best practices, substantial increases in costs related to environmental compliance and other associated aspects cannot be ruled out, nor can the costs of potential penalties, which could negatively impact business, operational results, and financial and reputational aspects.

Employees and personnel in key roles

Snam's ability to run its business efficiently is dependent on the skills and performance of its personnel. The loss of key personnel or the inability to attract, train and retain skilled personnel (especially in technical positions for which there may be limited availability of appropriately skilled personnel), or situations where the ability to implement a long-term business strategy is negatively affected by significant disputes with employees, could have an adverse impact on the business, the financial situation and the operating results. The events related to this risk category may also refer to the issues of Diversity and Inclusion.

Risk linked to foreign equity investments

Snam's foreign investee companies may be subject to regulatory/legislative risk, political, social and economic instability risk, market risk, climate change risk, cybersecurity risk, credit and financial risks and all other risks typically affecting Snam's business in the natural gas transport and storage sector. These risks could therefore have an adverse impact on their business, financial position and performance. This could have a negative impact on the investees' contribution to Snam's net income.

Risks linked to future acquisitions/equity investments

Investments made under joint-venture agreements and any future investments in Italian or foreign companies could increase the complexity of the Snam group's operations insofar as it cannot be guaranteed that these investments will generate the expected profitability as part of the acquisition or investment decision and will integrate effectively with Snam's other operations in terms of consistency with quality standards, policies and procedures. The integration process may involve additional outflows and investments. An inadequate management or supervision of the investment could have negative impacts on business, operating results and financial performance.

EMERGING RISKS

The group's Enterprise Risk Management model pays particular attention to identifying changes in the operating environment in order to detect events or macro-trends originating from outside the organisation that could have a significant medium-to-long-term impact (3-5 years and more) on Snam's business or its industry sector. These changes may give rise to new risks in the long term, but may also have immediate consequences for the company, changing the nature and extent of the potential impacts and likelihood of occurrence of the risks already identified. The purpose of the process of identifying emerging risks is to be able to assess their impacts in a timely manner to be able to put in place the necessary strategies and related mitigation actions to prevent and control those risks. In this area, some of the emerging risks identified by Snam are exposure to global LNG market dynamics as well as Technological Innovation and Artificial Intelligence (AI).

Cybersecurity

Snam adopts a complex technological structure to conduct its business, relying on an integrated model of processes and solutions able to ensure the efficient management of the gas system nationwide. The development of business and the adoption of innovative solutions to constantly improve it, however, require continuous attention and adaptability to the changing needs of cybersecurity protection. Snam has been making significant investments in digitisation for years – from the control of activities on a remote basis to the adoption of complex infrastructure enabling the Internet of Things – through which Snam aims to become the most technologically advanced gas transmission operator in the world and ensure ever increasing levels of security and sustainability of its business processes. Snam's view, supported by public data and evidence, is that cybersecurity threats should be assessed and managed with great sensitivity and attention also because they will evolve further in terms of both number and complexity. The digital channel is increasingly used illicitly by different types of actors with different aims and different methods: cyber criminals, cyber hacktivists, state-sponsored action groups. The radical changes taking place in the logics and working processes following the pandemic (including the widespread use of remote working) have exacerbated certain specific types of threat and have made it necessary to increase the levels of attention to criminal phenomena that are bound to persist over time. In addition, technological development has made increasingly sophisticated tools available to attackers, enabling them to increase the effectiveness of existing attack techniques and develop new ones. The increasing digitisation of the network with the use of new technologies (e.g., Internet of Things, Artificial Intelligence) also poses significant challenges to the group, broadening the potential attack surface exposed to internal and external threats. Lastly, the geopolitical tensions should not be underestimated, as the cyber terrain has become an area of economic and political confrontation and conflict. Cyber security plays a very important role in this scenario, because it has the task of preventing or dealing with a wide variety of events, which can range from the compromising of individual workstations to the disruption of entire business processes relating to transport, storage and regasification, potentially affecting the ability to deliver the service. A correct approach to cyber security management is also necessary to ensuring full compliance with the increasingly strict industry sector regulations, issued both at European and Italian level, aimed at improving the management and control of companies that provide essential services for Italy.

Energy market and technologies related to decarbonisation and digitisation

As climate change shows the concrete effects of rising temperatures, the energy world is facing a period of radical transformation. Snam's commitment remains central to its core business of regulated activities in natural gas transportation, storage, and regasification, with a particular focus on investing in new regasification and transportation capacity to strengthen the security and sustainability of the national energy system. At the same time, Snam is building a broad and diversified platform of activities related to the energy transition, with the aim of developing a multi-molecule infrastructure at the European level (particularly in the transportation and storage of renewable energies such as biomethane and hydrogen, energy efficiency, as well as carbon capture and storage projects).

Snam's established expertise in implementing and managing natural gas transportation and storage projects, the new skills acquired in green and decarbonised gases as well as in emerging energy transition trends, its strategic position along the main natural gas and future hydrogen supply corridors, and its investment in technologies to reduce CO2 emissions, all form part of a strategy focused on sustainability. These factors will be key in developing the future energy system, making it competitive, secure, and net-zero. The diversification of its business will strengthen Snam's position as an enabler of the energy transition towards forms of use of energy resources and sources that are compatible with environmental protection and progressive decarbonisation, with a long-term vision in line with the group's purpose and the European objectives.

The transition plan, Snam's new 2025-2029 strategic plan, and the ten-year vision presented in January 2025 must be understood in this long-term context. The investments planned in the 2025-2029 Plan, amounting to 12.4 billion euros, are the largest in Snam's history and build upon the actions taken in response to the 2022 energy crisis, with 10.9 billion euro allocated to infrastructure and 1.5 billion euro dedicated to energy transition businesses. In recent years, the company has tripled its regasification capacity and increased the flexibility of its storage system. The acquisition of Edison Stoccaggio assets, finalised in March 2025, and the completion of the Adriatic Line by 2027 will play a key role in developing a resilient, flexible, and sustainable energy system in Italy and Europe, further solidifying Snam's leadership in the midstream value chain. Over the next decade, Snam will be able to seize new and significant development opportunities, contributing to the long-term creation of an interconnected pan-European multi-molecular energy system, particularly through investments in

H2-ready infrastructure for energy transportation and storage, which will enable the development of a hydrogen backbone in the long term, as well as in innovative projects for the development of green gases (hydrogen and biomethane). Snam is also playing a role in the decarbonisation of consumption through energy efficiency initiatives and is enabling the use of CCS (Carbon Capture and Storage) technology by developing CO2 transport and storage infrastructure for the decarbonisation of key industrial hubs.

Alongside sustainability, innovation is the other key strategic driver for reaching the objectives outlined by Snam in the 2025-2029 Strategic Plan. The fast-paced development of technologies and digitalisation calls for a tangible long-term vision. For this reason, Snam is promoting the integration of new technologies into its traditional business and adopting innovative practices to address the challenges of the energy transition. Specifically, Snam leverages the use of new technologies and innovative tools to enhance the performance and resilience of regulated assets, increasing their efficiency and improving the monitoring and safety of operational activities. At the same time, it encourages investments in both established and emerging technologies to integrate various types of molecules into the energy system and its infrastructure.

In this context, and with particular reference to the Group's strategy, the main risk factors include the risks posed by technological innovation favouring the shift towards the use of electric technologies, and/or delays in the development of new technologies for the production, transportation, and storage of green/decarbonised gases, crucial for the creation of a cost-effective market (particularly with respect to hydrogen). Added to these factors is the risk of a delay in or non-fulfilment of planned investments (infrastructure, projects, new acquisitions) as a result of unknown operational, economic, regulatory, authorisation, competitive and social factors, as well as a lack of development of the hydrogen market with reference to the value chain that should feed the infrastructure.

In particular, with reference to the energy efficiency business, given the current regulatory framework in place, there is a risk in relation to failure to meet the deadlines for the completion of all the documentation necessary for the recognition of the tax credit related to the superbonus. Although this risk is largely contained, it could hinder the ability to use tax credits generated from the work completed.

Finally, it must be considered that the uncertainty of the still evolving regulatory plan slows down the creation of projects and the implementation of financing for hydrogen production and for the development of other decarbonisation projects of interest to the group (i.e. CCS).

These factors, in other words, may affect the achievement of the development objectives of the above-mentioned activities and, more generally, the opportunity for Snam to benefit from the new energy transition mega-trends. In this regard, a further risk factor remains related to the potential failure to fully achieve, by 2026, the targets set in the National Recovery and Resilience Plan (NRRP), with potential repercussions on the development of hydrogen and its value chain, as well as the development of biomethane and LNG (particularly in the heavy transport sector).

Exposure to global LNG market dynamics

Description

As a result of the reduction in gas imports from Russia, to compensate for the previously imported volumes, a series of measures have been introduced to ensure greater diversification of import sources, particularly by integrating increasing volumes of LNG into the system through the expansion of regasification capacity (new FSRUs). This new configuration of the gas system calls for further consideration on the security of supplies. Previously, most of the gas imported came from countries bordering Europe (Russia, Azerbaijan, North Africa) interconnected with the Continent thanks to the presence of a pipeline network capable of ensuring stability of contractual relations with the interlocutors over time and consequently favouring continuity of supply from importing countries. In contrast, LNG is a more flexible source whose routes are more sensitive to global market dynamics (increased gas demands in Asia, changes in shale gas extraction policies in the U.S., competition between countries for resources, etc.).

Impact

The gas market has therefore moved from a regional gas market with limited competition to a global one, highly competitive, where the risk exists that both short-term and long-term exogenous factors, such as prolonged adverse weather (e.g., extended periods of low renewable energy generation due to reduced solar input or insufficient wind), and/or geopolitical issues, could lead to direct repercussions on the sustainability of supplies and gas storage reserves, with impacts on national energy security, the stability of the European energy system, and energy prices.

Not only that, but such possibility could also favour fuel switching measures, as it has partly already happened with the increased use of coal in Europe in 2022 with direct consequences on Snam's businesses (i.e. reduced gas demand, with limited impacts at present given the current regulatory framework, network operational management under more critical conditions) and potential reprioritisation of investment strategies.

Key mitigation actions

To this end, Snam is already taking a number of mitigation actions that result in supporting the development of green and decarbonised gas. In particular, the growth of biomethane volumes (through new production plants and the construction of the works to connect these plants to the Snam network) can contribute to the sustainability of the gas system as a renewable, programmable and locally produced source. Likewise, building a hydrogen transport network opens up the possibility of developing a multi-molecule energy system, broadening the available resources, as it will be less subject to global market dynamics, including the potential future importation of hydrogen (e.g., from North Africa via pipelines).

Technological innovation and Artificial Intelligence (AI)

Description

The changing geopolitical environment and the awareness of increasingly complex scenarios make it necessary to identify more effective solutions to consciously invest in innovation and enhancement of technological assets. These are aimed at ensuring, in the near future, the development of new solutions and opportunities to support the evolution of corporate businesses, also taking into account the need of having a system that is capable of transporting multi-molecule energy. Technological innovation, and, in parallel, the development of artificial intelligence, directly impacts Snam's businesses and, if not managed and used appropriately, in the long run, could have a negative impact on the regulated and energy transition business.

Impact

Development that is not focused on technology neutrality (but that is more aimed at finding innovative solutions without multi-molecular enhancement) could lead to a faster reduction in natural gas demand than projected in the reference scenarios (Snam-Terna Scenarios) and also have a negative impact on green gas development and emerging carbon capture, transport and storage technologies. This risk may be so significant that it could lead to a revision of the company's growth strategy and business model. Furthermore, ineffective development and/or failure to adopt innovative and technological solutions may impact the quality of the service provided, with repercussions on the effectiveness of asset and infrastructure management.

Key mitigation actions

To mitigate this risk, Snam adopts a series of proactive and continuous monitoring actions aimed at detecting in a timely manner the evolution of the energy market and the main technological trends across the entire value chain. In particular, a structured process for the development and management of transparent innovation has been launched, integrated across different stakeholders and aligned with Snam strategic and industrial objectives, through the permanent establishment of a dedicated committee (Innovation and Technology Committee). The objective is to identify early technological trajectories useful to the Company in supporting the energy transition of the gas system. The activities and results identified by the Committee are aimed at analysing and evaluating technologies that may have impacts on Snam's businesses and reducing the risk that the gas system may be exposed in the innovation arena from the development of non-gas oriented technologies. Additionally, Snam has launched the Snam Tomorrow Energy Company (SnamTEC) programme, coordinated by the dedicated Operational Committee, which serves as the primary tool for adopting proven innovative technologies and experimenting with the most promising industrial technologies (T-Lab). These are complemented by the Snaminnova and HyAccelerator programmes, coordinated by the Open Innovation Scientific Committee, made up of industry experts, which play a crucial role in scouting and evaluating emerging innovative technologies and ideas.

However, despite the aforementioned mitigating actions, a residual risk remains in connection with exogenous factors mainly associated with the external counterparties that Snam interacts with (research institutions, universities, start-ups) that, if proved inadequate, can make these risk mitigating actions ineffective.

TERNA GROUP

The Risk Management System has the ultimate purpose of supporting decision-making processes and raising awareness in the organisation about the level of risk assumed and its compatibility with company objectives, as well as disseminating and strengthening the culture of risk at all levels of the organisation.

For the coordination of Risk Management activities carried out by management in different areas, the Terna group's Risk Governance Model has, since its inception, highlighted the need to adopt a common reference framework outlining the objectives that allow the creation or maintenance of the Group's values. The framework of objectives was updated in 2024 to ensure alignment with evolving internal dynamics and the Business plan's objectives.

The corporate objectives framework, divided between Strategic (linked to the Business Plan) and Recurring (i.e. continuous, linked to concession activities, the by-laws mission and the codes of conduct adopted) is used annually as the main reference for Management's identification of risk events, including emerging ones.

Starting from the Objectives framework, each identified risk event is assessed through the combination of i) the Risk Impact (falling into four categories: Economic & Financial, Reputational, Operational and Health, Safety, Environment (HSE) & Sustainability), and ii) the Probability of occurrence based on the existing Plan horizon and on the Maturity Level of the Risk Management systems. In relation to these elements, the priority and specific ways to deal with risks are selected, through the identification of mitigating or corrective actions.

A company's risk profile is not static, it's dynamic. In fact, it can change as the external reference context changes and/or as a consequence of internal organisational and business decisions. The monitoring activity is therefore carried out to assess the evolution of the group's risk profile, the exposure to key risks, the trend of the defined risk indicators (KRIs), along with the progress of the defined mitigation actions.

The steps of the Risk Management process, as described before, are carried out on a regular basis (at least annually).

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

Furthermore, the risks arising from the update of the 2024-2025 Risk Assessment are linked to the European Sustainability Reporting Standards (ESRS), as outlined by EU Directive 2022/2464 (Corporate Sustainability Reporting Directive – CSRD) and the corresponding Italian implementation decree (Legislative Decree 6 September 2024, No. 125).

For more information regarding the Double Materiality process and the sustainability risks within the Terna group, please refer to the section "Double Materiality" section in the Terna group's Sustainability Reporting.

Each identified risk, in addition to being assessed, is also classified according to its type. Within its ERM framework, Terna has identified 6 categories of risk, as outlined below.

Contextual / Market Risks

Terna operates in a regulatory context characterised by government concessions and the provisions of the Energy Networks and Environment Regulator (ARERA).

Given the specificity of its business and operating environment, Terna is exposed to risks arising from the regulatory and legislative framework, which may impact the revenues generated from its concession activities, especially during multi-year tariff revisions. These are, in some instances, genuine challenges that require careful risk management to properly assess their implications for the group. Contextual factors, related to the economic and financial trends in the markets where Terna operates, include fluctuations in commodity prices, which in recent years have been influenced by international geopolitical tensions (wars in Ukraine and the Middle East), and interest rates, both short and long term, represent key factors that could impact operating costs, investments, and debt management. These factors, along with regulatory challenges, require a targeted and flexible strategic approach to ensure long-term resilience and sustainability.

Operational Risks

The sustainable investments in the national transmission network, key to facilitating the energy transition and ensuring the system's efficiency and security, are central to the group's core business, and include direct interaction with local territories, as well as dialogue with major stakeholders, communities, and institutions.

Terna is therefore exposed to operational risks related to the execution of projects outlined in the Development Plan, which depend on both the intrinsic engineering and technological characteristics of the construction projects, often very complex and innovative (such as large HVDC projects and the innovative Hypergrid), and external issues that are not easily controllable (such as obtaining environmental and/or administrative permits or opposition from local communities), which can impact timelines and the integrity of the investment plan.

The management of Terna's project construction sites also requires great attention to the safety of Terna's employees and the contractors/subcontractors working on-site, in order to avoid risks related to the health and safety of workers.

Further aspects that expose the group to operational risks include the management of the national transmission network (known as Dispatching), aimed at ensuring the continuity, quality, safety, adequacy, and cost-effectiveness of the electricity system. Exceptional events, malfunctions, and failures, along with the increasing complexity of managing the system itself, which is becoming more interconnected and integrated with renewable sources, result in greater variability and uncertainty in managing the balance of the electricity system and could challenge the system's ability to maintain quality and safety standards.

In a context where business activities heavily rely on ICT technologies and digital tools, the careful management of systems and technological infrastructures protects the group from malfunctions, failures, or system outages, which could compromise continuity and cause operational inefficiencies.

Lastly, but equally important, is the group's ability to attract and retain individuals with technical/specialist expertise, as these skills are not only scarce but also in high demand in the market.

Legal / Contractual Risks

Legal risks for Terna refer to the potential negative consequences of failing to meet contractual obligations related to the activities the group carries out. These risks can materialise through sanctions, legal disputes, such as issues arising from non-compliance with the provisions set out in contractual clauses.

These risks, if realised, could lead to financial, economic, and reputational damage to the group.

Compliance Risks

This category of risk refers to the possibility of Terna violating, either partially or fully, laws and regulations, resulting in criminal, civil, tax, and/or administrative penalties, as well as financial, economic, and reputational damage.

To effectively manage this type of risk, Terna has strengthened its governance safeguards by defining an efficient Compliance Management System, which complements the existing corporate management systems and other compliance control tools (including centralised management models such as the Organisational Model D.Lgs. 231/01, Trade Compliance, Model L.262/05, Tax Control Framework, etc.), thus providing an additional guarantee for managing compliance aspects in complex realities like the group.

To this end, since 2022, Terna S.p.A. has initiated the first phase of implementing the Compliance Management System and adopted a dedicated Policy. On 4 February 2023, it became the first in Italy to receive certification according to the UNI ISO 37301:2021 standard for its Compliance Management System, covering all relevant "compliance obligations". Issued by the IMQ Certification Body, this certification was also awarded on the same date to the main subsidiaries of the Terna group (Terna Rete Italia S.p.A., Terna Plus S.r.l., and Terna Energy Solutions S.r.l.).

Counterparty risk

The group operates in a complex environment, characterised by simultaneous energy transition processes underway in Europe, which are putting a strain on the production capacity of the main suppliers with whom Terna interacts. Among the main challenges that could arise, there is a significant increase in investments related to the energy transition of TSOs in Europe, which adds further strain to the production capacity of suppliers and necessitates industrial choices based on market demand. This could lead to a greater attractiveness of other regions compared to Italy or choices to relocate the production of key suppliers for Terna, which are already limited in number. Additionally, there may be difficulty for some suppliers in meeting the growing demand of the group, in a context where the availability of specialised resources is limited and the production capacity of certain sectors is already saturated, as well as the potential failure of critical suppliers due to adverse economic conditions.

The likely result may be delays and increased costs in the execution of the projects scheduled.

As a result, this intricate set of factors demands proactive risk management, including careful planning, diversification of suppliers (where feasible), and ongoing market monitoring.

Natural and Malicious Events

The intensification of extreme weather events (tornadoes, heavy snowfall, ice, floods) due to climate change represents a global threat to the decarbonisation process and the achievement of related targets. Such events are becoming increasingly frequent and severe, with their intensity directly linked to the potential harm they can inflict on the electrical infrastructure, thus affecting the continuity and quality of the service offered by Terna.

The Resilience Plan serves as a response to these events, focusing on reinforcing the network, with substantial investments allocated.

However, Terna is not only exposed to natural threats but also to malicious events such as cyberattacks (which are also influenced by geopolitical instability, including the conflicts in Ukraine and the Middle East), which may cause loss of visibility and control over facilities, temporary outages of critical systems, data loss, additional costs for restoration, and, importantly, damage to its reputation.

Terna places significant emphasis on these events and is extremely sensitive to them, and thus takes extensive precautions by implementing technological, procedural, and organisational safeguards to maximise risk mitigation.

ITALGAS GROUP

The main risks subject to analysis and monitoring by the Italgas group are detailed below.

OPERATIONAL, STRATEGIC AND BUSINESS RISKS

Italgas has adopted an Internal Control and Risk Management System integrated into its organisational, administrative and accounting structure and, more generally, into its corporate governance, which ensures compliance with laws and corporate procedures, the protection of corporate assets and which contributes to the management of activities by ensuring the soundness of the accounting and financial data processed.

The main risks mapped in the Enterprise Risk Management (ERM) process and monitored by the company and the mitigation actions taken are outlined below.

It should be noted that despite the mitigation actions introduced to monitor and prevent the occurrence of significant risks, the Company does not exclude that the occurrence of specific events may lead to the recognition of liabilities in the financial statements.

Climate Change

- Physical Risk: the rising frequency of extreme natural events in the areas where Italgas operates, with negative impacts on costs, revenues, and service levels.
- Emerging Risk[24]: Physical Risk: an increase in average temperatures in areas where Italgas operates, potentially negatively affecting the number of active delivery points served and, consequently, revenues.
- Emerging Risk: Transition Risk: changes in the legislative and regulatory framework on greenhouse gases intended to limit air emissions, with an adverse impact on costs.
- Emerging Risk: Transition Risk: technological developments that may have an adverse impact on the number of active re-delivery points served, with an adverse impact on revenues and the level of estimated investments.
- Emerging Risk: Transition Risk: uncertainty as to the role of natural gas in the future energy mix, with an adverse impact on costs, revenues and the level of estimated investments.

The mitigating actions are summarised below:

- Operational countermeasures as described in the risk "Continuity of service: malfunctions, accidental or extraordinary events" that mitigate impacts and/or reduce intervention times in the case of extreme natural events.
- Reduction targets for net greenhouse gas emissions[25]:
  - by 2030: Scope 1&2 emissions reduction of 42% and Scope 3 emissions reduction of 33%, compared to 2020 values;
  - by 2050: the Net Carbon Zero target.
- Net energy consumption reduction of 33% by 2030, compared to 2020 values.
- Use of the Picarro Surveyor technology.
- Process for transforming the network into digital infrastructure to enable the distribution of gases other than methane, such as hydrogen, biomethane and e-gas.
- Commitment to the UN Global Compact and UNEP's OGMP 2.0.
- Execution of energy efficiency projects and investments in the water and energy optimisation sectors.
- Actions to promote the development and dissemination of biomethane and power-to-gas technology.

Risks related to the development and award of tenders for gas distribution services

- Risk of concessions not awarded in planned areas, or the award of concessions on less favourable terms.
- Risk of higher operating costs for the group compared to its operating standards, if concessions are awarded for districts (ATEM) previously managed by other operators.
- Risk of judicial and/or arbitration proceedings, due to the complexity of regulations governing the expiry of concessions held by Italgas.
- Risk that the reimbursement value of the concessions, which might be awarded to a third party at the end of the assignment process, is lower than the value of the RAB.

Main risk management methods:

- In the event of failure to award previously managed concessions, the existing regulations provide that, for owned networks, the outgoing operator is entitled to be paid the reimbursement value.
- Specific procedures governing pre-tender activities, including the calculation of the reimbursement value, and participation in tenders.

24 Risk whose potential effects for the company and/or the industry refer to a medium- to long-term time horizon.
25 The targets, approved by the Board of Directors in October 2024, refer to the perimeter of group companies consolidated on a line-by-line basis as of June 2024 including also any change in the perimeter due to the acquisition of 2i Rete Gas. They do not include the water service companies acquired in 2023 and subsequently merged into Nepta, nor any future changes as a result of ATEM tenders and M&A transactions.

- Monitoring regulatory developments and assessing potential impact on the tendering process.
- Planning the tender calendar and bidding strategy integrated in the group's Strategic Plan.
- Critical analysis of the quality of the tender offer and implementation of improvement actions, also with the help of external experts, bodies and universities.

A harsher geopolitical context

Risk of negative developments in the geopolitical context and/or the occurrence of atypical events with potential tensions in the financial markets, impacts on business continuity and/or on the health and safety of personnel and/or on the supply chain.

Main risk management methods:

- Group Security Operation Center (G-SOC) and central platform for correlating information from security systems.
- Travel security and operational intelligence platform.
- Cloud-based Integrated Security Command Center and Physical Security Information Management.
- With reference to the Russia-Ukraine and Israel-Palestine conflicts:
  - the absence of production activities and personnel located in the involved countries;
  - increased controls and monitoring of the supply chain, confirming that there are no first or second-level suppliers involved in the affected areas, impacting the group's operational continuity;
  - no significant critical issues have been identified due to Ukraine not renewing the Russian gas transit agreement.

Smart meter malfunctions

Risk of increased levels of malfunctioning of remote meters, with the loss of/no meter readings and/or the need for replacement or reconditioning.

Main risk management methods:

- Adoption of Nimbus, the next-generation smart meter (prototype released in November 2023 and field-tested in 2024 and installed at scale from 2025).
- The maintenance of an adequate fund to cover malfunctions.
- Issuance of appropriate warranties by suppliers.
- ARERA/DINE 01/2023 ruling that stipulates the recognition of the residual value for smart meters G4/G6 made before 2016 and installed up until 2018.
- Audits of suppliers and testing of materials supplied.

Service continuity: malfunctions, accidental or extraordinary events

Risks of malfunctioning and/or unforeseeable distribution service disruptions caused by accidental events, such as accidents, breakdowns or malfunctioning of equipment or control systems, the under-performance of plants and non-recurring events such as explosions, fires, earthquakes, landslides or other similar events beyond Italgas's control.

Main risk management methods:

- Third Party Liability and Asset Protection insurance covers.
- Procedures and systems to manage emergencies, emergency plans with measures defined for securing plants and guaranteeing continuity of service.
- Health and Safety procedures, communication campaigns, training sessions, and awareness-raising meetings
- Plant and Networks Operational and Control Centre (CIR)
- Gradual adoption of DANA – Digital Advanced Network Automation – the network operational and control system
- Smart Maintenance: GIS model for intelligent maintenance of Italgas networks.
- Planned leak detection.

Cyber attacks

Cyber-attack risks to the IT (Information Technology), OT (Operational Technology) and IoT (Internet of Things) sectors.

Main risk management methods:

- Cybersecurity insurance coverage.
- ISO 27001 Bludigit Certification.
- Group policy on Integrated Security, Resilience, and Crisis Management, including the organisational and operational model for cybersecurity, business continuity, the network and information security and emergency and crisis management.
- Security measures to protect endpoints, access points, and information.
- Specific training on cyber risks, common vulnerabilities, phishing and spam as well as phishing simulations.
- Secure Product Development Lifecycle process, vulnerability assessment, and regular IT and OT penetration testing.
- Real-time monitoring of IT and OT systems using Security Information and Event Management (SIEM).
- Industry-leading suppliers with the highest levels of security defined and monitored.
- "Cybersecurity Awareness for third parties".
- *Cyber Threat Intelligence*.

Risks to the health and safety of people and to the environment

- The risk of accidents and/or injuries to employees and staff of partner companies
- The risk that Italgas may incur costs or liabilities, also of a significant amount, as a result of environmental damage, also in view of changes in environmental protection regulations and the possibility of litigation.
- Risks associated with the spread of pandemics or new diseases that could have repercussions on Italgas in terms of health and safety, operating environment and consequent economic and financial conditions.

Main risk management methods:

- Personal insurance policies (covering work and non-work accidents and death due to illness).
- HSE system in compliance with reference standards, certified according to international standards in the areas of health, safety, environment and energy efficiency.
- Monitoring of HSE regulations.
- Digital tools for reporting and recording "near misses" and for waste management.
- HSE awareness campaigns and training sessions with suppliers/contractors on HSE topics and the standardisation of operational practices.
- Internal procedures providing for specific measures against suppliers/contractors in the event of non-compliance in the HSE area.
- Contractor checks during the qualification phase and throughout the activities.
- Initiatives for promoting health and well-being.
- Specific operational measures that can be activated in case of need to minimise contacts.

With specific regard to remediation activities:

- A dedicated provision to cover the estimated costs of compliance with current legislation.
- A contaminated site remediation process that defines roles, operational procedures, and guidelines for waste removal, environmental assessment, and securing or decontaminating sites affected by past operations.
- Inspections of remediation sites, both internal and conducted by third parties.

Risks related to Human Resources

“Risks related to the development of human resources”, including risks of key staff leaving the company, a lack of technical and specialist know-how, an increase in the age of the company’s workforce, a fall in the level of satisfaction and/or an increase in labour disputes.

Main risk management methods:

- Recognition as a certified Top Employer.
- Italgas Academy, training paths in partnership with universities, multimedia platform with group training initiatives in the areas of "Excellence," "People," and "Innovation".
- Knowledge transfer system.
- I-Grow Program and Smart Rotation System.
- Succession plan for top management roles.
- Personnel search and selection process, performance management system and career development plans.
- Italgas Human Rights Policy.
- Italgas Diversity & Inclusion Policy.
- Gender equality certification UNI/PdR 125:2022.
- Workplace satisfaction survey for all group employees.
- Welfare system.

Risks related to quality and service level

Risks to fail to comply with commercial service levels for the provision of services to sales companies or risk of delayed or partial compliance with commitments, such as, for example, execution of the investment plan for concessions that impose obligations on the part of the concession-holder.

Main risk management methods:

- Continuous monitoring of Key Performance Indicators (KPIs) for commercial processes, along with procedures and operational instructions for the management of the commercial service.
- Capexforce application for digital oversight of the investment process.
- Conduct a survey on a sales company.
- The mapping of existing concession commitments, monitoring and activation for timely intervention.
- Constant engagement with bodies granting concessions.

Supply chain risks

Risks associated with the availability and cost of materials, services and supplies, with operational capacity and scalability, and with the reliability, from a reputational and compliance standpoint (including respect for human rights) of the Group's suppliers and contractors.

Main risk management methods:

- Procurement planning, analysis, and monitoring of KPIs for the function.
- Process of qualifying suppliers through checks on economic-financial stability, reputation, and ESG compliance.
- Technical and ESG "on-site" inspections for qualifying Critical/Strategic suppliers.
- "Supplier Code of Ethics".
- Standardised processes and tender regulations.
- Awarding of ESG criteria in the tender process, ESG audits, and Action Plan implementation.
- Anti-mafia checks in tender procedures for special sectors.
- Evaluation of supplier performance, including sustainability.
- Procurement diversification and scouting of innovative goods, produced with alternative materials.
- “Anti-Corruption” and “Cybersecurity” Policy for third parties.

Risk associated with changes in regulation and legislation

- Risk of modifications in the regulatory and institutional framework within the European or national context impacting the natural gas sector.
- Risk of sanctions related to the updating of the rate of return on net invested capital approved by the Regulator.
- Focus on Greece: Risk of review by the Greek Regulator of the investment and tariff plans submitted for approval.

Main risk management methods:

- Structures dedicated to monitoring regulations, the legislation and their development plans envisaged also at European level.
- Active participation in consultations called by the Regulator, sharing the company positions and/or proposals that support defining, updating and implementing clear and transparent regulation criteria.
- Active participation in consultations called by the Government or European Union bodies on relevant issues, including Taxonomy.
- Orientation activities to define sector association positions.

Risk of non-compliance and regulatory developments

Risk of failure to comply, in full or in part, with rules and regulations at European, national, regional and local level with which Italgas must comply in relation to the activities it performs and/or risk of failure to detect and implement new rules that are applicable to the Company.

Main risk management methods:

- An internal control and management system for risks and areas of responsibility defined in relation to Compliance.
- Code of Ethics, 231 Model, Policy for preventing and combating corruption, ISO 37001 anti-corruption certification.
- Certification of the ISO 37301 compliance system.
- Staff training on compliance issues.
- Analysis and monitoring of the reputational requirements of the group's counterparts.
- “Code of Ethics for Suppliers”.

4. BALANCE SHEET AND INCOME STATEMENT FIGURES

An analysis of the accounting situation as at 31 December 2024 is provided below, based on the statements reclassified according to operational criteria to provide a clearer understanding of the results.

For the purposes of preparing the reclassified financial statements for the year 2024, the international financial reporting standards (IFRS) endorsed by the European Commission and in force at 31 December 2024 were applied.

4.1 RECLASSIFIED CONSOLIDATED BALANCE SHEET

4.1.1 CONSOLIDATED BALANCE SHEET - ASSETS

The reclassified consolidated balance sheet assets of the CDP RETI Group as at 31 December 2024 are made up of the following aggregated items:

Assets

(million of euro)

Tems	31/12/2024	31/12/2023
Property, plants and equipment	44,121	40,894
Intangible assets	12,807	12,561
Trade receivables	7,160	7,362
Other assets (1)	11,587	9,824
Cash and cash equivalents	4,628	3,140
TOTAL ASSETS (*)	**80,303**	**73,781**

In order to provide a better comparative presentation, certain balances of the financial statements as at 31 December 2023 have been restated, without changing the equity values as at 31 December 2023 of the Income Statement and the Statement of Comprehensive Income 2023.
(1) The figures of the consolidated financial statements that are not represented in the riclassified Assets are included in Other assets.
(*) The item includes discontinued operations and assets held for sale attributable to Terna group (15.4 million euro as at 31 December 2024 and 85 million euro as at 31 December 2023) and Italgas group (5.4 million euro as at 31 December 2024 and 6.6 million euro as at 31 December 2023).

At 31 December 2024, total assets amounted to 80,303 million euro, an 8.8% increase compared to 31 December 2023, primarily consisting of "property, plant, and equipment" (54.9% of total assets), mainly attributable to Snam (20.7 billion euro) and Terna (19.2 billion euro), as well as the impacts from consolidation (3.8 billion euro)[26].

The increase (+3.2 billion euro; +7.9%) in "property, plant, and equipment" compared to 31 December 2023 is largely attributable to increases in Snam (+1.8 billion euro) and Terna (+1.6 billion euro), which were only partially offset by the effects of the PPA.

Specifically, this increase, apart from the impact of consolidating the subsidiaries, is primarily attributed to the investments in:

- Snam (2,875 million euro[27]; +31.0% compared to 2023), driven primarily by the construction of the Ravenna regasification terminal and its connection to the gas transport network, as well as the commencement of works on the Adriatic Line. Technical investments (2,912 million euro) primarily relate to the transport sector (1,924 million euro), the regasification sector (488 million euro), and the storage sector (269 million euro);
- Terna 2,424.9 million euro, of which 2,378.5 million euro were made within the Regulated sector. In the Non-Regulated sector, 46.4 million euro was invested, mainly related to modifications requested by third parties;
- Italgas (55 million euro), mainly related to industrial and commercial equipment (5.8 million euro) office buildings (8.4 million euro), fixed assets under construction and advances (14.1 million euro) and leased assets (22 million euro)

net of related amortisation/depreciation and impairment for the period.

26 Effects related to the Purchase Price Allocation (PPA) process of Snam, Terna and Italgas.
27 Net of third-party contributions for connection works to the transport network.

The item “intangible assets”, largely attributable to the concession service agreements of Italgas, as further detailed in the explanatory notes, has increased by 246 million euro (+2%).

This item also includes goodwill (1,040 million euro), representing (i) the amount (781 million euro) recognised as a result of the process of allocating the differences between the prices paid for the purchase of the equity investments and the related equity, and (ii) the goodwill recognised in the consolidated financial statements of Terna, Snam and Italgas.

“Trade receivables”, down by approximately -202 million euro compared to the end of 2023 (-2.7%), mostly relate to:

- Snam (3.1 billion euro), mostly attributed to the following sectors: (i) transport (2,518 million euro), relating primarily to receivables from users for additional components and default service, amounting to 1,850 million euro, and receivables from gas system balancing, totalling 98 million euro; (ii) energy transition (300 million euro), primarily from receivables related to energy efficiency projects (193 million euro); and (iii) natural gas storage (222 million euro). Trade receivables include: (i) amounts from customers related to energy efficiency projects, which are expected to be converted into tax credits for Superbonus and other smaller bonuses (56 million euro). The Snam group, given its substantial tax capacity, plans to use these credits within the timeframe established by current regulations; (ii) receivables related to the storage sector, including the receivable for VAT invoiced to users in previous years for the use of strategic gas withdrawn and not replenished (74 million euro, 77 million euro in 2023).
- Terna (3.2 billion euro) of which: (i) 2,186.9 million euro related to receivables for the so-called "pass-through items"[28] associated with the activities performed by Terna S.p.A. (1,415.9 million euro), related to receivables from dispatching users for margin fees (750.5 million euro). Additionally, it includes receivables (20.5 million euro) from the Cassa per Servizi Energetici e Ambientali (CSEA) related to service quality; (ii) 682 million euro for CRT compensation receivables, related to the remuneration allocated to Terna S.p.A. and other owners for the use of the National Transmission Grid by electricity distributors; (iii) 325.8 million euro in receivables from Non-Regulated business customers for specialised services provided to third parties, predominantly in plant engineering, operation and maintenance of High and Very High Voltage plants, as well as telecommunications equipment, fibre optic network maintenance, and contracts from the Tamini, Brugg Cables, and LT groups.

“Other assets”, up by +18% compared to 31 December 2023, mainly relate to (i) equity investments (3,169 million euro), accounted for using the equity method, mostly relating to Snam’s equity investments, (ii) deferred tax assets (1,067 million euro), of which 532 million euro[29] attributable to Snam, 280 million euro to Italgas, and approximately 256 million euro to Terna[30] recognised as at 31 December 2024, (iii) non-current financial assets (886 million euro, mainly relating to Terna and Italgas), (iv) capitalised inventories – mandatory stocks[31] (363 million euro) of Snam; and (v) current financial assets (813 million euro), primarily related to Terna (447 million euro) and Snam (353 million euro).

Lastly, “cash and cash equivalents” were up compared to 31 December 2023 (+47.4%) and refer to:

- Terna group (2.3 billion euro): refers to short-term, highly liquid deposits (2,090.2 million euro) and bank current accounts and cash in hand (221.3 million euro);
- Snam group (1.8 billion euro): mainly refer to current accounts and bank deposits in euro of Snam S.p.A. (1,628 million euro), representing the use of cash held for the group’s financial needs, and the cash equivalents from subsidiaries (total 178 million euro);
- Italgas group (0.4 billion euro): refers to current account deposits held with banks;
- CDP Reti (0.1 billion euro): relates to an irregular deposit with the parent company CDP and to bank current accounts.

For further details see the net financial debt sections contained in the paragraph “Sector performance”.

28 Terna manages the cost and revenue items linked to the transactions, carried out with electricity market operators, for the purchase and sale of energy: these are so-called “pass-through” items that do not affect Terna’s earnings, because the revenues are equal to the costs. The settlement of these items is established by the ARERA resolutions.

29 Deferred tax assets, before adjustments for offsetting are made.

30 Deferred tax assets, before adjustments for offsetting are made.

31 Minimum natural gas quantities that the storage companies are required to hold under Presidential Decree no. 22 of 31 January 2001.

4.1.2 CONSOLIDATED BALANCE SHEET - LIABILITIES

As at 31 December 2024, the liabilities section of the reclassified consolidated balance sheet of the CDP RETI Group included the following aggregates:

Net Equity and Liabilities

(million of euro)

tems	31/12/2024	31/12/2023
Long-term financial liabilities	37,099	32,687
- non-current (1)	*34,108*	*28,721*
- current (2)	*2,991*	*3,966*
Current financial liabilities	4,016	4,733
Trade payables	4,761	4,130
Other liabilities (3)	13,089	13,354
Equity	21,338	18,877
- attributable to the parent company CDP RETI	*5,142*	*4,976*
- attributable to minority interests	*16,196*	*13,901*
TOTAL LIABILITIES (*)	**80,303**	**73,781**

In order to provide a better comparative presentation, certain balances of the financial statements as at 31 December 2023 have been restated, without changing the equity values as at 31 December 2023 of the Income Statement and the Statement of Comprehensive Income 2023.
(1) In consolidated financial statements: Loans.
(2) In consolidated financial statements: Current portion of long-term loans.
(3) The figures of the consolidated financial statements that are not represented in the riclassified Equity and Liabilities are included in Other liabilities
(*) The item includes discontinued operations liabilities held for sale attributable to Terna group (0.2 million euro as at 31 December 2024 and 4.6 million euro as at 31 December 2023).

"Long-term loans" of the Group (37,099 million euro at 31 December 2024) increased slightly by 4,412 million euro compared to 31 December 2023 (+13.5%) and include 16.3 billion euro to Snam (44%), 12.1 billion euro to Terna (33%), 6.9 billion euro to Italgas (19%) and 1.7 billion euro for CDP RETI (4%).

The Group's "current financial liabilities" (4,016 million euro at 31 December 2024) decreased compared to 31 December 2023 (-717 million euro; -15.1%) and mainly related to (i) Snam (2.0 billion euro), for uncommitted bank credit lines at variable rates (450 million euro), for the issuance of Euro Commercial Papers (ECPs), placed with institutional investors (1,570 million euro), and (ii) Terna (1.7 billion euro) for short-term loans and the issuance of Commercial Paper.

For more details on the net financial debt of the subsidiaries, see the specific section "Sector performance".

"Trade payables", which increased by 631 million euro (from 4,130 million euro as of 31 December 2023 to 4,761 million euro; +15.3%), primarily relate to: (i) Terna (3,524.5 million euro vs 2,864.9 million euro at the end of 2023), mainly related to payables for energy transactions, and (ii) Snam (987 million euro, stable compared to the end of 2023), for the purchase of goods and services, primarily in the transport sector (629 million euro, of which 241 million euro from balancing activities) and in the energy transition sector (211 million euro).

"Other liabilities", which decreased by 265 million euro (from 13,354 million euro at the end of 2023 to 13,089 million euro; -2%), primarily relate to: (i) deferred tax liabilities (1,861 million euro vs 1,952 million euro at the end of 2023), recorded as of 31 December 2024; (ii) other current liabilities (7,176 million euro vs 7,399 million euro in 2023), mainly related to Snam (5,569 million euro); and (iii) provisions for risks and charges (1,135 million euro vs 925 million euro in 2023), including 697 million euro (565 million euro at the end of 2023) for dismantling and site restoration provisions recorded by Snam for costs anticipated for removing structures and restoring sites (mainly related to the storage sector, 595 million euro), and natural gas transportation[32], (69 million euro).

"Equity", which increased by approximately 2.5 billion euro (+13%), benefits from: (i) the period result of 2.5 billion euro (of which 732 million euro pertains to the Parent Company) and mainly reflects (ii) the amount of dividends declared during the period by Snam, Terna, and Italgas to third-party shareholders (a total of 1.4 billion euro) and by the Parent Company CDP RETI to its shareholders (531 million euro), and (iii) the recognition of the reserve for the hybrid bonds issued in 2024 by Snam and Terna (totalling 1.8 billion euro).

Out of the total equity, 5.1 billion euro is attributable to the Parent Company (+166 million euro compared to December 2023), and 16.2 billion euro is attributable to third parties (+2.3 billion euro at December 2023).

32 The costs refer to the estimated expenses for the removal of the connection works to the LNG regasification terminal in Livorno – OLT Offshore LNG Toscana.

4.1.3 RECONCILIATION OF CONSOLIDATED EQUITY AND NET INCOME FOR THE PERIOD

The reconciliation between the Equity, the parent company's result, and the consolidated results is illustrated below:

(million of euro)	31/12/2024		
Items	Net income	Capital and reserves	Total
PARENT COMPANY FINANCIAL STATEMENTS	**539**	**3,008**	**3,547**
Balance from financial statements of fully consolidated companies	2,816	16,494	19,310
Consolidation adjustments:			
- *Carrying amount of fully consolidated equity investments*		(5,267)	(5,267)
- *Dividends from fully consolidated companies*	(581)	581	
- *Purchase price allocation*	(184)	4,311	4,127
- *Other adjustments*	(68)	(311)	(379)
CONSOLIDATED FINANCIAL STATEMENTS	**2,522**	**18,816**	**21,338**
- *attributable to the parent company CDP RETI*	732	4,410	5,142
- *attributable to minority interests*	1,790	14,406	16,196

4.2 RECLASSIFIED CONSOLIDATED INCOME STATEMENT

The data below represents the CDP RETI Group with specific evidence of the contributions – in terms of operating[33] margins – deriving from Snam, Terna and Italgas. Please note that the consolidation eliminations and adjustments were shown separately.

That said, it is highlighted that with resolution 139/2023/R/gas "Tariff regulation criteria for the transportation and measurement service of natural gas for the sixth regulatory period (2024-2027)", the Authority has decided that the variable tariff charged to users to cover the costs of procuring the gas necessary for the operation of the transportation network, will be fully transferred to the CSEA. The actual costs of gas supply are fully recognised by the CSEA on a monthly basis. Therefore, with respect to the 2023 financial year, the revenues covering the gas procurement costs for the operation of the transport network, amounting to 347 million euro, have been reclassified to offset the related costs.

(million of euro)

Items	2024	2023
Revenues from financial statement	9,783	9,765
- *Revenues recognised following application of "IFRIC 12 Service Concession Arrangements" (*)*	*859*	*868*
- *Other Reclassifications (**)*	*(61)*	*(47)*
Total revenues	**8,985**	**8,944**
Costs from financial statement (not included Depreciation and Amortization)	(3,219)	(3,978)
- *Costs recognised following application of "IFRIC 12 Service Concession Arrangements" (*)*	*(859)*	*(868)*
- *Other Reclassifications (**)*	*63*	*67*
Operating costs	**(2,423)**	**(3,177)**
EBITDA	**6,562**	**5,767**
EBITDA margin	73%	64%
- *of which Snam*	*30%*	*27%*
- *of which Terna*	*28%*	*23%*
- *of which Italgas*	*15%*	*13%*
Depreciation and Amortization	(2,689)	(2,725)
- *Other Reclassifications (***)*	2	20
Operating profit (EBIT)	**3,875**	**3,062**
EBIT margin	43%	34%
- *of which Snam*	*19%*	*14%*
- *of which Terna*	*19%*	*15%*
- *of which Italgas*	*9%*	*7%*
- *of which consolidation*	*-3%*	*-3%*
Financial income/expense (including effects by equity method)	(392)	(76)
- *Other Reclassifications*		
Taxes	(973)	(792)
Profit from continuing operations	**2,510**	**2,194**
Net income from asset available for sale and discontinued operation	12	3
- *Other Reclassifications*		
NET INCOME	**2,522**	**2,197**
- *for parent company*	*732*	*631*
- *for minority interests*	*1,790*	*1,566*

(*) In reclassified Income Statement, pursuant to IFRIC 12 "Service Concession Arrangements" are not included: (i) in relation to Italgas group, revenues for the construction and upgrading of natural gas distribution infrastructures (746.5 and 787.1 million euro respectively in 2024 and 2023); (ii) in relation to Terna group, revenues from construction of assets in concession activities (112.9 and 80.6 million euro respectively in 2024 and 2023); these revenues are recognised in an amount equal to the costs incurred and are shown as direct reduction of the respective cost items.
(**) Other management reclassifications mainly attributable to Terna group.
(***) Relating to the issue of connection contributions for the financial period attributable to Italgas group and to the impairment of trade and other receivables of the Terna group.

In 2024, in line with the previous year, the CDP RETI Group reported net income of 2,522 million euro (of which 732 million euro pertaining to the Parent Company), marking an increase compared to 2023 (net income of 2,197 million euro). The increase (+325 million euro, with 101 million euro corresponding to the Parent Company's share) is primarily driven by the

33 The Parent Company, CDP RETI, given its nature of holding company, has basically zero incidence on the operating margins of the Group.

improvement in operating margins (EBITDA +795 million euro; EBIT +813 million euro), partially offset by higher financial expenses and income [34](+316 million euro) and higher taxes due (rising from 792 million euro to 973 million euro).

Sector wise, all subsidiaries have recorded a higher performance. The result for the period was primarily driven by the significant performance growth of Terna (+180 million euro; +20.4%) and Snam (+112 million euro; +9.8%), with a more modest contribution from the performance of Italgas (+40 million euro; +8.5%), partially offset by the impact of Terna's derivatives' fair value (with a negative impact of 10 million in 2024 and a negative impact of 19 million in 2023, net of tax effects), which are considered trading derivatives by the CDP RETI Group, as well as other consolidation effects.

In more detail, the period result is impacted by the performance of: (i) Terna (+180 million euro), which mainly reflects the improved results of the Regulated Activities, primarily driven by the impact of the WACC (capital remuneration rate) update for 2024 (increasing from 5% in 2023 to 5.8% in 2024) and the expansion of the RAB on tariff revenues and incentives; (ii) Snam (+112 million euro), which benefits from positive operational performance (EBIT rising from 1,271 million to 1,676 million), only partially offset by higher net financial charges, attributed,in particular, to the increase in the average cost of net debt (which reached approximately 2.5% in 2024 compared to 2% in 2023) and the average financial exposure, along with higher taxes mainly due to a higher pre-tax result, and (iii) Italgas (+40 million euro), which benefits from the improvement in EBIT (mainly due to the increase in regulated revenues and the contribution from Acqua Campania) and net income from equity investments (thanks to the contribution of water sector companies accounted for using the equity method), only partially offset by higher net financial charges (primarily due to the effects of bond issuances in February and September 2024, which refinanced the bond loan maturing in March 2024, and the impact of the costs of the issuance made in June 2023 for the entire year) and higher taxes (as a result of the lower benefit from the patent box and the higher pre-tax result for the period).

A more detailed assessment of the performance at the level of individual sectors and a more analytical description of the changes taking place between the two half years are provided in the section of this Report entitled “Sector Performance”.

“Revenues” for the period refer to Snam group at 3.6 billion euro, the Terna group at 3.7 billion euro and the Italgas group at approximately 1.7 billion euro. Group revenues rose by 41 million euro (+0.5%) compared to the first half of 2023, driven by the positive performance of Terna (+493.5 million euro), mainly due to the aforementioned growth in Regulated Activities (connected with the updated WACC recognised for 2024 and the expansion of the RAB and after accounting for the effects of output-based incentive mechanisms), together with the contribution of Unregulated Activities, driven mainly by higher revenues from the Equipment business of the Tamini Group (+27 million euro), from the Energy Services business of the LT Group (+18 million euro) and from orders for third parties in the smart grid business (+11 million euro). The increase was only partially offset by the weaker performance of: (i) Snam (-373 million euro), mainly due to the decrease in revenues from energy transition businesses (-795 million euro; -71.9%), in particular in the field of energy efficiency, partly covered by higher revenues from gas infrastructure businesses (+422 million euro; +14.9%) due to higher regulated revenues; and (ii) Italgas (-77 million euro), primarily due to the reduction in revenues from energy efficiency activities related to the Superbonus (with a corresponding decrease in operating costs), partially offset by the growth in water sector revenues, also following the completion of the Acqua Campania acquisition and its subsequent inclusion in the consolidation scope.

“Costs” for the period were mainly attributable to Terna (1,114 million euro), Snam (863 million euro), and Italgas (428 million euro), primarily related to raw materials and consumables, service costs, and staff costs, have decreased compared to 2023 (-754 million euro). This reduction is mainly due to: (i) Snam, driven primarily by lower activity volumes in the energy efficiency business and reduced costs in the biogas/biomethane sector following changes in the corporate structure; and (ii) Italgas, largely due to the decline in energy efficiency activities, only partially offset by the first-time consolidation of Acqua Campania, which resulted in higher costs. Regarding the Terna group, costs have slightly risen, primarily due to higher service expenses related to the development of activities in the regulated sector (particularly increased maintenance activities) and in the Energy Services and Connectivity sectors. There is also an increase in staff costs, primarily driven by a rise in the average workforce and extraordinary incentives granted in 2024, partially balanced by higher provisions for incentives recorded in the first half of 2023 and higher capitalisations.

“Gross operating margin” (EBITDA) amounting to 6,562 million euro (5,767 million euro in 2023; up by 795 million euro), representing an EBITDA *margin* of 73% (64% in 2023), benefits from the growth of Snam (+336 million euro), Terna (+398 million euro) and Italgas (+105 million euro). Snam contributed 30%, Terna 28% and Italgas the rest.

“Operating profit” (EBIT), amounting to 3,875 million euro, has increased by 813 million euro compared to 3,062 million euro in 2023. EBIT margin (as a percentage of Total Revenue) as at 31 December 2024 was 43% (34% in 2023).

“Financial income (expenses)”[35], negative by 392 million euro (negative by 76 million euro in 2023), are primarily related to:

- Terna for -172 million euro, marking a further increase (-54 million euro) from 2023, primarily linked to new financing issued in 2024 at interest rates higher than the average of existing debt, the liability adjustment for the potential acquisition of the minority stake in LT S.r.l., and the increase in discounting costs. These were partially offset by higher

34 Including the effects of equity investments accounted for using the equity method.
35 Including the effects of equity investments accounted for using the equity method.

earnings from cash and other financial assets, reduced costs associated with the inflation-linked bond (which matured in September 2023), lower charges related to the Uplift mechanism, and an increase in capitalised financial expenses.

- Italgas for -109 million euro, up (-14 million euro) compared to 2023. This change is mainly attributable to the effects of the bond issuances carried out in February and September 2024, which refinanced the bond loan that matured in March 2024, as well as the full-year impact of the costs related to the bond issued in June 2023;
- Snam for +3 million euro, showing a significant decline (-260 million euro) compared to the previous financial year, due both to the absence of certain effects that had impacted 2023[36] and, primarily, to the increase in net financial debt and the higher average cost of net debt, which rose to approximately 2.5% from 2% in 2023;
- net financial expenses of CDP RETI (negative 36 million euro), which decreased compared to the net financial expenses (negative 43 million euro) of 2023;
- consolidation effects, including (i) the negative change[37] (-13 million euro gross of the related tax effect) taking place (between 31 December 2023 and 31 December 2024) in relation to the fair value of the derivatives held by Terna to hedge the cash flows and considered as trading derivatives by the CDP RETI Group based on applicable accounting standards, and (ii) the reversal of the measurement according to the equity method of Italgas recognised by Snam in its financial statements (-65 million euro).

“Income taxes”, which show an expense of 973 million euro (792 million euro in 2023), mainly refer to the tax expense of Snam, Terna and Italgas, partially offset by the effects of deferred taxation connected with Purchase Price Allocation and the fair value of the derivatives held by Terna and considered by the CDP RETI Group as hedging derivatives.

The above income components allowed the Group to close the 2024 financial year with a consolidated net profit of 2,522 million euro (of which 732 million euro attributable to CDP RETI; 631 million euro in 2023), up from financial year 2023 (2,197 million euro).

The net income for 2024 pertaining to CDP RETI shareholders (net income of 732 million euro) comes from the net income of the Parent Company CDP RETI S.p.A. (539 million euro) and from the share of the earnings of Snam (net income of 395 million euro), Terna (net income of 315 million euro) and Italgas (net income of 145 million euro), less dividends for the period (581 million euro) attributable to CDP RETI S.p.A. and net of other consolidation effects (including the Purchase Price Allocation).

4.3 SECTOR PERFORMANCE

At the outset, it should be noted that the operating sectors have been identified in accordance with the performance of the analysed equity portfolio, matching the business sectors in which the Group operates, specifically:

- gas transport, regasification, storage and energy transition overseen by the companies of the Snam group;
- gas distribution, integrated water service and energy efficiency overseen by the companies of the Italgas group;
- dispatch and transmission of electricity overseen by the companies of the Terna group.

See section “VIII - Operating segments” in the Notes to the consolidated financial statements for the reconciliation of the results of the CDP RETI Group’s operating segments with the results of the Group.

Income statement, balance sheet and statement of cash flows figures are provided below using the management schedules adopted by Snam, Terna and Italgas in their financial statements. Reference should be made to the documents of the aforesaid companies for a reconciliation between the reclassified statements used and the mandatory statements.

4.3.1 SNAM (GAS TRANSPORT, REGASIFICATION AND STORAGE SECTOR AND ENERGY TRANSITION)

INTRODUCTION

In order to allow better assessment of the group’s performance and greater data comparability, Snam’s management has devised alternative performance measures not required by IFRS (Non-GAAP measures), mainly comprising the results in the adjusted and pro-forma adjusted configuration.

36 Primarily, the capital gain arising from the sale of shares in Industrie De Nora S.p.A. (75 million euro, excluding additional charges and associated taxes) and the income from the fair value assessment of the contractual tariffs, valid until 2040, for the investment in ADNOC Gas Pipeline Assets, reflecting the impact of market interest rate fluctuations (65 million euro).

37 In 2023, a decrease of 24 million euro was recorded.

(million of euro) Item	31/12/2024 Reported	31/12/2024 Adjusted (*)	31/12/2023 Reported	31/12/2023 Adjusted (*)
Total Revenue (**)	3,568	3,568	3,941	3,941
Regulated Revenue	*3,201*	*3,201*	*2,757*	*2,757*
EBITDA	2,705	2,753	2,397	2,417
EBITDA margin	76%	77%	61%	61%
EBIT	1,676	1,734	1,271	1,477
EBIT margin	47%	49%	32%	37%
Net income	1,257	1,287	1,145	1,178
Net Income of the group	1,259	1,289	1,135	1,168

(*) Values exclude special items
(**) With Resolution 139/2023/R/gas ‘Criteria for regulating tariffs for the natural gas transportation and metering service for the sixth regulatory period (2024-2027)’, the Authority ordered that the variable tariff fee applied to users to cover the costs of procuring the gas necessary for the operation of the transportation network be paid in full to CSEA. The gas procurement costs actually incurred are recognised in full, on a monthly basis, by CSEA itself. Therefore, with reference to the financial year 2023, the revenues covering the costs of gas procurement necessary for the operation of the transportation network (equal to 347 million euro) were reclassified as a reduction of the related costs

(million of euro)	31/12/2024	31/12/2023
Shareholders' Equity attributable to the parent company	8,929	7,635
Shareholders’ equity including minority interests	8,973	7,680
Net financial debt	16,238	15,270
Net cash flow for the period	424	(375)
Technical investments	2,912	1,774

With Resolution No. 139/2023/R/gas ‘Criteria for tariff regulation for the natural gas transportation and metering service for the sixth regulatory period (2024-2027)’, the Authority ordered that the variable tariff fee applied to users to cover the costs of gas procurement, necessary for the operation of the transportation network, be paid in full to the CSEA, consequently not representing a revenue component. The gas procurement costs actually incurred are recognised in full, on a monthly basis, by CSEA itself. Therefore, with reference to the financial year 2023, the revenues covering the costs of gas procurement necessary for the operation of the transportation network, equal to 347 million euro, were reclassified as a reduction of the relative costs.

TOTAL REVENUES

Total revenues amounted to 3,568 million euro, a decrease of 373 million euro, or 9.5%, compared to the 2023 financial year, mainly due to a significant reduction in revenues from the energy transition business (-795 million euro, or -71.9%), primarily related to energy efficiency, partially offset by an increase in revenues from the gas infrastructure business (+422 million euro, or +14.9%) due to higher regulated revenues.

Revenues from the gas infrastructure business (3,258 million euro; 2,836 million euro in 2023) relate to regulated revenues (3,201 million euro; 2,757 million euro in 2023) and non-regulated revenues (57 million euro; 79 million euro in 2023).

Regulated revenues have increased by 444 million euro, representing a 16.1% rise compared to 2023, mainly due to: (i) the higher WACC across all activity sectors (+177 million euro); (ii) increased revenues from the growth of the RAB in transport and storage sectors (+147 million euro, including lower “input-based” incentives), due to the implementation of the investment plan; (iii) the impact of applying the ROSS (Regulation for Expenditure and Service Objectives) to the natural gas transport service (+67 million euro); (iv) revenues from the start of operations of the Piombino regasification terminal (+61 million euro); (v) recognition of revenues for the higher regasification volumes in 2023 (+29 million euro compared to the additional revenues for 2022 recognised in 2023). These effects were partly absorbed by lower output-based incentives (-41 million euro), mainly offset by the positive one-off effects from which 2023 had benefited with regard to storage (-31 million euro), together with lower incentives in the transportation sector (-10 million euro) related to default service.

Non-regulated revenues decreased by 22 million euro, or 27.8%, mainly due to the recognition of one-off components in 2023.

Revenues from the energy transition business amounted to 310 million euro, compared to 1,105 million euro in 2023. The significant reduction is due to the lower contribution of energy efficiency, against the backdrop of legislative interventions that introduced significant changes to the Superbonus regime with the aim of containing the financial impact on the state budget, and biomethane (50 million euro), also as a result of the change in the company perimeter.

ADJUSTED EBIT

Adjusted operating profit for financial year2024 amounted to 1,734 million euro, up 257 million euro (+17.4%) compared to the corresponding figure for FY2023, as a result of the change in EBITDA, n. part absorbed by higher depreciation and amortisation (-79 million euro, or 8.4%), mainly due to new assets coming on stream and asset impairments in the transportation segment.

ADJUSTED NET INCOME

The group's adjusted net profit for the 2024 financial year amounts to 1,289[38] million euro, an increase of 121 million euro, or 10.4%, compared to the adjusted net profit for 2023. The positive results from operations were partly offset by higher net financial expenses related, in particular, to the increase in the average cost of net debt and average financial exposure, partly mitigated by the positive impact of income from active liquidity management, as well as the optimisation of financing sources. The change in net profit was also affected by higher taxes, mainly as a result of a higher pre-tax result.

RECONCILIATION OF ADJUSTED NET INCOME WITH THE REPORTED NET INCOME

Adjusted EBITDA, EBIT and net income are obtained by excluding special items from the respective reported result measures (from the statutory income statement), gross and net of related taxes respectively. The income components classified as special items in 2024 mainly refer to:

- the net expenses related to the Biogas – Waste business (45 million euro), primarily resulting from the signing of settlement agreements, amending previous framework agreements for new investments and the purchase of equity investments;
- the expenses incurred from the application of the early retirement pension scheme, regulated by Article 4, paragraphs 1-7 of Law No. 92/2012, the so-called "Fornero Law" (17 million euro, including exit incentive costs);
- the impairment of non-current assets (10 million euro), mainly due to the conversion of biogas production plants into biomethane production plants;
- proceeds from insurance claims (17 million euro), arising from extraordinary maintenance interventions at the plant of the subsidiary OLT Offshore LNG Toscana (OLT).

The expenses of the Austrian subsidiaries TAG and GCA, related to the return of excess revenues earned from the risk premium for the period 2013-2024 (35 million euro), following the issuance of the Final Cost Decree and Tariff Ordinance (the "Decree [39]") by the Austrian regulator on 29 May 2024, were offset by the positive effects from adjustments of previous years and one-off items on TAG (totalling 27 million euro) and by the normalisation of the interest rates used for the discounting of ADNOC's contractual tariffs (8 million euro).

SPECIAL ITEMS

Income components are classified as special items, provided they are significant, when: (i) they originate from events or transactions that are non-recurring, or from actions or incidents that do not occur frequently in the usual course of business; (ii) they result from events or transactions that do not reflect the typical operations of the business. The tax impact associated with the components excluded from the adjusted net income calculation is calculated according to the nature of each excluded income item. To facilitate the analysis and understanding of business performance and the comparison of data for the periods under review, all impairments and reversals resulting from the impairment test, in accordance with the international accounting standard IAS 36, are consistently classified as special items and thus excluded from the group's adjusted results.

In accordance with Consob resolution no. 15519 of 27 July 2006, components of income from non-recurring operations are separately disclosed in the IFRS financial reporting, provided they are significant. During the 2024 financial year and the previous year for comparison, there were no significant non-recurring events or transactions as per the aforementioned resolution.

EQUITY

The increase in the Parent Company's Equity during the year (+1,294 million euro) is primarily attributable to the positive result for the period of 1,257 million euro and the issuance of the perpetual bond amounting to 1,000 million euro. This result was partially offset by the payment of the final dividends relating to the 2023 result (567 million euro) and the 2024 interim dividend approved by the Board of Directors on 6 November 2024 (390 million euro).

[38] Excluding third party interests.
[39] The Decree defines the framework applicable to the new regulatory period 2025-2027.

NET FINANCIAL DEBT

As of 31 December 2024, the net financial debt amounts to 16,238 million euro (compared to 15,270 million euro on 31 December 2023.

Cash flow from operating activities (1,814 million euro) was used to finance part of the significant net investments for the year (2,681 million euro, including changes in investment-related debts), resulting in a negative cash flow of 867 million euro. Net financial debt, including the 2023 dividend payment to shareholders (-946 million euro), non-monetary adjustments (-129 million euro), and the net cash flow generated by the first issuance of perpetual subordinated bonds (+987 million euro), increased by 968 million euro compared to 31 December 2023.

TECHNICAL INVESTMENTS OF THE PERIOD

The technical investments for 2024 amounted to 2,912 million euro, up by 1,138 million euro (+64.1%) compared to 2023, with key initiatives including the construction of the Ravenna regasification terminal and its integration with the gas transport network, as well as the initiation of works for the Adriatic Line. Technical investments mainly pertain to the transport sector (1,924 million euro; 1,139 million euro in 2023), storage (269 million euro; 225 million euro in 2023), and regasification (488 million euro; 256 million euro in 2023). Investments in the energy transition businesses total 167 million euro (127 million euro in 2023; +31.5%) and include the Ravenna CCS project for CO2 capture and storage.

DIVIDEND PROPOSED

The Board of Directors, at its meeting on 19 March 2025, proposed to the shareholders' meeting on 14 May 2025 the payment of a dividend of 0.1743 euro per share, as a balance to the interim dividend, payable from 25 June 2025 (record date 24 June 2025), with the ex-dividend date on 23 June 2025. Thus, the dividend for the 2024 financial year is calculated as the sum of the interim payment of 0.1162 euro per share (amounting to 390 million euro), distributed in January 2025, and the final dividend of 0.2905 euro per share.

4.3.2 TERNA (DISPATCH AND TRANSMISSION OF ELECTRICITY SECTOR)

(million of euro) Item	31/12/2024	31/12/2023
Total revenue	3,680	3,187
- of which regulated	*(3,096)*	*(2,670)*
EBITDA	2,566	2,169
EBITDA margin	70%	68%
Operating profit (EBIT)	1,677	1,362
EBIT margin	46%	43%
Net income	1,063	883
Net income- of the group	1,062	885

(million of euro)	31/12/2024	31/12/2023
Shareholders' Equity attributable to the parent company	7,524	6,324
Shareholders' equity including minority interests	7,544	6,343
Net financial debt (*) (**)	11,160	10,494
Net cash flow for the period	933	(777)
Technical investments	2,692	2,290

(*) It includes financial derivatives for 58.8 million euro (147.0 million euro in 2023).
(**) It does not include the net financial debt of the assets held for sale -1.9 million euro (-10.8 million euro in 2023).

TOTAL REVENUES

In 2024, Terna's total revenues (3,680.2 million euro) increased by 493.5 million euro (+15.5%) compared to 2023.

Revenues from Regulated Activities, net of construction revenues for concession activities (+32.3 million euro), increased by 394.1 million euro, mainly reflecting the increase in the regulated asset base for the period, the update of the WACC recognised for 2024, and excluding the effects of output-based incentive mechanisms.

The increase in revenues from Non-Regulated Activities, amounting to 67.2 million euro, is primarily due to higher revenues in the Equipment sector from the Tamini Group (+27.0 million euro) and the Brugg Cables Group (+6.7 million euro), in the

Energy Services sector from the LT Group (+17.7 million euro), and from third-party projects in the smart grid sector (+11.0 million euro).

EBIT

The higher revenues (+493.5 million euro on 2023), in part offset by the increase in operating costs (1,113.8 million euro, +95.7 million euro compared to 2023) and the higher levels of depreciation, amortisation and impairment (889.0 million euro, +82.7 million euro compared to 2023, mainly due to the entry into service of new plants and for higher write-downs), resulted in an EBIT of 1,677.4 million euro, +315.1 million euro in absolute terms compared to 2023 (1,362.3 million euro) and with an EBIT margin of 46% (compared to 43% for 2023).

NET INCOME

Net income on continuing operations for the year reached 1,050.9 million euro, up by 170.6 million euro compared with 880.3 million euro in 2023.

The net result for the year from discontinued activities held for sale is a profit of 11.6 million euro, an increase of 9.1 million euro compared to the previous year, mainly due to the capital gain from the third closing of the sale of SPE Transmissora de Energia Linha Verde I S.A. to CDPQ, completed in November 2024.

Therefore, net income for the year amounted to 1,062.5 million euro, compared to 882.8 million euro in 2023 (+20.4%).

EQUITY

The increase in the total equity (+1,199.8 million euro) is primarily due to the positive result for the year of 1,062.5 million euro and the issuance of a non-convertible green perpetual subordinated hybrid bond with a fixed interest rate, net of related costs (+842.1 million euro), offset by the negative change in the cash flow hedge reserve (-30.2 million euro), the 2024 interim dividend payment (-239.6 million euro), and the distribution of the final dividend for the 2023 financial year (-454.3 million euro).

NET FINANCIAL DEBT

At 31 December 2024, the group's net financial debt stood at 11,160.4 million euro, up by 666.1 million euro compared with 31 December 2023.

The group's net financial debt was subject to the following changes:

- the increase in bond loans of 57.2 million euro is mainly due to the bond issuance launched by Terna in January 2024, amounting to 850 million euro, and the adjustment of the fair value of financial instruments, partly offset by the repayment of a bond issue of 800 million euro in October 2024;
- the increase in medium/long-term bank financing of 1,240.4 million euro is primarily due to new utilisations, totalling 2,400.0 million euro, net of repayments of 1,000.0 million euro and the amortisation repayments of existing EIB loans;
- an increase in short-term loans (455.4 million euro) mainly as a result of the utilisation of short-term credit lines and the issuance of Commercial Paper by the Parent Company;
- a decrease in the fair value of the derivative financial instruments portfolio (-86.5 million euro) due to changes in the portfolio and the market interest rate curve;
- an increase in other net financial liabilities (+2.6 million euro) essentially as a result of the recognition of the interest accrued on financial products;
- an increase in financial assets of 69.7 million euro, primarily driven by the investment of additional liquidity in deposits, the reclassification of Italian government bonds from non-current financial assets amounting to 61.1 million euro, and changes in the securities portfolio;
- an increase in cash and cash equivalents of 933.3 million euro. Cash and cash equivalents at 31 December 2024 amounted to 2,311.5 million euro, of which 2,090.2 million euro invested in short-term, highly-liquid deposits and 221.3 million euro relating to bank current accounts and cash.

TECHNICAL INVESTMENTS OF THE PERIOD

The total investments made by the Terna group in 2024 amounted to 2,692.1 million euro, marking a 17.6% increase compared to 2,290.0 million euro in 2023.

DIVIDEND PROPOSED

The Board of Directors of Terna S.p.A.in the session of 25 March 2025 proposed to distribute a total dividend for the year 2024 of 796,358,830.40 euro, equal to 0.3962 euro per share, of which 0.1192 euro per share was approved as an interim dividend on 6 November 2024.

The Board of Directors therefore proposes to allocate the 2024 net income of Terna S.p.A., equal to 970,356,839.31 euro, as follows:

- 239,591,046.40 euro to cover the interim dividend payable from 20 November 2024 for all ordinary shares outstanding, net of treasury shares in the portfolio at the "record date" of 19 November 2024 (494,900.28 euro allocated to the "retained earnings" reserve);
- 556,767,784.00 euro to pay the final dividend to be distributed in the amount of 0.2770 euro for each of the 2,009,992,000 ordinary shares representing the share capital at the date of this meeting of the Board of Directors to be paid from 25 June 2025 with coupon date no. 42 on 23 June 2025 (record date pursuant to Article 83-terdecies of Legislative Decree no. 58 of 24 February 1998, the Consolidated Law on Finance: 24 June 2025). This amount does not include treasury shares held in the portfolio at the record date indicated above. The amount of the 2024 final dividend due on treasury shares held by the Company at the record date will be allocated to the "retained earnings" reserve;
- 173,998,008.91 euro to retained earnings.

4.3.3 ITALGAS (GAS DISTRIBUTION SECTOR)

(million of euro) Item	31/12/2024	31/12/2023
Total revenue (*)	1,740	1,818
- of which regulated	*1,583*	*1,494*
EBITDA	1,312	1,208
EBITDA margin	75%	66%
Operating profit (EBIT)	782	681
EBIT margin	45%	37%
Net income	508	467
Net income- of the group	479	440

(*) The adjusted reclassified income statement, unlike the legal statement, provides for the presentation of Total revenues and Operating costs net of the effects of IFRIC 12 "Service concession arrangements" (787.1 and 746.5 million euros in the 2023 and 2024 financial years respectively), connection fees (19.2 and 19.0 million euros in the 2023 and 2024 financial years respectively), reimbursements from third parties (14.6 and 31.0 million euros in the 2023 and 2024 financial years respectively) and other residual components (0.4 and 2.8 million euros in the 2023 and 2024 financial years respectively).

(million of euro)	31/12/2024	31/12/2023
Shareholders' Equity attributable to the parent company	2,458	2,280
Shareholders’ equity including minority interests	2,794	2,601
Net financial debt (*)	6,763	6,634
Net cash flow for the period	153	(202)
Technical investments	887	907

(*) Includes derivative instruments positive for 16.9 million euro as at 31 December 2024 (positive for 31.8 million euro as at 31 December 2023).

TOTAL REVENUES

Total revenues for 2024 amount to 1,740.3 million euro, a decrease of 77.2 million euro compared to the same period in 2023 (-4.2%), with revenues from regulated natural gas distribution accounting for 1,583.1 million euro and other revenues amounting to 157.2 million euro.

Regulated gas distribution revenues increase by 89.2 million euro compared to 2023 due to the rise in transportation revenues (158.4 million euro) and the decrease in other regulated gas distribution revenues (-69.2 million euro).

The increase in transportation adjusted revenues (+172.9 million euro) is mainly attributable to the increase in the RAB from investments (+40.2 million euro), the WACC (+75.1 million euro), the deflator (+48.3 million euro), and the reimbursed operational costs (+16.9 million euro).

The other revenues as of 31 December 2024 amount to 157.2 million euro, decreasing by 166.4 million euro compared to 2023, mainly due to lower revenues from energy efficiency activities related to the Superbonus (-251.3 million euro, offset by a corresponding reduction in operating costs), partially compensated by the increase in water revenues (+85.9 million euro) following the completion of the acquisition of Acqua Campania and its integration into the consolidation perimeter.

EBIT

Operating profit (EBIT) as of 31 December 2024 amounts to 782.2 million euro, increasing by 101.0 million euro compared to 31 December 2023 (+14.8%) due to the decrease in revenues (-77.2 million euro, -4.2%) being more than offset by the reduction in operating costs (-182.0 million euro, -29.8%).

The adjusted operating costs as of 31 December 2024 amount to 427.9 million euro, a decrease of 163.2 million euro compared to 2023. There was a reduction of 200.9 million euro in energy efficiency activities, while the first-time consolidation of Acqua Campania led to an increase in costs of 43.4 million euro.

Adjusted depreciation and impairments (530.2 million euro) increased by 27.7 million euro (+5.5%) compared to 2023, mainly due to the investments made and the change in the consolidation scope following the acquisition of Acqua Campania (+25.7 million euro).

NET INCOME

Net income amounts to 507.5 million euro in 2024, an increase of 40.0 million euro (or +8.6%) compared to 2023. The change is due to: (i) the above-mentioned increase in operating profit (+101.0 million euro compared to 2023), (ii) higher net financial charges of 22.4 million euro compared to the corresponding period of 2023, (iii) higher net income from investments by +8.1 million euro, (iv) higher adjusted income taxes of 57.5 million euro compared to the corresponding value of the previous year, mainly due to the lower patent box benefit (21.9 million euro for the 2024 financial year and 39.4 million euro for the 2023 financial year) and the higher pre-tax profit for the period.

EQUITY

Group equity at 31 December 2024 (2,457.9 million euro) mainly consists of the share capital (1,003.8 million euro), legal reserve (200.8 million euro), share premium account (628.4 million euro), retained earnings (799.6 million euro), net income for the year (478.9 million euro), consolidation reserve (-323.9 million euro), the reserve for business combinations under common control (-349.8 million euro), and other reserves.

NET FINANCIAL DEBT

At 31 December 2024, net financial debt, excluding the effects deriving from financial payables pursuant to IFRS 16 e IFRIC 12 of 90.5 million euro (79.1 million euro at 31 December 2023), amounts to 6,672.3 million euro, up by 117.1 million euro on 31 December 2023 (6,555.2 million euro).

At 31 December 2024, financial and bond debts amount to 7,185.8 million euro (6,920.3 million euro as of 31 December 2023), including bond loans (5,632.2 million euro), financing contracts from the European Investment Bank (EIB) of 855.9 million euro, as well as debts to banks (607.2 million euro) and debts under IFRS 16 and IFRIC 12 (90.5 million euro).

At 31 December 2024, fixed-rate debt represents 85.4% of financial and bond debts (91.9% as of 31 December 2023), while variable-rate debt stands to 14.6% (8.1% as of 31 December 2023).

The decrease in fixed-rate liabilities is due to the maturity of a fixed-rate derivative on a BEI loan in December 2024, partially offset by bond issues made in 2024 (with a total nominal value of 1 billion euro), which refinanced the repayment of the bond loan maturing in March (381.3 million euro) and other bank loans.

Some of these contracts provide, *inter alia*, for the following: (i) negative pledge commitments pursuant to which Italgas and its subsidiaries are subject to limitations on pledging as collateral or placing other restrictions on all or part of the respective assets, shares or merchandise; (ii) *pari passu* and change-of-control clauses; and (iii) limitations on certain non-recurring transactions that the company and its subsidiaries may carry out.

At 31 December 2024, there are no financing agreements with financial covenants, except for a BEI loan with a remaining nominal value of approximately 53 million euro signed by Toscana Energia. As at 31 December 2024, all commitments had been fulfilled.

TECHNICAL INVESTMENTS OF THE PERIOD

In 2024, technical investments amount to 887.0 million euro (31 December 2023: 906.5 million euro), of which 46.6 million euro are related to investments in usage rights and concessions.

Investments in distribution (538.7 million euro) remain almost unchanged compared to the corresponding period in 2023. The repurposing has offset the reduction in new networks due to the completion of networks in Sardinia.

Investment in digitisation (243.3 million euro) decreased by 14.1% compared to the same period in 2023 due to the gradual completion of the network digitisation process in Italy.

The item related to other investments (105.0 million euro), which also includes investments in the water sector, increased by 24.7% compared to 2023 due to the consolidation of Acqua Campania.

DIVIDEND PROPOSED

The Board of Directors at its meeting on 12 February 2025 proposed to the Shareholders' Meeting the distribution of an ordinary dividend for the 2024 financial year of €0.406 per share (€0.352 per share in 2023; +15.3%), payable as of May 21, 2025 with ex-dividend date May 19, 2025 and record date May 20, 2025.

4.4 CONSOLIDATED NET FINANCIAL DEBT

Consolidated net financial debt, determined in accordance with the "Guidelines on disclosure requirements under the Prospectus Regulation" issued by ESMA[40] (ESMA32-382-1138) on 4 March 2021 and implemented by Consob communication starting from 5 May 2021, compared to the end of 2022, is as follows:

(million of euro)

Items	31/12/2024	31/12/2023
A. Cash	987	1,091
B. Cash equivalent	3,641	2,049
C. Other current financial assets	800	382
D. Liquidity (A)+(B)+(C)	**5,428**	**3,522**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	3,997	4,731
F. Current portion of non-current financial debt	3,002	3,966
of which IFRS 16	77	59
G. Current financial indebtedness (E + F)	**6,999**	**8,697**
H. Net current financial indebtedness (G - D)	**1,571**	**5,175**
I. Non-current financial debt (excluding current portion and debt instruments)	10,575	9,129
of which IFRS 16	130	127
J. Debt instruments	23,533	19,593
K. Non-current trade and other payables	33	
L. Non-current financial indebtedness (I + J + K)	**34,140**	**28,722**
M. Total financial indebtedness in accordance to ESMA Guidance (H + L) (*)	**35,711**	**33,897**

(*) Including net financial debt of assets held for sale attributable to Terna group; for further details, refer to the segment performance in the consolidated management report.

The **Consolidated Net Financial Debt (NFD)**, inclusive of the effects of the application of IFRS 16, amounted to 35,711 million euro (33,897 million euro at 31 December 2023).

For a more detailed analysis of this item, see the paragraph "Sector Performance" (of the subsidiaries Snam, Terna and Italgas) and the Report on Operations of the Parent Company.

40 European Securities and Markets Authority.

5. BUSINESS OUTLOOK

Introduction

The Annual Financial Report, in particular this section, contains forward-looking statements concerning the Group's intentions, beliefs or current expectations in relation to the financial results and other aspects of the Group's activities and strategies. Forward-looking statements have by their nature a component of risk and uncertainty because they depend on the occurrence of future events and developments. Actual results may therefore differ from those estimated in relation to several factors. It follows that these forecasts could differ significantly from the final results as a consequence of risks and uncertainties depending on multiple factors. For more details, please refer to section "3.2 Risk factors" of the consolidated Report on Operations, section "VI – Financial risk management" of the notes to the consolidated financial statements and section "IV – Information on risks and related hedging policies" of the notes to the separate financial statements, which detail the main risks related to the CDP RETI Group's business activity that may affect the ability to achieve the objectives set.

The **Parent Company CDP RETI S.p.A.** will continue to constantly monitor the most efficient financial structure in 2025, with a view to optimising it in terms of duration and interest rate exposure. In this regard, see the section "Significant events taking place in the year by sector/company" for the refinancing of the debt deriving from the 2020 Term Loan and the 2023 Term Loan through the issuance of a new bond loan of 600 million euro in September 2024 and the stipulation of a new loan of 600 million euro in November 2024. No significant impacts on net income are expected in 2025[41] related to the trend in interest rates, taking into account that with regard to (i) the 2022 Bond (fixed-rate), (ii) the New Bond Loan (fixed-rate) and (iii) the New Term Loan (floating-rate but converted to fixed-rate due to undersigning IRS hedging derivatives with CDP) the related interest rate risks have been mitigated through refinancing strategies implemented in previous years.

From an operational standpoint, in the first half of 2025 the subsidiaries are expected to distribute the balance of the 2024 profit[42], which will among other things offset the payment of the 2024 balance to the Shareholders of CDP RETI, as well as the financial charges associated with the existing bond issues and loan.

Lastly, in more general terms, with regard to the assumptions underlying the future economic forecasts and expected impact on operations, the assumptions underlying the forecasts for the current year are detailed below:

- **Assets:** estimated to remain constant between 2025 and 2027 and mainly comprising the equity investments in Snam (3.1 billion euro), Terna (1.3 billion euro) and Italgas (0.9 billion euro). The value of the equity investments is expected to be 5.3 billion euro at the end of 2025 and to remain constant thereafter, in the absence of any information to date that would make it considered non-recoverable[43]. This amount is up (+0.3 billion euro) compared to the end of 2024 as a result of the pro-rata subscription of the Italgas capital increase aimed at the acquisition of 2i Rete Gas S.p.A. (see the section "Significant events after 31 December 2024" for a description of the transaction). No further new investments / divestments are planned in the forecast period. In addition, a solid liquidity profile is confirmed due to the dynamics of dividends received from investees, net of dividend payments to Shareholders and interest on outstanding financial liabilities;
- **Liabilities:** no significant changes in the capital structure are expected. Liabilities are estimated to be constant and consist mainly of: (i) bond loan issued in 2022 (amounting to 0.5 billion euro maturing in 2027), (ii) bond issued in 2024 (amounting to 0.6 billion euro maturing in 2031) and (iii) term loan entered into in 2024 (amounting to 0.6 billion euro maturing in 2029);
- **Equity:** estimated to be broadly stable also thanks to a solid earnings profile;
- **Income Statement**: trend of net profit mainly related to the expected growth in dividends (in line with the profit distribution policies declared to date by the subsidiaries) and the dynamics of net interest expenses (also estimated to increase compared to 2024 due to the interest rate scenario encountered at the time of the issue of the New Bond Loan in September 2024 and the subscription of the New Term Loan in November 2024).

41 Mainly related to cash collateral due to margin calls on the IRS hedging derivative in effect as at 31 December 2024. Based on the Company's most up-to-date forecasts, no further hedging transactions are currently planned for the 2025 financial year.

42 Moreover, with regard to dividends received, on 22 January 2025, Snam's 2024 interim dividend of approximately 122 million euro was collected.

43 It is worth noting in this regard that, in overall terms, the CDP RETI Group's core business is represented by the activities conducted by the subsidiaries (Snam, Terna and Italgas) under a regulated regime. There are currently no potential indications of impairment losses, given that the listed prices for investee companies at 31 December 2024 are showing significant gains in relation to the amounts accounted for in the Company's financial statements.

Although the Company is not currently in a position to determine with absolute reliability the impacts related to the evolution of the current context - mainly characterised by geopolitical tensions and the deterioration of the macroeconomic scenario - on the targets for 2025 and subsequent years, currently available information does not indicate any significant impact on the strategy and objectives of the Company, nor on its ability to distribute dividends to Shareholders, or on the Net Financial Position or cash-flow, or more generally on liquidity risk. There are currently no distressed conditions affecting debt or equity (nor are they reasonably foreseeable) or a financial situation of the Company that would require support from the Shareholders. Notwithstanding the above, it is not possible to completely rule out that the possible continuation of the aforementioned context could have adverse effects on CDP RETI, which at present cannot be estimated based on the information available. Any additional future impacts on economic/financial performance and financial position, as well as on the business development plans, will be assessed in light of the evolution and duration of the current context. Also with reference to climate-related issues, no significant impacts on the Parent Company are currently expected.

Please refer to section "I.1.5. Other issues" of the consolidated financial statements for a more detailed description of any impacts of Climate-related issues affecting the macroeconomic scenario.

In a critical moment for the global energy sector, marked by increasing uncertainties and price volatility, **Snam**'s ability to build and maintain resilient systems is essential, especially to enable the sustainable transition to Net Zero in a sustainable manner.In line with this objective and the need to build an interconnected European gas infrastructure, Snam is accelerating the investments required to develop a pan-European energy infrastructure, capable of handling traditional and decarbonised molecules, guaranteeing security, sustainability and innovation.

The investment plan of 12.4 billion euro over the period 2025-29 focuses on two main areas:

- the strengthening of gas infrastructure throughout the mid-stream value chain: in transportation, this includes the completion of the Adriatic Line, replacing roughly 850 kilometres of pipelines with hydrogen-ready standards, installing three dual-fuel compression stations, and linking biogas plants; in storage, the expansion and upgrading of sites, along with the installation of three dual-fuel compression stations; and in regasification, the construction of small-scale infrastructure at Panigaglia and Pignataro;
- the development of energy transition business: Carbon Capture and Storage, to develop CO2 transport at a national level and CO2 storage infrastructure in Ravenna; Hydrogen Backbone, a pipeline dedicated to hydrogen transport included in the European Union's Projects of Common Interest (PCI); conversion and expansion of biomethane plant capacity, investments in the Energy Efficiency business, to boost the business portfolio towards industrial customers and public administration).

Important strategic initiatives to support the gas infrastructure are highlighted in 2024. These initiatives include:

- the works for the commissioning of the FSRU in Ravenna, aimed at increasing national regasification capacity, with operation scheduled to start by the end of April 2025;
- increase in the equity investment of Adriatic LNG from 7.3% to 30%, one of the main regasification terminals operating off the coast of Porto Tolle (Rovigo).

These initiatives were complemented by the acquisition, in march 2025, of 100 per cent of Edison Stoccaggio, for a consideration of approximately 565 million euro.

In a globally volatile context, interest rates are expected to be lower than in 2024 but still higher than the historical average of recent years. For 2025, the average cost of debt is expected to remain in line with the 2024 figure, at 2.5%. The main contributing factors for optimising the financial structure relates to an ever greater diversification of financing sources and instruments, as well as the dynamic management of working capital and treasury flows. Snam intends to maintain a solid financial structure, capable of maximising the natural hedging implicit in the tariff system through periodic reviews of the recognised cost of capital.

Russian gas deliveries to Europe increased in 2024, although at marginal levels compared to pre-conflict volumes. As of January 2025, they declined further due to the non-renewal of the agreement for the transit of gas flows through Ukraine. Thanks to ongoing efforts to diversify supply sources and investments in Security of Supply across various countries, there have been no significant disruptions or critical issues within Snam's international asset portfolio. With reference to the situation in the Middle East, the conflict in the Gaza Strip does not currently have a direct impact on Snam's assets and on the operation of the pipeline (EMG). These turbulences could weigh on the world economy, increasing production costs and further affecting national and European economic stability and growth, as well as causing further challenges in managing energy supply sources.

Snam will continue to monitor the evolution of the situation in the Middle East and Ukraine, evaluating the possible consequences and effects on the Group; however, with regard to the management of operational activities and the implementation of the investment programme, there are currently no critical issues attributable to these events.

The financial targets for 2025 are all confirmed:

- total investments amounting to 2.9 billion euro, of which:
  - 2.5 billion euro in gas infrastructure;
  - 0.4 billion euro for the energy transition;

- a tariff RAB of 25.8 billion euro, reflecting an approximate 9% increase compared to 2024, thanks to new investments, the impact of inflation, the integration of Edison Stoccaggio, and the FSRU of Ravenna;
- an adjusted EBITDA level of approximately 2.85 billion euro (+4% compared to the 2024 guidance), driven by the growth of the RAB and the contributions from Edison Stoccaggio and the Ravenna FSRU, despite a lower WACC;
- an adjusted net profit of approximately 1.35 billion euro (+5% compared to the 2024 guidance), thanks to the increase in EBITDA and contributions from investee companies, partially offset by the increase in depreciation and amortisation in line with the implementation of the investment plan and new assets entering the scope, despite the sale of ADNOC Gas Pipelines in March 2025;
- expected net debt of approximately 18.4 billion euro, compared to guidance of 18.6 billion euro, including the payment for the acquisition of Edison Stoccaggio and the sale of Galaxy Pipeline Assets HoldCo.

The global economy is projected to experience weak growth in 2025, made even more uncertain by trade tensions among the leading world economies, intensified by the heightened risk of new protectionist measures that could lead to another inflationary increase. Moreover, geopolitical tensions could persist or even intensify, with regional conflicts, inter-state rivalries and global security challenges having negative impacts on political and economic stability.

In this scenario, the Terna group will focus on implementing the updated 2024-2028 Business Plan, presented to the financial community on 25 March 2025. With a total of 17.7 billion euro in investments, the plan reaffirms and strengthens Terna's role as an enabler of the energy and digital transition, supporting the achievement of decarbonisation targets and the gradual increase in the independence of the Italian electricity system.

In particular, regarding the Regulated Activities, the acceleration of investments aimed at achieving the objectives of the European Fit-for-55 and RepowerEU packages is confirmed, as outlined in Italy's 2024 National Integrated Energy and Climate Plan (PNIEC). These measures will enable the integration of renewable sources, the development of cross-border interconnections, the enhancement of the security and resilience of the electrical system, as well as the digitalisation of the grid.

Among the main ongoing investment projects, the development of the Tyrrhenian Link stands out, for which the completion of the marine installations for pole 1 is expected on the East branch. On the West branch, the completion of the marine cable supplies for pole 1 is expected, along with the continuation of works in Sardinia and Sicily.

For the Sa.Co.I.3 project, work has begun on the landing points for the marine cables in Sardinia and Tuscany, and the final design for the terrestrial cables and the Suvereto and Codrongianos conversion stations is underway. Regarding the cables and overhead lines in Corsica, execution work is ongoing after the construction sites were opened.

Regarding the Adriatic Link project, preliminary civil works for the laying of the terrestrial cable in the Marche region are in progress, with the civil works construction site for the terrestrial cables in Abruzzo expected to open soon. Moreover, the construction sites for the conversion stations will be opened later in the year.

The main infrastructures of the National Transmission Network (RTN) will include the commissioning of the Pantano-Priolo power line, the Aurelia synchronous compensator, and the Foiano and Ponte Caffaro stations.

In 2025, work will continue on the completion of the new electricity grid for the “Milan-Cortina 2026” Winter Olympic and Paralympic Games, aimed at boosting the reliability of energy at the venues involved in the event, while minimising the impact on the landscape. Specifically, in 2025, the Livigno, Laion-Corvara, and Moena-Campitello connections are expected to enter into service.

Finally, the group will continue to carry out activities aimed at achieving the objectives set by the output-based regulation mechanisms defined by ARERA, including those related to the reduction of dispatching costs (MSD incentives, "Dispatching Services Market" resolution 554/2024/R/eel) and those related to the increase in additional interzonal transport capacity (interzonal incentives, resolution 55/2024/R/eel), committing to maintaining the levels achieved during the observation period.

Regarding the Non-Regulated Activities, the reorganisation process within Terna Energy Solutions S.r.l., a company of the Terna group that manages activities in competitive markets, has been completed. This process integrated diverse skills across the entire energy value chain through its network of subsidiaries, positioning the company as a key player in the energy and digital transition for businesses.

As a result, the Terna group will strengthen its role in various segments of the Energy Transition value chain: Altenia (formerly LT S.r.l., which changed its name to Altenia in March 2025 following the aforementioned reorganisation), a system integrator with specialised and diversified skills in the design, construction, and maintenance of electrical and renewable plants, the Tamini group, a leader in transformer production, and the Brugg Cables group, a company operating in the field of underground cables. These entities, which are also key to the execution of the group's investments, will develop high-added value activities for businesses, offering customers technological, innovative, and digital solutions in the energy and industrial sectors, while seizing growth opportunities through both the consolidation of market leadership and the expansion of production capacity.

The group will also continue to develop the Connectivity business, focusing on activities related to the fibre optic network.

In terms of international operations, the group will continue to optimise its asset portfolio in Latin America, implementing all required steps to complete the ongoing extraordinary operation in Peru. Additionally, the group will continue to monitor international markets, with a particular focus on the Mediterranean region, to assess scenario developments and identify opportunities that ensure a low-risk profile and limited capital absorption.

During the year, the group will intensify its efforts to improve the operational efficiency and management of the transmission grid through the adoption of innovative technologies and the digitisation of transmission grid assets by means of IoT technologies. This will include, for example, the implementation of the most advanced mobile network technologies, the enhancement of monitoring systems and the development of advanced predictive algorithms to optimise infrastructure maintenance and improve network resilience.

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

In 2025, the Terna group is forecast to generate revenues of 4.03 billion euro, EBITDA of 2.70 billion euro, and a net profit of 1.08 billion euro. With specific reference to the Investment Plan, the group's target for 2025 is approximately 3.4 billion euro. The above objectives will be pursued whilst maintaining a commitment to maximising the cash generation necessary ensure a sound, balanced financial structure.

Through the acquisition of 2i Rete Gas, **Italgas** will make history by becoming the European leader in gas distribution, further strengthening its commitment to the digital transformation of infrastructure for the benefit of the entire country.

The increased scale of the group, paired with innovation and digital transformation, plays a crucial role in meeting energy transition goals, securing supply, and ensuring the sustainability of energy costs for both people and companies.

The investments planned in the 2024-2030 Strategic Plan will further accelerate the growth journey: the largest share will once again be allocated to the development, digitisation, and repurposing of the gas distribution network both in Italy and Greece. The commitment to widespread use of Artificial Intelligence will enable a new phase of digital transformation.

The group will also continue working to strengthen its position as a leading player in the water sector and expanding its presence in energy efficiency, which is an essential tool for achieving energy transition goals.

6. SIGNIFICANT EVENTS AFTER 31 DECEMBER 2024

With regard to the subsidiaries Snam, Terna and Italgas, it should be noted that on 27 March 2025, the Authority published Resolution no. 130/2025/R/com[44] concerning the revision of the criteria for the revaluation of capital costs for infrastructure services for the electricity and natural gas sectors.

The Authority considered that, over the last few years, elements of attention had emerged in relation to the stability and predictability of the GFCF deflator, historically used in regulation for the purposes of revaluing the capital costs (RAB) of regulated services.

For this reason, the Authority has decided to:

- to adopt, starting from the final revenues of the year 2025, for the revaluation of the invested capital the harmonised consumer price index for the countries of the European Union relating to Italy (IPCA Italy) as published by Eurostat;
- recalculating the definitive revenues for the year 2024 by updating the value of the gross fixed capital formation deflator also based on the latest Istat publication available at the time of the resolution in question (5 March 2025). Below is a summary of the significant transactions that occurred after 31 December 2024 for each company.

Below is a summary of the significant transactions that occurred after 31 December 2024 for each company.

CDP RETI

With regard to the Parent Company, the main events that occurred after the end of the financial year are as follows:

- the receipt on 22 January 2025 of the advance payment on the 2024 dividend from Snam, amounting to approximately 122 million euro;
- the convocation for 8 April 2025 of a Board of Directors meeting of CDP RETI S.p.A., which is called, among other things, to deliberate on the voting instructions related to all the items on the agenda of the Italgas Shareholders' Meeting (scheduled for 10 April 2025). In this regard, it is important to highlight that the Italgas Shareholders' Meeting, in an extraordinary session, will consider a proposal for a capital increase, payable and divisible, amounting to a maximum of 1,020 million euro (including any premium), by issuing ordinary shares with regular entitlement and identical characteristics to those currently in circulation. This Capital Increase in Option proposal forms part of Italgas' acquisition of 2i Rete Gas S.p.A., which was announced to the market on 5 October 2024. For more information, please refer to the documents available on Italgas' website.

SNAM

On 3 March 2025, Snam, through its subsidiary Stogit, completed the acquisition from Edison of 100% of the share capital of Edison Stoccaggio, for a consideration of approximately 565 million euro, which accounts for the agreed-upon adjustments in the sales contract and the ticking fee. The completion of the transaction follows the agreements signed on 25 July and the receipt of the required approvals under the applicable antitrust and golden power legislation. Edison Stoccaggio plays a key role in the security of the national energy system, operating three natural gas storage plants in Cellino (TE), Collalto (TV), and San Potito and Cotignola (RA), with a combined capacity of around 1.1 billion cubic meters per year.

On 18 March 2025, the transaction for the sale of the 12.33% minority stake in Galaxy Pipeline Assets Holdco Ltd. to the Lunate fund was completed, a company through which Snam holds an equity investment in ADNOC Gas Pipeline Assets LLC. The consideration for the transaction amounts to 247 million dollars. The sale is in line with Snam's strategic vision of focusing on the development of infrastructure for the energy transition along key energy corridors in Europe.

On 1 March 2025, the merger of GNL Italia S.p.A. into Snam FSRU Italia S.r.l. became legally effective. The accounting and tax effects of the merger are effective from 1 January 2025.

44 Revision of the criteria for the revaluation of capital costs for infrastructure services in the electricity and gas sectors. Definition of common parameters for services subject to ROSS regulation.

On 7 April 2025, Snam and Infinity Investments, an investment vehicle wholly owned by the Abu Dhabi Investment Authority, entered into a share purchase agreement for the acquisition by Snam of the 24.99% stake held by Infinity Investments in the share capital of Vier Gas Holding S.à r.l. (VGH) – a Luxembourg-based company which indirectly owns the entire share capital of Open Grid Europe (OGE) – for an equity value of EUR 920 million. OGE is Germany's largest independent gas transmission operator, managing a network extending for approximately 12,000 km, with an annual off-take volume of approximately 21 billion cubic meters (bcm) and more than 400 end-customers.

The transaction completion is expected within the third quarter of 2025, and is subject to the satisfaction of certain conditions precedent, namely (i) the merger control clearance by the German Antitrust Authority, (ii) the Foreign Direct Investment clearance by the German Ministry for Economic Affairs and Climate Action, as well as (iii) the non-exercise by the other shareholders of VGH of the right of first refusal set forth in the related shareholders' agreement.

Snam has also entered into a separate share purchase agreement with the Belgian TSO, Fluxys – current shareholder of VGH with a stake of approximately 24.11%, and already partnering with Snam in Interconnector, TAP and DESFA – according to which, subject to completion of the transaction with Infinity Investments, Snam agreed to sell to Fluxys a stake of approximately 0.5% of the share capital of VGH, so that Snam and Fluxys, upon completion of such transactions, will hold a substantially equal shareholding in VGH.

With this transaction, Snam will reach over 40,000 km of gas pipelines' length, consolidating its leadership as European TSO, and will strengthen its role in the European energy transition through front-line exposure to the German Hydrogen Core Grid, in view of the integration with the hydrogen southern backbones SoutH2Corridor, H2Med and SEEHyC, all promoted by the Snam group.

TERNA

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

On 13 January 2025, the Ministry of the Environment and Energy Security authorised Terna's project for the modernisation of the 220 kV "Patria - Sant'Antimo" power line in the province of Naples. The project, for which the company will invest over 20 million euro, involves the construction of a new 8.5 km line, 8 km of which will be underground. The project will involve the municipalities of Naples, Marano di Napoli, Mugnano di Napoli, Melito di Napoli, and Sant'Antimo. The project will bring significant benefits: on one hand, enhancing the quality and reliability of the local electrical service; on the other, greatly reducing the visual and environmental impact by replacing overhead infrastructure with underground cables. Once completed, over 6 km of existing lines and 18 pylons will be demolished, freeing up approximately 21 hectares of land in densely developed areas. This project is part of a broader renewal plan, which will also involve the 220 kV "Sant'Antimo – Fratta" power line. In this case, the new underground line, approximately 8 km long, will pass through the municipalities of Sant'Antimo, Grumo Nevano, Frattamaggiore, and Frattaminore (Naples province), as well as Sant'Arpino (Caserta province). For this project, Terna will invest approximately 18 million euro, allowing the removal of 5 km of overhead lines and the dismantling of 17 pylons, freeing up 17.5 hectares of land near populated areas.

Terna Recognised as a Top Employer for 2025

On 16 January 2025, the Top Employers Institute, which evaluates companies based on their HR policies and strategies, recognised Terna as one of the Top Employers of 2025. The survey confirmed Terna's high standards in 6 key areas of Human Resources, assessing 20 topics and best practices, including People Strategy, Work Environment, Talent Acquisition, Learning, Diversity, Equity & Inclusion, and Wellbeing. The Best Employers certification highlights the importance of Terna's People Strategy, initiated in 2024, which aims to strengthen an organisational culture centred on growth, change, and merit, while emphasising respect for people and diversity, and reviewing HR processes within the company to facilitate the development of its value. The new approach, prioritising skills and talent development, promotes individual performance and, consequently, organisational performance, leveraging responsibility and merit to encourage motivation, engagement, and wellbeing.

2024 marks a record year in fulfilling demand for renewable energy

On 16 January 2025, it was announced that in 2024, Italian electricity consumption rose by 2.2% compared to 2023, while renewable energy sources reached the highest-ever share of demand coverage at 41.2%, up from 37.1% in 2023. The increase is primarily due to the positive contribution from hydroelectric and photovoltaic production. In 2024, Italy saw a capacity increase of 7,480 MW from all renewable sources, marking a 29% rise compared to 2023. Regarding supply, in 2024, there was a significant increase in renewable production (+13.4%) and a slight decrease in the net balance with foreign countries (-0.5%), due to a sharp rise in exports (+47.9% compared to 2023) and a more modest increase in imports

(+2.4%). In December, for the first time, Italy's electricity exports exceeded 4,000 MW during certain hours, highlighting the crucial role of interconnections.

Milano-Montalto Link: Terna Begins Dialogue with the Local Community

On January 20, 2025, Terna announces the start of the public consultation phase for the direct current link between Milan and Montalto di Castro. The new Milan-Montalto electrical corridor, approximately 500 km long, will optimise energy flow between Central and Northern Italy. This project, part of the future Hypergrid network, will use HVDC (High Voltage Direct Current) technology to enable greater integration of renewable capacity. In addition to the construction of submarine cables – up to 525 kV – between Montalto di Castro (Viterbo) and Avenza (Massa-Carrara), the project includes the upgrade and conversion to direct current of the existing overhead lines between Tuscany, Liguria, Emilia-Romagna, and Lombardy.

The project for the optimization of the electricity grid in the provinces of Pescara and Chieti has been authorised

On 23 January 2025, it was announced that the Ministry of Environment and Energy Security has approved Terna's project for the rationalisation of the electricity grid in the municipalities of Pescara, Cepagatti (Province of Pescara), and San Giovanni Teatino (Province of Chieti). The project, for which the company will invest approximately 11 million euro, includes the partial under-grounding of the 132 kV "FS Pescara-FS Roseto" power line. Specifically, a new underground cable connection of approximately 7 km will be built between Pescara and Cepagatti. This infrastructure will enable the demolition of over 6 km of overhead lines and the removal of 27 pylons currently crossing densely populated areas. The project will ensure a more efficient and secure management of the local grid and address the existing interference with the Pescara-Chieti railway line. The project is part of a larger rationalisation plan linked to the commissioning of the Italy-Montenegro subsea connection (Monita). The effective collaboration between Terna and the relevant authorities has enabled the optimisation of the initial project to cater to the needs of local communities.

Terna launches the Innovation Zone in Tunisia

On 29 January 2025, the new Terna Innovation Zone in Tunis was inaugurated in the presence of CEO and General Manager Giuseppina Di Foggia, marking the first innovation hub in Africa managed by group, which strengthens the strategic partnership between Italy and Tunisia. As a corporate social responsibility project, the Terna Innovation Zone will promote technological innovation and foster the development of skills in the Tunisian energy sector, further strengthening the ties between the two countries and contributing to the achievement of the Mattei Plan for Africa's objectives.

Connection works approved for the electrification of the Port of La Spezia

On 4 February 2025, the Liguria Region authorised the connection works and the facilities planned by Terna, with a total power capacity of 110 MW, aimed at the Cold Ironing of the Port of La Spezia, which will reduce pollutant emissions from ships while docked. The investment, amounting to approximately 38 million euros, includes the construction of a new 132 kV “La Spezia Stagnoni” switching substation using compact, enclosed technology to reduce the impact on the territory. The project also includes two underground cable connections, totalling 2.5 km, which will link the new infrastructure to the future “La Spezia – La Pianta” line and the existing “La Spezia” substation, from which the Port Authority's (AdSP) facilities will be powered up to the docks.

Tyrrhenian Link: Submarine cable installation has begun in Sicily

On 7 February 2025, the first phase of laying the submarine cable for the eastern branch of the Tyrrhenian Link was launched in Fiumetorto, in the Municipality of Termini Imerese (PA). This is one of the most significant electrical infrastructures in the country, connecting Sicily and Campania. The project, which also includes the western branch between Sicily and Sardinia, involves a total investment of approximately 3.7 billion euro. The project plays a crucial role in the decarbonisation path outlined in the Integrated National Energy and Climate Plan (PNIEC), increasing transport capacity and supporting the energy transition. Additionally, it will contribute to improving the security, adequacy, and flexibility of the national transmission grid. The Tyrrhenian Link involves the construction of two 500 kV direct current submarine power lines, totalling 970 km of cable and a transport capacity of 1,000 MW for each section.

Electric grid overhaul in the Novara area, construction to start by summer

On 10 February 2025, it was announced that following the approval of the final project for the construction and operation of a 132 kV underground cable section of the existing "Mercallo - Cameri" power line, Terna has published the notice with the affected land parcels in the municipalities of Borgo Ticino, Varallo Pombia, Pombia, Marano Ticino, Oleggio, Bellinzago Novarese, and Cameri, in the province of Novara. The project, for which the company will invest approximately 50 million euro, will ensure greater efficiency in the energy transmission service in the area, improving the integration of the infrastructure into the local context and reducing its environmental impact. Terna is completing the preliminary activities for the start of construction, expected by summer. The works involve the construction of an approximately 22 km underground cable section to replace the overhead 132 kV “Mercallo - Cameri” power line between Borgo Ticino and Cameri, followed by the demolition of an approximately 21 km overhead section. Additionally, another 3 km of the 220 kV Magenta - Pallanzeno power line in the Municipality of Borgo Ticino will be dismantled. In total, over 100 electrical pylons will be dismantled, including 28 within the Ticino Natural Park, where 5 km of overhead line will be removed, freeing up more than 60 hectares of land. The work will bring significant benefits in terms of safety and reliability of the transmission network, optimising the efficiency and sustainability of electricity supply in the area. Furthermore, the network upgrade will help meet the growing energy demand and support the transition of the national electricity system towards greater sustainability and resilience.

Successful launch of a new 750 million euro green bond with a 7-year duration

On 10 February 2025, Terna S.p.A. announced the successful launch of a single tranche, fixed-rate green bond issuance in euro, aimed at institutional investors, with a nominal amount of 750 million euro. The issue was received with enthusiasm by the market, with demand reaching nearly five times the supply, attracting a high quality and wide geographical diversification of investors. The green bond issuance was carried out under Terna's Euro Medium Term Notes (EMTN) Program, with a total amount of 12,000,000,000 euro. The program has been assigned a “BBB+” rating by Standard and Poor's and a “(P)Baa2” rating by Moody's. The green bond has a maturity of 7 years, with a due date of 17 February 2032, an annual coupon of 3.125%, and will be issued at a price of 99.975%, with a spread of 90 basis points over the midswap. The issuance settlement date is planned for 17 February 2025. The net proceeds from the issue will be used to finance eligible green projects by the company, identified or to be identified on the basis of Terna’s Green Bond Framework, prepared in accordance with the 2021 Green Bond Principles published by the International Capital Market Association (ICMA) and with the European Union Taxonomy, aimed at promoting sustainable investments. It should be noted that an application to list the green bond on the regulated Luxembourg Stock Exchange will be submitted at the time of issue. The strategy of the group, under the leadership of Giuseppina Di Foggia, continues to focus on combining sustainability and growth, to support the ongoing energy transition and generate increasing benefits for the country and all its stakeholders. In this regard, Terna has prepared and published a Green Bond Framework to ensure the transparency and quality of the green bonds issued. The Framework, together with the "second party opinion" issued by the independent advisor Moody’s, was prepared for this purpose. The transaction was backed by a syndicate of banks, with Banca Akros, BNP Paribas, BofA Securities, Citi, Deutsche Bank, Goldman Sachs International, IMI-Intesa Sanpaolo, Mediobanca, Santander, and UniCredit acting as joint bookrunners.

Terna, electrical consumption up by 1% in January

On 17 February 2025, it was reported that in January, the electricity demand reached 26.9 billion kWh, up by 1% compared to the same month in 2024. Specifically, last month had one fewer working day (21 instead of 22) and an average monthly temperature nearly the same as in January 2024, but approximately 1.4°C higher than the average of the past ten years. The energy demand, seasonally adjusted and corrected for the combined effect of the calendar and temperature, shows an increase of 1.5%. Across regions, the year-on-year change in January was positive everywhere: +0.9% in the North, +0.8% in the Centre, and +1.3% in the South and Islands. The IMCEI index, developed by Terna to assess the consumption of 'energy-intensive' companies, reported a 2.4% decrease compared to January 2024. In particular, the mechanical and food sectors showed positive results, while non-ferrous metals, transport equipment, chemicals, cement, lime and gypsum, ceramics, glassworks, and paper industries saw a decline. In terms of the short-term trend, the seasonally adjusted electricity demand, corrected for the effects of the calendar and temperature, remained stable compared to December 2024 (+0.2%).

The authorisation process has started for the Electricity Grid Resilience Plan in Fonzaso (Belluno)

On 20 February 2025, Terna announced the start of the authorisation process, promoted by the Ministry of Environment and Energy Security (MASE), for the intervention plan on the National Electricity Transmission Grid in the Fonzaso area, in the province of Belluno, and published the notice with the involved land registry parcels. With an investment of approximately 6 million euro, the company led by Giuseppina Di Foggia will carry out the undergrounding of a 2 km section of the 132 kV Moline-Arsiè power line, which supplies the Pedesalto Primary Substation of the local distributor. Once completed, the new underground cable connection will enhance the reliability and operational safety of the electricity transmission service. Additionally, about 6 km of lines will be demolished, and 28 supports will be removed, freeing up around 18 hectares of land. The project also includes the construction of two overhead lines, each approximately 400 meters long, and the installation of two motorised circuit breakers, which can be controlled manually or remotely, to enable quick restoration of the grid in the event of a fault. Part of Terna's "Resilience Plan" to mitigate the effects of climate change, the intervention will lower the risk of local grid outages and the damage caused by extreme weather events, like strong winds, which are especially common in the area due to its orographic characteristics and dense vegetation.

Sa.Co.I.3: Work begins on the interconnection between Sardinia, Corsica, and Tuscany

On 21 February 2025, Terna began the land-based works for the construction of Sa.Co.I.3, the 200 kV direct current electrical interconnection that will link Sardinia, Corsica, and Tuscany, strengthening the European electricity market and promoting the integration of renewable sources. For the projects owned by Terna, a total investment of approximately 1.35 billion euro is planned. The project, expected to be operational by 2029, was authorised by the Ministry of Environment and Energy Security in 2023.

Elmed: The removal and replanting of more than 1,700 olive trees has begun in Partanna (TP)

On 24 February 2025, Terna began the work of uprooting and replanting over 1,700 olive trees in the municipality of Partanna, in the province of Trapani. This activity by the group is essential to prepare the site for the construction of the Elmed conversion station, which will connect Italy and Tunisia in collaboration with STEG, the operator of the Tunisian electricity grid. The infrastructure, with a total length of approximately 220 km, will be mostly built as an underwater cable and will connect the Partanna substation to the Capo Bon substation in Tunisia, via a 600 MW direct current power line. With the support of specialised agronomists, Terna has developed a two-year management plan to ensure the care and continuous monitoring of the plants, with specific interventions to promote their growth. Of the total investment for the electrical connection, 307 million euro have been allocated by the European Commission through the Connecting Europe Facility ("CEF") program. For the first time, the European Union has financed a project involving a non-member country, confirming the significance of the interconnection project.

Subsidiary's Company Name Change: LT becomes Altenia

On 24 February 2025, the notarial assembly of the corporate vehicle previously known as "LT S.r.l." decided, among other things, to amend the corporate by-laws and change the company name to "Altenia S.r.l." The company name change will take effect from 4 March 2025. Terna Energy Solutions, the market company of the Terna group, is adopting a new organisational structure, becoming a subholding that coordinates the companies Altenia (formerly LT S.r.l.), Tamini Trasformatori S.r.l., and Brugg Cables, while also providing services and infrastructure for fibre optics. The reorganisation is part of the TernaPlan 2024-2028 strategy to accelerate the energy and digital transition, in synergy with Terna's core business, through the integration of diversified expertise across the entire energy value chain. The objective is to increase the value of market activities by 2028, targeting 600 million in EBITDA over the course of the plan. By producing and selling transformers and cables, offering a full portfolio of energy services, and enhancing the fibre optic network, Terna Energy Solutions sets out to be Italy's first One Stop Shop (a single operator offering integrated solutions) for investors and companies working in the energy and connectivity sectors. This corporate reorganisation is led by CEO Stefano Schiavoni.

The Authorisation Process Begins for New Electrical Grid Interventions in the Metropolitan City of Milan

On 5 March 2025, it was announced that following the start of the authorisation process by the Ministry of Environment and Energy Security for two new interventions on the National Transmission Grid within the Metropolitan City of Milan, Terna has published a notice containing the list of cadastral parcels potentially affected by the project. To enable a more efficient and coordinated management of the authorization process, the individual projects have been presented as part of a single procedure, as both involve the construction of new infrastructures to be connected to Terna's existing "Novara RT – Rho RT" power line. The project, for which the company will invest approximately 55 million euro, is essential to supply energy to the future data centres planned in the north-western part of the region. The project plan has been designed with the goal of preserving areas of natural and archaeological value, while minimising the impact of the new installations in urbanised or expanding areas, favouring solutions with a low environmental and landscape impact. In the municipality of Mesero, a new 132 kV substation will be built, which will be connected to the "Novara RT – Rho RT" line and the Magenta primary substation, owned by the local distributor, via new power lines: one underground cable of 3.3 km and one overhead line of approximately 800 meters, which will also pass through the municipality of Marcallo with Casone. The project also includes the new Sedriano GIS substation, built using compact enclosed technology with reduced land use, it will be connected to the "CP Vittuone – CP Parabiago" and "Novara RT – Rho RT" lines through two cable connections totalling 4 km in length and an overhead junction. The project also includes the installation of an underground power line of approximately 1 km to connect to the National Transmission Grid from the existing Terna substation in Sedriano, which will also undergo upgrades to prepare it for the new connections. The municipalities involved will be Arluno and Vittuone. Upon completion of the project, 12 pylons will be demolished, totalling approximately 3 km of overhead lines in the municipalities of Marcallo with Casone, Magenta, Arluno, and Vittuone.

Terna: the new corporate structure of Terna Energy Solutions for unregulated activities has been unveiled

On 6 March 2025, it was announced that Terna Energy Solutions, a company of the Terna group managing unregulated activities in competitive markets, is reorganising through the integration of diversified skills along the entire energy value chain. Terna Energy Solutions aims to be a key player in the strategic expertise for the energy and digital transition of businesses, offering the market technological, innovative, and digital solutions in the energy and industrial sectors. This goal will be achieved through its network of subsidiaries: Tamini, the Italian leader in the transformer sector; Brugg, a key player in the field of underground cables; and Altenia, the corporate evolution of LT. Altenia brings together all system integrator activities with specialised and diversified expertise in the design, construction, maintenance, and efficiency improvement of electrical systems in medium and high voltage, renewable energy, and energy storage systems (BESS), previously provided separately by LT, Terna Energy Solutions, and Avvenia. With the aim of further expanding Altenia's expertise and geographical positioning, a preliminary agreement has been signed for the acquisition of 100% of STE Energy, a company active for 30 years in the design, construction, and maintenance of renewable energy plants and electrical infrastructures, with an estimated turnover of approximately 85 million euro in 2024, according to preliminary data. The agreement remains conditional upon the satisfaction of certain conditions, including approval from the Antitrust Authority and specific communications generally required in similar transactions.

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

On 7 March 2025, Terna announced, in celebration of International Women's Rights Day, its continued commitment to gender equality by defining the objectives and specific organizational measures outlined in the "Strategic Gender Equality Plan". The implementation of an integrated and systemic policy allowed the group to achieve the IMQ Certification (Italian Institute of Quality Mark) for Gender Equality in 2024, in accordance with the UNI/PDR 125:2022 standard. This recognition highlights the effectiveness of the specific actions taken to address gender disparities in the workplace and foster a more equitable and inclusive environment—one that values merit and ensures every individual is heard, respected, and appreciated for their unique qualities. To achieve this goal, Terna has established a "Gender Equality Steering Committee," responsible for ensuring the implementation of the policy on the subject and defining the Strategic Plan with objectives to be achieved and monitored by 2026. The actions outlined in the Plan, in line with the Gender Equality Certification, are based on the identification of 12 objectives grouped into 6 key areas: Culture and Awareness, Research and Selection, Opportunities and Growth Pathways, Equal Pay, Family Support, and Work-Life Balance. The objectives, therefore, define a comprehensive 360-degree strategy for the involved business processes, which specifically include: the introduction of listening systems to understand perceptions and suggestions on inclusivity; training on diversity and equity; updating the recruitment process; establishing collaborations with schools, universities, and associations to attract female candidates and promote career guidance in STEM (Science, Technology, Engineering, and Mathematics); training staff on inclusive recruitment; organising leadership courses; monitoring and mitigating the gender pay gap; supporting shared parenthood and caregiving by promoting the use of available leave and benefits, as well as starting a dedicated path for valuing parental skills; promoting inclusive working hours and monitoring structural remote working. For each objective, the strengths and weaknesses are identified, analytically assessed through specific evaluation, audit, and monitoring activities; actions are defined to address any gaps, and implementation timelines are set to achieve the established goals. Through the Strategic Plan, Terna intends to drive a cultural transformation process to promote equal opportunities and celebrate diversity, ultimately aiming to foster responsible growth that produces a positive impact and contributes to narrowing the gender gap, both inside the company and in society.

Work has begun for the construction of the underground power line in the province of Caserta

On 10 March 2025, Terna began the construction of the 150 kV underground cable connection between the “Saint Gobain” primary substation and the “Santa Sofia” electrical station, in the province of Caserta. Work began from Via Antonio De Curtis in coordination with the Municipality of Maddaloni. To manage the activities efficiently, the Company has developed a detailed operational plan, adopting solutions to minimise the impact on urban traffic and ensure the smooth flow of traffic. Upon completion of the construction sites, Terna will restore the road surface by repaving the sections affected by the works. Overall, the infrastructure, for which the group will invest approximately 11 million euro, includes an underground power line of over 7 km, built using state-of-the-art XLPE (cross-linked polyethylene) insulated cables, a technology that is particularly reliable and sustainable. The route was identified based on in-depth technical studies, considering compatibility with existing infrastructures and the characteristics of the roadway. The project, which will involve the municipalities of Caserta and Maddaloni, is necessary to address the expected increase in energy demand in the area. Once completed, the project will help strengthen the grid network, improving its reliability and resilience, with a positive impact on the local electricity service.

Terna: National Electric Grid Development Plan 2025 Unveiled

On 14 March 2025, Terna presented the 2025 Development Plan in Rome, with the participation of Terna's President, Igor De Biasio, the Minister of the Environment and Energy Security, Gilberto Pichetto Fratin, and the President of ARERA, Energy Networks and Environment Regulator, Stefano Besseghini. Terna's 2025-2034 Development Plan, with over 23 billion euro in investments over the next ten years (+10% compared to the previous plan), strengthens Terna's role in serving the country for a sustainable and decarbonised future. The 2025 Development Plan is in line with the targets defined by the 2024 Integrated National Energy and Climate Plan, outlined in the 2024 Terna-Snam Scenario Description Document, which forecasts an increase in installed solar and wind capacity of over 65 GW by 2030 and 94 GW by 2035, both compared to the installed capacity in 2023. The projects planned by Terna in the 2025 Development Plan aim to promote the integration of renewable sources and increase the transmission capacity of the grid. By 2030, the main electrical infrastructures supporting the country's energy transition will be operational, including the Tyrrhenian Link, the Adriatic Link, the connection between Sardinia, Corsica, and Tuscany, as well as the Italy-Tunisia energy bridge. In addition, the Efficient Territorial Planning model has been adopted to address the issue of virtual network saturation, optimising the management of connections and the construction of necessary infrastructures.

Terna, February electricity consumption +0.6%

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

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

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

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

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

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

On 21 March 2025, Terna signed an ESG-linked Revolving Credit Facility for a total amount of €1.8 billion, aimed at refinancing the ESG-linked revolving credit facility signed on 17 December 2021, for a total amount of €1.65 billion. The Revolving Credit Facility, which is structured in the form of a committed, revolving and ESG-linked facility, consists of the amendment to the previous revolving credit facility of 2021 in order to provide for the extension of its term for a further 5 years from today's date, an increase in the size of the amount and the amendment of the ESG indicators. The pool of banks taking part in the transaction consisted of the same credit institutions involved in the previous revolving facility as Joint Mandated Lead Arrangers: UniCredit, BNP Paribas, Banco BPM, Intesa San Paolo, Mediobanca, Banca Nazionale del Lavoro. Unicredit acted as agent bank, also acting as Sustainability Coordinator. The Revolving Credit Facility envisages the introduction of specific environmental, social and governance ("ESG") objectives, linked to a mechanism based on bonuses and penalties applied to the contractual provisions related to the so-called commitment fee and to the margin, further strengthening the integration of sustainability objectives into the Company's financial strategy. The transaction allows Terna to count on a liquidity appropriate to its current rating, further strengthening the Company's financial structure, and confirms the group's strong commitment to the introduction of a model which aims to reinforce sustainability as a strategic lever for creating value for all its stakeholders.

Terna: approval of the 2024-2028 Business Plan Update

On March 25, 2025, the Board of Directors of Terna S.p.A., meeting under the chairmanship of Igor De Biasio, examined and approved the 2024-2028 Business Plan Update and the group's results as of December 31, 2024, presented by the CEO and General Manager Giuseppina Di Foggia. With a total of 17.7 billion euro in investments, Terna consolidates its role as an enabler of the energy transition and significantly accelerates its commitment to serving the country towards decarbonisation and reducing Italy's dependence on foreign sources of supply. According to the update approved by the Board of Directors, Terna will invest a total of 17.7 billion euro over five years, with an increase of 1.2 billion euro (+7%) over the same time period of the previous Plan; at the centre of the strategy for energy transition and independence: sustainable infrastructure development, integration of renewables and storage systems, interconnections with foreign countries; historic record of investments in regulated activities:16.6 billion euro (+7% compared to the previous Plan) to make the national electricity grid more efficient, digital and resilient; progress in Plan execution, with around 90% of projects authorised and around 80% covered by procurement contracts (compared to 79% and 70% respectively in the previous Plan); greater contribution from non-regulated activities and further acceleration of investments in digitisation and innovation to enable the Dual Transition - Energy and Digital (over 20% compared to about 2 billion euro in the previous Plan); confirmed all activities included in the Sustainability Plan and commitment to sign a programme to achieve the Net Zero Science Based target by 2050; new guidance in 2028, EBITDA expected to increase to 3.36 billion euro and group net profit to 1.19 billion euro.

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

On March 25, 2025, following the presentation of the update to the 2024-2028 Business Plan, Moody's Investor Service (Moody's) and S&P Global Rating (S&P) confirmed Terna's long-term rating, respectively Baa2 and BBB+ with stable outlook, one notch above that of the Italian Republic. The Plan update envisages a significant increase in capital expenditure, which marks a new record for the Group (over the same time period of the previous Plan), confirming Terna's increasingly central role as an enabler of the energy transition towards decarbonisation and reduction of Italy's dependence on foreign sources of supply.

ITALGAS

Equity transactions

On 12 February 2025, pursuant to the 2021-2023 Co-investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 April 2021, the Board of Directors decided to allocate a total of 511,604 new ordinary shares of the Company to the Plan's beneficiaries (the second cycle of the Plan) and resolved to carry out the second tranche of the capital increase approved by the aforementioned Meeting, amounting to a nominal 634,388.96 euro, funded from retained earnings.

Legal and regulatory framework

Italgas Reti has appealed with additional grounds the Resolution 513/2024/R/com, by which the Authority, following the update for the 2025-2027 sub-period of the common parameters for all regulated services and a revision of the update criteria for the βasset (beta asset) parameter for all regulated infrastructure services in the electricity and gas sectors, updated the WACC for the year 2025. Scheduling of the hearing is pending.

Other events

- On 7 February 2025, CDP (Carbon Disclosure Project) confirmed Italgas in the "Climate A List" for the third consecutive year, recognising the company among the top global performers for transparency and effectiveness in addressing climate change.
- On 11 February 2025, Italgas was included for the seventh consecutive year in the S&P Global Sustainability Yearbook, the annual publication of S&P Global that gathers best practices, experiences and success stories from the world's leading companies on sustainability issues. Italgas also affirmed its leadership by being included in the "Top 1% S&P Global CSA Score" category, based on the outcomes of the Corporate Sustainability Assessment (CSA) 2024.

Extraordinary transactions and tenders

On 27 December 2022, Italgas, Toscana Energia and Alia Servizi Ambientali signed an agreement that granted Italgas an option to purchase 30,134,618 shares of Toscana Energia held by Alia Servizi Ambientali, following their transfer from the Municipality of Florence.

Italgas exercised the option on 14 January 2025. The price for the purchase of Toscana Energia shares, as stipulated in the contract, will be determined as the "Fair market value" on the date of exercise of the option, calculated by an international financial institution jointly appointed by the parties.

As at, April 1st 2025, Italgas closed the acquisition of 99.94% of the share capital of 2i Rete Gas S.p.A. from the sellers F2i SGR S.p.A. and Finavias S.à.r.l.. The acquisition, announced to the market last October 5, was finalized following the obtaining of the Golden Power, Foreign Subsidies Regulation authorizations and of the AGCM (Italian Competition and Market Authority) one. With this deal, Italgas group becomes the first operator in gas distribution in Europe with more than 6,500 employees, 12.9 million customers served in Italy and Greece, 154,000 kilometers of grids and more than 13 billion cubic meters of gas distributed every year. The consideration (*equity value*) of the transaction at closing – for 99.94% of the equity - is 2.0719 billion euro, based on the so-called locked-box mechanism[45]. The net financial debt (excluding IFRS 16 effects) of 2i Rete Gas as at 31 December 2024 was 3.2 billion euro.

45 Equal to the price offered for the 100% of the equity of 2.060 billion euros, reduced by the payment to shareholders occurred from 1.1.2024 until the closing, and increased by the interests matured over the same time horizon.

7. OTHER INFORMATION

APPROVAL OF THE FINANCIAL STATEMENTS

As envisaged in art. 10.4 of CDP RETI S.p.A.'s Articles of Association, the Shareholders' Meeting called to approve the financial statements is convened within 180 days of the end of the financial year.

The use of this period of time compared to the ordinary 120 days from the end of the financial year, allowed by Article 2364, paragraph 2 of the Italian Civil Code, is justified by the fact that the Company is required to prepare consolidated financial statements[46].

TRANSACTIONS WITH RELATED PARTIES

With regard to transactions with subsidiaries, associates, parent companies and companies subject to the control of the latter, reference should be made to the notes to the consolidated financial statements, and specifically to the section "Transactions with related parties".

With regard to CDP RETI in particular, it should be noted that the transactions carried out in 2024, except for the signing of two Interest Rate Swap hedging contracts with the parent company CDP, cannot be classified as atypical or unusual[47], as they are part of the normal course of business. These transactions were carried out on an arm's length basis (i.e. under the conditions that would be applied between two independent parties) and form part of the ordinary operations of CDP RETI.

During 2024, these transactions mainly concerned relationships with the parent company Cassa Depositi e Prestiti with reference to:

- an interest-bearing deposit account;
- an agreement for the custody and administration of securities;
- a free loan agreement;
- interest Rate Swap derivative contracts;
- loans;
- outsourcing services provided by CDP to CDP RETI;
- the contracts of the CDP employees on partial secondment to CDP Reti;
- tax consolidation liabilities.

Furthermore, dividends related to the 2023 net income were collected from Snam, Terna, and Italgas, along with the receipt of the receivable from Snam for the 2023 interim dividend. Additionally, (i) the receivable from Snam for the 2024 interim dividend was recognised, (ii) the 2024 dividend advance from Terna was received, and (iii) the payment to CDP RETI's shareholders for both the 2023 dividend balance and the 2024 advance was made.

TREASURY SHARES

The **Parent Company** does not hold and has not purchased and/or sold, during 2024, shares or stakes of holding companies, either directly or via trust companies or intermediaries.

As of 31 December 2024, **Snam** held 6,461,439 treasury shares (compared to 7,244,579 shares on 31 December 2023), representing a value of approximately 27 million euro (down from 30 million euro on 31 December 2023). The decrease in the number of treasury shares compared to 31 December 2023 is due to the free allocation of 1,268,719 shares to Snam's

46 Since its debt securities are traded in a public market, CDP RETI S.p.A. does not meet the requirements provided for by IFRS 10 - Consolidated Financial Statements for exemption from preparing consolidated financial statements. Moreover, CDP RETI's Articles of Association call for the preparation and approval by the Board of Directors of consolidated financial statements (within 120 days after the reporting date) and of the half-yearly report (within 90 days after 30 June of each period).

47 In accordance with Consob Communication DEM/6064293 of 28 July 2006, atypical and/or unusual transactions means "those transactions which, through their significance/importance, the nature of the counterparties, the purposes of the transaction, the procedures for determining the transfer price and the timing of the event (proximity to the closure of the financial year) may give rise to doubts concerning: the accuracy/completeness of the information in the financial statements, conflicts of interest, protecting the company assets, protecting minority shareholders".

executives after the vesting period ended, in accordance with the 2020-2022 Long-Term Equity Incentive Plan, along with the repurchase of 485,579 shares by those same executives to cover their tax liabilities. On 7 May 2024, having revoked the part of the resolution that was not carried out with regard to the authorisation to purchase treasury shares, as adopted by the Ordinary Shareholders' Meeting on 4 May 2023, the Ordinary Shareholders' Meeting of Snam authorised the purchase of treasury shares through one or more leading intermediaries appointed by Snam S.p.A., for a maximum disbursement of 500 million euro and, in any case, up to a maximum limit of shares equal to 3.27% of the subscribed and paid-in capital to be carried out within 18 months from the date of the Ordinary Shareholders' Meeting in one or more tranches.

With regard to **Terna**, as at 31 December 2024 the number of treasury shares amounted to 4,151,848 (4,213,660 at the end of 2023), equal to 0.207% of the share capital, for a value of 31.4 million euro that reduces other reserves. Specifically, it is noted that in line with the treasury shares buyback programme for the new Performance Share Plan 2024-2028, approved by the Shareholders' Meeting on 10 May 2024, between 4 September 2024 and 4 October 2024, the company acquired 998,428 treasury shares (representing 0.050% of the share capital), for a total value of 8.0 million euro, in addition to those acquired in previous years. In addition, in the period between 10 May 2024 and 4 June 2024, Terna S.p.A. awarded 1,060,240 treasury shares to the beneficiaries of the 2021-2025 Performance Share Plan, worth approximately 6.4 million euro.

Italgas did not hold and did not purchase or sell, directly or indirectly, treasury shares of CDP RETI S.p.A. or Cassa Depositi e Prestiti S.p.A. in 2024.

PERFORMANCE OF SNAM, TERNA AND ITALGAS SHARES

Key share price data		**Snam**		**Terna**		**Italgas**	
Items		31/12/2024	31/12/2023	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Number of outstanding shares at the end of the period	(million of euro)	3,354	3,354	2,006	2,006	811	811
Official period-end price	(euro)	4.28	4.66	7.62	7.55	5.41	5.19
Market capitalization (1)	(million of euro)	14,354	15,621	15,286	15,149	4,385	4,205
CDP RETI Number of shares	**(million of euro)**	**1,054**	**1,054**	**600**	**600**	**211**	**211**
Book Value for CDP RETI	**(million of euro)**	**3,087**	**3,087**	**1,315**	**1,315**	**621**	**621**
Market capitalization for CDP RETI (2)	**(million of euro)**	**4,509**	**4,908**	**4,572**	**4,532**	**1,139**	**1,093**
Maximum official price per share	(euro)	4.88	5.16	8.19	8.13	5.84	6.05
Minimum official price per share	(euro)	4.14	4.31	7.22	6.96	4.59	4.73
Average official price per share	(euro)	4.41	4.73	7.69	7.51	5.20	5.33
Official price at period end (3)	(euro)	4.28	4.66	7.62	7.55	5.41	5.19
Closing price at period end (4)	(euro)	4.28	4.66	7.62	7.55	5.41	5.18

(1) Product of the number of outstanding shares (price number) for the official price per share at period end.
(2) Product of CDP RETI number of shares for the average official price per share.
(3) Average price, weighted for the relevant quantities, of all contracts concluded during the day.
(4) Price at which contracts are concluded at the closing auction.

Snam's share closed 2024 at an official price of 4.28 euro, down 8.2% from 4.66 euro at the end of the prior year, with a peak of 4.88 euro on 16 January 2024 and a low of 4.14 euro on 2 July 2024. The closing price was 4.28 euro.

In 2024, a total of around 1.8 billion shares were traded on the equities market of Borsa Italiana, with a daily average of 7.2 million shares traded.

Market capitalisation stood at 14,354 million at 31 December 2024.

Terna's share closed 2024 at an official price of 7.62 euro, up 0.9% from 7.55 euro at the end of the prior year, with a historical high of 8.19 euro on 17 October 2024 and a low of 7.22 euro on 2 July 2024. The closing price was 7.62 euro.

In 2024, approximately 1 billion shares on the Borsa Italiana's electronic market, with an average daily trading volume of 3.9 million shares.

Market capitalisation stood at 15,286 million at 31 December 2024.

Italgas's share closed 2024 at an official price of 5.41 euro, up by 4.2% compared to the 5.19 euro recorded at the end of the previous year, with a historic high of 5.84 euro on 15 October 2024 and a low of 4.59 euro on 2 July 2024. The closing price was 5.41 euro.

In 2024, a total of around 0.7 billion shares were traded on the equities market of Borsa Italiana, with a daily average of 2.9 million shares traded.

Market capitalisation stood at 4,385 million at 31 December 2024.

RESEARCH AND DEVELOPMENT ACTIVITIES

Given the nature of its business, the Parent Company does not perform research and development activities.

SUSTAINABILITY REPORTING

In accordance with Article 2, paragraph 4, of Legislative Decree No. 125/2024 (the Decree), implementing Directive (EU) 2022/2464 (CSRD), CDP RETI is exempt from providing individual sustainability reporting as outlined in Article 3, paragraph 1, of the Decree, as it falls outside the scope of the Decree. In any case, even if CDP Reti were to qualify in the future as a "large enterprise" or "listed small and medium-sized enterprise" under the Decree, it would still not be required to prepare individual sustainability reporting, as the exemption under Article 7, paragraph 1, letter a) of the Decree would apply. In fact, given that CDP Reti is under the control and coordination of CDP, the information needed for its individual sustainability reporting would be included in the consolidated sustainability reporting of the parent company, CDP.

Moreover, CDP RETI is not required to prepare consolidated sustainability reporting according to Article 2 of the Decree[48], as it does not exercise control or coordination over any company.

SECONDARY OFFICES AND LOCAL UNITS

Starting from 4 September 2020, the local office of the Parent Company CDP RETI is at Via Alessandria 220 (00198 Rome).

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

HUMAN RESOURCES

During 2024, the Company strengthened its workforce by seconding three resources to the Industry & Corporate Affairs and Operations Departments.

In the field of health and safety, training and medical surveillance were carried out in 2024 in compliance with the provisions of Legislative Decree 81/08. In this regard, at the end of June 2024, the new procedure "*Attività dei Medici Competenti ed attuazione di misure di sorveglianza sanitaria"* [Occupational Physicians' Activities and Implementation of Health Surveillance Measures] was issued, applicable to all Group companies and replacing the former procedure. On 19 March 2024, the new *"Piano di Emergenza condiviso"* [Shared Emergency Plan] for the Via Alessandria office was published, updated according to the new census of resources assigned to health and safety roles, such as fire marshals and/or first aid officers. Furthermore, maintenance audit interventions for ISO 45001 and ISO 14001 certifications were carried out, through which the INAIL [Italian Workers' Compensation Authority] rebate was requested and obtained.

There were no workplace injuries in 2024.

With regard to headcount, CDP Reti had 3 male employees and 1 female employee at 31 December 2024, allocated 100% to the Company. The Company has adopted National Collective Bargaining Agreements applicable to credit, financial and operating companies both for middle managers and personnel in professional areas and for executives.

The average age of the personnel is 44 years.

48 "When preparing the consolidated sustainability report, Cassa depositi e prestiti S.p.A. must use only the information regarding the companies it controls and coordinates, and those controlled and coordinated by them, as per Articles 2497 et seq. of the Italian Civil Code, excluding companies controlled by collective investment funds. The same principles are applied to companies under the control and coordination of the aforementioned for their own consolidated sustainability reporting."

8. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF CDP RETI PURSUANT TO ART. 123-BIS, PARAGRAPH 2, LETTER B) OF THE CONSOLIDATED LAW ON FINANCE

ORGANISATION, MANAGEMENT AND CONTROL MODEL PURSUANT TO LEGISLATIVE DECREE NO. 231/01

CDP RETI has adopted an "Organisation, Management and Control Model" (hereinafter also referred to as the "231 Model" or "Model") drawn up pursuant to Legislative Decree 231/2001 (hereinafter also referred to as the "231 Decree" or "Decree"), which identifies the areas and business activities that are most exposed to the risk of criminal activities as defined in the Decree, as well as the principles, rules and regulations for the Internal Control System introduced to supervise significant operating activities. This document is the result of the assessment of the corporate structure and operations of CDP RETI, and has the primary purpose of providing the Company with a Model that constitutes a valid and effective organisational tool for preventing criminal activities pursuant to the 231 Decree and, consequently, constitutes an exemption from administrative liability in the event of predicate offences being committed by senior management, subordinates or persons acting on behalf of CDP RETI and in its name.

The 231 Model currently in force at CDP RETI was approved by the Board of Directors during the meeting held on 21 November 2023 and consists of a:

- General Section in which, after a reference to the principles of Decree 231, the essential components of the Model are illustrated with particular reference to: i) CDP RETI's Governance Model and Organisational Structure; ii) Supervisory Body (hereinafter also referred to as the "SB" for brevity); iii) Whistleblowing; iv) Disciplinary System defined as the set of measures to be adopted in the event of non-compliance with the provisions of the Model; v) training, dissemination of the Model and contractual clauses; vi) updating and amending the Model. The Model also consists of the following Annexes to this General Section:
  - "List and description of the administrative crimes and offences set forth in Italian Legislative Decree no. 231/2001", which provides a brief description of the administrative crimes and offences whose commission determines, on the basis of the conditions laid down by the Decree, the onset of the administrative liability of the Entity pursuant to and for the purposes of the aforementioned regulations;
  - "Information flows towards the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001", which provides, for each relevant activity provided for in the CDP RETI 231 Model, the information that must be transmitted, with the relative frequency, to the SB. In particular, the information flows that are required from the corporate structures have been defined, based on a separation of general flows and specific flows, as well as indicating a flow structure for "exceptions". With reference to the last flow category, as part of the relevant activities pursuant to the 231 Decree, the company's organisational units are also required to communicate to the Supervisory Body the following: i) exceptions to the prescribed manner of performing the activities in question; ii) the activities performed and not formally established; iii) any other exceptions noted by the Key Officer;
- Special Section, which: i) identifies the relevant and operating activities, for the different types of crimes, for which, when performed, there is a theoretically potential risk of the commission of crimes; ii) describes, merely for educational purposes and by way of example and without limitation the methods of commission of the crimes deemed relevant for CDP RETI; and iii) indicates the safeguards and principles of the Internal Control System aimed at preventing the commission of the crimes.

The Code of Ethics establishes a set of principles, values, models and rules of conduct that are acknowledged, accepted and shared throughout the entire organisation, in conducting business. In particular, the document has a "Value oriented" configuration and comprises 5 inspirational values, represented by: i) Integrity, ii) Inclusion, iii) Environmental Responsibility, iv) Impact, v) Skills. The Code of Ethics values are binding for the members of the Corporate Bodies (Directors, Statutory Auditors and any other member of collegiate bodies), for employees, collaborators, consultants, suppliers, partners, business counterparties and, in general, for all third parties acting on behalf of the Company regardless of the legal relationship that binds them to it.

The current Code of Ethics was approved by the Parent Company's Board of Directors in the meeting on 9 May 2024 and was subsequently adopted by the CDP RETI Board in the meeting on 14 June 2024. The main changes in relation to the version previously adopted by CDP RETI on 16 January 2024 were as follows:

- the revision of the wording to make its language more inclusive – with the exception of regulatory terms and/or provisions – avoiding the use of discriminatory or exclusionary expressions, words or linguistic constructs;
- the strengthening of the CDP Group's commitment to safeguarding the dignity and respect of every person and a "non-violent" working environment by better expressing its condemnation of all forms of violence, intimidation, bullying and harassment, including psychological harassment, in accordance with the policy of "zero tolerance for discrimination";
- the CDP Group’s formal pledge to implementing and disseminating the values of diversity and inclusion among internal and external stakeholders, promoting the protection of human rights for all people working in its value chain.

This approval was notified to the entire company workforce by means of a dedicated service order, as well as to third parties through publication of the new document on the company's website in Italian and English.

In compliance with the provisions of Article 6, paragraph 4-bis of the Decree, the functions of the Supervisory Body have been assigned to the Board of Statutory Auditors, a collegiate body composed of three standing members, and two alternates, appointed by the Shareholders’ Meeting. The Chairman of the Board of Statutory Auditors acts as Chairman of the SB.

The SB currently in office was appointed by the Board of Directors of CDP RETI on 25 January 2021. The causes of ineligibility and forfeiture envisaged for statutory auditors by the applicable regulations and Articles of Association apply to the members of the Supervisory Body.

The Supervisory Body is entrusted with supervising the operation of and compliance with the 231 Model, directing proposals for updating it to the competent bodies/functions, supervising the functional activities for this purpose, and also with analysing ordinary and extraordinary information flows sent by corporate and Parent Company entities, for the areas under their responsibility. The functioning of the Supervisory Body is governed by a specific Regulation adopted by the Body itself, which was updated in 2024 to align its content with (i) the provisions of the current 231 Model of CDP RETI, (ii) organisational and procedural changes made since its initial approval on 14 May 2018, and (iii) to enhance its content, aligning its text with the Regulations recently approved by the other Supervisory Bodies within the CDP Group. The Supervisory Body approved the measure in the meeting on 15 July 2024, and, in accordance with the respective Regulation, it was subsequently fully disseminated.

For its secretarial and operational activities, the SB is supported by the Internal Audit Function outsourced to the Parent Company based on a specific service agreement.

The CDP RETI 231 Model, the Code of Ethics, and the Group's Anti-Corruption Policies are available in the “Company notice board” network folder.

The General Part of the CDP RETI 231 Model, the Code of Ethics and the Group Policy on Anti-Corruption are also available both in Italian and in English on the Company's institutional webpage. Finally, it should be noted that CDP RETI periodically regularly provides training on corporate administrative responsibility for its employees to ensure proper knowledge, understanding, and application of the 231 Model.

KEY CHARACTERISTICS OF THE RISK AND INTERNAL CONTROL MANAGEMENT SYSTEMS WITH REGARD TO THE FINANCIAL REPORTING PROCESS

The CDP RETI Group is aware that financial reporting plays a central role in establishing and maintaining positive relationships between the Company and its stakeholders. The internal control system, which oversees the company’s reporting processes, is set up in such a way as to ensure that reporting is reliable[49], accurate[50], dependable[51] and timely regarding Financial Reporting and the ability of relevant company processes on this point to produce this information in compliance with the applicable accounting standards.

The company’s control system is structured to comply with the model adopted in the CoSO Report[52], an international reference model for the establishment, update, analysis and assessment of the internal control system. This model requires the achievement of the business objectives as a result of the integrated presence and correct operation of the following

49 Reliability (of reporting): correct reporting drafted in compliance with the generally accepted accounting standards, which meets the requirements of applicable laws and regulations.
50 Accuracy (of reporting): reporting with no errors.
51 Dependability (of reporting): correct and complete reporting based on which investors may make informed investment decisions.
52 Committee of Sponsoring Organizations of the Treadway Commission.

elements that, based on their characteristics, operate at organisational unit level and/or operating/administrative process level:

- a suitable control environment, meaning the set of standards of conduct, processes and structures underlying the execution of the organisation's internal control process;
- appropriate risk assessment, requiring that risks be suitably identified, documented and classified based on relevance;
- the planning and performance of suitable control activities, such as policies and procedures adopted to mitigate (i.e. reduce to an acceptable level) the identified risks which may compromise the achievement of the business objectives;
- the presence of a suitable information system and adequate communication flows that guarantee the exchange of relevant information between senior executives and the operational functions (and vice versa);
- the planning of suitable monitoring activities to verify the effectiveness and correct operation of the internal control system.

In line with the adopted model, the controls are monitored on a periodic basis in order to assess their operational effectiveness and efficiency over time.

The internal control system for financial reporting has been structured and applied according to a risk-based approach, in relation to the potential impacts on the financial reporting.

CDP Reti follows the Group Policy that defines the methodological framework and operational instruments that the Parent Company, CDP, and the CDP Group companies are required to comply with for the application of Law 262/05, for the purposes of both individual and consolidated company reporting. The control model is based on an initial company-wide analysis of the control system in order to verify that the environment is, generally speaking, organised to reduce the risk of error or improper conduct with regard to the disclosure of accounting and financial information.

This analysis is undertaken by verifying the presence of elements, ranging from adequate governance systems to ethical and integrity-based standards of conduct, effective organisational structures, clear assignment of powers and responsibilities, an appropriate risk management policy, disciplinary systems for personnel, and effective codes of conduct.

At the process level, the approach consists of an assessment phase to identify specific potential risks which, if the risk event were to occur, could prevent the rapid and accurate identification, measurement, processing and representation of corporate events in the accounts. This process involves the development of risk and control association matrices that are used to analyse processes on the basis of their risk profiles and the associated control activities.

The process level analysis is structured as follows:

- an initial phase for the identification of the potential risks and the definition of the control objectives in order to mitigate those risks;
- the second phase involving the identification and assessment of the controls designed to mitigate potential risks (Test of Design – ToD);
- a third phase consisting of the identification of areas of improvement identified for the control.

Monitoring the effective operation of the control system is another key component of the CoSO Report framework. This activity is carried out on a regular basis, addressing the periods covered by the reporting.

The monitoring phase in CDP RETI is structured as follows:

- sampling of the items to be tested;
- test execution (Test of Effectiveness – ToE);
- weighting of any anomalies detected and related assessment.

Based on the potential risk identified and taking into account the results of the overall assessment of the control (ToD+ToE), the "residual risk" is obtained, which represents the qualitative measurement of the risk that the company is exposed to in relation to the actual implementation of the controls identified.

The residual risk is measured based on the following formula:

RI – OA = RR

where:	*RI* = potential risk index based on the combination of risk weight and frequency; *OA* = overall assessment of the controls; *RR* = residual risk index.

The assessment of the controls reduces the value of the potential risk index, based on predefined percentages.

If anomalies are found in the ToDs and ToEs, a plan of corrective actions is produced and the anomalies are reported to the process owners, providing:

- a detailed description of the anomaly detected;

- the corrective action proposals identified, specifying: the deadline for implementation, the priority and the offices responsible.

After the phase of consultation and agreement with the controls and process owners, the actual implementation of the measures established to resolve the anomaly is monitored.

To enable the Financial Reporting Manager and the management bodies of the CDP RETI Group to issue the certification pursuant to Article 154-bis of the Consolidated Law on Finance, it was necessary to establish an intercompany "chain" certification system, regarding the data and information provided for the preparation of the consolidated financial statements of the CDP RETI Group.

INDEPENDENT AUDITORS

The financial statements of CDP RETI are audited by the Independent Auditors Deloitte & Touche S.p.A, which are responsible for verifying, during the year, that the company accounts have been properly kept and that the accounting events have been recorded correctly in the accounting entries, and ascertaining that the financial statements for the year and the consolidated financial statements match the accounting books and the verifications made, and that said documents comply with supervisory provisions.

The independent auditors issue an opinion on the Parent company and consolidated financial statements, and on the half-yearly financial report.

The independent auditors are appointed by the Shareholders' Meeting in ordinary session, acting on a reasoned proposal put forward by the control body.

Pursuant to the resolution of the Shareholders' Meeting dated 10 may 2019, the Independent Auditors Deloitte & Touche S.p.A. was entrusted the auditing mandate for the 2020-2028 period.

FINANCIAL REPORTING MANAGER

Following the issue of bonds listed on the Irish Stock Exchange, CDP RETI assumed the position of listed Issuer with Italy as the Member State of origin, and was therefore obliged, pursuant to Art. 154 – bis of the Consolidated Law on Finance, to appoint a Financial Reporting Manager.

With reference to the experience requirements and methods for appointing and substituting the Financial Reporting Manager, the provisions of Article 19.13 of CDP RETI Articles of Association are reported below.

Article 19.13 CDP RETI By-laws:

"Subject to the prior opinion of the Board of Statutory Auditors, the Board of Directors appoints the Financial Reporting Manager for a period of time not shorter than the term of office of the Board and not longer than six financial years, to perform the duties assigned to such manager under Article 154-bis of Legislative Decree no. 58 of 24 February 1998. The Financial Reporting Manager must meet the integrity requirements established for the directors and cannot hold the offices indicated in Article 15.11 of the Articles of Association[53]. The Financial Reporting Manager shall be chosen in accordance with criteria of professional experience and competence from among the persons who have global experience of at least three years in the administrative area at consulting firms or companies or professional firms. The Financial Reporting Manager can be replaced by the Board of Directors only for due cause, having obtained the prior opinion of the Board of Statutory Auditors. The appointment of the Financial Reporting Manager shall lapse if such manager does not continue to meet the requirements for the office. The Board of Directors shall declare such lapse within thirty days from the date on which they become aware of the supervening failure to meet the requirements."

In order to ensure that the Financial Reporting Manager has resources and powers commensurate with the nature and complexity of the activities to be performed and with the size of the Company, and to ensure that such manager is able to perform the duties of the position, including in relations with other corporate bodies, in June 2017 the Board of Directors approved the "Internal Rules for the Function of the Financial Reporting Manager".

Briefly, the Financial Reporting Manager is required to certify, jointly with the Chief Executive Officer and through a specific report attached to the financial statements for the year, the consolidated financial statements and the half-yearly report:

- the adequacy and the actual application of the administrative and accounting procedures for the preparation of the condensed half-yearly report, the separate financial statements and the consolidated financial statements;
- the compliance of the documents with IFRS;

53 Not entitled to hold any office in the management or control bodies, or management positions in ENI S.p.A. and its subsidiaries, or to have any direct or indirect relationship of a professional or financial nature with those companies.

- the matching of the documents with the accounting books and records;
- that the documents are suitable to provide a true and fair view of the financial position, performance and cash flows of the issuer and the companies included in the scope of consolidation;
- the reliability of the content of the report on operations and the interim report on operations.

In order to guarantee an effective, systematic and prompt flow of information, the Financial Reporting Manager periodically reports to the Board of Directors with regard to any critical issues that have arisen in performing his/her tasks, any plans and actions established to overcome any issues found, and, in general, the suitability of the administration and accounting internal control system.

The Financial Reporting Manager informs without delay the Board of Statutory Auditors about possible anomalies, deficiencies and critical issues regarding the administrative/accounting system, when deemed to be particularly relevant. Moreover, upon request of the Board of Statutory Auditors, he/she provides information and assistance by taking part in the meeting of the Board when invited.

The Financial Reporting Manager liaises with the Independent Auditors in order to establish constant communication and exchange the information regarding the assessment and effectiveness of the controls regarding the administrative and accounting processes.

INSIDER REGISTER

CDP RETI has established the “Register of persons with access to CDP RETI inside information” (hereinafter the “Register”) in compliance with the requirements of European Regulation no. 596/2014 (and the related implementing regulations), which includes the reference regulatory framework concerning market abuse.

The Register - which has been established by CDP RETI as an issuer of debt securities traded on regulated markets - is divided into separate sections, one for each piece of inside information, and a new section is added to the Register each time a new piece of inside information is identified. Each section of the Register only reports the details of the people with access to the inside information contemplated in the section. There is also an additional section in the Register which contains the details of people who always have access to all inside information (“Permanent Access Holders”). The Register is maintained through a specific IT application, with security measures in terms of availability and integrity of the data present, and the annotations in the application are made, for each section, in chronological order. Each note is tracked and cannot be changed.

The establishment and management of the Register are governed by internal CDP RETI rules also establishing the regulations and procedures for keeping and updating the Register.

CODE OF ETHICS

Also with regard to its vision of social and environmental responsibility, CDP RETI has adopted specific principles of conduct by implementing the "Code of Ethics of Cassa Depositi e Prestiti S.p.A. and of the Companies subject to management and coordination".

The purpose of the Code of Ethics is to declare and disseminate the values and rules of conduct the Company intends to refer to in the performance of its business activities. The Code governs all the rights, duties and responsibilities that the Company expressly assumes with respect to the stakeholders it interacts with in the course of its business.

The set of ethical principles and values expressed in the Code of Ethics must guide the activities of all those who operate in any way in the interest of the Company.

INTERNAL CONTROL SYSTEM

CDP RETI has developed an internal control system consisting of a set of controls, rules, procedures and organisational structures, aimed at identifying, measuring or assessing, monitoring, preventing or mitigating, and communicating in a timely manner to the appropriate levels all the risks taken or that may be taken by the various operating segments within which it conducts its business, as well as ensuring compliance with the relevant regulations, compliance with corporate strategies (including sustainability strategies) and the achievement of the objectives set by Management.

Therefore, the internal control system, as a key component of the corporate governance system, aims to ensure, in compliance with a sound and prudent management approach, the achievement of the following goals:

- to verify the implementation of corporate strategies and policies;
- to monitor that all risks are within the acceptable limits indicated in the reference framework for determining the company's risk appetite;
- to safeguard the value of assets and to protect against losses;
- to guarantee the effectiveness and efficiency of corporate processes;
- to ensure the reliability and security of corporate information and of its IT procedures;
- to prevent the risk of the company being involved, even unintentionally, in unlawful activities;
- to ensure the compliance of operations with the law and industry regulations, as well as internal policies, regulations and procedures.

The internal control system has been devised on three levels of control and is based on industry laws and regulations and applicable best practices, including the recommendations issued by the reference international organisation for the internal auditing profession such as the Institute of Internal Auditors (IIA).

First level controls (or line controls) are conducted by operational, administrative and business structures (so-called "first-level control functions"). These controls are built into organisational procedures and are designed to ensure that operations are carried out correctly, within the assigned thresholds and appetite.

Second level controls (risk management controls) are carried out by separate organisational units and are designed to contribute to the definition of the risk measurement methodologies, verify that the operational limits set for the various departments are respected, verify that operational activities and results achieved by production units comply with their allocated risk objectives and performance targets, and to ensure that the risk governance polices are properly implemented and that the activities and internal rules comply with applicable laws and regulations. The functions responsible for these controls (so-called "Second-level control functions") include the risk control function (risk management) and the compliance function (compliance), for which CDP Reti uses outsourcing contracts with the Parent Company Cassa Depositi e Prestiti S.p.A. There are also corporate bodies, i.e. specific functions with control tasks, as dictated by law and self-regulatory sources, such as the Supervisory Body and the Financial Reporting Manager.

Third-level controls are performed by Internal Audit (so-called "Third-level control function"). Internal Audit is a permanent, independent and objective function that pursues the continuous improvement of the effectiveness and efficiency of CDP RETI's governance, risk management and control processes, by means of professional and systematic supervision, contributing towards protecting and increasing the value of the Company and the Group.

Through the performance of its activities, the Internal Audit function evaluates the regular functioning of processes, the safeguarding of corporate assets, the reliability and integrity of accounting and management information, as well as compliance with applicable internal and external regulations in force (including the Code of Ethics) and management guidelines. Additionally, the function brings to the attention of the Management, the Board of Statutory Auditors, the Supervisory Body, the Chairman and the Chief Executive Officer possible improvements applicable to the internal control system, with particular emphasis to risk management policies, risk measurement tools and various corporate procedures. It also promotes a culture of sound risk and control management at the Company.

The Internal Audit function reports directly to the Board of Directors, which supervises and coordinates, on behalf of the Chairman, approving relevant mandate that defines the purpose, tasks, powers, responsibilities, organisational independence requirements, scope of activities, relations with other corporate business units and external stakeholders that the Internal Audit function is subjected to. Furthermore, the necessary link between Internal Audit, the body responsible for the management function and Management is guaranteed.

The Company's Board of Directors, as part of the outsourcing to the Parent Company of some auxiliary services (service agreements), including Internal Audit, starting from 20 March 2017 appointed a Chief Audit Officer of CDP RETI, a resource belonging to the Internal Audit Department of the Parent Company Cassa Depositi e Prestiti S.p.A.

In order to carry out its activities, Internal Audit prepares an annual audit plan that defines the activities to be performed and the objectives to be pursued, according to a risk-based logic aimed at determining the priorities of intervention based on the level of risk identified for each corporate process and also on the basis of discussions with other corporate control functions. The plan also takes into account any information from the Chairman of the Board of Directors, Chief Executive Officer and from the other Corporate Bodies, and is subject to a resolution for approval by the Board of Directors.

Issues identified during each audit are immediately reported to the relevant business units so that they can implement the necessary corrective actions and are subject to ongoing monitoring by Internal Audit.

Moreover, the Internal Audit function reports on a half-yearly basis to the Board of Directors, the Board of Statutory Auditors and the Supervisory Body on the progress of the plan, the work carried out, the main issues identified and the progress of the corrective actions identified, highlighting any risks not adequately mitigated due to the failure of or ineffectiveness in removing the anomalies identified during its audits.

On an annual basis, the Internal Audit function provides an independent and objective assessment of the completeness, adequacy, functionality (in terms of effectiveness and efficiency) and reliability of the overall internal control system of CDP

Reti, based on the international reference model "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organisations of the Treadway Commission (the CoSO Report 2013), and also taking into account environmental, social and governance (ESG) risks in accordance with the CoSO ERM ESG-related risk.

The Internal Audit also ensures the necessary technical support for the activities of the Supervisory Body, envisaged in Article 6, paragraph 1, letter b) of Legislative Decree no. 231/2001.

In addition to assurance services, the Internal Audit function can also provide support, assistance or advisory services to other corporate functions in order to create added value and improve the risk management and corporate organisation, without assuming management responsibilities so as to avoid any situation that could potentially influence its independence and objectivity.

Internal Audit and Second-level control functions cooperate to share the different perspectives on risks and controls in order to provide the Corporate Bodies with a representation as accurate as possible of the overall level of risk, coordinate annual activity plans and exchange information on critical issues, inefficiencies, weaknesses or irregularities identified in their respective control activities. Cooperation between these functions is intended to develop synergies and avoid overlaps, while ensuring adequate coverage of control objectives.

SHAREHOLDERS' AGREEMENT IN RESPECT OF ITALGAS SHARES

On 20 October 2016, CDP Reti S.p.A. ("**CDP Reti**"), CDP Gas S.r.l. ("**CDP Gas**") and Snam S.p.A. ("**Snam**") signed a shareholders' agreement ("**Italgas Shareholders' Agreement**") in respect of all the shares which each of them would hold in Italgas S.p.A. ("**Italgas**" or the "**Company**") subsequent to and starting from the effective date of the partial and proportional spin-off of Snam into Italgas and the concurrent listing of Italgas shares on the stock exchange, i.e. from 7 November 2016 ("**Effective Date of the Spin-off**").

The Italgas Shareholders' Agreement, which came into effect on the Effective Date of the Spin-off, governs, inter alia: the exercise of voting rights conferred by shares tied to the shareholders' agreement; (ii) the set-up of an advisory committee; (iii) the obligations and the methods of presentation of joint lists for the appointment of the Company's Board of Directors; and (iv) restrictions on the sale and purchase of Italgas shares.

The merger by incorporation of CDP GAS into CDP became effective on 1 May 2017. As of that date, CDP became the owner of the Italgas shares previously owned by CDP GAS and replaced CDP GAS in the Italgas Shareholders' Agreement for all intents and purposes.

As a result of the aforementioned merger, on 19 May 2017, CDP transferred to CDP Reti, *inter alia*, the entire equity investment of 7,840,127 ordinary shares held by CDP in Italgas. As a result of the foregoing transfer: (i) the total number of Italgas shares held by CDP Reti - and locked into the Italgas Shareholders' Agreement by CDP Reti - increased to 210,738,424 ordinary shares in Italgas, and (ii) CDP ceased to be a party to the Italgas Shareholders' Agreement, which continues in full force and effect only between CDP Reti and Snam.

On 1 August 2019, the Board of Directors of CDP reclassified its equity investment in Snam and Italgas as de facto control pursuant to Article 2359, paragraph 1, no. 2) of the Italian Civil Code and Article 93 of the Consolidated Law on Finance.

Even after having determined the de facto control pursuant to the Italian Civil Code and the Consolidated Law on Finance, CDP and CDP Reti will continue not to exercise management and coordination over Snam and Italgas, pursuant to Articles 2497 et seq. of the Italian Civil Code.

The total number of shares contributed to the Italgas Shareholders' Agreement remains unchanged, amounting to 319,971,717 ordinary shares as of 31 December 2024, these shares represent 39.442% of Italgas' voting share capital, with 25.977% held by CDP Reti and 13.465% by Snam.

On 21 March 2023, the parties signed an amendment agreement to the Italgas Shareholders' Agreement, whereby certain provisions relating to the transfer of part of the Italgas shares owned by Snam have been amended.

The main provisions of the Italgas Shareholders' Agreement are detailed below:

- establishment of a consultation committee composed of five members (the "**Consultation Committee**"), four of whom represent CDP RETI (three appointed by CDP and one by State Grid Europe Ltd, in short "**SGEL**") and one representing Snam. The Consultation Committee decides by simple majority of its members in office on the exercise of voting rights relating to Italgas shares owned by the parties to the Italgas Shareholders' Agreement. The voting rights on these Italgas shares at shareholders' meetings are exercised following the decisions of the Consultation Committee, except for Snam's rights in relation to the Reserved Matters (as defined below);

- in connection with certain exceptional resolutions of Italgas (the "Reserved Matters")[54], if the Consultation Committee passes resolutions that have been voted against by the representative designated by Snam and the shareholders' meeting of Italgas approves the related Reserved Matter, Snam will be able: (i) to sell its entire equity investment in Italgas (the "Snam Equity Investment") to potential third-party buyers (in this case, CDP Reti will have the right of first refusal on the purchase of the equity investment and the right of non-discretionary approval of the third-party buyer[55], it being understood that the third-party buyer will be required to replace Snam in the Italgas Shareholders' Agreement) and (ii) if the equity investment is not sold within 12 months, to withdraw from the Italgas Shareholders' Agreement due to its dissolution;
- Snam may neither increase nor partially transfer its Snam Stake, except in specific cases and under certain conditions, including: (a) the transfer of the entire equity investment to entities controlled by Snam, or (b) the transfer of a portion of the entire equity investment in the context of the redemption of one or more bonds convertible into Italgas shares (as further described below). Snam may, at any time, sell its equity investment in its entirety and in compliance with the following rules: (i) CDP Reti shall have the right of first refusal on the purchase of the equity investment and the right of non-discretionary approval on the third-party buyer[56], and (ii) the third-party buyer must replace Snam in the Italgas Shareholders' Agreement on the same terms and conditions as Snam;
- Snam shall have the right to transfer, through one or more sales, a portion of the Snam Equity Investment exclusively in the context of the redemption of one or more bonds convertible into Italgas shares, provided that, in any event, such potential sale shall not result, in aggregate, to voting shares representing more than 6.75% of the entire capital of Italgas ("Unrestricted Shares"). Under these circumstances: (i) CDP Reti will not be entitled to any right of first refusal or approval concerning the sale of the Unrestricted Shares, (ii) Snam's governance rights under the Italgas Shareholders' Agreement will remain unchanged, and (iii) the third-party buyer will not be bound to join the Italgas Shareholders' Agreement;
- CDP Reti and other parties associated with it shall only be able to purchase additional shares or other financial instruments of Italgas if: (i) these shares are added to the Italgas Shareholders' Agreement, and (ii) these purchases do not result in the exceeding of the thresholds set by the rules on mandatory public tender offers. In addition, CDP RETI shall not be able to sell the Italgas shares that it holds, if the total equity investment attributable to the Italgas Shareholders' Agreement falls below 30%;
- the Italgas Shareholders' Agreement establishes that CDP Reti and Snam are required to submit a joint list of candidates for the appointment of Italgas' Board of Directors in order to ensure that Snam appoints one candidate and CDP Reti appoints the remaining candidates (one of whom will be appointed by SGEL), including the Chairman and the Chief Executive Officer, if that list comes first in terms of number of votes obtained in the Italgas Shareholders' Meeting.

The Italgas Shareholders' Agreement contains provisions that are relevant pursuant to Article 122, paragraphs 1 and 5 of the Consolidated Law on Finance and therefore qualifies as a voting and lock-up agreement. The Italgas Shareholders' Agreement will therefore be subject to the disclosure obligations set out in Article 122, paragraph 1 of the Consolidated Law on Finance and its implementing provisions.

The Italgas Shareholders' Agreement has a term of three years, with the possibility of automatic renewal for additional three-year periods starting from the Effective Date of the spin-off, unless either party exercises its right to terminate the Italgas Shareholders' Agreement with 12 months' notice. If Snam provides notification of its intention not to renew, CDP RETI may exercise a purchase option on the Snam Equity Investment at fair market value within 9 (nine) months from notification of withdrawal from the Italgas Shareholders' Agreement.

For further details, see the key information published on the Italgas and Consob websites in relation to the Italgas Shareholders' Agreement.

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54 Reserved Matters means the following matters subject to resolution by the Extraordinary Shareholders' Meeting of Italgas: (i) capital increases with exclusion or limitation of the shareholders' right option for a total amount exceeding 20% of the value of Italgas' shareholders' equity; (ii) non-proportional mergers or demergers for a total amount exceeding 20% of the value of Italgas' shareholders' equity; (iii) dissolution or liquidation of Italgas.

55 CDP Reti will be able to deny its approval solely for one of the following reasons:
a) the third-party buyer is a direct competitor of Italgas and/or Italgas Reti S.p.A. in Italy; and/or
b) the third-party buyer fails to provide adequate documentation and evidence of compliance with the unbundling laws in force from time to time; and/or
c) the third-party buyer comes from a country against which there are restrictions on free exchange adopted by the competent international organizations; and/or
d) the purchase of the Snam Equity Investment by the third-party buyer is in violation of the applicable laws; and/or
e) the third-party buyer does not meet certain size requirements; and/or
f) the conclusion of the potential transaction with the third-party buyer or the third-party buyer's joining of the Italgas Shareholders' Agreement generates an obligation for the third-party buyer, singly or jointly with CDP RETI, to make a mandatory initial public offering on the remaining Italgas shares.

56 See previous note.

SHAREHOLDERS' AGREEMENT IN RESPECT OF CDP RETI, SNAM, TERNA AND ITALGAS SHARES

CDP, SGEL and State Grid International Development Limited[57] (below, "**SGID**") are parties to a shareholders' agreement entered into when a stake of 35% in CDP Reti was transferred to SGEL on 27 November 2014 ("**SGEL Shareholders' Agreement**"). CDP and SGEL transferred their stakes in the share capital of CDP Reti to the SGEL Shareholders' Agreement, representing a total of 94.10% of the share capital.

The SGEL Shareholders' Agreement provides SGEL with governance rights in order to protect its investment in CDP Reti. In detail, it contains provisions on the exercise of voting rights and clauses restricting the transfer of shares pursuant to article 122, paragraph 1 and paragraph 5, letter b) of the Consolidated Law on Finance. The SGEL Shareholders' Agreement also contains provisions regarding the governance of CDP Reti, Snam, Terna S.p.A. ("**Terna**") and Italgas.

A summary of the amendments made to the SGEL Shareholders' Agreement over time is provided below.

A. On 19 December 2014, CDP completed the transfer to Snam of the equity investment in TRANS AUSTRIA GASLEITUNG GmbH ("**TAG**"), which it held via CDP Gas. The transaction was linked to an increase in the share capital of Snam reserved to CDP Gas, which was paid for by means of the transfer of the aforementioned equity investment by CDP GAS (which consequently became the holder of 119,000,000.00 ordinary shares of Snam, equal to a stake of 3.4% in Snam's share capital). As a result, CDP RETI's equity investment in Snam, albeit consisting of 1,014,491,489 shares, was no longer equivalent to 30% of Snam's share capital but represented around 28.98% as of 19 December 2014.

B. Subsequently, on 7 November 2016, (i) a spin-off was completed for the transfer of Snam's equity investment in Italgas Reti S.p.A. to Italgas and, at the same time, (ii) the Italgas shares were officially listed on the stock exchange. As a result of the foregoing transaction, CDP RETI became the holder of a 25.076% equity investment in the share capital of Italgas. Consequently, in order to: a) reflect the new corporate structure of the group headed by CDP RETI; b) extend the applicability of the provisions of the SGEL Shareholders' Agreement also to the new investee Italgas, and c) align the provisions of the SGEL Shareholders' Agreement with the provisions of the Italgas Shareholders' Agreement (with particular regard to the Consultation Committee), CDP, SGEL and SGID amended and supplemented the provisions of the SGEL Shareholders' Agreement with effect from 7 November 2016.

C. To conclude, the merger by incorporation of CDP GAS into CDP became effective on 1 May 2017 and, as of that date, CDP is the owner of the Snam and Italgas shares previously owned by CDP GAS and replaced CDP GAS in the Italgas Shareholders' Agreement for all intents and purposes. On 19 May 2017, CDP therefore transferred to CDP RETI the entire equity investment in Italgas (0.969% of Italgas share capital) and the entire equity investment in Snam (1.120% of Snam share capital), which it held subsequent to and as an effect of the aforementioned merger by incorporation of CDP GAS (which was not tied to the SGEL Shareholders' Agreement).

In light of all of the above, it should be noted that:

- pursuant to and with effect from the date of transfer to CDP RETI of CDP's equity investment in Italgas, equal to 7,840,127 ordinary shares (representing 0.969% of the Italgas share capital with voting rights), the total number of Italgas shares owned by CDP RETI and locked into the SGEL Shareholders' Agreement by it – and, hence, the total number of Italgas shares tied to the SGEL Shareholders' Agreement – has increased to a total of 210,738,424 ordinary shares of Italgas, representing 25.977% of the Italgas share capital with voting rights as at 31 December 2024; and
- pursuant to and with effect from the date of transfer to CDP RETI of CDP's equity investment in Snam, equal to 39,200,638 ordinary shares (representing 1.120% of the Snam share capital with voting rights), the total number of Snam shares owned by CDP RETI and locked into the SGEL Shareholders' Agreement by it – and, hence, the total number of Snam shares tied to the SGEL Shareholders' Agreement – has increased to a total of 1,053,692,127 ordinary shares of Snam, representing 31.352% of the Snam share capital with voting rights as at 31 December 2024.
- the number of Terna shares tied to the SGEL Shareholders' Agreement has not changed and is equal to 599,999,999 ordinary shares, held by CDP RETI, representing 29.851% of the Terna share capital with voting rights as at 31 December 2024.

The SGEL Shareholders' Agreement has a term of three years from the signing date and is automatically renewed for a further term of three years, unless terminated by one of the parties.

For further details, see the key information published in relation to the SGEL Shareholders' Agreement on the websites of the investee companies Snam, Terna and Italgas.

57 State Grid International Development Limited owns the entire capital of SGEL.

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2 CONSOLIDATED FINANCIAL STATEMENTS 2024

Consolidated financial statements at 31 December 2024
Notes to the consolidated financial statements
Annexes
Report of the independent auditors
Certification of the consolidated financial statements pursuant to Art. 154-bis of Legislative Decree no. 58/1998

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FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and consist of:

- Consolidated Balance Sheet
- Consolidated Income Statement
- Consolidated Statement of Comprehensive Income
- Statement of Changes in Consolidated Equity
- Consolidated Statement of Cash Flows
- Notes to the consolidated financial statements

The Notes to the consolidated financial statements consist of:

- Introduction
- I - Basis of presentation and accounting policies
- II - Information on the Consolidated Balance Sheet
- III - Information on the Consolidated Income Statement
- IV - Business combinations
- V - Transactions with related parties
- VI - Financial risk management
- VII - Share-based payments
- VIII - Operating Segments
- IX - Guarantees and commitments
- X – Disclosure of Leases

The following are also included:

- Annexes
- Certification pursuant to article 154-bis of Legislative decree no. 58/98
- Independent Auditor’s Report

The “Annexes”, which are an integral part of the consolidated financial statements, include the consolidation scope and the information provided with reference to the obligations introduced concerning the transparency of public funds by Law no. 124 of 4 August 2017.

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CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2024

CONSOLIDATED BALANCE SHEET

ASSETS

(thousands of euro)

Assets items	Notes	31/12/2024	*of which from related parties*	31/12/2023(*)	*of which from related parties*
NON-CURRENT ASSETS					
Property, plant and equipment	1	44,121,212	46	40,893,934	74
Inventories - compulsory stock	2	362,713		362,713	
Intangible assets	3	12,807,237		12,561,382	
Equity investments	4	3,169,083		2,919,193	
Non-current financial assets	5	886,252	1,207	671,177	47,103
Deferred tax assets	6	1,067,045		951,977	
Other non-current assets	7	1,433,709		725,844	
Total non-current assets		**63,847,251**	**1,253**	**59,086,220**	**47,177**
Non-current assets held for sale	8	**20,767**		**91,575**	
CURRENT ASSETS					
Current financial assets	9	813,176	98,286	412,746	89,676
Income tax receivables	10	45,348		37,556	
Trade receivables	11	7,160,273	1,162,877	7,362,135	846,121
Inventories	12	2,355,453		2,964,074	
Other current assets	13	1,432,371	36	686,933	4,636
Cash and cash equivalents	14	4,628,191	85,678	3,139,885	101,156
Total current assets		**16,434,812**	**1,346,877**	**14,603,329**	**1,041,589**
TOTAL ASSETS		**80,302,830**	**1,348,130**	**73,781,124**	**1,088,766**

(*) In order to provide a better comparative presentation, certain balances of the financial statements as at 31 December 2023 have been restated, without changing the equity values as at 31 December 2023 of the Income Statement and the Statement of Comprehensive Income 2023

LIABILITIES AND EQUITY

(thousands of euro)

Liabilities and equity items	Notes	31/12/2024	*of which from related parties*	31/12/2023 (*)	*of which from related parties*
EQUITY	15				
Share capital		162		162	
Issue premium		1,315,158		1,315,158	
Retained earnings		1,406,081		1,301,745	
Other reserves		2,029,921		2,029,921	
Valuation reserves		19,874		40,944	
Interim dividend		(361,866)		(343,047)	
Net income for the year (+/-)		732,808		631,499	
Group equity	15 a	**5,142,138**		**4,976,382**	
Non-controlling interests	15 b	16,195,665		13,901,097	
Total Equity		**21,337,803**		**18,877,479**	
NON-CURRENT LIABILITIES					
Provisions for risks and charges	16	1,135,107		924,649	
Provisions for employee benefits	17	153,129		143,591	
Loans	18	34,108,250	912,147	28,720,606	401,862
Other non-current financial liabilities	19	100,544		183,791	41,067
Deferred tax liabilities	20	1,861,311		1,952,279	
Other non-current liabilities	21	2,455,862		2,672,364	
Total non-current liabilities		**39,814,203**	**912,147**	**34,597,280**	**442,929**
Liabilities directly associated with non-current assets held for sale	22	**151**		**4,583**	
CURRENT LIABILITIES					
Current portion of long-term loans	23	2,991,361		3,966,347	2,908
Trade payables	24	4,761,403	811,983	4,130,335	749,447
Income tax liabilities	25	205,942		72,887	
Current financial liabilities	26	4,016,145	35	4,733,107	5,292
Other current liabilities	27	7,175,822	57,335	7,399,106	34,810
Total current liabilities		**19,150,673**	**869,353**	**20,301,782**	**792,457**
TOTAL LIABILITIES AND EQUITY		**80,302,830**	**1,781,500**	**73,781,124**	**1,235,386**

(*) In order to provide a better comparative presentation, certain balances of the financial statements as at 31 December 2023 have been restated, without changing the equity values as at 31 December 2023 of the Income Statement and the Statement of Comprehensive Income 2023

CONSOLIDATED INCOME STATEMENT

(thousands of euro)

Consolidated income statement items	Notes	2024	*of which from related parties*	2023	*of which from related parties*
Revenues					
Revenues from sales and services	28	9,640,029	4,898,055	9,930,895	4,009,996
Other revenues and income	29	143,447	44,745	180,968	8,203
Total revenues		**9,783,476**	**4,942,800**	**10,111,863**	**4,018,199**
Operating Costs					
Raw materials and consumables used	30	(722,264)	(24,729)	(1,617,927)	(155,226)
Services	31	(1,207,918)	(705,391)	(1,438,744)	(428,895)
Staff costs	32	(999,567)	(6,019)	(926,330)	(5,211)
Amortisation, depreciation and impairment of property, plant and equipment and intangible assets	33	(2,688,887)		(2,724,762)	
Net write-downs/write-backs of trade receivables and other receivables	33 a	24,644		(50,164)	
Other operating costs	34	(313,985)	(92,540)	(291,700)	(80,632)
Total costs		**(5,907,977)**	**(828,679)**	**(7,049,627)**	**(669,964)**
Operating profit		**3,875,499**	**4,114,121**	**3,062,236**	**3,348,235**
Financial income (expense)					
Financial income	35	449,297	65,930	253,807	41,995
Borrowing expenses	36	(1,124,950)	(271,479)	(754,990)	(22,835)
Portion of income (expenses) from equity investments valued with the equity method	37	283,508		425,550	
Other income (expenses) from equity investments	37 a				
Total financial income (expense)		**(392,145)**	**(205,549)**	**(75,633)**	**19,160**
Income before taxes		**3,483,354**	**3,908,572**	**2,986,603**	**3,367,395**
Taxes for the year	38	(972,523)		(791,899)	
Net income (loss) from continuous operations		**2,510,831**	**3,908,572**	**2,194,704**	**3,367,395**
Net income (loss) from assets held for sale	39	11,577		2,537	
Net income (loss) for the year		**2,522,408**	**3,908,572**	**2,197,241**	**3,367,395**
- pertaining to Shareholders of the Parent Company		*732,808*		*631,499*	
- pertaining to non-controlling interests		*1,789,600*		*1,565,742*	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(thousands of euro)

Items/Figures	Notes	2024	2023
1 - Net income (loss) for the year		**2,522,408**	**2,197,241**
Other comprehensive income net of taxes not transferred to income statement			
2 - Financial assets (equity securities) measured at fair value through other comprehensive income		(503)	(3,203)
3 - Hedging of equity securities designated at fair value through other comprehensive income			
4 - Financial liabilities designated at fair value through profit or loss (change in the entity's own credit risk)			
5 - Property, plant and equipment			
6 - Intangible assets			
7 - Defined benefit plans		5,349	(5,044)
8 - Non-current assets held for sale			
9 - Share of valuation reserves of equity investments accounted for using equity method		30,816	(997)
10 - Revaluation Laws			
Other comprehensive income net of taxes transferred to income statement			
11 - Financial assets (other than equity securities) measured at fair value through other comprehensive income		2,309	1,012
12 - Hedging instruments (element not designated)			
13 - Hedging of foreign investments			
14 - Exchange rate differences		6,756	3,560
15 - Cash flow hedges		(71,983)	(53,514)
16 - Non-current assets held for sale			
17 - Share of valuation reserves of equity investments accounted for using equity method		(14,880)	(42,332)
18 - Revaluation Laws			
19 - Total other comprehensive income net of taxes		**(42,136)**	**(100,518)**
20 - Comprehensive income (item 1+19)		**2,480,272**	**2,096,723**
21 - Consolidated comprehensive income pertaining to non-controlling interests		1,778,955	1,513,607
22 - Consolidated comprehensive income pertaining to Shareholders of the Parent Company (item 20-21)		**701,317**	**583,116**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31 DECEMBER 2024

(thousands of euro)	Notes	Share capital	Legal reserve	Issue premium	Valuation reserves net of taxes
Total equity at 31 December 2023	15	**162**	**32**	**1,315,158**	**40,944**
Change in opening					
Total equity at 1 January 2024	15	**162**	**32**	**1,315,158**	**40,944**
Net income (loss) for the year					
Other comprehensive income:					
- cash flow hedges					(40,819)
- defined benefit plans					1,627
- exchange rate differences					2,164
- other					5,537
Total other comprehensive income					**(31,491)**
Comprehensive income					**(31,491)**
Transactions with Shareholders					
Allocation of previous year net income/(loss):					
- interim dividend 2023					
- dividends					
- retained earnings					
Interim dividend 2024					
Treasury stock transactions					
Total transactions with Shareholders					
Other changes					10,421
Total other changes					**10,421**
Total equity at 31 December 2024	15	**162**	**32**	**1,315,158**	**19,874**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT 31 DECEMBER 2023

(thousands of euro)	Notes	Share capital	Legal reserve	Issue premium	Valuation reserves net of taxes
Total equity at 31 December 2022	15	**162**	**32**	**1,315,158**	**89,340**
Change in opening					
Total equity at 1 January 2023	15	**162**	**32**	**1,315,158**	**89,340**
Net income (loss) for the year					
Other comprehensive income:					
- cash flow hedges					(33,553)
- defined benefit plans					(1,488)
- exchange rate differences					971
- other					(14,313)
Total other comprehensive income					**(48,383)**
Comprehensive income					**(48,383)**
Transactions with Shareholders					
Allocation of previous year net income/(loss):					
- interim dividend 2022					
- dividends					
- retained earnings					
Interim dividend 2023					
Treasury stock transactions					
Total transactions with Shareholders					
Other changes					(13)
Total other changes					**(13)**
Total equity at 31 December 2023	15	**162**	**32**	**1,315,158**	**40,944**

Other reserves	Retained earnings	Net income (loss) for the year	Interim dividend	Group equity	Non-controlling interests	Total Equity
2,029,921	**1,301,713**	**631,499**	**(343,047)**	**4,976,382**	**13,901,097**	**18,877,479**
2,029,921	**1,301,713**	**631,499**	**(343,047)**	**4,976,382**	**13,901,097**	**18,877,479**
		732,808		732,808	1,789,600	2,522,408
				(40,819)	(31,164)	(71,983)
				1,627	3,722	5,349
				2,164	4,592	6,756
				5,537	12,205	17,742
				(31,491)	**(10,645)**	**(42,136)**
		732,808		**701,317**	**1,778,955**	**2,480,272**
		(343,047)	343,047			
		(169,495)		(169,495)	(921,635)	(1,091,130)
	118,957	(118,957)				
			(361,866)	(361,866)	(435,264)	(797,130)
					1,042	1,042
	118,957	**(631,499)**	**(18,819)**	**(531,361)**	**(1,355,857)**	**(1,887,218)**
	(14,621)			(4,200)	1,871,470	1,867,270
	(14,621)			**(4,200)**	**1,871,470**	**1,867,270**
2,029,921	**1,406,049**	**732,808**	**(361,866)**	**5,142,138**	**16,195,665**	**21,337,803**

Other reserves	Retained earnings	Net income (loss) for the year	Interim dividend	Group equity	Non-controlling interests	Total Equity
2,029,921	**1,301,737**	**512,689**	**(331,879)**	**4,917,160**	**13,652,459**	**18,569,619**
2,029,921	**1,301,737**	**512,689**	**(331,879)**	**4,917,160**	**13,652,459**	**18,569,619**
		631,499		631,499	1,565,742	2,197,241
				(33,553)	(19,961)	(53,514)
				(1,488)	(3,556)	(5,044)
				971	2,589	3,560
				(14,313)	(31,207)	(45,520)
				(48,383)	**(52,135)**	**(100,518)**
		631,499		**583,116**	**1,513,607**	**2,096,723**
		(331,879)	331,879			
		(168,634)		(168,634)	(871,087)	(1,039,721)
	12,176	(12,176)				
			(343,047)	(343,047)	(421,003)	(764,050)
					1,960	1,960
	12,176	**(512,689)**	**(11,168)**	**(511,681)**	**(1,290,130)**	**(1,801,811)**
	(12,200)			(12,213)	25,161	12,948
	(12,200)			**(12,213)**	**25,161**	**12,948**
2,029,921	**1,301,713**	**631,499**	**(343,047)**	**4,976,382**	**13,901,097**	**18,877,479**

CONSOLIDATED STATEMENT OF CASH FLOWS

(thousands of euro)

Items/Figures	Notes	2024 (*)	2023 (*)(**)
Net income for the year		**2,522,408**	**2,197,241**
Adjustments to net income to reflect cash flow from operating activities:			
Amortisation and depreciation	33	2,641,645	2,517,188
Net write-downs (revaluations) of property, plant and equipment and intangible assets		47,242	207,574
Effect of accounting using the equity method	37	(290,839)	(353,329)
Net losses (gains) on disposals, cancellations and eliminations of assets		54,144	33,090
Dividends			
Interest income	35	(445,624)	(245,094)
Interest expense	36	1,091,881	687,352
Income taxes	38	972,523	791,899
Other adjustements		(198,199)	(935,416)
Changes in working capital:			
- Inventories		608,621	441,399
- Trade receivables		(534,464)	(118,453)
- Trade payables		255,805	(1,941,023)
- Provisions for risks and charges		166,654	31,198
- Other assets and liabilities		(2,266,790)	(1,913,195)
Cash flow from working capital		**(1,770,174)**	**(3,500,074)**
Change in provisions for employee benefits		6,925	(3,775)
Dividends received		242,254	172,694
Interest received		318,537	202,297
Interest paid		(899,298)	(527,112)
Income taxes paid net of tax credits reimbursed		(571,667)	(822,017)
Cash flow from operating activities		**3,721,758**	**422,518**
- with related parties		*1,137,873*	*1,564,894*
Investing activities:			
- Property, plant and equipment		(4,608,968)	(3,527,393)
- Intangible assets		(1,378,282)	(1,243,751)
- Companies in the scope of consolidation and business units		51,231	(100,386)
- Equity investments		(184,952)	(424,079)
- Change in payables and receivables relative to investing activities		439,553	617,428
Cash flow from investing activities		**(5,681,418)**	**(4,678,181)**
Divestments:			
- Property, plant and equipment		49,790	63,559
- Intangible assets		10,898	25,865
- Equity investments		1,800	231,024
- Companies in the scope of consolidation and business units			
- Change in payables and receivables relative to divestments			9,899
Cash flow from divestments		**62,488**	**330,347**
Net cash flow from investing activities		**(5,618,930)**	**(4,347,834)**
- with related parties		*(3,323)*	*(560,024)*
Assumption of long-term financial debt	18	9,447,848	5,648,428
Repayments of long-term financial debt	18	(4,943,458)	(3,359,557)
Increase (decrease) in short-term financial debt	23-26	(1,017,969)	2,119,986
Decrease (increase) of financial receivables for not operating purposes			
Repayment of financial debts for leased assets		(66,072)	(58,547)
Purchase of treasury shares			
Net equity capital injections		1,845,479	(197)
Dividends distributed to shareholders		(1,880,350)	(1,815,350)
Net cash flow from financing activities		**3,385,478**	**2,534,763**
- with related parties		*(330,955)*	*(247,258)*
Net cash flow for the year		**1,488,306**	**(1,390,553)**
Cash and cash equivalents at start of the year	14	3,139,885	4,529,988
Monetary changes for the period		1,488,306	(1,390,553)
Changes due to exchange rate			
Changes due to IFRS9			450
Cash and cash equivalents at end of the year	14	4,628,191	3,139,885

(*) of which relating to assets held for sale: (i) net cash flow from operating activities -0.8 mln/€ (-8.1 mln/€ as at 31 December 2023); (ii) net cash flow from investing activities -0.9 mln/€ (-0.2 mln/€ as at 31 December 2023); (iii) net cash flow from financing activities 0 mln/€ (0 mln/€ as at 31 December 2023).

(**) In order to provide a better comparative presentation, some items of the cash flow statement as at 31 December 2023 have been restated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Form and content of the consolidated financial statements

The consolidated financial statements of the CDP RETI Group (hereinafter also referred to as the "Group"), prepared in continuity with previous years pursuant to articles 2 and 3 of Legislative Decree 35/2005 and in accordance with International Financial Reporting Standards (IFRS), include the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows, these notes to the consolidated financial statements and with the relevant attachments, as well as the Board of Directors' report on operations at Group level (Report on Operations).

CDP RETI is required to draft its annual consolidated financial statements in compliance with international accounting standard IFRS 10. The conditions for exemption arising from being a sub-holding controlled by a holding company (Cassa Depositi e Prestiti S.p.A.) which drafts its own consolidated financial statements do not apply for entities which have issued listed securities on a regulated market.

The consolidated financial statements at 31 December 2024 clearly present, and give a true and fair view of, the Group's financial performance and results of operations for the period. The figures shown in these statements correspond with the company accounting records and fully reflect the transactions conducted during the year.

Basis of presentation

The consolidated financial statements are presented in euro. Unless otherwise specified, the consolidated financial statements and tables in the notes to the consolidated financial statements are expressed in thousands of euro.

In the income statement, revenues are indicated without a sign, while costs are shown in brackets.

The figures of the items, sub-items, and the "of which" specifications in the consolidated financial statements and in the tables of the notes to the financial statements have been rounded as appropriate, while ignoring the fractions of amounts equal to or less than 500 euro and raising fractions greater than 500 euro to the next highest thousand. The rounded amounts for the various items are the sum of the rounded balances of sub-items.

Comparison and disclosure

As detailed below, the notes to the financial statements provide all information required by law, as well as any supplemental information deemed necessary in order to give a true and fair view of the company's financial performance and standing.

Tables that do not show amounts for either the reference or comparative financial year have been omitted.

In order to provide a better comparative presentation, certain balances of the financial statements as at 31 December 2023 have been restated, without, however, modifying the values of shareholders' equity, the income statement and the statement of comprehensive income 2023.

Audit of the consolidated financial statements

The consolidated financial statements at 31 December 2024 of the CDP RETI Group have been audited by Deloitte & Touche S.p.A., as per the engagement assigned by the shareholders in their meeting of 10 May 2019 to carry out the audit for the period 2020-2028.

Annexes

The consolidated financial statements include Annex 1 "Scope of consolidation" and Annex 2 "Disclosure pursuant to Law 124 of 4 August 2017, Article 1 paragraphs 125-129".

I - BASIS OF PREPARATION AND ACCOUNTING STANDARDS

I.1. GENERAL INFORMATION

I.1.1. Declaration of compliance with the International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), including the SIC and IFRIC interpretations, in force as at 31 December 2024, endorsed by the European Commission, as provided by Regulation (EC) n. 1606 of 19 July 2002, published in the Official Journal Law 243 on 11 September 2002.

In addition, the minimum reporting requirements established by the Italian Civil Code, where compatible with the accounting standards adopted, have been taken into account.

I.1.2. General preparation principles

The financial statement formats used to prepare the consolidated financial statements are consistent with the provisions of IAS 1 – Presentation of Financial Statements (hereinafter, IAS 1).

In particular:

- the items on the consolidated balance sheet are classified by distinguishing assets and liabilities as "current / non-current"[58];
- the consolidated income statement has been prepared by classifying costs by their nature, insofar as this form of presentation is deemed the most appropriate for representing the actual situation of the CDP RETI Group, and is consistent with the established practice of firms operating on international markets;
- the consolidated statement of comprehensive income includes Profit/(Loss) for the year inclusive of revenues and costs that are directly recognised in the Statement of changes in equity as required by IFRS;
- the consolidated statement of changes in equity includes profit/(loss) for the year, transactions with shareholders and other changes in equity;
- the consolidated statement of cash flows is drafted by using the "indirect" method (as per IFRS 7 - Statement of cash flows), adjusting net income for the effects of non-cash transactions.

In addition, as required by the CONSOB resolution no. 15519 issued in July 2006, within the consolidated income statement, any operational income and expenses that by virtue of their size, nature or expected frequency do not occur regularly in the normal course of operations (i.e. exceptional items), if present, warrant separate presentation. In accordance with the same CONSOB resolution, related parties' transactions are shown separately in the financial statements.

It is believed that these statements present an adequate view of the Group's financial position and performance of operations. The consolidated financial statements include the financial statements of all subsidiaries from the date on which control is obtained and until such control ends. The CDP RETI Group identifies another entity as a subsidiary when:

- it holds decision-making power over the investee entity;
- it has the right to participate or is exposed to variable results (positive and negative) of the investee;
- it has the ability to exercise its control over the investee in such a way as to affect its economic returns.

58 Assets and liabilities are classified as current when: (i) the entity expects to realise or consume the asset or liability, in its normal operating cycle or within the twelve months after the reporting period; (ii) the asset or liability is cash or a cash equivalent unless it is restricted from being exchanged or used for at least twelve months after the reporting period; (ii) they are held primarily for the purpose of trading.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC interpretations;
- Interpretation documents concerning the application of the IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board, OIC);
- Documents issued by ESMA and Consob concerning the application of specific IFRS rules;
- Documents issued by ESMA and Consob regarding the assessments and disclosures required for financial reporting and sustainability reporting[59].

Where the information required by the IFRS is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the explanatory notes also provide supplemental information for such purpose.

These consolidated financial statements have been prepared in accordance with the following general requirements of IAS 1 – "Presentation of financial statements":

- Going concern basis: the CDP RETI Group has conducted an assessment of its ability to continue to operate as a going concern (and in any case with a time horizon longer than twelve months), considering all available information over a medium-term time horizon. Based on an analysis of the information and the results achieved in previous years, CDP RETI Group deems appropriate to prepare its consolidated financial statements on a going concern basis. The current macroeconomic scenario continues to be characterised by a combination of factors related to geopolitical tensions (which still weigh on global prospects), the variability of monetary policy conditions, the general deterioration of the economic climate, and uncertainties about future developments. For more details see section "5. The projected evolution of management - outlook for 2025" in the Group Report on Operations and to section "I.1.5 Other Aspects" in the Consolidated Explanatory Notes for further details on the uncertainties characterising the current context and their potential impact on the CDP RETI Group;
- Accruals basis: operations are recognised in the accounting records and in the consolidated financial statements of the CDP RETI Group (except for the disclosure about cash flows) when they accrue, regardless of the payment or collection date. Costs and revenues are recognised in income statement in accordance with the matching principle;
- Materiality and aggregation: all items containing assets, liabilities, revenues and expenses of a similar nature and with similar characteristics are presented separately in the consolidated financial statements, unless they are immaterial;
- Offsetting: no assets have been offset with liabilities, nor income with expenses, unless expressly required by an accounting standard or a related interpretation;
- Frequency of reporting: the CDP RETI Group prepares the consolidated financial statements, and makes the related disclosures, on an annual basis. The Group also prepares the Half-yearly condensed consolidated financial statements ending 30 June of each year. No changes occurred with respect to the reporting date, which remains at 31 December of each year. All subsidiaries' financial statements align with the closing date of the Parent Company, CDP RETI S.p.A.;
- Comparative information: comparative information is disclosed in respect of the previous financial period. This comparative information, which for the balance sheet refers and for the income statement to the reporting date of the previous financial year, is provided for each document comprising the financial statements, including the notes thereto.

Use of estimates

The application of International Financial Reporting Standards in preparing the consolidated financial statements requires accounting estimates based on complex and/or subjective judgements, which are considered reasonable and realistic on the basis of past experience and the information available at the time the estimate is made. Such estimates impact the carrying value of the assets and liabilities and the disclosures on contingent assets and liabilities as of the reporting date, as well as the amounts of revenues and costs for the reference financial period. Actual results may differ from the estimates due to the uncertainty of the assumptions and conditions underlying the estimates. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on future earnings results.

Estimates and assumptions are subject to regular review and the effects of changes are reflected in the income statement if the review concerns only the current period; in the event that, on the other hand, the effects concern both current and future periods, the variation is recognised in the period in which the change in the estimate is made in the relative future periods.

The estimates made in the consolidated financial statements of the CDP RETI Group are mainly attributable to the following:

- Recoverable amount of property, plant and equipment (including the valuation of work in progress and inventories of raw materials, semi-finished and finished products), intangible assets and goodwill: the assets recognised are

59 These references are:
- ESMA Public Statement of 24 October 2024 "European common enforcement priorities for 2024 financial reports";
- Consob Notice: "Climate Disclosure in Financial Statements".

periodically assessed to identify impairment indicators. As a result of events or changes in circumstances, the value of the assets recognised in the financial statements may be considered no longer recoverable. The estimated recoverable amount of assets is the result of complex assessments based on elements which are often uncertain. Impairment is determined by comparing the carrying value with the recoverable amount, which is the greater of the fair value, less disposal costs, and the value in use determined by discounting expected future cash flows generated by the use of the asset applying a discount rate that reflects current market assessments of the time value of money and the specific risks of the asset. The recoverable amount depends significantly on the discount rate used in the discounted cash flow model as well as on the expected cash flows in the future. For assets that do not generate cash flows irrespective of the existence of other assets, the recoverable amount is determined by calculating the recoverable amount of the Cash Generating Unit to which the said asset belongs;

- Depreciation: changes in the economic conditions of the markets, in technology and in the competitive scenario could significantly affect the useful life of property, plant and equipment and non-current intangible assets and could result in a difference in the timing of the depreciation process and therefore in the amount of depreciation costs;
- Recoverable amount of equity investments: at each balance sheet date, objective evidence is assessed to determine whether the carrying amount of investments may not be fully recoverable. An impairment test is performed when the aforementioned evidence exists, to estimate the recoverable amount of the equity investments and comparing it with their carrying value, to determine the recognition of any impairment losses;
- Quantification of employee benefits: the actuarial valuations performed to determine the value of provisions for employee benefits are based on economic and demographic-type assumptions and on other assumptions considered to be reasonable at the date of evaluation but which may change over time. Changes in actuarial assumptions will result in changes in the value of net liabilities recognised through other comprehensive income or income statement;
- Quantification of provisions for risks and charges: the estimate of provisions for risks and charges (the emergence of which is generally expected several years later) is the result of complex assessments and subjective judgements of the management. The assessments are based on different kinds of elements, including: the probability and expected timing of disbursements, the discount rates and the interpretation of standards, regulations and contractual clauses. In addition, these obligations are influenced by the constant updating of decommissioning and restoration techniques and costs, as well as by the continuous evolution of political and public awareness of health and environmental protection;
- Business combinations: the recognition of business combinations involves the recognition of the assets and liabilities of the acquired company at their fair value at the date of acquiring control as well as the possible recognition of goodwill. These values are determined through a complex estimation process;
- Incentive-related revenues: the recognition of output-based incentives in the financial statements requires management to make estimates and assumptions based on assumptions developed on actual data and on the estimated quantification and probability of occurrence of future events. In the case of incentive mechanisms that have a multi-year time horizon, the Group evaluates the allocation of the bonus over the period, estimating the possibility of repayment of all or part of the amounts accrued. The amount eventually recognised as income in the period is in fact the value that has the highest probability of not being returned in the future. The Group also assesses, for accounting purposes, for each incentive mechanism, whether the existence of the right (or obligation) is subject to confirmation or verification by ARERA. If the mechanism includes a significant financial component, the Group determines a discount rate that takes into account the credit risk associated with the asset, which, given the operation of the mechanisms and the guarantees provided for by the regulation in favour of Terna, essentially coincides with the electricity system. Some of the incentive mechanisms may determine penalties for negative performance;
- Cost capitalisation: the cost capitalisation process is characterised by some estimation / valuation elements, including, in particular, the probability that the amount of capitalised costs will be recovered through the related future revenues and the actual increase in future economic benefits inherent in the asset to which they refer;
- Income taxes (current and deferred): income taxes (both current and deferred) are calculated in each country where CDP RETI Group operates, based on a prudent approach to the interpretation of the applicable tax regulations. This process sometimes involves complex estimates in determining taxable income and deductible and taxable temporary differences between accounting and tax values. In particular, deferred tax assets are recognised to the extent that future taxable income is likely to be available against which they can be recovered. The assessment of the recoverability of deferred tax assets, recognised in relation to both tax losses usable in subsequent years and deductible temporary differences, takes into account the estimate of future taxable income;
- Derivative financial instruments: the fair value of derivative financial instruments is determined both by valuation models that also take into account judgemental valuations such as, for example, estimates of cash flows, the expected volatility of prices, etc., and on the basis of values recorded on regulated markets or quotes provided by financial counterparties;
- Quantification of the bad debt provision, based on the present value of expected future cash flows.

As set out in IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), paragraph 10, when no specific Standard or Interpretation applies to a given transaction, management defines the appropriate accounting policies through careful subjective evaluation. The aim is to provide a consolidated financial statement that faithfully represents the financial position, economic performance, and cash flows of the Group, reflecting the economic substance of transactions, being neutral, prepared on a prudent basis, and complete in all material aspects.

The following description of the accounting policies used for the valuation of the main consolidated financial statement items provides details on the assumptions and assessments used in preparing the consolidated financial statements.

IFRS endorsed at 31 December 2024 and in force since 2024

As required by IAS 8 - "Accounting policies, changes in accounting estimates and errors", details of the new international financial reporting standards, or amendments to standards already in force, whose application became mandatory from 1 January 2024, are provided below:

- Commission Regulation (EU) 2023/2579 of 20 November 2023 amending Regulation (EU) 2023/1803 as regards International Financial Reporting Standard 16;
- Commission Regulation (EU) 2023/2822 of 19 December 2023 amending Regulation (EC) no. 2023/1803 as regards International Accounting Standard (IAS) 1;
- Commission Regulation (EU) 2024/1317 of 15 May 2024 amending Regulation (EU) no. 2023/1803 as regards International Accounting Standard 7 and International Financial Reporting Standard 7.

New accounting standards and interpretations issued and endorsed by the European Union, but not yet effective (effective for the financial years beginning 1 January 2025)

Listed below are the new standards and interpretations already issued and endorsed, but not yet effective and therefore not applicable to the preparation of the financial statements as at 31 December 2024:

- Commission Regulation (EU) 2024/2862 of 12 November 2024 amending Regulation (EC) No 2023/1803 with regard to International Accounting Standard No. 21 (IAS 21).

Accounting standards, amendments and interpretations not yet endorsed by the European Union at the reporting date of 31 December 2024

Certain accounting standards, interpretations and amendments had been issued by the IASB but not yet endorsed by the European Union at the approval date of these consolidated financial statements:

- IFRS 19 "Subsidiaries without Public Accountability: Disclosures" (issued on 9 April 2023);
- IFRS 18 "Presentation and Disclosure in Financial Statements" (issued on 9 April 2024);
- Amendment to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments (issued on 30 May 2024);
- Amendment to IFRS 9 and IFRS 7 Contracts Referencing Nature-dependent Electricity (issued on 18 December 2024).

Other information

On 8 April 2024, the Board of Directors approved the CDP RETI Group's consolidated financial statements as at 31 December 2024, authorising their publication and disclosure in line with the deadlines and methods envisaged by current regulations applicable to CDP RETI. Therefore, this document does not cover events occuring after that date.

I.1.3. Scope and methods of consolidation

Subsidiaries are consolidated on a line-by-line basis, while companies subject to joint control or significant influence are accounted for using the equity method. An exception is made for a number of minor controlling equity investments or those in subsidiaries in the start-up phase without assets and liabilities, whose contribution to the consolidated financial statements is immaterial for the correct representation of the assets, economic and financial situation of the CDP RETI Group.

The figures of the subsidiaries used for line-by-line consolidation are those at 31 December 2024, as approved by competent corporate bodies of the consolidated companies, adjusted as necessary to harmonise them with Group accounting policies.

The following statement shows the companies consolidated on a line-by-line basis.

Equity investments in subsidiaries

	Name	Operating office	Registered office	Type of relationship (1)	Equity investment: Investor	% holding	% of votes (2)
1	Acqua Campania S.p.A.	Naples	Naples	1	Nepta S.p.A.	95.70%	95.70%
					Italgas Reti S.p.A.	0.53%	0.53%
2	Acqua S.r.l.	Milan	Milan	1	Nepta S.p.A.	100.00%	100.00%
3	Asset Company 10 S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
4	Asset Company 2 S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
5	Avenia the Energy Innovator S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
6	BYS Ambiente Impianti S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
7	BYS Società Agricola Impianti S.r.l.	Piacenza	Piacenza	1	Bioenerys Agri S.r.l.	100.00%	100.00%
8	Bioenerys Agri S.r.l.	Pordenone	Pordenone	1	Bioenerys S.r.l.	100.00%	100.00%
9	Bioenerys Ambiente S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Bioenerys S.r.l.	100.00%	100.00%
10	Bioenerys S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
11	Biogas Bruso Società Agricola a r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	99.90%	99.90%
12	Biowaste CH4 Legnano	Torino	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
13	Bludigit S.p.A.	Milan	Milan	1	Italgas S.p.A.	100.00%	100.00%
14	Brugg Cables (India) Pvt., Ltd.	Haryana	Haryana	1	Brugg Kabel GmbH	0.26%	0.26%
					Brugg Kabel AG	99.74%	99.74%
15	Brugg Cables (Shanghai) Co., Ltd.	Shanghai	Shanghai	1	Brugg Kabel AG	100.00%	100.00%
16	Brugg Cables (Suzhou) Co., Ltd.	Suzhou	Suzhou	1	Brugg Cables (Shanghai) Co., Ltd.	100.00%	100.00%
17	Brugg Cables Company	Riyadh	Riyadh	1	Brugg Kabel AG	100.00%	100.00%
18	Brugg Cables Italia S.r.l.	Milan	Milan	1	Brugg Kabel Manufacturing AG	100.00%	100.00%
19	Brugg Cables Middles East Contracting LLC	Dubai	Dubai	1	Brugg Kabel AG	100.00%	100.00%
20	Brugg Cables, Inc.	Chicago	Chicago	1	Brugg Kabel AG	100.00%	100.00%
21	Brugg Kabel AG	Brugg	Brugg	1	Brugg Kabel Services AG	90.00%	90.00%
22	Brugg Kabel GmbH	Schwieberdingen	Schwieberdingen	1	Brugg Kabel AG	100.00%	100.00%
23	Brugg Kabel Manufacturing AG	Brugg	Brugg	1	Brugg Kabel Services AG	100.00%	100.00%
24	Brugg Kabel Services AG	Brugg	Brugg	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
25	CH4 Energy S.r.l.	Palermo	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
26	Cubogas S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Greenture S.p.A.	100.00%	100.00%
27	ESPERIA-CC S.r.l.	Rome	Rome	1	Terna S.p.A.	1.00%	1.00%
28	Emiliana Agroenergia Società Agricola S.r.l.	Piacenza	Piacenza	1	Bioenerys Agri S.r.l.	100.00%	100.00%
29	Enaon Eda S.A.	Athens	Athens	1	Enaon S.A.	100.00%	100.00%
30	Enaon S.A.	Athens	Athens	1	Italgas Newco S.p.A.	100.00%	100.00%
31	Enersi Sicilia	Caltanissetta	San Donato Milanese (MI)	1	Bioenerys Ambiente S.r.l.	100.00%	100.00%
32	Enura S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	55.00%	55.00%
33	GNL Italia S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
34	Gasrule Insurance D.A.C.	Dublin	Dublin	1	Snam S.p.A.	100.00%	100.00%
35	Geoside S.p.A.	Casalecchio di Reno	Casalecchio di Reno	1	Toscana Energia S.p.A.	32.78%	32.78%
					Italgas S.p.A.	67.22%	67.22%
36	Govone Biometano S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
37	Greenture S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
38	Halfbridge Automation S.r.l.	Rome	Rome	1	LT S.r.l.	70.00%	70.00%
39	Idrolatina S.r.l.	Milan	Milan	1	Acqua S.r.l.	100.00%	100.00%
40	Idrosicilia S.p.A.	Milan	Milan	1	Acqua S.r.l.	99.22%	99.22%
41	Immogas S.r.l.	Florence	Florence	1	Toscana Energia S.p.A.	100.00%	100.00%
42	Infrastrutture Trasporto Gas S.p.A.	Milan	San Donato Milanese (MI)	1	Asset Company 2 S.r.l.	100.00%	100.00%
43	Italgas Newco S.p.A.	Milan	Milan	1	Italgas S.p.A.	90.00%	90.00%
44	Italgas Reti S.p.A.	Torino	Torino	1	Italgas S.p.A.	100.00%	100.00%
45	Italgas S.p.A.	Milan	Milan	4	CDP Reti S.p.A.	25.98%	25.98%
					Snam S.p.A.	13.46%	13.46%
46	L.A.C. Laboratorio Acqua Campania S.r.l.	Naples	Naples	1	Acqua Campania S.p.A.	51.00%	51.00%
47	LT S.r.l.	Rome	Rome	1	Terna Energy Solutions S.r.l.	87.50%	87.50%
48	MST S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
49	MZ Biogas società agricola a r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	99.90%	99.90%
50	Maiero Energia società agricola a r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
51	Medea S.p.A.	Sassari	Sassari	1	Italgas Reti S.p.A.	51.85%	51.85%
52	Moglia Energia Società Agricola ar.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
53	Nepta S.p.A.	Caserta	Milan	1	Italgas S.p.A.	100.00%	100.00%
54	Renovit Building Solutions S.p.A.	Milan	Milan	1	Renovit S.p.A.	100.00%	70.00%
55	Renovit Business Solutions S.r.l.	Milan	Rome	1	Renovit S.p.A.	100.00%	100.00%
56	Renovit Public Solutions S.p.A.	Milan	Milan	1	Renovit S.p.A.	100.00%	70.00%
57	Renovit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	60.05%	60.05%
58	Rete S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
59	SNAM RETE GAS S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
60	SNAM S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	4	CDP Reti S.p.A.	31.35%	31.35%
61	Snam FSRU Italia S.r.l.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
62	Snam International B.V.	Amsterdam	Amsterdam	1	Snam S.p.A.	100.00%	100.00%
63	Società Agricola Agrimetano Pozzonovo S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
64	Società Agricola Agrimetano Ro S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
65	Società Agricola Carignano Biogas S.r.l.	Bologna	Bologna	1	Bioenerys Agri S.r.l.	100.00%	100.00%
66	Società Agricola G.B.E. Gruppo Bio Energie S.r.l.	Pordenone	Pordenone	1	Società Agricola Sangiovanni S.r.l.	100.00%	100.00%
67	Società Agricola La Valle Green Energy S.r.l	Cerea (VR)	Cerea (VR)	1	Bioenerys Agri S.r.l.	100.00%	100.00%
68	Società Agricola SQ Energy S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
69	Società Agricola Sangiovanni S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	50.00%	50.00%
					Società Agricola SQ Energy S.r.l.	50.00%	50.00%
70	Società Agricola T4 Energy S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
71	Società Agricola Zoppola Biogas S.r.l.	Pordenone	Pordenone	1	Bioenerys Agri S.r.l.	100.00%	100.00%
72	Stogit S.p.A.	San Donato Milanese (MI)	San Donato Milanese (MI)	1	Snam S.p.A.	100.00%	100.00%
73	T-Lux S.r.l.	Piancogno (BS)	Piancogno (BS)	1	Renovit Public Solutions S.p.A.	100.00%	85.00%
74	TERNA Crna Gora d.o.o.	Podgorica	Podgorica	1	Terna S.p.A.	100.00%	100.00%
75	Tamini Transformatori India Private limited	Magarpatta City, Hadapsar, Pune	Magarpatta City, Hadapsar, Pune	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
76	Tamini Transformers USA L.L.C.	Sewickley	Sewickley	1	Tamini Trasformatori S.r.l.	100.00%	100.00%
77	Tamini Trasformatori S.r.l.	Legnano (MI)	Legnano (MI)	1	Terna Energy Solutions S.r.l.	100.00%	100.00%
78	Terna 4 Chacas S.A.C.	Lima	Lima	1	Terna USA LLC	0.01%	0.01%
					Terna Plus S.r.l.	99.99%	99.99%
79	Terna Chile S.p.A.	Santiago del Cile	Santiago del Cile	1	Terna Plus S.r.l.	100.00%	100.00%
80	Terna Energy Solutions S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
81	Terna Forward S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
82	Terna Interconnector S.r.l.	Rome	Rome	1	Terna S.p.A.	65.00%	65.00%
					Terna Rete Italia S.p.A.	5.00%	5.00%
83	Terna Peru S.A.C.	Lima	Lima	1	Terna Plus S.r.l.	99.99%	99.99%
					Terna USA LLC	0.01%	0.01%
84	Terna Plus S.r.l.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
85	Terna Rete Italia S.p.A.	Rome	Rome	1	Terna S.p.A.	100.00%	100.00%
86	Terna S.p.A.	Rome	Rome	4	CDP Reti S.p.A.	29.85%	29.85%
87	Terna USA LLC	New York	New York	1	Terna Plus S.r.l.	100.00%	100.00%
88	Toscana Energia S.p.A.	Florence	Florence	1	Italgas S.p.A.	50.66%	50.66%
89	Zibello Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (PR)	Sorbolo Mezzani (PR)	1	Bioenerys Agri S.r.l.	100.00%	100.00%

Key

(1) Type of relationship:

1 = Majority of voting rights in ordinary shareholders' meeting

2 = Dominant influence in ordinary shareholders' meeting

3 = Agreements with other shareholders

4 = Other form of control

5 = Unitary management pursuant to Article 26.1 of Legislative Decree 87/92

6 = Unitary management pursuant to Article 26.2 of Legislative Decree 87/92

(2) Actual percentage of votes in ordinary shareholders' meeting, distinguishing between effective and potential votes

The changes which occurred in the scope of consolidation compared with those in effect at 31 December 2023 are attributable to:

- with reference to the Terna group:
  - on 7 March 2024, Terna's subsidiary Terna Forward S.r.l. finalised the acquisition of a 33% stake in the share capital of Wesii S.r.l., an Italian company that is a market leader in inspection and remote sensing services in the renewable energy sector, with its headquarters in Chiavari (GE);
  - On 18 November 2024, the third closing for the sale of the company SPE Transmissora de Energia Linha Verde I S.A. to CDPQ was completed. As of that date, the company is no longer part of the Terna group. It should also be noted that, on 7 February 2024, the subsidiary Terna Plus S.r.l. completed the acquisition of the remaining 25% minority share, gaining full control of the company;
  - On 4 December 2024, Terna Chile S.p.A. sold its shares in the two controlled companies, Terna Peru S.A.C. and Terna 4 Chacas S.A.C., both representing 0.01% of the share capital, to Terna USA LLC. As a result of the transaction, Terna Peru S.A.C. and Terna 4 Chacas S.A.C. are now 99.9% controlled by Terna Plus S.r.l. and 0.01% controlled by Terna USA LLC;
  - On 20 December 2024, the subsidiary Terna Energy Solutions S.r.l. completed the purchase of a 12.5% stake from the minority holding held by Solaris S.r.l. in the company LT S.r.l. As a result, Terna's equity investment in the company rose from 75% to 87.5%;
- with reference to the Snam group:
  - the scoping out of the following companies: Bietifini S.r.l., Biowaste CH4 Anzio S.r.l., Biowaste CH4 Foligno S.r.l., Biowaste CH4 Genova S.r.l., Biowaste CH4 Group S.r.l., Biowaste CH4 Tuscania S.r.l., Ecoprogetto Tortona S.r.l., Renerwaste Cupello S.r.l., and Renerwaste Lodi S.r.l., owned by Bioenerys Ambiente S.r.l., and the following companies: Società Agricola Tessagli Agroenergia S.r.l., Società Agricola Agrimetano S.r.l., Società Agricola Agrimezzana Biogas S.r.l., Società Agricola Asola Energia Biogas S.r.l., Società Agricola Biostellato 1 S.r.l., Biostellato 2 S.r.l., Biostellato 3, Biostellato 4 S.r.l., S.r.l. Società Agricola San Giuseppe Agroenergia S.r.l., Società Agricola Santo Stefano Energia S.r.l., and Soragna Agroenergie Società Agricola S.r.l., owned by Bioenerys Agri S.r.l.;
  - the inclusion in the consolidation area for the start of operations of Govone Biometano S.r.l.;
- with reference to the Italgas group:
  - on 30 January 2024, the acquisition of 47.8% of Acqua Campania S.p.A. from Vianini Lavori S.p.A. was completed. Additionally, on 24 April 2024, a further acquisition of 47.9% of the same company, held by the Veolia group, was completed. As of 30 June 2024, the Italgas group holds a total of 96.23% of Acqua Campania.

Significant assessments and assumptions to determine the scope of consolidation and whether there is control, joint control or significant influence

Line-by-line consolidation

Line-by-line consolidation involves the line-by-line use of the aggregate amounts on the balance sheets and income statements of the subsidiaries. After the allocation to non-controlling interests, reported as a separate item, of their share of equity and net income, the value of the equity investment is cancelled against the residual value of the equity of the subsidiary.

The carrying value of equity stakes in entities consolidated on a line-by-line basis held by the Parent Company or other Group companies is offset – against the assets and the liabilities of the investees – as a balancing entry of the relevant equity share pertaining to the Group.

Assets and liabilities, off-balance sheet transactions, income and expenses, as well as profits and losses between entities included into the scope of consolidation are fully eliminated, in line with the consolidation method adopted.

A subsidiary's revenues and costs are consolidated starting from the date on which control is acquired. Revenues and costs of a divested subsidiary sold are included into the consolidated income statement up to the divestment date, i.e. until the Group no longer controls the investee. The difference between the disposal price for the subsidiary and the carrying value of its net assets at the same date is recorded in the income statement.

Non-controlling interests are presented in the balance sheet under the item "Non-controlling interests", separately from liabilities and equity pertaining to the Group. In the income statement, non-controlling interests are also presented separately under the item "Net Income (loss) pertaining to non-controlling interests".

Acquisitions of companies are accounted for using the "acquisition method" provided for under IFRS 3, as modified by Regulation 495/2009, under which the identifiable assets acquired and the identifiable liabilities assumed (including contingent liabilities) are recognised at their respective fair values at the acquisition date.

For newly acquired companies, the difference between the acquisition price and equity is provisionally recognised as goodwill, if positive, or under liabilities if negative, under "Other non-current liabilities", net of goodwill, if any, recognised in the financial statements of the acquirees. In accordance with IFRS3.45 et seq., the difference resulting from the transaction is allocated within twelve months of the acquisition date. If positive, the difference is recognised – after any allocation to the assets and liabilities of the subsidiary – as goodwill or other intangible assets under intangible assets. If negative, it is recognised through profit or loss.

The acquisition method is applied as from the moment in which control of the investee is effectively acquired.

Accounting for companies using the equity method

Associates and joint ventures are accounted for using the equity method.

The equity method involves initial recognition of the equity investment at cost, which is subsequently adjusted on the basis of the share held in the equity of the investee.

The difference between the value of the equity investment and the share held of the equity of the investee is included in the carrying amount of the investee.

The share of profit or loss of the investee is recognised in a specific item of the consolidated income statement.

If there is evidence of impairment, the recoverable amount of the equity investment is estimated, equal to the greater of the fair value and the value in use (present value of the future cash flows which may be generated by the investment, including the final disposal value). If the recoverable value is lower than the carrying amount resulting from the application of the equity method, the difference is recognised through profit or loss.

The consolidation of joint ventures and investments in associates was based on the most recent (annual or interim) approved figures of the companies.

Significant assessments and assumptions to determine whether there is control, joint control or significant influence

The consolidated financial statements of the CDP RETI Group include the balance sheet and income statement figures of the Parent Company CDP RETI and the companies controlled directly or indirectly by it. The scope of consolidation is defined with reference to the provisions laid down by IFRS 10, IFRS 11, IFRS 12 and IAS 28.

Subsidiaries

Subsidiaries are entities, including structured entities, which are directly or indirectly controlled by the Group. Control over an entity is shown by the Group's capacity to exercise power in order to influence variable returns to which the Group is exposed as a result of its relationship with the aforementioned entity.

In order to verify the existence of control, the Group considers the following factors:

- the purpose and structure of the investee, in order to identify the entity's objectives, the activities that generate its revenues and how such activities are governed;
- power, in order to understand whether the Group has contractual rights enabling it to govern relevant activities; to this end, only substantial rights that confer effective governance are considered;
- the exposure to the investee, in order to assess whether the Group has business relationships with the investee whose returns vary as a result of changes in the investee's performance;
- the existence of potential principal-agent relationships.

Where significant activities are governed through voting rights, the following factors show evidence of control:

- direct or indirect ownership – through a subsidiary – of over fifty per cent of voting rights of an entity, unless it can be demonstrated – in exceptional cases – that such ownership does not constitute control;
- ownership of fifty per cent or less of the votes that can be exercised in the Shareholders' Meeting and unilateral ability to govern the main activities through;
- control of over half of voting rights by virtue of an agreement with other investors;
- power to determine the financial and operational policies of the entity by virtue of a clause of the Articles of Association or an agreement;
- power to appoint or remove the majority of the members of the Board of Directors or the equivalent governing body, where management of the business falls under the remit of the aforementioned Board of Directors or body;
- power to exercise the majority of voting rights in the meetings of the Board of Directors or those of the equivalent governing body, where management of the business falls under the remit of the aforementioned Board of Directors or body.

The presence and the effect of potential voting rights, where substantial, are taken into account when assessing whether the power of governing another entity's financial and operational policies exists.

Subsidiaries may include any "structured entities" in which voting rights are not significant with respect to control assessment, including special purpose entities and investment funds.

Structured entities are considered as subsidiaries where:

- the Group has power through contractual rights that enable governance of relevant activities;
- the Group is exposed to variable returns resulting from the aforementioned activities.

Joint arrangements

A joint arrangement is a contractual agreement in which two or more counterparties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

According to IFRS 11, joint arrangements must be classified as joint operation or joint venture depending on the Group's contractual rights and obligations.

A joint operation is a joint arrangement in which the parties have rights on the assets and obligations on the liabilities of the arrangement.

A joint venture is a joint arrangement in which the parties have rights on the net assets of the agreement.

Equity investments in jointly controlled companies are valued at equity.

Associate companies

An associate is a company over which the owner exercises a significant influence and which is neither a subsidiary nor a joint venture. Significant influence is presumed when the owner:

- owns, directly or indirectly, at least 20% of another company's share capital; or
- can, also through shareholders' agreements, exercise significant influence through:
    - representation in the company's management body;
    - participation in the policy-making process, including in decision-making on dividends or other allocations;
    - existence of significant transactions;
    - exchange of managerial personnel;
    - provision of key know-how.

Equity investments in associates are measured at equity.

Equity investments in subsidiaries with significant non-controlling interests

For the purposes of preparing the following tables, an interest was considered significant if:

- non-controlling interests are greater than 50% of the share capital of the investee;
- the investee's accounts are of material significance for the reader of this report.

Non-controlling interests, availability of non-controlling interest votes and dividends distributed to non-controlling interests

(thousands of euro)

Company name	Registered office	% of non - controlling interests	Availability of votes of non - controlling votes (1)	Dividends paid to non-controlling interests (2)
1. Italgas S.p.A.	Milan	69.80%	69.80%	199,322
2. Snam S.p.A.	San Donato Milanese (MI)	68.65%	68.65%	656,487
3. Terna S.p.A.	Rome	70.15%	70.15%	485,319

(1) Available voting rights at Ordinary Shareholders' Meeting.
(2) including interim dividend

Equity investments in subsidiaries with significant non-controlling interests: accounting data

(million of euro) Company name	Non-current assets	Non-current assets held for sale	Current assets	Non-current liabilities	Current liabilities	Liabilities directly associated with non-current assets held for sale	Equity	Revenues	Net income (loss)	Comprehensive income
1. Italgas S.p.A.	10,360	5	1,607	6,974	2,205		2,794	2,539	507	497
2. Snam S.p.A.	27,308		8,481	16,630	10,186		8,973	3,568	1,257	1,265
3. Terna S.p.A.	20,932	15	6,239	12,779	6,864		7,544	3,680	1,063	1,038

I.1.4. Events subsequent to the reporting date

See the section "Significant Events After 31 December 2024" of the Report on Operations in the Consolidated Financial Statements.

I.1.5. Other issues

Intercompany transactions

In case of lack of specific indications provided by the IFRS and in accordance with IAS 8, which requires that, in the absence of a specific standard, the company must use its judgement in applying an accounting standard that provides relevant, reliable and prudent information that reflects the economic substance of a transaction, intercompany transactions are accounted for using predecessor basis as the same amounts of the purchased company are recognised in the financial statements of the acquiror.

As such, the contribution of the CDP controlling interest in Terna has been recognised in the consolidated financial statements of CDP RETI since 2014, at the same amounts recognised in the consolidated financial statements of the transferor.

The spin-off of Italgas from Snam in 2016 has also been accounted for in the same way, maintaining the same amounts when determining the carrying value of the Italgas equity investment in the financial statements of CDP RETI. The carrying value of the investment in Snam before the spin-off has been allocated between the post-spin-off value of the investment in Snam and the value of the investment in Italgas in accordance with the relative value approach, thus taking into account the weight that each CGU had at the acquisition date, based, in particular, on the data analysed at the time of the PPA.

Information on key issues and general considerations provided by ESMA with reference to annual financial reports

In preparing the yearly financial report at 31 December 2024, in continuity with measures adopted for the 2023 financial reports, entities were required to consider the recommendations set out by ESMA in its Public Statement of October 2024 ("European common enforcement priorities for 2024 annual financial reports"), and to pay attention to the risks and possible impacts related to climate change, to the extent that these effects may be significant.

In this context, it is important to highlight that the current reference scenario remains highly uncertain due to macroeconomic and geopolitical challenges influenced by the ongoing effects of climate change, geopolitical tensions (mainly linked to the continuation of conflicts in Ukraine and the Middle East), cyber threats, energy security concerns, and high volatility in energy commodity prices. These factors continue to weigh on the global outlook, combined with fluctuations in monetary policy, a general decline in economic conditions, and uncertainties about future developments.

By the end of 2024, the global geopolitical landscape remains unstable and highly uncertain due to factors such as ongoing conflicts in various parts of the world, including Ukraine and the Middle East, as well as renewed trade tensions following the U.S. elections in November 2024, which continue to fuel significant instability in financial markets with repercussions on the real economy.

In 2024, energy prices in Europe, while remaining well below the record levels of 2022, exhibited an upward trend influenced by multiple factors, including climate conditions, such as colder-than-average temperatures in Europe and low wind power generation, which increased gas demand, as well as contingent factors, such as the failure to renew the agreement for gas transit through Ukraine.

These phenomena, in addition to driving price dynamics, have accelerated the depletion of European gas reserves at a faster pace than in the past year; a similar trend, though with much more limited effects, has also been observed in Italy.

At the end of 2024, the inflation rate remains above the targets set by the ECB, although signs of a slowdown and significant progress have emerged over the year, as a result, the ECB announced an initial cut in market interest rates in June 2024, followed by further reductions.

Despite some encouraging signs, significant uncertainties and challenges for both domestic and European economic growth remain, linked to ongoing conflicts and geopolitical tensions, as well as the uncertainty surrounding the evolution of international trade policies and potential protective measures that could be introduced. Economic growth prospects continue to be fragile, and the onset of new crises or the worsening of existing tensions may complicate the ECB's efforts to ease monetary policy, possibly resulting in adverse effects on broader economic activity.

In addition to the above, it is important to note that in recent years, evidence of the impact of climate change on various industrial sectors has increased considerably. Many economic sectors will be adversely affected by permanent changes in temperature, rainfall, sea level and more generally by the magnitude and frequency of extreme weather conditions.

In the energy sector, changes in average and extreme temperatures could lead to an increase in demand for energy in the summer and a decrease in demand in the winter; the final balance will, of course, depend on geographical, socio-economic and technological factors. On the supply side, climate change could adversely affect energy production infrastructure in some geographical areas.

In general, climate risks are systemic risks that cascade across the whole of society. The World Economic Forum, in its annual "Global Risks Report" published in January 2025, has ranked extreme weather events among the greatest threats to humanity, both in the short term (2 years) and the long term (10 years).

In relation to the variables defining the current situation, it is still essential to evaluate the potential impacts that this environment may have on the operations of the CDP RETI Group.

Based on the above scenario, in relation to the Group’s companies, the following is highlighted:

- As an investment vehicle, CDP RETI S.p.A. could mainly be affected by the valuation of the controlling interests in its portfolio, which account for more than 90% of its balance sheet assets.
- Throughout 2024, the Snam group continued its operational and investment activities in the fields of Transportation, Regasification, and Storage without interruption. In particular, in December 2024, the FSRU BW Singapore arrived in Italian waters, providing the country with an additional LNG (liquefied natural gas) import point, set to be operational from the second quarter of 2025.
  With regard to the Snam group's investee companies, the gradual reduction of Russian gas supplies to Europe persisted, with further interruptions occurring from January 2025 as a result of the expiration of the gas transit agreement with Ukraine.
  Thanks to ongoing efforts to diversify supply sources and investments in supply security across various countries, there have been no significant disruptions or critical issues within Snam’s international asset portfolio.
  Regarding climate change issues, the Snam group has repositioned itself in recent years to take advantage of the new megatrends in the energy transition.
  In this context, in January 2025, the new 2025-2029 Strategic Plan and the medium-to-long-term Vision for 2025-2034 were unveiled, with Snam emphasising its support for the ongoing energy sector transformation, harnessing the enabling role of infrastructure to achieve a fully decarbonised economy through a progressively expanding investment strategy. The Strategic Plan includes investments over the next five years (an 8% increase compared to the previous Plan), primarily focused on maintenance, modernisation, and infrastructure development, as well as the growth of green gases, particularly biomethane and hydrogen, and CCS technologies (a 25% increase compared to the previous Plan).
  The two enabling strategic levers on which Snam will invest, namely sustainability, including the decarbonisation strategy, and innovation, play a key role in achieving the business and other objectives set out in the Plan.
  In particular, Snam plans to reduce Scope 1 and Scope 2 greenhouse gas emissions related to the regulated business perimeter by 25% by 2027, 40% by 2030 and 50% by 2032 (compared to 2022), achieving carbon neutrality by 2040 and Net Zero by 2050 across the entire Group perimeter. The Company has also set a reduction target on natural gas emissions of 64.5% by 2027, 70% by 2030 and 72% by 2032 (compared to 2015). The targets, according to the generic methodology of SBTi (Science-Based Targets initiative), are in line with the goal of containing global warming within 1.5°C established in the Paris Agreement. With regard to the targets on GHG Scope 3 emissions, Snam has defined a new, single target, which provides for the reduction of emissions, in absolute terms, by 30% and 35%, respectively by 2030 and 2032 compared to 2022, within the scope of the regulated business. The Scope 3 targets, based on generic SBTi methodology, are aligned with the global warming containment targets between 1.5°C and well below 2°C set out in the Paris Agreement.
  Finally, Snam has set an ambitious target: net-zero emissions by 2050 for all direct and indirect emissions of the group, which involves a 90% reduction in emissions, with the remaining 10% achieved through offsetting projects.
- The Terna group closely monitors the current macroeconomic scenario and international political developments, paying particular attention to the evolution of geopolitical tensions, especially the ongoing war in Ukraine, further intensified by tensions in the Middle East, as well as the relevant regulatory framework, remaining focused on executing its planned investments and activities, and to date, sees no need to reassess the assumption of business continuity.

These considerations are based on the fact that the largest share of the Terna group's revenues is linked to the performance of regulated activities in Italy and the way the revenue is generated, which remunerates both operational costs and invested capital, both of which are adjusted annually according to the indexing rates established by the regulator. In addition, the return on invested capital is calculated using a WACC that is reviewed periodically by ARERA in order to update the parameters underlying the calculation of the cost of equity and cost of debt.
The Terna group, in line with its role as leader of the country's energy transition, has included actions to respond to climate change in its strategic plans, identifying:

- in the ten-year Development Plan, interventions for the development and reinforcement of the electricity grid, including interconnections with foreign countries, to ensure the integration of renewable sources;
- in the Security Plan, the tools to guarantee the security and reliability of the electrical system in a context characterised by an increasing penetration of renewable sources and the decommissioning of thermoelectric plants with consequent critical issues related to system inertia and voltage regulation;
- in the Maintenance and Renewal Plan of electrical assets, interventions aimed at improving the reliability of electrical assets through preventive identification and resolution of elementary signals that could fail.

Transversal to these plans is the "Resilience Plan", attached to the "Security Plan", which includes initiatives to increase the resilience of the electricity grid towards severe climatic events that are occurring with increasing intensity and frequency, damaging the infrastructure and causing a loss of power in the plants connected to the NTG. In particular, the Resilience Plan includes infrastructural preventive actions, as well as capital-light technological solutions, to limit risks on the network, plus solutions to restore and monitor the electrical system.
In this context, innovative technologies have also been developed, thanks to structured collaborations with start-ups (Open Innovation) – aimed at monitoring atmospheric events and the consequent increase in NTG resilience. The Terna group, as TSO operating in the transmission and dispatching services, is a player in supporting the system in achieving the challenging objectives related to the reduction of Co2 emissions. Indeed, in addition to emissions related to electricity consumption, the most significant component of Terna's indirect emissions is related to network leaks, which may also be associated with the indirect impact related to the need to produce additional energy. In itself, the emissions of a TSO (Scope 1 and 2 of the "GHG emission protocol") are very modest compared to the potential reduction at the system level, enabled by the integration of renewable energy sources and electrification.
In order to comply with legislative changes introduced in response to climate change, the Terna group has also implemented an environmental policy that describes its adoption of practices to contain and reduce environmental impact over and above regulatory limits, while not compromising the protection of other general interests of the concession. The full implementation of this policy, aimed at reducing CO_2 emissions, also includes energy efficiency and mitigation measures to protect biodiversity. In this respect, the group has extended the environmental theme from the supply chain up to the local communities directly affected by the development of the National Transmission Grid (NTG), through compensatory works that are increasingly "environmentally sustainable".

- The Italgas group has adopted a transition plan that aligns the group's business model and operations with the goal of limiting global warming to 1.5 C, as stipulated in the Paris Agreement and the climate objectives set by the European Union. The 2024-2030 Sustainable Value Creation Plan aims to achieve net-zero carbon emissions for Scope 1 and 2 (market-based) and Scope 3 (supply chain) emissions by 2050, setting specific intermediate targets for the gas distribution and water sectors. Italgas's transition plan, founded on the pillars of sustainability, growth, and innovation, is fully integrated into the group's 2024-2030 Strategic Plan, which, having been approved by the Board of Directors, ensures alignment with the company's strategic direction. The integration ensures that climate-related risks and opportunities, as well as key elements of the transition plan – decarbonisation efforts, operational improvements, and the optimisation and modernisation of infrastructure – are aligned with the strategy and financial planning. Collectively, they offer a structured approach to tackle the challenges of the energy transition. These considerations are embedded in the Strategic Plan's financial planning, including the strategic planning for CapEx and OpEx, ensuring that sustainability targets shape decisions at every level – from revenue generation to asset management. The transition plan outlines the group's strategy to proactively address both physical climate risks, connected to the impact of natural disasters on network integrity, ensuring resilience against increasing climate variability, and transition risks, particularly the potential negative evolution of the technological and market context due to a reduced role of gas as an energy source in the residential sector. A key aspect of the plan is the critical role of gas distribution networks as essential infrastructure in meeting European climate targets. The full digitalisation of the networks, planned and carried out by the group, will facilitate the safe transportation of renewable gas mixtures such as biomethane, synthetic methane, and hydrogen, which will gradually replace fossil natural gas. Thus, this technological upgrade directly contributes to lowering emissions and simultaneously confirms the continued relevance of existing gas infrastructure well beyond 2050. Through the integration of renewable gases, the Italgas group promotes an inclusive, economically sustainable, and resilient energy transition across all the territories in which it operates.

Risks and uncertainties

CDP RETI and the Group's companies are still required to strengthen the process of identifying and assessing potential risks to which they may be exposed, including, in the case of climate risks, longer time horizons than those generally used in financial risk evaluations.

As of 31 December 2024, CDP RETI S.p.A. does not have financial assets or liabilities with [ESG-linked] components on its balance sheet and, in general, is not materially exposed to credit risk, which primarily arises from receiving dividends from subsidiaries and trading derivative instruments (for which cash collateral is exchanged), bank deposits, and irregular deposits with its parent company, CDP S.p.A.

Regarding exposure to interest rate risk, the Company has two hedge accounting transactions (IRS) with the parent company, CDP S.p.A. (both completed in November 2024), to hedge the interest rate risk on the variable rate [Term Loan] (also finalised in November 2024), whose Mark to Market is affected by interest rate fluctuations. The transactions include a cash collateral exchange, and as of now, there are no foreseen risks that could interfere with the hedge accounting.

Notwithstanding the above and despite the ongoing monitoring of the events by Management, it is not possible to rule out with absolute certainty, that the macroeconomic and geopolitical context may have a negative impact on CDP RETI S.p.A., which at present, given the information available, cannot be reliably estimated.

With regard to the companies within the CDP RETI Group, the following key risks and uncertainties are highlighted:

- Throughout 2024, the Snam group was able to operate without interruptions and successfully complete the significant investments it had planned. With reference to the indirect consequences of the current macroeconomic context, the significant increases in reference rates by the major central banks, beginning with the ECB in July 2022, have caused a general increase in the cost of debt.
  Regarding financial risks, it should be noted that the legislation addressing climate change may create new obligations that were not present before, due to the group's ambitious decarbonisation goals; however, the complete implementation of this policy, which focuses on reducing CO2 emissions and promoting energy efficiency and biodiversity protection, has not necessitated the recognition of previously unrecorded liabilities. Consequently, there has been no need to reassess the provisions in the financial statements.
  Within its financing and bond loans, the Snam group has certain bank loans and bonds that include so-called "ESG-linked" provisions, which feature a reward/penalty mechanism applied to the interest payments, depending on the achievement of specific environmental, social, and governance (ESG) targets.
  Based on the above, the Snam group recognises a potential risk, although not substantial, regarding the achievement of ESG objectives, since the failure to meet these targets by the contractually agreed deadline would lead to a small increase in debt costs; however, the financial impact would be minimal. Additionally, the Snam group constantly monitors all activities related to climate change and has not detected any critical aspects at present.
  The energy and climate frameworks in which Snam operates present multiple risks and opportunities that require effective identification, assessment, and timely management. Assessment of the factors that can influence the business is, in fact, a fundamental condition in order to continue operating sustainably over the long term, directing the strategies and monitoring the changes to the relative conditions of the same.
  The risks and opportunities identified by Snam are considered in the definition of the company strategy, with particular reference to the objectives in the field of energy transition and decarbonisation, as well as the reduction of greenhouse gas and methane emissions.
  As part of the integrated management of enterprise risks, Snam adopts an Enterprise Risk Management (ERM) Model within which the risks related to climate change are also identified and managed after assessment taking into account different time horizons and related objectives (Short-term (0-1 year) with reference to the annual budget; Medium term (≤ 5 years) with reference to the Strategic Plan that covers a horizon of up to 5 years; Long term (> 5 years) with main reference to the Ten-year Plan for the development of transport networks submitted to the Authority) and, specifically:
  - physical risks, directly due to weather and climate changes, which are divided into: (i) acute risks, associated with the increased severity of extreme weather events, which can cause material damage to infrastructure, with impacts on the continuity and quality of service; and (ii) chronic risks, which are more predictable, predominantly associated with the increase in temperatures, leading to lower demand for gas. In terms of physical risks, Snam continuously monitors the integrity of its infrastructure and plants as well as the condition and conservation status of the areas in which they are based, constantly updating the processes and systems used in order to identify, at an increasingly early stage, any critical issues through the introduction of new technologies capable of also reducing the environmental impact of the activities.
  - These actions enable the company to limit its exposure to risks related to natural events; moreover, in order to remedy unforeseeable extreme natural events, Snam has adopted innovative intervention strategies and action plans aimed at ensuring the immediate safety and resumption of activities in the shortest possible time. Snam has also put in place specific insurance contracts to cover some of these risks, in accordance with industry best practices.
  - transition risks, identified as: (i) regulatory and legislative risks, pertaining to the tightening of the regulatory framework and new regulations aimed at speeding up the reduction of polluting and climate-altering emissions;(ii) market risk, in terms of greater penetration of renewable energies to the detriment of natural gas, of alternative uses of gas and the development of new businesses (biomethane, etc.) and/or the CNG market, as well as behaviours of consumers, financiers and investors, increasingly oriented towards sustainable products; (iii) technological risk, in terms of the spread of new technologies that facilitate the use of intermittent energy sources and the need to adapt to new technological standards; (iv) reputational risk, regarding potential negative effects on the group’s reputation due to underperformance relative to stated sustainability goals and, more generally, from pressure exerted by stakeholders.

To deal with these risks, the Snam group has begun, in recent years, the repurposing and modernisation of its infrastructures, consolidating the development of the energy transition businesses, linked to the use of green and decarbonised gases, investing in innovation and digitalisation, and forging a large number of partnerships. Backed by its consolidated capabilities, Snam has progressively integrated the energy transition businesses with those of the regulated sector, to the point of creating synergies and interconnections, aiming to create a pan-European multi-molecular infrastructure – modular, flexible and innovative – i.e., one that is capable of transporting and storing different types of gas, which ensures energy security at the national and European level, guaranteeing diversified supplies in the long term.

- Regarding the financial risks of the Terna group, neither the effects of the changed macroeconomic scenario nor those arising from geopolitical crises have led to an increase in credit risk or impacted the measurement of expected credit losses; in fact, the group's trade receivables are part of the "Held to Collect" business model, mainly maturing within 12 months, and have no significant financial component. Moreover, these effects did not even generate changes in reference to the business model identified for financial instruments, not involving changes in the chosen classification. Furthermore, the fair value measurement of the financial assets and liabilities held by the Terna group has not changed in terms of an increase in the risks associated with them (market, liquidity and credit). Similarly, modification of the underlying assumptions did not generate any deviations in regard to the sensitivity analyses related to their measurement.
  In terms of recoverable amount, the group's primary counterparties (holders of dispatching contracts for withdrawal or injection and distributors), deemed solvent by the market and with high credit ratings, have not experienced any deterioration in receivable positions during 2024.
  In addition, credit risk management is regulated by ARERA Resolution No. 111/06, which includes provisions aimed at mitigating risks related to the insolvency of dispatching customers, both as a preventative measure and when insolvency is realised. Additionally, the Terna group's assessment did not reveal the need to adjust the model in light of the effects caused by the conflicts. With respect to potential risks of higher contract prices due to the strong inflationary environment and higher costs due to rising prices of materials, energy and wages and the risk that issuers may be unable to reflect these increases in the prices of their goods and services, we do not recognise a significant risk for Terna because the price revisions granted by law are covered by tariff updates, which provide for an adjustment to inflation and full recognition of the investments made in the RAB. It should also be noted that Terna S.p.A. and its subsidiaries do not have offices or significant activities in the regions affected by the conflicts.
  The Terna group also acknowledges the potential risk related to the supply chain due to significant changes in the strategy of key suppliers, exacerbated by the global supply chain crisis resulting from conflicts, tariffs, reduced supply, and the energy transition process underway in many countries, which could impact both construction and maintenance activities, and consequently affect service continuity, quality, and project timelines. The Terna group constantly monitors the development of the supply chain and has not identified any critical issues.
  In terms of financing and bond loans, there are existing bank loans containing "ESG-linked" provisions, a “Commercial Paper" programme (short-term bonds aimed at qualified investors) that facilitates the issuance of conventional short-term bonds, "ESG Notes", and also the issuance of "Green" bonds.
  In light of the above, the Terna group believes there may be a risk, albeit not significant, related to the failure to achieve ESG targets, which would cause a slight increase in the cost of debt, but with a negligible impact on financial expenses. All climate risk-related activities are continuously monitored, and there are no significant concerns at this time.
  As part of the Regulated Activities, part of the remuneration for transmission and dispatching services comes from incentive-based regulatory mechanisms linked to specific targets, whose achievement may be impacted by climate-related risks, such as the rise in extreme weather events that could affect the continuity and quality of service provided by Terna. The group carefully monitors these risks, and at this time, no changes to the estimates for these incentives have been necessary.
  In the context of Non-Regulated Activities, particularly in Energy Solutions, with the portfolio of products and services designed to support renewable energy expansion in Italy – such as constructing and managing photovoltaic plants, connecting them to the grid, and offering services to industrial clients – alongside cable and transformer production, the Terna group has not identified any new uncertainties that could affect its current revenue recognition model, nor has a reassessment of the existing contracts been deemed necessary.
  The Terna group has also identified, with a medium-to-long-term perspective, risks primarily associated with its role as a TSO, deriving from the adaptation of the electricity grid in terms of actions aimed at increasing its resilience and allowing an adaptation to the new profile and mix of energy sources introduced into the grid. With specific reference to the grid and its transmission service, the actions defined require an effort to plan, authorise and implement investments related to works that meet current and future needs for integration of renewable sources, ensuring the reliability, security, adequacy and efficiency of the electrical system such as, for example, interconnections with foreign countries and the development of infrastructure to enable the increasing integration of renewable energy sources.
  As defined in its Risk Framework, the Terna group is exposed to the risk related to the increase in severity of weather events (tornadoes, heavy snowfall, ice, flooding) with consequent impacts on the continuity and quality of the service supplied and/or damage to equipment, machinery and infrastructure of the grid. In response, the group is continuing to carry out new investments designed to increase the resilience of the electricity grid and identify the tools to mitigate those risks.
  Furthermore, regarding Non-Regulated Activities, the Terna group is focused on developing innovative technological and digital solutions to support the ecological transition, that, specifically, include products and services from the

Tamini Group and Brugg Cables Group, which operate in the field of power transformers and underground cables, respectively. This also involves developing expertise across the entire value chain, as well as services related to Energy Solutions and connectivity offerings. In addition, the Terna group is engaged in investments aimed at digitisation and innovation, continuing the activities of remote control of power stations and major infrastructure, through the installation of sensor, monitoring and diagnostic systems, including predictive systems, for the benefit of the safety of the grid and the local area.

Tools were also developed for the study and definition of new interventions to respond to the critical issues related to climate change. In particular, through the Resilience Methodology, the Terna group has equipped itself with a tool that earns it a leading position in climate-change assessment at the national and European level. This innovative and probability-type tool makes it possible to plan actions to increase the NTG's level of resilience, quantifying the related benefit in terms of reduction of expected energy not supplied, in particular for ice-snow and strong wind events. To address this risk, the Terna group may also leverage the "patentability" of innovative solutions, creating further opportunities in the non-regulated business sector.

Investments in research are charged to the income statement, whereas development costs that meet defined criteria can be recognised as intangible assets.

- Regarding the risk associated with gas demand, the Italgas group highlights that the current tariff system for natural gas distribution includes revenue protection mechanisms.

  Through its ERM system, the group monitors risks related to climate change, which are divided into physical risks, resulting from direct weather and climate fluctuations, and transition risks, linked to the socio-economic adjustments triggered by climate change.

  The identified physical risks include the increased frequency of extreme natural events in the areas where Italgas operates and the rise in average temperatures in those same regions. Italgas continuously monitors the integrity of its infrastructure and implements new technologies to minimise environmental impact, proactively identify risks, and prevent negative effects on service levels.

  Transition risks, on the other hand, include: (i) changes in the regulatory and legislative framework regarding greenhouse gases aimed at limiting emissions, (ii) technological advancements, and (iii) uncertainty about the role of natural gas in the future energy mix. To mitigate these risks, Italgas invests in cutting-edge technologies (Picarro Surveyor, Power to Gas), upgrading its network into a digital infrastructure suited for distributing alternative gases to methane (including hydrogen, biomethane, and e-gas), and supporting projects in the water and energy efficiency sectors. Furthermore, Italgas is committed to lowering greenhouse gas emissions, partly by investing in energy efficiency projects. As a result of its systematic oversight of assets and their surrounding areas, Italgas is able to detect early signs of potential climate-related liabilities.

Impairment test

As previously mentioned, as an investment vehicle, CDP RETI S.p.A. could mainly be affected by the valuation of the controlling interests in its portfolio. Accordingly, at each reporting date, an assessment is performed to identify any indicators (so-called trigger events) that could suggest the carrying value of the investment is not fully recoverable. If such indicators are detected, an impairment test is carried out to determine the recoverable amount of the investments, which is then compared to their carrying value to assess the need for any impairments.

Specifically, to assess the equity investment's recoverable amount, understood as the higher of the fair value net of cost of sales and its value in use (so-called value in use), in the event of one or more impairment indicators, the Company determines the relative fair value (calculated as the weighted average of stock prices and volumes from the last month up to the valuation date).

Regarding exposure to climate-related risks, CDP RETI S.p.A. currently faces a limited overall exposure, and there have been no impacts to date on the estimation of the recoverable amount (nor are such impacts anticipated in the short term) of the equity investments held in its portfolio due to climate-related issues.

In relation to the CDP RETI Group companies, the following is highlighted:

- With regard to the non-current assets of the Snam group, it is important to highlight: (i) in relation to TAG (a joint venture) and GCA (associate), the issuance by the Austrian regulator on 29 May 2024 of the Final Cost Decree and Tariff Ordinance (the "Decree"), which defines the regulatory framework applicable for the new regulatory period (2025-2027). The Decree introduced considerable changes to the earlier regulatory framework, such as eliminating volume risk for the two TSOs (Transmission System Operator) and defining compensatory mechanisms that the companies must adhere to from 2025. This change will enable TAG to return to profitability after several years of negative results driven by changes in the supply chain context; (ii) regarding the Middle East situation, the Gaza Strip conflict does not, at present, have any direct impact on Snam's assets or the functioning of the pipeline linking Israel and Egypt (EMG).

  No further significant impacts have been identified in the group's remaining assets.

  Finally, the Snam group believes that, given its specific business and the sectors in which it operates, there is currently limited exposure to the potential impacts that climate-related risks may have on the valuation of non-current assets and other activities, including receivables. Similarly, due to the systematic monitoring of its assets and the geographical areas they are located in, Snam is able to identify in advance possible situations that could potentially lead to contingent liabilities related to climate risks. In light of the above, there has been no need to critically reassess the useful life of the assets on the balance sheet.

- For the Terna group, the assessment of the current macroeconomic scenario and the effects of ongoing conflicts has not led to any trigger events requiring the review of potential impairments of the group's properties, plant and machinery, or intangible assets with a defined useful life.
  In particular, with regard to the recoverable amount of property, plant and equipment and the intangible assets with finite useful life belonging to the scope of the RAB, the assessment of estimated future cash flows generated by these assets has shown that the macroeconomic effects, including those arising from the aforementioned conflicts, have not led to impacts constituting triggering events requiring an impairment test.
  Furthermore, climate risk mitigation actions are reflected in the planning of the maintenance of the RTN plants, aimed at ensuring service quality, asset safety (including lines and electrical stations), as well as maintaining their operational performance.
  In this regard, in addition to the operations included in the "standard maintenance campaign", the Terna group is increasingly required to carry out work on the grid, for specific components that, regardless of the age of the grid, make it possible to mitigate the risk posed by the growing intensity and frequency of harmful climate events. The management team of the Terna group has concluded that these investments do not affect or alter the anticipated economic returns from the use of the current network classified under tangible assets. In light of the above, there has been no need to critically reassess the useful life of the assets on the balance sheet.
  Likewise, although the mitigation of climate risks involves planning maintenance and sustaining asset performance, such activities do not have a negative impact on the fair value calculation, net of disposal costs, since a market operator would incorporate these investments into the Fair Value Measurement process.
- For the Italgas group, the rise in temperatures and transition risks could, among other things, negatively impact the number of active delivery points served and the revenue associated with covering operational costs. This risk is, however, mitigated by Resolution 570/19 and Determination 4/2023, through which ARERA has introduced a revenue adjustment mechanism aimed at compensating for the impact of the reduction in delivery points in specific locations.
  For these reasons, it is believed that, considering the specific business and sectors in which it operates, the group currently has limited exposure to the potential impacts of climate-related risks on the valuation of non-current assets and other activities, including receivables, recorded in the financial statements.

Global Minimum Tax Disclosure

The legislative decree of 27 December 2023, No. 209 ("Pillar II regulation" or "*global minimum tax*") introduced an effective minimum taxation regime of 15% for national and multinational groups in each jurisdiction where they operate. It also provides for the application of a Top-up tax in case the *effective tax rate* ("ETR") per country, adjusted according to the applicable rules, results lower than this minimum tax rate.

During 2024, Pillar II regulation was integrated, *inter alia*, by (i) the Ministerial Decree of 20 May 2024, on simplified transitional regimes ("TSH regulation"). Under this decree, for the period 2024–2026, any Top up tax potentially due in a given jurisdiction is considered equal to zero provided that companies there located meet at least one of the three test established by the law, and (ii) the Ministerial Decree of 1 July 2024, which sets out the implementing provisions for introducing the *qualified domestic minimum top-up tax*.

Furthermore, as of today, additional implementing Ministerial Decrees (DMs of 11 October, 20 December, and 27 December) have been issued to provide guidance and setting out implementing measures. At the same time, the OECD has also published additional *Administrative Guidance* (June 2024 and January 2025), providing further clarifications listing countries having transitional status of qualified legislation for Top up tax application purposes.

In this regard, in 2024, the parent company CDP, as the Ultimate Parent Company ("UPE") ok the CDP Group level (within which CDP RETI S.p.A. assumes the status of Partially-Owned Parent Entity "POCE"), with the support of reputable tax advisors, put in place the activities related to Pillar II project aimed at (i) addressing the gaps identified during the preliminary phase of the project carried out in 2023, (ii) defining a calculation model for *Transitional Safe Harbour* and the Top up taxes due, (iii) automating tax fulfilments through a dedicated software application, and (iv) estimating the impacts of Pillar II for the purposes of financial reporting deadlines and related compliance duties.

As part of the consolidated financial statements of the CDP Group and CDP RETI Group as of 31 December 2024, the Pillar II's Group perimeter has been updated to include companies that were part of the CDP Group at the balance sheet closing date. The calculation of the Top up tax due was made with reference to low-taxed jurisdictions (ETR lower than 15%), determined by applying the simplifications provided by the TSH regulation to the relevant perimeter. The Group includes 395 entities operating in 58 jurisdictions, where the ETR is generally up to 15%. For the purposes of the consolidated financial statements of the CDP RETI Group at 31 December 2024, a supplementary tax charge of an insignificant amount (i.e., 0.1 million euro) was estimated in relation to a Group company located in a jurisdiction with an effective tax rate of less than 15%.

Joint Bank of Italy/Consob communication of 6 March 2025 ‘Crypto-assets and disclosure in financial statements’

With reference to the joint Bank of Italy - Consob communication of 6 March 2025 on ‘Crypto assets and disclosure in financial statements’ it should be noted that during 2024 the Group did not carry out any transactions involving cryptocurrencies - crypto assets.

I.2. MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

The IFRS classification and measurement standards adopted for drawing up the Annual Report of the CDP RETI Group are shown below.

Property, plant and equipment

Property, plant and equipment refers to non-current assets which are consistently used in the course of the Company's business.

Property, plant and equipment and other operating property, plant and equipment are governed by IAS 16. Investment property (land and buildings) is governed by IAS 40. Property acquired and held for subsequent resale is governed by IAS 2.

Property, plant and equipment includes: (i) with regard to the natural gas transport segment, the value referring to the quantity of natural gas fed into gas pipelines to make them operational and (ii) with regard to the natural gas storage segment, the portion of gas injected into the storage wells as “Cushion Gas”.

Also included are rights of use acquired under a lease and relating to the use of property, plant and equipment (for the lessees)[60]. Property, plant and equipment are initially recognised at acquisition cost or production cost and stated at the purchase price or transfer price or production cost, inclusive of any directly attributable ancillary charges incurred to make the asset ready for use. Should a legal or implicit obligation arise, the cost shall be increased by the estimated present value of all charges incurred to dismantle, remove the asset and restore the site. The corresponding liability is recognised under provisions for risks and charges. Estimates of dismantling costs, discount rates and the dates when those costs are expected to be incurred are restated at every annual reporting date.

The purchase/transfer price or the production cost also includes financial expenses directly linked to the acquisition, construction or production of the asset.

Repair and maintenance costs incurred after the acquisition date are recognised as an increase in the carrying value of the item they refer to if it is probable that future economic benefits associated with that item will flow to the entity and the cost of the item can be reliably measured. All other costs are recognised through profit or loss when incurred.

Costs for improvements, modernisation and transformation that increase the value of property, plant and equipment are recognised in the asset side of the balance sheet when it is probable that they will increase the expected future economic benefits. Items purchased for security or environmental purposes that, while not directly increasing the future economic benefits expected from existing assets, are necessary to obtain benefits from other property, plant and equipment, are also recognised under balance sheet assets.

The subsequent measurement of property, plant and equipment is at cost, net of accumulated depreciation and impairment (the latter in accordance with IAS 36).

Assets are systematically depreciated on a straight-line basis over their useful economic life (i.e. the expected period of time during which an asset remains useful to the entity), starting from the moment they are available and ready for use in the production process. The amortised value is the carrying amount, minus the expected net realisable value at the end of its useful life, if significant and reasonably measurable. Therefore, the depreciation allowances for each year charged to the income statement are calculated by the CDP RETI Group at the rates listed below, which are considered adequate to represent the residual useful life of each asset.

At every annual or interim reporting date, the recognised carrying amount of the asset is tested for impairment. If impairment indicators are present, the carrying amount of the asset is compared with its recoverable amount, with the latter being the greater of fair value less the costs of disposal, and the associated value in use of the asset (that is the discounted value of the future cash flows originated by the asset). If the carrying amount is higher than the recoverable amount, the difference is recognised in the income statement. If the reasons for which impairment was recognised cease to exist, the impairment loss is reversed. The adjusted value may not exceed the value that the asset would have had, net of the depreciation calculated in the absence of previous impairment.

60 For the accounting treatment of leased assets, reference should be made to the specific paragraph “Leases” in the “Other information” section.

Items/Figures %	Min.	Max
Buildings	2.0%	20.0%
Movables	6.0%	33.3%
Electrical plant	10.0%	20.0%
Plant and machinery:	0.0%	0.0%
- Power lines	2.0%	25.0%
- Transformation stations	2.0%	7.0%
- Gas pipelines	2.0%	2.0%
- Power stations	5.0%	10.0%
- Gas reduction and regulation	5.0%	5.0%
- Pipelines	2.0%	2.0%
- Processing stations	4.0%	20.0%
- Compression stations	5.0%	5.0%
- Storage wells	12.7%	20.0%
- Regasification	4.0%	4.0%
Industrial and commercial equipment	10.0%	33.3%
Other assets	5.0%	25.0%
Other plant and equipment	2.0%	33.3%

When an asset included under property, plant and equipment consists of significant components that have different useful lives, each of those components is depreciated separately (component approach). The useful life of the assets is reviewed annually and if expectations differ from previous estimates, changes in the depreciation schedule are accounted for prospectively.

Land and buildings are considered to be separable assets; therefore, they are treated as separate assets for accounting purposes, even if purchased together. Land is considered to have an indefinite life and, as such, is not depreciated.

Assets under construction and advances are composed of advances or expenses incurred in respect of items of property, plant and equipment that have not been completed or are undergoing testing before entering service. Since they have not yet entered the company’s production cycle, depreciation is suspended.

Property, plant and equipment items are derecognised on disposal or when no future economic benefits are expected from their use or disposal; any gain (loss) on disposal is recognised through profit or loss.

The Terna group's property, plant, and equipment also include assets pertaining to private interconnections as specified in Law 99/2009. The regulations require the Group to develop and manage such works on behalf of Selected Entities willing to finance specific interconnections in exchange for the benefits derived from obtaining an exemption decree from third-party access to the transmission capacity made available by the relevant infrastructure.

Additionally, the regulation provides that, after the exemption period, generally set at 10 years from the commissioning date, Terna will regain ownership of the interconnections upon payment of a fee determined by the Authority.

The existence of a binding commitment to purchase the asset means that the property, plant, and equipment related to the interconnectors are recognised as part of the Group's assets. The agreed compensation with the selected entities for the construction and operation of the interconnection is therefore recognised as revenue for the effort made by the Group in structuring the operation and for granting use of the asset during the exemption period.

Intangible assets

According to IAS 38, intangible assets are identifiable assets without physical substance that are controlled by an entity and whose cost can be measured reliably and from which future economic benefits are expected to flow to the entity. Intangible assets, as defined above, are held to be used for a multi-year period or an indefinite period.

Intangible assets are initially recognised at cost including incidental expenses and are amortised over their estimated useful life (period over which an asset is expected to be available for use by an entity), which, at the end of each financial year, is assessed to check the adequacy of the estimate. The amortised value is the carrying amount, minus the expected net realisable value at the end of its useful life, if significant and reasonably measurable. Borrowing costs directly attributable to the acquisition, construction or production of an intangible asset that qualifies for capitalisation pursuant to IAS 23 are capitalised on the asset as part of its cost.

Development costs are capitalised only if: (i) they can be reliably measured, (ii) there is the technical possibility and intention to complete the intangible asset so that it can be available for use, (iii) there is the capacity to use the intangible asset, (iv) it is possible to demonstrate that it will generate probable future economic benefits.

All other development costs and all the research expenditure are recognised through profit or loss when incurred.

Subsequent measurement of intangible assets is at cost, net of accumulated amortisation and any impairment (the latter in accordance with IAS 36).

Intangible assets are amortised over a period representing the residual useful life, considering the high level of obsolescence of these assets.

If there is objective evidence that the intangible asset is impaired, a test is performed to determine the adequacy of the carrying amount of the asset. Consequently, the carrying amount of the asset is compared with its recoverable amount, with the latter being the greater of fair value less the costs of disposal, and the associated value in use of the asset (construed as the discounted value of the future cash flows originated by the asset). If the carrying amount is higher than the recoverable amount, the difference is recognised through profit or loss. If the reasons for which impairment was recognised cease to exist, the value of the asset is written back. The adjusted value may not exceed the value that the asset would have had, net of the amortisation calculated in the absence of previous impairment.

Intangible assets include assets associated with public-private Service Concession Agreements relating to the development, financing, management and maintenance of infrastructure under concession arrangements, under which the granting entity:

- controls or regulates the services provided through the infrastructure by the operator, and the prices charged;
- controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the concession.

This category of assets includes agreements under which the Italgas group undertakes to supply the public service of natural gas distribution at the tariff set by the Italian Energy Networks and Environment Regulator (ARERA, formerly AEEGSI), being the holder of the right to use the infrastructure controlled by the granting entity to provide such public service, as well as the tangible and intangible assets related to electricity dispatch activities, carried out under concession by the Terna group.

Intangible assets include goodwill, regulated by IFRS 3 and defined as the difference between the price paid for a transaction related to a business combination and the fair value of identifiable net assets acquired. If this difference is negative (badwill) or if the goodwill is not justified by the future earnings capacity of the investee, the difference is recognised in the income statement.

If this difference is negative (badwill) or if the goodwill is not justified by the future earnings capacity of the investee, the difference is recognised in the income statement. Within the CDP RETI Group, CGUs correspond to the individual investee companies. Within the CDP RETI Group, the CGUs correspond to the individual legal entities. Goodwill is tested for the adequacy of its carrying amount. An impairment test is performed annually on goodwill, or whenever there is evidence of impairment. This involves comparing the carrying amount of goodwill and the recoverable amount of the CGUs to which the goodwill is attributed. If the carrying amount of goodwill is higher than the recoverable amount of the CGU, the difference is recognised through profit or loss. If the reasons for the impairment cease to exist, any reversals of the impairment loss are not accounted for and consequentially, the initial goodwill value is not reinstated.

Goodwill related to equity investments in associated companies and joint ventures is included in the carrying amount of such companies. Negative goodwill is recognised through profit or loss at the time of the acquisition.

Intangible assets also include industrial patent and intellectual property rights, concessions, licenses, trademarks and similar rights and development costs.

The carrying value of storage concessions, consisting of natural gas reserves in the fields (“Cushion Gas”), is determined in accordance with the Ministerial Decree of 3 November 2005 and recognised under “Concessions, licenses, trademarks and similar rights”. This item is not amortised as the volume of gas is not modified by the storage activity and its economic value is not below the carrying amount.

Intangible assets are derecognised when future economic benefits are no longer expected from their use or when sold; any gain (loss) on disposal is recognised through profit or loss.

Equity investments

“Equity investments” includes investments in subsidiaries (according to IFRS 10), in associates (according to IAS 28) and in joint ventures (according to IFRS 11).

Subsidiaries are companies in which the CDP RETI Group holds, either directly or indirectly, more than half of the voting rights in the Shareholders’ Meeting to appoint Directors or, in any event, when CDP RETI exercises the power to determine financial and operating policies (including de facto control).

Associates are companies in which the CDP RETI Group holds, either directly or indirectly, at least 20% of the voting rights or, even with a lower voting interest, companies over which the CDP RETI Group has significant influence, which is defined as the power to participate in determining financial and operating policies, but without exercising either control or joint control.

Joint ventures involve companies where control, by means of a contractual arrangement, is shared between the CDP RETI Group and one or more parties, or when decisions about the relevant activities, which have a significant impact on returns, require the unanimous consent of the parties involved in the contractual arrangement that have control over the company.

Associates and joint ventures are included in the consolidated financial statements from the date on which significant influence or joint control begins and until such time as that situation ceases to exist.

Equity investments are initially recognised at cost, as at the settlement date, including costs or revenues that are directly attributable to the transaction.

Equity investments in associates or joint ventures are initially recognised at cost at the settlement date and subsequently accounted for using the equity method, where the original cost of the equity investment is adjusted (up or down) according to: (i) the investor's share of the profit (loss) (recognised in the consolidated income statement) for the portion realised by the investee after the acquisition, (ii) the investor's share of changes in the items of the other comprehensive income of the investee, realised after the acquisition, (iii) the dividends received from the investee and (iv) the investor's share of changes in the equity of the investee other than the previous ones.

The same provisions governing business combinations apply to acquisitions. Consequently, the difference between the acquisition price and the portion of acquired equity is allocated based on the fair value of the identifiable net assets of the associate. Any unallocated excess amount is considered as goodwill. The higher allocated price is not presented separately, but is included in the carrying value of the equity investment ("equity method"). Any positive difference between the value of the portion of equity of the investee and the cost of the equity investment (Badwill) is recognised as income. Application of the equity method also considers the treasury shares held by the investee.

Equity investments are tested for impairment at each balance sheet date or when events occur that may suggest a reduction in value.

Evidence of impairment, based on the existence of qualitative and quantitative indicators, as illustrated hereunder, and in accordance with the internal policies, differs where these involve equity investments in companies whose shares are or are not listed on active markets.

An impairment test is performed when the aforementioned indicators exist, in accordance with the provisions of IAS 36. This test is aimed at estimating the recoverable amount of the equity investment and comparing it with its carrying value to determine the recognition of any impairment losses.

In particular, the impairment process for the consolidated financial statements is performed in line with what is done for the separate financial statements of the Group companies. With reference to listed equity investments, it should be noted that assessment of objective evidence of impairment for the purposes of the separate financial statements is supplemented by verifying the existence of a market price of at least 40% lower than the carrying amount of the investment in the consolidated financial statements.

In this case, and in particular for the parent company CDP RETI, taking into account the characteristics of the investment portfolio, as well as the role of long-term investor, at least the following indicators are considered impairment indicators/objective evidence of impairment:

- the recognition of losses[61] or significantly lower results than budgeted (or forecast in multi-year plans), if, after specific analyses, they are relevant due to their effects on the estimate of expected future cash flows in any impairment test preparation;
- significant financial difficulties of the investee company and/or the likelihood that the investee company declares bankruptcy or undergoes other financial restructuring procedures;
- The distribution of a dividend by the investee company that exceeds the total other comprehensive income (or overall profitability for financial companies) for the period[62].

With reference to listed equity investments, the following are also considered indicators of impairment:

- a reduction in the market price exceeding the carrying value in the consolidated financial statement by over 40%;
- a market price below the carrying value for a period of 24 months;
- a rating downgrade of at least four *notches* from the time when the equity investment was made, if assessed as relevant and significant, in conjunction with other available information[63].

61 The recognition of losses may not be considered relevant if it is in line with the budget and/or business plan objectives of the equity investment (e.g. investments recently made); on the contrary, losses attributable to cases provided for by the Italian Civil Code (e.g. Articles 2446, 2447) are always considered relevant.

62 The indicator takes into account the distribution of a dividend greater than the other comprehensive income result (or overall profitability for financial institutions) on which the dividend is paid (for instance, dividends declared in 2024, representing the distribution of net profit for 2023, that exceed the total other comprehensive income for 2023).

63 The downgrade of the equity investment's credit rating is not, in itself, evidence of impairment, although it may be an indication to that effect; therefore, such a trigger is considered relevant only when activated together with at least another impairment trigger.

If the recoverable amount is lower than the carrying amount, the difference is recognised through profit or loss. If the reasons causing the impairment cease to exist, the impairment losses are reversed. These reversals have to be recognised through profit or loss up to the amount of the previous impairment. Consequently, the reduction in the previously recognised impairment loss upon write-back of the value of the equity investment may not exceed the carrying value that would have existed if no impairment had been previously recognised. Both the impairment and the reversals of impairment are recognised in the income statement.

The recoverable amount determined when performing the impairment tests of the separate financial statements in relation to investments in subsidiaries is used to assess any impairment of net assets belonging to cash flow generating units (CGUs) corresponding to those equity investments. This assessment is carried out in compliance with the provisions of IAS 36.104 and 36.105.

The investor's interest in any losses of the investee that exceed the carrying value of the equity investment is recognised in a specific provision, to the extent that the investor is committed to meeting the legal or constructive obligations of the investee, or otherwise cover its losses, in compliance with the provisions of IAS 28[64].

Equity investments are derecognised when the contractual rights to the cash flows deriving from ownership of the equity investments expire or when they are sold, substantially transferring all risks and rewards connected with them.

Financial assets

The following financial assets are recognised under current and non-current financial assets:

1. financial assets measured at fair value through profit or loss (FVTPL);
2. financial assets measured at fair value through other comprehensive income (FVTOCI);
3. financial assets measured at amortised cost;
4. hedging derivatives.

The classification is determined on the basis of:

- the business model identified for the management of the financial activity (the so-called "Business Model");
- the contractual characteristics relating to the cash flows of the financial asset, i.e., whether the cash flows generated by the financial asset consist solely of payments of principal and interest accrued based on the principal amount to be repaid.

The Business Model for the management of financial assets determines whether the cash flows will arise (i) from the receipt of cash under the contract, (ii) from the sale of financial assets, or (iii) both.

This process (so-called "Solely Payments of Principal and Interest" or "SPPI test") is used to verify whether the instrument generates cash flows exclusively from principal and interest payments.

1. Financial assets measured at fair value through profit or loss (FVTPL)

This item includes the following financial assets measured at fair value through profit or loss:

- "Financial assets held for trading" including debt securities, equities, loans, units of UCIs included in Business Model Other/Trading, and also derivatives not designated as hedging instruments;
- "Financial assets designated at fair value" including debt securities and loans, measured at fair value through profit and loss in accordance with IFRS 9 (i.e. the fair value option), which allows a financial asset to be irrevocably measured at fair value through profit or loss if, and only if, this will eliminate or significantly reduce an accounting mismatch;
- "Other financial assets mandatorily measured at fair value" including debt securities, equity securities, units of UCIs and loans, i.e. those assets other than those measured at fair value through profit or loss, which do not meet the requirements for classification at amortised cost, at fair value through other comprehensive income or which are not held for trading. They are substantially represented by those financial assets whose contractual terms provide for periodic flows that are not represented by solely payments of principal and interest (thus characterised by the failure to pass the SPPI test), or those assets that do not comply with the business model terms of the portfolio measured at amortised cost or at fair value through other comprehensive income.

Financial assets held for trading, as indicated, include financial derivatives not designated as hedging instruments, operational hedging derivatives, as well as embedded derivatives in complex financial contracts, whose host contract is a financial liability, which were recognised separately because:

- the financial characteristics and risks are not closely related to the characteristics of the underlying contract;
- the embedded instruments, even when separated, meet the definition of derivative;

64 See Commission Regulation (EU) 2019/237 of 8 February 2019, published in the Official Journal Law 39 of 11 February 2019, amending regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council regarding International Accounting Standard IAS 28.

- the hybrid instruments that they belong to are not measured at fair value through profit or loss.

Operational hedging derivatives are those derivatives which are not part of effective hedge accounting but are held to meet operational hedging requirements where the company aims to align the measurement criterion with respect to the assets and/or liabilities associated with them.

As with financial assets held for trading, the derivatives financial instruments fair value can be both positive or negative, as such, derivatives are classified among FVTPL financial assets if their fair value is positive and among FVTPL financial liabilities if their fair value is negative.

Financial assets measured at fair value through profit or loss are initially recognised on the trade date for derivative contracts, on the settlement date for debt securities, equities, and units of UCIs, and on the disbursement date for loans. An exception is represented by those securities whose delivery is not governed by conventions on the market concerned, for which initial recognition is at the subscription date.

Upon initial recognition, financial assets measured at fair value through profit or loss are recognised at fair value, which generally equals the transaction price, net of transaction costs or income that are immediately recognised through profit or loss.

Subsequent measurement is at fair value, with recognition of the measurement results in the item “Financial income (expense)” in the income statement. The fair value is determined based on the official prices as of the reporting date if the financial instruments are listed on active markets. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, option pricing models and values registered in recent similar transactions. For equity securities and related derivative instruments not listed in an active market, the cost method is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. in case of non-applicability of all the aforementioned measurement methods, or in the presence of a wide range of possible measurements of fair value, within which the cost is the most significant estimate.

Reclassifications to other categories of financial assets are not permitted, unless, as regards financial assets held for trading, the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

Financial assets measured at fair value through profit or loss are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

2. Financial assets measured at fair value through other comprehensive income (FVTOCI)

The item “Financial assets measured at fair value through other comprehensive income” includes financial assets represented by debt securities and loans that meet both of the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (Business Model Held to Collect and Sell);
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Under this item are also recognised those equity instruments that are in compliance with the provisions of IAS 32, which are not held for trading and for which the option, granted by the standard, of recognising the subsequent changes in the fair value of the instrument through other comprehensive income (FVTOCI option) has been irrevocably exercised[65].

Initial recognition of the item under examination occurs on the settlement date for debt securities and equities and on the disbursement date for loans.

Financial assets measured at fair value through other comprehensive income are initially recognised at fair value, which generally corresponds to the transaction price, including any expenses and income attributable to the transaction.

65 Fair Value Through Other Comprehensive Income option.

Subsequent to the initial recognition, financial instruments traded in active markets are measured at their fair value determined on the basis of official prices on the reporting date. For financial instruments, including equity securities, not listed on active markets, fair value is determined by using measurement techniques and information available on the market, such as the price of similar instruments on an active market, discounted cash flows, and values recorded in recent similar transactions. For equity securities not listed in an active market, the cost method is used as an estimate of fair value only in a residual manner and limited to a few circumstances, i.e. in case of non-applicability of all the afore-mentioned measurement methods, or in the presence of a wide range of possible measurements of fair value, within which the cost is the most significant estimate.

The profits and losses resulting from changes in fair value of debt instruments and loans are recognised in the statement of comprehensive income and recorded in the item Valuation reserves, in equity, until the financial asset is derecognised.

If these financial assets are derecognised, the cumulative gains or losses, previously recognised in the other comprehensive income, are transferred from equity to the income statement.

Interest on the debt instruments and on receivables is recognised through profit or loss according to the amortised cost method, which is based on the effective interest rate, i.e. the rate that discounts the estimated future receipts (and any payments) during the expected life of the financial instrument at the gross carrying value of the financial asset.

These instruments are also subject to tests on the significant increase in credit risk (impairment) under IFRS 9, with consequent recognition in profit or loss of an impairment loss to cover the expected losses. In particular, an expected loss for the 12 months following the reporting date is recognised on initial recognition and at each subsequent reporting date, on instruments classified in stage 1 (i.e. on non-credit-impaired financial assets at the time of their origination, and on instruments which do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (non-performing exposures).

For financial assets that are performing (stages 1 and 2) impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

Losses and recoveries arising from the impairment process are included in the income statement.

No reclassifications to other categories of financial assets are allowed, unless the business model is changed. In this case, all affected financial assets will be reclassified, according to the rules provided for in IFRS 9.

With reference to equity instruments, their inclusion in the item Financial assets measured at fair value through other comprehensive income is linked to the irrevocable option adopted by the company holding the instrument.

The exercise of this option entails using different recognition rules from those described above for debt securities, because:

- the amounts recognised in the Valuation reserves are never reclassified through profit or loss, even when they are derecognised;
- all exchange rate differences are recognised in the equity reserve and are therefore charged to other comprehensive income;
- IFRS 9 does not envisage impairment rules for these equity instruments.

Only dividends from these equity instruments are recognised through profit or loss.

Financial assets measured at fair value through other comprehensive income are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers all the risks and rewards connected with ownership to a third party. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

3. Financial assets measured at amortised cost

The item "Financial assets measured at amortised cost" includes debt securities and loans that meet both of the following conditions:

- the financial asset is held within a Business Model (so called Held To Collect) whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Specifically, this item includes receivables from banks, or other parties, deriving from loans, leases[66], factoring transactions, debt securities, etc.

"Financial assets measured at amortised cost" are initially recognised on the settlement date as regards debt securities or on the disbursement date as regards loans.

Initial recognition is at fair value, which generally equals the transaction price, including any expenses and income attributable to the transaction.

After initial recognition, these assets are measured at amortised cost, equal to the value that the financial asset was measured at on initial recognition minus any principal repayments, plus or minus the accumulated amortisation, according to the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The effective interest rate is the rate that, at the time of initial recognition, discounts the estimated future receipts (and any payments) for the expected lifetime of the financial asset at its gross carrying value, which includes the directly attributable transaction costs and the fees paid or received by the contracting parties.

In some cases, the financial asset is considered impaired at initial recognition as the credit risk is very high and, if it is purchased, this may be done with significant discounts (assets known as POCI i.e. "Purchased or Originated Credit Impaired"). In that case, for purchased or originated financial assets that are credit-impaired at initial recognition, a credit-adjusted effective interest rate is calculated for the credit risk, including the expected losses on initial loans within the financial flow estimates.

The amortised cost method is not used for loans whose short-term duration means that discounting is considered to have a negligible effect. This measurement rule is also used for loans without a specific expiration date or demand loans.

Financial assets measured at amortised cost are subject to the calculation of an expected credit loss allowance (so-called "Expected credit losses" or "ECL") under IFRS 9 rules and the amount of such losses is recognised through profit or loss. In particular, an expected loss at one year is recognised on initial recognition and at each subsequent reporting date, on instruments classified in stage 1 (i.e. on non-credit-impaired financial assets at the time of their origination, and on instruments which do not show a significant increase in credit risk compared to initial recognition). Conversely, an expected loss measured throughout the residual maturity of the financial instrument is recorded on those instruments classified in stage 2 (performing financial assets for which there has been a significant increase in credit risk compared to initial recognition) and in stage 3 (non-performing exposures).

For financial assets that are performing (stages 1 and 2), impairment is calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). If, in addition to a significant increase in the credit risk, there is also objective evidence of impairment (events that have a negative impact on estimated cash flows), the financial asset is impaired (stage 3) and the amount of the related impairment is measured as the difference between the gross carrying value of the asset and the current value of the expected cash flows, discounted at the original effective interest rate.

The expected cash flows take account of estimated recovery times and the expected realisable value of any guarantees.

The amount of the loss to be recognised through profit or loss is calculated based on an analytical assessment process or for categories of the same kind and thus attributed analytically to each position and takes account of forward-looking information and possible alternative recovery scenarios. With specific reference to trade receivables, in order to measure the expected losses, an assessment is carried out using the so-called "simplified approach" provided by IFRS 9 or – by virtue of the absence of a significant financial component - by estimating the expected losses over the life of the receivable (so-called "ECL lifetime"). In addition, in the event of credit exposures in litigation and in the presence of available detailed information about the recoverability of the exposure, analytical assessments are carried out in order to better reflect the actual riskiness of the position in determining the expected credit losses.

If the reasons for the impairment no longer apply following an event after initial recognition, then impairment reversals are charged through profit or loss.

Financial assets measured at amortised cost are derecognised when payment is received, when the contractual rights to the cash flows expire, or a sale transfers to a third party all the risks and rewards connected with ownership of the

66 For the treatment relating to leases, reference should be made to the specific paragraph "Leases" in the section "Other information".

transferred asset. Conversely, when a significant portion of the risks and rewards associated with the transferred financial assets is retained, the asset remains on the financial statements, even if legal title has been effectively transferred.

In cases where it is not possible to verify the substantial transfer of risks and rewards, financial assets are derecognised from the balance sheet if any kind of control over the assets has been maintained. Conversely, the preservation of such control, even if it is only partial, results in maintaining the assets on the balance sheet to an extent equal to the residual involvement.

Transferred financial assets are derecognised even if the contractual rights to receive the related cash flows are retained, in the presence of a simultaneous obligation to transfer such flows, and only those, without material delay to other third parties.

It is also possible, over the maturity of financial assets, and specifically for financial assets measured at amortised cost, that they are subject to renegotiation of the contract terms. In that case, it is necessary to determine whether the contractual amendments result in the derecognition of the original instrument, with consequent recognition of a new financial asset, or in the recognition through profit or loss of the difference between the gross carrying value of the pre-amended financial instrument and the restated financial asset (modification).

In the absence of specific IFRS 9 guidance, the analysis necessary to identify possible amendments that give rise to derecognition rather than modification may sometimes involve significant elements of judgment. In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are of a substantial nature.

In general, changes to a financial asset, when substantial in nature, lead to its derecognition and the recognition of a new asset, also for Originated Credit Impaired positions.

On this basis, a comprehensive but not exhaustive list has been identified to include possible events that represent a substantial change to the terms of the existing financial asset, introducing a different nature of the risks and resulting in derecognition.

The list is as follows:

- change in the counterparty: this includes novation or the replacement of the counterparty by another obligor (succession), because these changes lead to a change in the credit risk;
- change in the reference currency (because it introduces a different risk profile than the original exposure);
- debt-to-equity swap: the lender and the obligor may, as an alternative to other types of renegotiation, agree to extinguish the original debt through a substantial change in the nature of the debt-to-equity swap;
- introduction of new contractual clauses that result in failure of the SPPI test (e.g. leverage, indexing to parameters not related to the time value of money and credit risk, inverse rates, and financial covenants that result in failure of the test or other similar clauses);
- *acceptance in lieu*, whose repayment depends on the fair value of an asset;
- substantial change in the discounted value of cash flows (the change is considered substantial when the present value of cash flows from the new asset, discounted using the original effective interest rate, differs significantly from the present value of the remaining cash flows of the original financial asset);
- changes granted to performing customers, which provide for the use of market parameters to redetermine the financial conditions of the loan agreement, including changes granted in the context of renegotiations carried out under conditions that would apply to new loans;
- other cases of substantial change in the nature of the contract, such as the introduction of contractual clauses that expose the obligor to new risk components, such as returns linked to equity or commodity components, leverage or other similar clauses.

In the event of changes not deemed significant, which therefore do not come under the case of derecognition, but for which the modification is applied, the gross value is redetermined by calculating the current value of the cash flows resulting from the renegotiation, at the original internal rate of return of the exposure. In general, subject to modification, are those financial assets exposed to changes that are not carried out at normal market conditions and that are typically carried out with the aim of maximising the recovery of future cash flows due, relating to existing exposures (e.g. exposures whose credit risk has deteriorated significantly since the date of initial recognition).

Below is a non-exhaustive list of the main changes to the previous contractual terms:

- reduction of the interest rate;
- extension of the maturity of the loan;
- reduction of part of the exposure;
- introduction of payment holidays (grace period/payment moratorium);
- payment of interest only;
- capitalisation of arrears/interest.

Contractual changes to a financial asset for which the derecognition rules are applied will have the following accounting impacts:

- derecognition of the financial asset and recognition of a new financial asset;
- subjecting the new financial asset to a new assessment in terms of classification and measurement (business model and SPPI test);
- identification of the date of new recognition as the origination date;
- recognition of the new asset at its fair value; recognition of any gain or loss equal to the difference between the fair value of the new asset and its carrying value at the time of derecognition of the existing asset, except for level 3 fair value financial assets as envisaged by IFRS 9;
- classification of the new asset in the relevant stage, at the initial recognition date, and verification, in subsequent reporting periods, of any deterioration in credit risk.

If there are contractual changes to a financial asset for which the rules of modification without derecognition apply, in accordance with IFRS 9:

- reassessment in terms of classification and measurement is not required: the SPPI test is only performed on initial recognition of the instrument and there is no subsequent reassessment of this initial assessment;
- the gains or losses resulting from the modification are calculated as the difference between the gross carrying value of the pre-modified financial asset and its restated gross carrying value (corresponding to the present value of the renegotiated or modified cash flows, discounted at the financial asset's original effective interest rate, i.e. before the modification), adjusted where applicable in the case of hedging transactions;
- any deterioration in the credit risk of the modified financial asset is analysed by comparing it with the credit risk at the asset's original recognition date, before the modification.

4. Hedging derivatives

Financial assets include derivatives which have a positive fair value at the reporting date. Derivatives with negative fair value are recognised in the balance sheet under other financial liabilities.

Hedging transactions

Hedging transactions are executed to hedge contingent losses that are attributable to a specific risk and which can be found in a specific element or group of elements, should that particular risk effectively materialise.

As permitted by paragraph 7.2.21 of IFRS 9, CDP RETI has decided to apply the provisions on hedging from IAS 39 rather than those from Chapter 6 of IFRS 9, to be used for its separate financial statements, the consolidated financial statements of the CDP RETI Group, as well as its own half-yearly financial statements.

In accordance with IAS 39, hedging instruments are derivatives or, limited to the hedging of foreign currency risk, non-derivative financial assets or liabilities whose fair value or cash flows are expected to offset the changes in fair value or cash flows of a designated hedged position [IAS 39, paragraphs 72-77 and Appendix A, paragraph AG94]. A hedged item is an asset, liability, firm commitment, a highly probable forecast transaction, or a net investment in a foreign operation that:

- exposes the company to the risk of a change in fair value or future cash flows;
- is designated as being hedged [IAS 39, paragraphs 78-84 and Appendix A, paragraphs AG98-AG101].

The effectiveness of the hedge is the extent to which the changes in fair value or cash flows of the hedged position that are attributable to a hedged risk are offset by the changes in fair value or cash flows of the hedging instrument [IAS 39, Appendix A, paragraphs AG105-AG113].

When a financial instrument is classified as a hedging instrument, the following are to be formally documented:

- the relationship between the hedging instrument and the hedged item, including the risk management objectives;
- the hedging strategy;
- the methods to be used in order to verify the hedge effectiveness.

Accordingly, both at the inception of the hedge and throughout its life, the change in the fair value of the derivative is analysed in order to determine whether it is highly effective in offsetting the changes in fair value of the hedged item.

A hedge is deemed to be highly effective if the changes in fair value of the hedged item or in the expected cash flows attributable to the risk being hedged are almost entirely offset by the changes in fair value of the hedging derivative.

At each annual or interim reporting date, the effectiveness is assessed through specific prospective and retrospective tests capable, respectively, of demonstrating the expected effectiveness and the level of effectiveness achieved.

If the hedge is not effective as described above, the hedging instrument is reclassified under financial instruments held for trading, while the hedged item continues to be measured in accordance with the criteria defined for its category. Hedge accounting also ceases when the hedging instrument expires, is sold or exercised or when the hedged item expires, is sold or is repaid. The termination of hedge accounting may apply to the entire hedging relationship or only a part of it; in the latter case, the termination of hedge accounting is partial rather than complete.

Hedging derivatives are initially recognised at their fair value on the contract date. In particular:

- for fair value hedge, the change in the fair value of the hedged item is offset by the change in the fair value of the hedging instrument. This offsetting is accounted for by recognising the changes in value through profit or loss, relating both to the hedged item (for the changes generated by the underlying risk factor) and to the hedging instrument. Any difference, which represents the partial ineffectiveness of the hedge, consequently represents the net profit or loss effect. The recognition through profit or loss of the change in fair value of the hedged item, attributable to the risk hedged, is also applied if the hedged item is a financial asset measured at fair value through other comprehensive income; if there were no hedging, this change would be recognised in equity;
- for cash flow hedge, the changes in fair value of the derivative are recognised, net of the tax effect, in specific "Valuation reserves" of equity, for the effective portion of the hedge, and are only recognised through profit or loss when there is a change in the cash flows to be offset for the hedged item. The amount of the gain or loss of the hedging instrument considered ineffective is recognised through profit or loss. This amount is equal to any excess of the accumulated fair value of the hedging instrument with respect to the related fair value of the instrument hedged; in any event, the fluctuation of the hedged item and the related hedge must be kept within the range of 80%-125%;
- hedges of a net investment in a foreign operation are accounted for in the same way as cash flow hedges.

In the case of highly likely future transaction hedges, if, during the life of a derivative, the expected hedged cash flows are no longer considered as highly probable, the portion of that instrument recognised in the "Valuation reserves" of equity is immediately recycled through profit or loss. Conversely, if the hedging instrument is transferred or no longer qualifies as an effective hedge, the portion of the item "Valuation reserves" representing the changes in the fair value of the instrument recognised up to that point are retained in equity and reversed to profit or loss in accordance with the classification criterion described above, in conjunction with the recognition of the financial effects of the transaction originally hedged.

In the case of cash flow hedges, if the hedging relationship ends, for reasons other than the sale of the hedged items, the accumulated revaluation/write-down recognised in the consolidated balance sheet (under financial assets or liabilities) is recognised through profit or loss under interest income or expense, over the residual maturity of the hedged financial asset or liability.

If these assets and liabilities are sold or redeemed, the amount of fair value not amortised is recognised immediately in the income statement.

Hybrid bond instruments

The non-convertible perpetual hybrid bond issuances from the Terna group are classified as equity-like instruments.

In fact, are instruments for which the payment of interest can be deferred over time, and their early repurchase is allowed upon the occurrence of certain events or on the reset date. These are instruments that cannot be converted into shares, and in the event of liquidation, dissolution, or insolvency of the company, the payment of coupons will be subordinated to all other payment obligations of the issuer.

The consideration received from the sale of the instruments and the subsequent capital repayments are accounted for as increases and decreases in equity, in accordance with the provisions for equity instruments under IAS 32. When a payment obligation arises, interest expenses are recognised as a reduction in equity.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, net of any impairment losses recognised in specific bad debt provisions.

Impairment losses are calculated by applying the simplified approach under IFRS 9, based on which trade receivables, separated into specific clusters according to the regulatory framework, are applied an impairment model based on expected losses for collective assessment. For trade receivables deemed individually significant and with reference to which accurate information is available on the considerable increase in the credit risk, in the context of the simplified model, an analytical approach was applied. Impairment losses related to the impairment of trade receivables (and the related recoveries) are recognised through profit or loss in the item "Net impairment (recoveries) of trade receivables and other receivables".

Receivables due within normal commercial terms are not discounted.

Trade receivables are derecognised when the contractual rights to the associated cash flows have been realised, have expired or been sold.

Inventories

Inventories, including compulsory stock, are stated at the lower of their purchase or production cost and their net realisable value, represented by the amount that the business expects to obtain from their sale in the normal course of its activities, net of the costs estimated for completion and for the execution of the sale. The cost of natural gas inventories[67] is determined by applying the average cost method.

Work in progress and semi-finished goods are valued at production cost, excluding financial charges and overheads. Sales and purchases of strategic gas do not generate an actual transfer of the risks and rewards associated with ownership and, therefore, do not result in changes in inventory.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

This item mainly includes cash in hand, cash at banks or with Cassa Depositi e Prestiti S.p.A. following the stipulation of a deposit agreement, as well as other short-term financial assets with a maturity of no more than three months from the date of purchase, which can readily be converted into cash with no collection charges and that are subject to an insignificant risk of changes in value.

Cash and cash equivalents take account of the interest accrued on the amounts, albeit not yet paid.

Non-current assets held for sale/Discontinued operations

The balance sheet items "Non-current assets held for sale" and "Liabilities directly attributable to assets held for sale" include the assets or groups of assets/liabilities whose carrying value will be recovered mainly through sale rather than through their continuous use. For these assets, the CDP RETI Group Companies must be committed to plans to dispose of the asset (or group of assets) and must have initiated programmes to locate potential buyers, such that a sale can be considered highly probable.

To be able to classify an asset (or group of assets) as available for sale, the following is also required:

- the asset can be readily exchanged in the market at a price considered reasonable in relation to its fair value at the current date;
- the sale is expected to be completed within one year from the date of classification, except as permitted by paragraph 9 of IFRS 5;
- the actions required to complete the plan to dispose of the asset do not indicate that it is unlikely to be completed.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is an equity investment exclusively acquired with a view to resale.

The non-current assets (or disposal groups) are presented separately from the balance sheet items "Other assets" and "Other liabilities". The corresponding balance sheet values for the previous financial year are not reclassified in the statement of financial position. Initial recognition is done in compliance with the specific IFRS as applicable to each associated asset and liability while, subsequently, they are recognised at the lower of their carrying value and fair value (net of costs to sell), without any depreciation/amortisation being recognised. The corresponding balance sheet values for the previous financial year are not reclassified.

The individual assets of the companies classified as held for sale are not amortised, whereas financial expense and other expenses attributable to liabilities held for sale continue to be recognised.

Any subsequent impairment losses are recognised directly as an adjustment to the carrying amount of the non-current assets classified as held for sale through profit or loss.

Profits and losses (net of the tax) attributable to groups of assets and liabilities held for sale, as well as any capital profit/loss on disposals, are shown in the specific income statement line item "Profit (Loss) from assets held for sale". The corresponding amounts for the previous year, if any, are reclassified and presented separately in the income statement, net of tax effects, for comparative purposes.

67 Any transactions involving strategic gas, subject to prior authorisation by the MiMIT Ministry, result in the withdrawal and subsequent replenishment of gas quantities from the strategic reserve, without causing any movement in the stock (i.e., the risk, timing, or amount of the entity's future financial flows are not expected to change as a result of such transactions).

When events occur that no longer allow non-current assets or discontinued operations to be classified as held for sale, they are reclassified in the respective line items of the statement of financial position and recognised at the lower of: (i) the asset (or discontinued operation) carrying value before it was classified as held for sale, adjusted for all depreciation, amortisation, impairment or reversals that would otherwise have been recognised if the asset (or discontinued operation) had not been classified as held for sale, and (ii) the recoverable amount at the date on which the subsequent decision not to sell was made.

Current and deferred taxes

Tax assets and liabilities are recognised in the balance sheet respectively under consolidated assets items "Deferred tax assets" and "Income tax receivables", and under consolidated liabilities items "Deferred tax liabilities" and "Income tax liabilities".

The accounting entries related to current and deferred taxes include: i) current tax assets, consisting of tax paid in advance and receivables for withholding taxes incurred; ii) current tax liabilities, consisting of tax payables to be settled according to applicable tax regulations; iii) deferred tax assets, consisting of the amounts of tax recoverable in future years in view of deductible temporary differences; and iv) deferred tax liabilities, consisting of payables for tax to be paid in future periods as a result of taxable temporary differences.

Current taxes, consisting of corporate income tax (IRES) and regional tax on business activities (IRAP), are recognised on an accruals basis using a realistic estimate of the negative and positive tax components for the year.

They are calculated on the basis of applicable tax rates. Deferred tax assets and liabilities are recognised according to the tax rate that, under the legislation in force at the reporting date, is expected to apply in the year when the asset is realised or the liability is settled, and are periodically reviewed to take account of any changes in legislation.

The term "deferred" tax refers, in particular, to the recognition, in terms of tax, of the temporary differences between the value assigned to an asset or liability for statutory accounting purposes and the corresponding value for tax purposes.

Deferred taxes are recognised:

- under the item "Deferred tax assets", if they relate to "deductible temporary differences", which means the differences between statutory and tax values that will give rise to deductible amounts in future periods, to the extent that they are likely to be recovered;
- under the item "Deferred tax liabilities", if they relate to "taxable temporary differences" representing liabilities because they are related to accounting entries that will become taxable in future tax periods;
- If the deferred tax items regard transactions that directly affected equity, they are recognised in equity.

Provisions for risks and charges

This item consists of the provision set aside to cover specific types of liabilities whose existence is certain or probable, but whose amount or accrual date were uncertain at the reporting date. Therefore, the provisions are recognised only when:

- there is a present (legal or constructive) obligation resulting from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the value representing the best estimate of the amount that the entity would rationally pay to settle the obligation or to transfer it to third parties at the reporting date. Provisions relating to onerous contracts are recognised at the lower of the cost required to fulfil the obligation, net of the expected economic benefits arising from the contract, and the cost for terminating the contract.

When the time value is significant and the dates of payment of the obligations can be estimated reliably, the provision is made by discounting, at a rate that reflects the market valuations of the current value of money, the expected cash flows calculated considering the risks associated with the obligation. Any increase in the provision relating to the passage of time is recognised in the income statement under "Financial income (expense)".

If the liability refers to items of property, plant and equipment (e.g. dismantling and restoration of sites), the provision is recognised as a balancing entry to the asset it refers to and is recognised in the income statement via the depreciation process. The costs which the entity expects to incur to implement a restructuring plan are recognised in the year in which the plan is formally approved and there is a settled expectation among the affected parties that the restructuring plan will be implemented. Provisions are periodically updated to reflect changes in cost estimates, implementation times and discounted rates; revisions to provision estimates are recognised in the same income statement item that previously included the provision or, when the liability relates to property, plant and equipment (e.g. decommissioning and restorations), these are recognised as an adjustment of the asset to which they relate to and for an amount not greater than their carrying amounts; any surplus is directly recognised through profit or loss.

Contingent – not probable – liabilities are not recognised in the balance sheet. However, they are disclosed in the notes, unless the probability of an outflow of resources is remote or the event is deemed insignificant.

The provisions are used only to cover the costs for which they were originally recognised, and they are reversed in the income statement when the obligation is settled or when it is no longer probable that an outflow of resources will be required to settle the present obligation.

This item also includes provisions for credit risk for commitments to disburse funds and on financial guarantees that are subject to the rules of impairment in IFRS 9.

This item also includes the company pensions and other post-retirement benefit obligations, i.e. the provisions for long-term employment and post-employment benefits.

Provisions for employee benefits

This item includes the staff severance pay (TFR) and other long-term benefits such as loyalty bonus, supplementary funds, other benefits, etc.

Staff severance pay (TFR) covers the entire entitlement accrued by employees at the end of the financial year, as provided by law (Article 2120 of the Italian Civil Code) and applicable employment agreements.

In accordance with IAS 19, staff severance pay is treated as a "Post-employment benefit" and is classified as:

- a "Defined benefit plan" for the portion of staff severance pay accrued by employees until 31 December 2006;
- a "Defined contribution plan" for the portion of staff severance pay accrued by employees beginning 1 January 2007.

The accounting standard envisages that the portions of staff severance pay be recognised at their actuarial value. The accruing and accrued obligations are considered for discounting purposes (these obligations are, respectively, the discounted value of the expected future payments related to benefits accrued during the current financial year and the discounted value of future payments resulting from amounts accrued in previous financial years).

Recognition of changes in actuarial profits/losses, deriving from changes in the actuarial assumptions used, or from prior year adjustments, are recognised as other items in the consolidated statement of comprehensive income.

Financial liabilities

Financial liabilities are included in the items "Loans", "Other financial liabilities", "Current portions of long-term loans" and "Current financial liabilities".

Non-current and current financial liabilities, represented by loans raised and securities issued, are recognised initially at cost, i.e. the fair value of the liabilities, less any directly attributable transaction costs. Subsequently, these financial liabilities are measured at amortised cost, using the effective interest rate method.

Financial liabilities also include hedging derivatives which have a negative fair value at the reporting date. See the previous paragraph "Hedging transactions" in section "4. Hedging derivatives" for the description of the financial reporting standards adopted for the recognition of hedging derivatives.

Financial liabilities are derecognised when settled or when the obligation specified in the contract has been satisfied, cancelled or has expired.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method. Trade payables are not discounted if the due dates are line with normal commercial terms.

Revenues

Revenues are recognised in such a way as to accurately represent the process of transfer of goods and services to customers in an amount that reflects the consideration that one expects to receive in exchange for supplied goods and services, using a model consisting of five basic steps:

- step 1: identify the contract with the customer;
- step 2: identify the contractual obligations, noting the separable goods or services as separate obligations;
- step 3: determine the price of the transaction, i.e. the amount of the consideration that one expects to receive;
- step 4: allocate the transaction price to each obligation identified in the contract based on the sale price of each individual separable item of goods or services;

- step 5: recognise the revenue when (or if) each contractual obligation is fulfilled through the transfer of the good or service to the customer, i.e. when the customer obtains control of the good or service.

According to the type of transaction, revenue is recognised based on the specific criteria reported below:

- revenues from the sale of goods are recognised, for an amount equal to the sale consideration to which the company believes it is entitled to, when the significant risks and rewards of ownership of the goods have been transferred to the buyer and its amount can be measured reliably and collected;
- revenue from services is recognised with reference to the stage of completion of the activities. In case it is not possible to reliably measure the value of revenue, this is measured up to the amount of the costs incurred that is believed will be recovered;
- revenue accrued in the year for contract work in progress is recognised on the basis of the amounts agreed proportionate to the progress of the work, which is calculated using the cost-to-cost method. In addition to the amount of revenue agreed in the contract, contract revenue includes variations in contract work, reviewed prices and incentive payments, to the extent that it is probable that they will result in revenue and can be reliably measured. Revenue may decrease also as a result of penalties arising from delays caused by group companies.

Revenue from regulated activities[68] is governed by the regulations issued by the Italian Energy Networks and Environment Regulator (ARERA) and by the Greek Regulatory Authority for Energy (RAE). Consequently, the financial terms and conditions relating to the services provided are not defined by negotiation but in accordance with the relevant regulatory frameworks and the tariffs are set periodically by ARERA and used as a basis to define the tariff criteria for the reference period.

In particular, the tariff system requires that the reference revenue to calculate the tariffs be recognised in order to cover the costs incurred by the operator and provide an equitable return on the capital invested.

There are three cost categories recognised:

- the cost of the net invested capital for RAB (Regulatory Asset Base) purposes through applying a rate of return on that invested capital;
- the economic - technical amortisation covering the investment costs;
- the operating costs covering the running costs.

With reference to the Snam group and the Italgas group, the revenues recognized in the income statement coincide with those recognized by the regulator (so-called "revenue cap"). Within the sectors Gas Transportation, Regasification and Storage with regard to the Snam group and Natural Gas Distribution and Metering in Italy with regard to the Italgas group, the possible differential between the revenues recognized by the regulator and the revenues accrued is recorded, if positive, in an asset item of the Balance Sheet, if negative, in a liability item, as the same will be subject to monetary settlement with the Cassa per i Servizi Energetici e Ambientali (CSEA). With regard to the distribution and measurement of natural gas carried out by the Italgas group in Greece, the difference between the revenues recognised by the regulator and the revenues actually earned is recorded, if positive, under the Balance Sheet item 'Other current and non-current non-financial assets' and, if negative, under 'Other current and non-current non-financial liabilities', as the operator has fulfilled the corresponding performance obligation and is entitled to recover or obligated to refund the amounts not charged or overcharged to customers during the year in subsequent regulatory periods or at the end of the concession.

With regard to the recognition of revenues by the Italgas group relating to the so-called "Start-up Municipalities", mainly concentrated in the territory of Sardinia, the remuneration mechanism provides for a cap on the tariff recognitions for investments in the distribution networks for locations with a year of first supply after 2017, in the amount of €5,250 per RDC, expressed at 2017 prices, determined by Resolution No. 704/2016/R/gas. The payment of the consideration by ARERA is made on the basis of the so-called. "three-phase", which provides for a first phase lasting three years (in addition to the year of first supply) in which the investments are recognised in full, a second phase in which a cap is applied, calculated on the basis of a prospective assessment of the redelivery points that could potentially be connected to the network based on the user penetration curves typical of each tariff area, and finally a third phase starting from the sixth year of service management, in which, if the ceiling is exceeded, the investments recognised from the first year of service management are retroactively reduced. Resolution no. 525/2022/R/gas subsequently governed the operational procedures for applying the cap to the recognition of capital costs in start-up locations and the application procedures of the mechanism, addressing in particular the determination of the service dissemination index and the procedures for checking whether the maximum unit expenditure threshold has been exceeded, for the second and third phases of the mechanism. In relation to these municipalities, the Group recognises revenue on the basis of the expected RAB at the sixth year of supply, considering it highly probable that on the basis of the expected PdR there will be no significant reversal of cumulative revenue after the resolution of the uncertainty.

68 With regard to the Snam group, the revenues recorded in the income statement coincide with those recognised by the regulator (the so-called 'revenue cap'). Within the Gas Transportation, Regasification and Storage sectors, any difference between the revenues recognized by the regulator and the revenues accrued is recorded, if positive, in an asset item of the Balance Sheet, if negative, in a liability item, as the same will be subject to monetary settlement with the Cassa per i Servizi Energetici e Ambientali (CSEA). With particular reference to transactions carried out in the Balancing Market, due to the principle of neutrality defined by current regulations, these generate neither costs nor revenues, as they are simply passing through items.

The Terna group's revenues also include output-based incentives defined by ARERA for both transmission and dispatching activities. Incentive mechanisms are included within the scope of application of IFRS 15; if the counterparties through which Terna collects an incentive are not the same as those active on the market in the year in which the achievement of the objectives underlying the incentive programme is verified, IFRS 15 is applied through the approach by analogy envisaged by IAS 8, also with the support of feedback from the conceptual framework for financial reporting. In the event that the mechanism includes a significant financial component, the amounts recognised in the financial statements are subject to discounting. Based on the specific characteristics of each mechanism, the Terna group assesses whether the performance obligation is fulfilled over a period of time (over a period of time) or at a specific point in time (at a point in time), also taking into consideration the need for confirmation or verification by ARERA in order to determine the existence of the right.

Fees collected on behalf of third parties, such as the remuneration of other network owners outside the group, as well as revenues recognised for activities to manage the balance of the national electricity system that do not increase equity, are shown net of the related costs. In particular, revenues and costs of a “passing” nature that originate from transactions with electricity market operators for the purchase and sale of energy are included. The regulatory framework envisages that these costs and revenues always have a zero balance, by charging each consumer pro rata for the net charge resulting from the valuation of imbalances and purchase and sale transactions carried out by Terna on the Dispatching Services Market (DSM), through a specific fee, known as the Uplift. Terna receives remuneration for this activity through a specific "margin" revenue, the Dispatching Services Fee. Considering also that Terna has no power to set prices for transactions on the DSM, revenues are expressed net of costs, on a net basis.

Financial income (expense)

Financial income (expense) includes:

- interest income and expense;
- income and expense associated with hedging activities;
- gains (losses) on disposal or repurchase;
- income and expense associated with trading activities;
- the net gain (loss) on financial assets and liabilities measured at FVTPL;
- the net adjustments and recoveries for credit risk relating to financial assets measured at amortised cost or at FVTOCI;
- exchange rate differences.

Interest income and expense is through profit or loss for all instruments based on amortised cost using the effective interest rate method. The interest also includes the net balance, either positive or negative, of the differentials and margins relating to derivatives.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that qualify for capitalisation are capitalised as part of the cost of the asset. The qualifying assets (property, plant and equipment and intangible assets) involved are those that require at least one year before being ready for use. The directly attributable financial expenses are those that would not have been incurred if the expense for that asset had not been incurred.

Where funds are borrowed specifically, costs eligible for capitalisation are the actual financial expense incurred for that financing, less any income earned on the temporary investment of such borrowings. In regard to the general pool of assumed debt, the amount of financial expenses that can be capitalised is determined by applying a capitalisation rate to the expenses incurred for that asset which corresponds to the weighted average of the borrowing costs applicable to the general pool, excluding any specifically borrowed funds. The amount of borrowing costs capitalised during a financial year shall in any case not exceed the amount of borrowing costs incurred during that year.

The starting date of capitalisation is the date on which all of the following conditions were met for the first time: (a) the costs for the asset were incurred; (b) the financial expenses were incurred; and (c) the activities necessary to prepare the asset for its intended use or for sale were undertaken.

Capitalisation of the financial expenses ceases when the activities necessary to prepare the asset for its intended use or sale are substantially complete.

Other information

Leases

Leases are recognised on the basis of the rules in IFRS 16 whereby the control of right of use of an asset discriminates in the identification of contracts that are or contain a lease from those for the supply of services. The key features of this distinction are: the identification of the asset, the absence of substitution rights, the right to obtain substantially all economic benefits resulting from use of the asset and the right to direct the use of the leased asset. Thus, it follows that even rental and hire contracts and leases payable can now be included within the scope of the standard.

The lessee recognises a right-of-use asset underlying the lease and a lease liability consisting in the present value of outstanding lease payments (i.e. Lease Liability). These items are depreciated over the life of the lease (this period includes any renewal or early termination options, if the exercising of these options is reasonably certain).

Essentially, the balance sheet liabilities show the Lease Liability, which consists of the present value of the payments which, at the valuation date, have yet to be paid to the lessor; the balance sheet assets, on the other hand, show the Right-of-Use Asset, calculated as the sum of the lease still payable, the initial direct costs incurred to sign the contract, the payments made on or before the inception date of the contract (net of any lease incentives received) and the present value of the costs of dismantling and/or restoration.

Regarding the recognition of the income statement items, the expense accrued on the lease liability will be recognised in "Interest expense and similar expense", and the depreciation/amortisation of the Right-of-Use Asset in "Net adjustments to/recoveries on property, plant and equipment and intangible assets". The right-of-use asset is amortised over the contractual term (or the useful life of the underlying asset if shorter), subject to any impairment.

For leases involving low value assets and leases with a duration of 12 months or less (i.e. short-term leases), IFRS 16 does not entail the recognition of financial liabilities and the relevant right of use, but lease payments shall continue to be recognised through profit or loss on a straight line basis for the duration of the respective leases.

On first-time adoption the Group applied the standard according to the "Modified Retrospective Approach", recognising the cumulative effect of the initial application of the Standard on the first-time adoption date without restating the comparative information (IFRS 16 C5 b), in the option envisaged in paragraph C.8 b (ii).

On the basis of this approach, the following were recognised:

- the lease liability calculated as the present value of the remaining payments due on the lease, discounted at the incremental borrowing rate at the date of initial application (IFRS 16.C8.a);
- the right-of-use asset equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application (IFRS 16.C8.bii).

In addition, some of the practical expedients and recognition exemptions provided by the standard have been adopted upon initial application. In particular:

- use of the incremental borrowing rate as the discount rate to calculate the lease liability[69];
- exclusion of leases with a total or remaining lease term[70] of 12 months or less;
- exclusion of leases with a low value at the date of purchase;
- exclusion of the initial direct costs incurred to measure the right-of-use asset at the date of initial application.

Uncertainty on the treatment for the purpose of income tax

An entity shall consider whether it is probable that the relevant taxation authority will accept every tax treatment, or group of tax treatments, it has used or plans to use in its tax return. If the entity concludes that it is probable that a particular tax treatment will be accepted, the entity shall determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its tax documentation. If the entity concludes that it is unlikely that a particular tax treatment will be accepted, the entity must use the most likely amount or the expected value from the tax treatment in determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. The judgement should be based on which method provides the best forecast of how to resolve the uncertainty.

Share-based payments

These are payments to employees as consideration for their work services performed. When specific conditions are met, the cost of employee service is remunerated through stock option plans, whose value is measured according to the fair value of the options granted to employees at the grant date.

The fair value of options granted is recognised in the income statement, under the item "Staff costs" over the vesting period, with a corresponding increase in equity, considering the best possible estimate of the number of options that employees will be able to exercise. That estimate is revised where subsequent information indicates that the expected number of equity instruments that will vest differs from the estimate previously carried out, independently of market conditions.

69 Rate which represents the rate of interest that a lessee "would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment".

70 For the purpose of determining the lease term, it was assumed that the contractual renewal is reasonably certain if:
- there is a clause that grants the lessee the right to renew the contract and there is a clause through which the lessor is obliged to not refuse the renewal request;
- there is a clause that grants the lessee the right to renew the contract and the lessor has not notified his/her desire to exercise the right of refusing the renewal within the contractually set terms.

The measurement method used to calculate fair value considers all the characteristics of the options (term, price and conditions for exercise, etc.), as well as the value of the underlying security at the grant date, volatility and the yield curve at the grant date, in line with the duration of the plan.

At maturity, the estimate is revised and recognised in the income statement to register the amount corresponding to the number of equity instruments that have effectively vested, independently of whether market conditions have been met.

Grants

Capital grants provided by public entities are recognised when there is reasonable certainty that the conditions established by the granting authorities for obtaining the grant will be met. Their recognition reduces the purchase or transfer price or the production cost of the asset they refer to. Similarly, capital grants received from private parties are accounted for in accordance with the same accounting policies.

Grants for operating expenses can be recognised through profit or loss on an accruals basis when the related costs are incurred or, alternatively, in full when the conditions for their recognition have been met.

With particular reference to connection fees for private users, the remuneration component for the initial installation investment amount is recognised as revenue to be deferred over the useful life of the asset to which it refers, with a balancing entry among other liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (i.e. not a forced liquidation or distress sale) at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. Underlying the definition of fair value is the assumption that the entity is operating its business normally without any intention to liquidate its own assets, significantly reduce the level of its own assets, or settle transactions at unfavourable conditions. An entity shall measure the fair value of an asset or a liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

As per IFRS 13, to measure the fair value, the effect of non-performance risk is also considered. This risk includes both the changes in the counterparty’s credit risk and the changes in the issuer’s own credit risk.

The fair value of financial instruments is calculated according to a hierarchy of criteria based on the origin, type, and quality of information used. In detail, this hierarchy assigns the highest priority to the prices quoted (and not changed) on active markets and lower importance to unobservable inputs. Three different input levels are identified:

- in the case of instruments listed on active markets, prices on financial markets are used (Level 1);
- in the case of instruments not listed on active markets, recourse is made, where possible, to valuation techniques that use observable market inputs other than quoted prices for the financial instrument but connected with its fair value by non-arbitrage relationships (Level 2);
- in other cases, recourse is made to internal valuation techniques that also use unobservable market inputs that are therefore inevitably subjective to some degree (Level 3).

Since Level 1 inputs are available for numerous financial assets and liabilities, some of which are traded on more than one active market, the entity has to take special care when defining both of the following aspects:

- the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability;
- whether the entity can conclude a transaction involving the asset or liability at that price and on that market at the measurement date.

The CDP RETI Group believes that the principal market of a financial asset or liability can be identified as the market on which the Group normally operates.

A market is considered active if the quoted prices, representing effective and regular market transactions executed during an appropriate reference period, are readily and regularly available through stock exchanges, brokers, intermediaries, specialised firms, quotation services or authorised entities.

In the event of a significant reduction in the volume or level of ordinary activity for the asset or liability (or for similar assets or liabilities) flagged by certain indicators (number of transactions, insignificance of the prices given by the market, significant increase in the implicit premiums for liquidity risk, widening or increase in the bid-ask spread, reduction or total absence of a market for new issues, scanty information in the public domain), the transactions or quoted prices are analysed.

In the case of financial instruments that are not quoted on active markets, valuation using Level 2 inputs requires the use of valuation techniques that process market inputs at different levels of complexity. For example, valuation techniques may involve, in addition to interpolations and extrapolations, the specification of stochastic processes that represent market dynamics and the use of simulations or other numerical techniques to determine the fair value of the instruments being measured.

The Group takes the following into consideration when selecting the valuation techniques to be used in Level 2 measurements:

- simpler valuation techniques are preferred to more complex techniques, all other conditions being equal and as long as they represent all of the relevant characteristics of the product, ensuring that they are reasonably in line with the practices and results of other sector operators;
- valuation techniques are applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge;
- all other conditions being equal, preference is given to standard models whose mathematical structure and implementing procedures are familiar to practitioners and implemented in the Group's systems.

The market parameters used as inputs for Level 2 valuations are selected on the basis of non-arbitrage relationships or comparative relationships that define the fair value of the financial instrument being measured as the relative fair value compared with that of financial instruments listed on active markets.

In some cases, in determining the fair value it is necessary to have recourse to valuation techniques that call for inputs that cannot be drawn directly from observable market variables, statistical or "expert-based" estimates by those carrying out the valuation (Level 3).

Level 3 valuation techniques are also applied consistently over time to consistent categories of instruments, unless objective grounds for replacement emerge. Similarly, parameters that cannot be drawn directly from observable market variables are applied consistently over time.

Business combinations

A business combination is a transaction or other event in which an entity acquires control of one or more business activities (e.g., a business).

Control of one or more businesses may be obtained: (i) through the transfer of cash, cash equivalents or other assets; (ii) by issuing equity interests; (iii) by assuming liabilities; (iv) without the transfer of a consideration (for example, through a contractual agreement).

Business combinations are recognised using the acquisition method, whereby the assets transferred and liabilities assumed by the CDP RETI Group at the acquisition date are measured at fair value. Transaction costs are generally recognised through profit or loss in the years when those costs are incurred or the services are received.

For newly acquired companies, if the initial values for a business combination are incomplete by the end of the reporting period in which the combination occurs, the CDP RETI Group reports in its consolidated financial statements provisional amounts for the item for which the accounting is incomplete. In accordance with IFRS 3, paragraphs 45 ff., within twelve months of the acquisition date, the differences resulting from the business combination have to be allocated by recognising the fair value at the acquisition date of the identifiable assets acquired and liabilities assumed. The following items are an exception and are measured in accordance with their applicable standard:

- deferred tax assets and liabilities within the scope of IAS 12;
- assets and liabilities for employee benefits within the scope of IAS 19;
- liabilities or equity instruments related to share-based payment transactions involving shares of the acquiree or share-based payment transactions involving shares of the Group issued in replacement of contracts of the acquiree, as defined by IFRS 2;
- insurance contracts within the scope of IFRS 17;
- assets and liabilities arising from leases within the scope of IFRS 16 for which the acquiree is the lessee;
- assets held for sale and discontinued operations within the scope of IFRS 5.

Goodwill is determined as the excess of the aggregate of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree, and the fair value of any equity investment previously held by the acquirer in the acquiree over the fair value at the acquisition date of the net assets acquired and the liabilities assumed. If the fair value at the acquisition date of the net assets acquired and the liabilities assumed exceeds the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of any equity investment previously held by the acquirer in the acquiree, the excess is recognised in the income statement as a gain from the transaction.

After initial recognition, the goodwill acquired for consideration in a business combination is tested for impairment once annually or whenever there is evidence of impairment. For newly acquired companies, the difference between the acquisition price and equity is provisionally recognised as goodwill, if positive, or under liabilities if negative, net of goodwill, if any, recognised in the financial statements of the acquirees.

At the acquisition date, non-controlling interests are measured at fair value or as a proportionate share of the recognised amounts of the acquiree's identifiable net assets. The measurement method is selected on a transaction basis.

The transferred consideration also includes the present value of any deferred fixed payments and the fair value of any contingent consideration (e.g. earn-out). If the potential consideration meets the definition of an equity instrument, it is classified in equity and is not subject to subsequent valuations. Other contingent fees are recognised as liabilities and measured at fair value at each year-end date and changes in fair value are recognised through profit or loss.

In the case of business combinations achieved in stages, the equity investment previously held by the CDP RETI Group in the acquiree is revalued at the fair value at the date control was acquired and any resulting profit or loss is recognised in the income statement. Any changes in the value of the previously held equity investment that had been recognised in other comprehensive income are reclassified to the income statement as if the equity investment had been sold. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the CDP RETI Group shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Group shall adjust the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and that, if known, would have affected the measurement of the amounts recognised at that date.

Business combinations do not include joint venture transactions, as well as those transactions aimed at obtaining control of one or more companies that do not constitute a business activity and those for which the business combination is carried out for reorganisation purposes, and thus between two or more entities already belonging to the same group, and which do not cause changes in the control structure independently of the percentage of non-controlling interests before and after the transaction (referred to as "Business combination under common control"). These transactions are in fact considered to have no economic substance.

II - INFORMATION ON THE CONSOLIDATED BALANCE SHEET

I. ASSETS

Non-current assets

1. Property, plant and equipment

Below is a breakdown of the CDP RETI Group's property, plant and equipment, which show a net value of 44,121 million euro at 31 December 2024 (40,894 million euro at 31 December 2023).

Property, plant and equipment: breakdown

(thousands of euro)	31/12/2024			31/12/2023		
Items/Figures	Gross amount	Provision for amortisation, depreciation and impairment	Net value	Gross amount	Provision for amortisation, depreciation and impairment	Net value
Owned						
Land	463,490	(2,456)	461,034	448,309	(2,518)	445,791
Buildings	3,882,926	(1,448,677)	2,434,249	3,712,787	(1,363,351)	2,349,436
Plant and equipment	57,530,725	(25,918,040)	31,612,685	55,675,580	(24,463,948)	31,211,632
Other plant and equipment	3,414,477	(1,586,043)	1,828,434	2,968,447	(1,590,938)	1,377,509
Industrial and commercial equipment	590,040	(439,383)	150,657	543,829	(401,713)	142,116
Other assets	305,515	(223,551)	81,964	287,831	(208,242)	79,589
Assets under development and advances	7,461,884	(110,868)	7,351,016	5,177,882	(90,968)	5,086,914
Right of use acquired under leases ex IAS 17						
Land						
Buildings	720	(226)	494	720	(204)	516
Plant and equipment	6,126	(2,729)	3,397	6,126	(2,469)	3,657
Other plant and equipment						
Industrial and commercial equipment						
Other assets	470	(470)		470	(470)	
Assets under development and advances						
Right of use acquired under leases ex IFRS 16						
Land	67,645	(18,949)	48,696	46,486	(11,987)	34,499
Buildings	160,020	(84,874)	75,146	161,044	(78,211)	82,833
Plant and equipment						
Other plant and equipment	1,357	(1,086)	271	1,604	(366)	1,238
Industrial and commercial equipment	63,208	(52,289)	10,919	58,944	(44,523)	14,421
Other assets	127,513	(68,006)	59,507	110,826	(47,043)	63,783
Assets under development and advances	2,743		2,743			
Total	**74,078,859**	**(29,957,647)**	**44,121,212**	**69,200,885**	**(28,306,951)**	**40,893,934**

The item mainly includes investments made by the Terna group in power transport lines and transformation stations, investments made by the Snam group in transport infrastructure, gas storage and regasification, and the investments made by the Italgas group in the gas distribution segment, limited to land and buildings that are not subject to IFRIC12. Also included are rights of use acquired under a lease and relating to the use of property, plant and equipment (for the lessees), equal to approximately 197 million euro at 31 December 2024.

During the period, the Snam group made investments amounting to approximately 2,635 million euro, with the majority allocated to the transport sector (1,924 million euro) for maintaining facility safety and quality, as well as developing new transport capacity, and to the regasification sector (488 million euro) for interventions related to the FSRU of Piombino at the Ravenna terminal.

As regards the Terna group, investments during the period totalled 2,424.9 million euro, of which 2,378.5 million euro were made within the Regulated sector. In the Non-Regulated sector, 46.4 million euro was invested, mainly related to modifications requested by third parties.

During the period, Italgas group investments amounted to approximately 55.5 million euro and mainly related to industrial and commercial equipment (5.8 million euro) office buildings (8.4 million euro), fixed assets under construction and advances (14.1 million euro) and leased assets (22 million euro).

During the period, technical financial depreciation was recorded, determined on the basis of the useful life of the assets, i.e. on their residual useful lives, and, with reference to leased assets, on the basis of the contractual term if the exercise of the possible purchase option is not likely, for a total of 1,791 million euro, substantially attributable to the Snam group for 823 million euro, to the Terna group for 706.5 million euro and for the residual part to the Italgas group.

Commitments for the purchase of property, plant and equipment are detailed in section “IX. Guarantees and Commitments”.

Property, plant and equipment: changes for the year

(thousands of euro) Items/Figures	Land	Buildings	Plant and equipment	Other plant and equipment	Industrial and commercial equipment	Other assets	Assets under development and advances	Total
Gross opening balance	494,795	3,874,551	55,681,706	2,970,051	602,773	399,127	5,177,882	69,200,885
of which Right of use ex IAS 17		*720*	*6,126*			*470*		*7,316*
of which Right of use IFRS 16	***46,486***	*161,044*		*1,604*	*58,944*	*110,826*		*378,904*
Provision for amortisation, depreciation and impairment - opening balance	(14,505)	(1,441,766)	(24,466,417)	(1,591,304)	(446,236)	(255,755)	(90,968)	(28,306,951)
of which Right of use ex IAS 17		*(204)*	*(2,469)*			*(470)*		*(3,143)*
of which Right of use ex IFRS 16	***(11,987)***	*(78,211)*		*(366)*	*(44,523)*	*(47,043)*		*(182,130)*
Net opening balance	**480,290**	**2,432,785**	**31,215,289**	**1,378,747**	**156,537**	**143,372**	**5,086,914**	**40,893,934**
of which Right of use ex IAS 17		**516**	**3,657**					**4,173**
of which Right of use IFRS 16	**34,499**	**82,833**		**1,238**	**14,421**	**63,783**		**196,774**
Gross amount: change for the period								
Change in opening balances								
of which Right of use ex IAS 17								
of which Right of use IFRS 16								
Investments	33,715	45,494	16,745	11,503	30,048	23,411	4,525,928	4,686,844
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*29,999*	*21,859*			*7,406*	*14,171*	*2,743*	*76,178*
Contributions from business combinations	12,450	4,365	134,545	51,789	12,868	4,153	38,859	259,029
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*219*	*378*		*62*		*728*		*1,387*
Transfers	7,121	175,553	2,112,355	127,289	21,273	35,363	(2,478,954)	
of which Right of use ex IAS 17								
of which Right of use IFRS 16								
Disposals	(1,276)	(40,769)	(156,013)	(7,857)	(13,898)	(5,688)	(15,366)	(240,867)
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*(114)*	*(18,005)*			*(7,270)*	*(2,182)*		*(27,571)*
(Write-downs)/Writebacks								
of which Right of use ex IAS 17								
of which Right of use ex IFRS 16								
Other changes	(15,670)	(15,528)	(252,487)	263,059	184	(22,868)	216,278	172,968
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*(8,945)*	*(5,256)*		*(309)*	*4,128*	*3,970*		*(6,412)*
Reclassifications								
of which Right of use ex IAS 17								
of which Right of use IFRS 16								
Provision for amoirtsation, depreciation and impairment: change for the period								
Change in opening balances								
of which Right of use ex IAS 17								
of which Right of use ex IFRS 16								
Depreciation for the period	(7,332)	(119,712)	(1,413,885)	(159,642)	(42,818)	(47,807)		(1,791,196)
of which Right of use ex IAS 17		*(22)*	*(260)*					*(282)*
of which Right of use IFRS 16	*(7,332)*	*(21,297)*		*(1,125)*	*(9,998)*	*(24,395)*		*(64,147)*
Contributions from business combinations	(1,339)	(3,057)	(106,317)	(25,190)	(12,549)	(1,977)	(307)	(150,736)
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*(8)*	*(689)*	*(49)*			*(165)*		*(911)*
Disposals	17	25,153	137,078	3,602	9,653	4,580		180,083
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*17*	*13,906*			*4,749*	*1,986*		*20,658*
(Write-downs)/Writebacks			(51,277)	(7,102)				(58,379)
of which Right of use ex IAS 17								
of which Right of use ex IFRS 16								
Other changes	1,754	5,605	(19,951)	192,507	278	8,932	(19,593)	169,532
of which Right of use ex IAS 17								
of which Right of use IFRS 16	*361*	*1,417*	*49*	*405*	*(2,517)*	*1,611*		*1,326*
Reclassifications								
of which Right of use ex IAS 17								
of which Right of use ex IFRS 16								
Gross closing balance	**531,135**	**4,043,666**	**57,536,851**	**3,415,834**	**653,248**	**433,498**	**7,464,627**	**74,078,859**
of which Right of use ex IAS 17		**720**	**6,126**			**470**		**7,316**
of which Right of use IFRS 16	**67,645**	**160,020**		**1,357**	**63,208**	**127,513**	**2,743**	**422,486**
Provision for amortisation, depreciation and impairment - closing balance	**(21,405)**	**(1,533,777)**	**(25,920,769)**	**(1,587,129)**	**(491,672)**	**(292,027)**	**(110,868)**	**(29,957,647)**
of which Right of use ex IAS 17		**(226)**	**(2,729)**			**(470)**		**(3,425)**
of which Right of use IFRS 16	**(18,949)**	**(84,874)**		**(1,086)**	**(52,289)**	**(68,006)**		**(225,204)**
Net closing balance	**509,730**	**2,509,889**	**31,616,082**	**1,828,705**	**161,576**	**141,471**	**7,353,759**	**44,121,212**
of which Right of use ex IAS 17		**494**	**3,397**					**3,891**
of which Right of use IFRS 16	**48,696**	**75,146**		**271**	**10,919**	**59,507**	**2,743**	**197,282**

2. Inventories – compulsory stock

Compulsory stock: breakdown

(thousands of euro)/(billions of cu.m.) Items/Figures	31/12/2024 Carrying amount	31/12/2024 Volumes (billions of cu.m.)	31/12/2023 Carrying amount	31/12/2023 Volumes (billions of cu.m.)
Compulsory stock	362,713	4.5	362,713	4.5
Total	**362,713**	**4.5**	**362,713**	**4.5**

Inventories - compulsory stock obligation, equal to 363 million euro (same as 31 December 2023), includes the minimum natural gas quantities that the storage companies are required to hold under Presidential Decree no. 22 of 31 January 2001 (so called "compulsory stocks obligation"). The stock of gas, equivalent to approximately 4.5 billion standard cubic metres of natural gas, is determined by the Ministry of Enterprises and Made in Italy[71].

3. Intangible assets

The following table shows the breakdown of "Intangible assets", which at 31 December 2024 amounted to 12,807 million euro (12,561 million euro at 31 December 2023).

Intangible assets: breakdown

(thousands of euro)	31/12/2024			31/12/2023		
Items/Figures	Gross amount	Provision for amortisation, depreciation and impairment	Net value	Gross amount	Provision for amortisation, depreciation and impairment	Net value
Goodwill	1,080,385	(40,155)	1,040,230	1,081,770	(40,155)	1,041,615
- pertaining to Group	*955,810*	*(15,466)*	*940,344*	956,249	(15,466)	940,783
- non - controlling interest	*124,575*	*(24,689)*	*99,886*	125,521	(24,689)	100,832
Service concession agreements	17,249,257	(7,869,377)	9,379,880	17,310,197	(7,962,311)	9,347,886
Industrial patent and intellectual property rights						
Concessions, licenses, trademarks and similar rights	1,406,619	(392,456)	1,014,163	1,468,106	(380,950)	1,087,156
Other intangible assets	3,566,162	(2,440,358)	1,125,804	3,034,389	(2,139,640)	894,749
Assets under development and advances	247,974	(814)	247,160	193,712	(3,736)	189,976
Total	**23,550,397**	**(10,743,160)**	**12,807,237**	**23,088,174**	**(10,526,792)**	**12,561,382**

The main component of intangible assets primarily consists of service concession agreements of Italgas (8.5 billion euro[72]), which pertain to public-private sector agreements ("Service concession arrangements") related to the development, financing, management, and maintenance of infrastructure under concession through assignment by the granting authority. The provisions relating to service concession agreements are applicable to Italgas within the scope of the public distribution of natural gas in Italy and Greece, as well as the water service. Under these agreements, the operator commits to providing the public distribution of natural gas and water services at the tariff set by the Energy Networks and Environment Regulator (ARERA) in Italy and by the Regulatory Authority for Energy (RAE) in Greece, while retaining the right to use the infrastructure controlled by the granting authority to ensure service delivery.

Impairment testing of goodwill

Goodwill from the acquisition of subsidiaries is allocated to each of the cash generating units (CGUs) identified. Within the CDP RETI Group, the CGUs correspond to the individual investee companies. As an intangible asset with an indefinite useful life, goodwill is not subject to amortization, but only to verification of the adequacy of its carrying value in the financial statements. An impairment test is performed annually on goodwill, or whenever there is evidence of impairment. This involves comparing the carrying amount of the CGU, including goodwill, and the recoverable amount of said CGU. If the carrying amount of the CTU is higher than its recoverable amount, the difference is recognised in the income statement by reducing goodwill as a priority, until it is zeroed.

In the current context, therefore, it continues to be necessary to constantly monitor the evolution of these elements.

71 The Ministry of the Environment and Energy Security (MASE), in a statement dated 31 January and published on 2 February 2024, confirmed the total volume of strategic storage for the 2024-2025 contractual year (1 April 2024 - 31 March 2025) at 4.62 billion cubic metres, equivalent to approximately 48,846 GigaWatt hours (GWh), unchanged from the 2023-2024 thermal year (1 April 2023 - 31 March 2024).

72 Including related assets under construction.

In addition, in carrying out impairment tests, CDP RETI also considers the indications of the sector authorities on the financial reporting profiles relating to risks, uncertainties, estimates, assumptions and valuations as well as the difficulties related to the possible impacts that climate risks may have on the entities under analysis.

For further details, please refer to section I.1.5. Other issues of these Notes to the consolidated financial statements.

In implementation of the “partial goodwill method” for the recognition of goodwill envisaged by IFRS 3, the item “Goodwill” represents the only share belonging to the goodwill recorded in the consolidated financial statements of Terna, Snam, and Italgas, as well as the share recorded as a result of allocating the differences between the prices paid for the purchase of equity investments and the relevant equity.

Goodwill recognised in the financial statements as at 31 December 2024 in the amount of 1,040 million euro (of which 940 million euro pertaining to the Group), consists of:

- 430 million euro for Snam group;
- 370 million euro for Terna group;
- 240 million euro for Italgas group.

In relation to Terna, Snam and Italgas, the CGUs to which goodwill was allocated coincide with the individual legal entities and the recoverable amount is equivalent to the market value of the companies, determined on the basis of the weighted average prices of the volumes traded in December. The fair value for each of these three companies was higher than the value of their respective net assets, inclusive of the effects of purchase price allocation. In particular:

- for Snam, the fair value less transaction costs was determined using the volume-weighted stock market prices recorded in December 2024, based on the “VWAP” method. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It’s important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 26% in the VWAP would be necessary;
- for Terna, the fair value less transaction costs was determined using the volume-weighted stock market prices recorded in December 2024, based on the “VWAP” method. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It’s important to highlight that to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 52% in the VWAP would be necessary;
- for Italgas, the fair value less transaction costs was determined using the volume-weighted stock market prices recorded in December 2024, based on the “VWAP” method. The impairment test performed resulted in a fair value higher than the net assets including goodwill and, consequently, no impairment adjustment was necessary. It should be noted that, in order to align the fair value, as stated above, with the net assets including goodwill (assuming a break-even scenario), a reduction of approximately 7% in the VWAP would be necessary.

Intangible assets: changes for the year

(thousands of euro) Items/Figures	Goodwill	Service concession agreements	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under development and advances	Total
Gross opening balance	1,081,770	17,310,197		1,468,106	3,034,389	193,712	23,088,174
Provision for amortisation, depreciation and impairment - opening balance	(40,155)	(7,962,311)		(380,950)	(2,139,640)	(3,736)	(10,526,792)
Net opening balance	**1,041,615**	**9,347,886**		**1,087,156**	**894,749**	**189,976**	**12,561,382**
Gross amount: change for the period							
Change in opening balances							
Investments		800,396		3,202	315,093	282,003	1,400,694
Contributions from business combinations		37,476		15,983	33,066	4,606	91,131
Transfers		61,924		5,042	362,731	(230,017)	199,680
Disposals		(97,603)		(10)	(1,532)		(99,145)
(Write-downs)/Writebacks							
Other changes	(1,385)	(863,133)		(85,704)	(177,585)	(1,757)	(1,129,564)
Reclassifications						(573)	(573)
Provision for amortisation, depreciation and impairment - change for the period							
Change in opening balances							
Depreciation for the period		(530,128)		(17,740)	(302,581)		(850,449)
Contributions from business combinations		(2,037)		(2,862)	(6,547)	(946)	(12,392)
Disposals		37,932		6	246		38,184
(Write-downs)/Writebacks		12,565		(1,202)		(226)	11,137
Other changes		574,602		10,292	8,164	4,094	597,152
Reclassifications							
Gross closing balance	**1,080,385**	**17,249,257**		**1,406,619**	**3,566,162**	**247,974**	**23,550,397**
Provision for amortisation, depreciation and impairment - closing balance	**(40,155)**	**(7,869,377)**		**(392,456)**	**(2,440,358)**	**(814)**	**(10,743,160)**
Net closing balance	**1,040,230**	**9,379,880**		**1,014,163**	**1,125,804**	**247,160**	**12,807,237**

The investments for the period (1,4 billion euro) mainly relate to service concession agreements attributable to the Italgas group.

It should be noted that throughout 2024, the Group did not carry out any operations involving cryptocurrencies – crypto assets.

The contractual commitments for the acquisition of intangible assets, as well as for the provision of services connected with their implementation, are reported in paragraph “IX - Guarantees and commitments”.

4. Equity investments

Snam, Terna, and Italgas’s equity investments are listed below, together with information on the investment relationships.

Equity investments in joint operations, associates and other companies: information on investments

(thousands of euro)

Items/Figures		Equity investment				
Name	Registered office	Investor	% holding	Voting rights %	Carrying amount	Valuation method
A. Companies subject to joint control						
AS Gasinfrastruktur Beteiligung GmbH	Wien	SNAM S.p.A.	40,00%	40,00%	90.928	Equity method
BMT Energy Transmission Development LCC	Wilmington	Terna USA LLC	40,00%	40,00%	-	Equity method
ELMED Etudes S.àr.l.	Tunisi	Terna S.p.A.	50,00%	50,00%	216	Equity method
Ecos S.r.l.	Milan	SNAM S.p.A.	33,34%	33,34%	1.279	Equity method
Metano S.Angelo Lodigiano S.p.A.	Milan	Italgas S.p.A.	50,00%	50,00%	2.057	Equity method
OLT Offshore LNG Toscana S.p.A.	Milano	SNAM S.p.A.	49,07%	49,07%	57.956	Equity method
Seacorridor S.r.l.	Milan	SNAM S.p.A.	49,90%	49,90%	602.686	Equity method
Southeast Electricity Network Coordination Center S.A.	Salonicco	Terna S.p.A.	33,00%	33,00%	2.279	Equity method
TAG GmbH	Vienna	SNAM S.p.A.	84,47%	84,47%	236.581	Equity method
Terega Holding S.A.S.	Wien	SNAM S.p.A.	40,50%	40,50%	434.322	Equity method
Wesii S.r.l.	Wien	Terna Forward S.r.l.	33,00%	33,00%	2.916	Equity method
B. Companies subject to significant influence						
Acqualatina S.p.A.	Latin	Idrolatina S.r.l.	49,00%	49,00%	37.796	Equity method
CESI S.p.A.	Milan	Terna S.p.A.	42,70%	42,70%	47.838	Equity method
CGES A.D.	Podgorica	Terna S.p.A.	22,09%	22,09%	26.694	Equity method
CORESO S.A.	Brussels	Terna S.p.A.	15,84%	15,84%	1.141	Equity method
East Mediterranean Gas Company S.a.e.	Cairo	Snam International B.V.	25,00%	25,00%	59.558	Equity method
Energie Rete Gas S.r.l.	Turin	Medea S.p.A.	49,00%	49,00%	21.628	Equity method
Energy Investment Solution S.r.l. (in liquidazione)	Milano	Renovit Business Solutions S.r.l.	40,00%	40,00%	160	Equity method
Enerpaper S.r.l.	Torino	Geoside S.p.A.	20,01%	20,01%	-	Equity method
Equigy B.V.	Arnhem	Terna S.p.A.	20,00%	20,00%	506	Equity method
Galaxy Pipeline Assets Holdco Limited	Milan	SNAM S.p.A.	12,33%	12,33%	145.002	Equity method
Gesam Reti S.p.A.	London	Toscana Energia S.p.A.	42,96%	42,96%	22.105	Equity method
Industrie De Nora S.p.A.	Brussels	Asset Company 10 S.r.l.	21,59%	21,59%	374.505	Equity method
Interconnector Ltd	Athens	Snam International B.V.	23,68%	23,68%	71.148	Equity method
Interconnector Zeebrugge Terminal B.V.	Bruxelles	Snam International B.V.	25,00%	25,00%	565	Equity method
Senfluga energy infrastructure holdings S.A.	Atene	SNAM S.p.A.	54,00%	54,00%	220.808	Equity method
Siciliacque S.p.A.	Palermo	Idrosicilia S.p.A.	75,00%	75,00%	72.080	Equity method
Terminale GNL Adriatico S.r.l.	London	SNAM S.p.A.	30,00%	30,00%	211.249	Equity method
Trans Adriatic Pipeline AG	London	Snam International B.V.	20,00%	20,00%	397.439	Equity method
Umbria Distribuzione GAS S.p.A.	London	Italgas S.p.A.	45,00%	45,00%	1.819	Equity method
Zena Project S.p.A.	London	Renovit Public Solutions S.p.A.	35,93%	35,93%	3.530	Equity method
dCarbonX Ltd	London	Snam International B.V.	50,00%	50,00%	18.789	Equity method
C. Unconsolidated subsidiaries (1)						
Arbolia S.r.l. Società Benefit	San Donato Milanese (MI)	SNAM S.p.A.	100,00%	100,00%	1.000	At Cost
Asset Company 12 S.r.l.	San Donato Milanese (MI)	Snam S.p.A.	100,00%	100,00%	35	At Cost
Asset Company 9 S.r.l.	San Donato Milanese (MI)	SNAM S.p.A.	100,00%	100,00%	110	At Cost
IES Biogas S.r.l. in liquidazione	Buenos Aires	Bioenerys Agri S.r.l.	95,00%	95,00%		At Cost
IES Biogas S.r.l. in liquidazione	Buenos Aires	Bioenerys S.r.l.	5,00%	5,00%		At Cost
New Energy Carbon Capture e Storage S.r.l.	San Donato Milanese (MI)	SNAM S.p.A.	100,00%	100,00%	1.010	At Cost
RENPV S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	160	At Cost
RENPV1 S.r.l	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV10 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV2 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	621	At Cost
RENPV3 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV4 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV5 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV6 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV7 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV8 S.r.l.	New Delhi	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
RENPV9 S.r.l.	Milan	Renovit Business Solutions S.r.l.	100,00%	100,00%	10	At Cost
Renovit Consorzio Stabile	Milan	Renovit Public Solutions S.p.A.	33,33%	33,33%	152	At Cost
	Milan	Renovit Building Solutions S.p.A.	33,33%	33,33%		At Cost
	Milan	Renovit Business Solutions S.r.l.	33,33%	33,33%		At Cost
Snam Gas & Energy Services (Beijing) Co. Ltd.	Milan	Snam International B.V.	100,00%	100,00%	305	At Cost
Snam energy services private limited	Milan	Snam International B.V.	100,00%	100,00%	13	At Cost
	Milan	SNAM S.p.A.	0,00%	0,00%		At Cost
D. Unconsolidated associates (1)						
Albanian Gas Service Company Sh.a.	Tirana	SNAM S.p.A.	25,00%	25,00%	7	At Cost

(1) Companies in liquidation or subsidiaries in the start-up phase without assets and liabilities

During the period, the value of the equity investments changed as follows:

Equity investments: changes for the period

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
A. Opening balance	**2,919,193**	**2,151,327**
B. Increases	**576,919**	**1,284,409**
B.1 Purchases	184,952	424,079
of which business combinations		
B.2 Writebacks		
B.3 Revaluations	313,930	403,492
B.4 Other increases	78,037	456,838
C. Decreases	**(327,029)**	**(516,543)**
C.1 Sales	(1,800)	(231,024)
of which business combinations		
C.2 Write-downs	(23,091)	(50,163)
C.3 Other decreases	(302,138)	(235,356)
D. Closing balance	**3,169,083**	**2,919,193**

The purchases, amounting to 185 million euro, mainly relate to Snam's acquisition, through the exercise of its right of first refusal, of an incremental share of the capital of Terminale GNL Adriatico S.r.l. As a result of this transaction, Snam's stake in the company, which owns Adriatic LNG, the regasification terminal operating in the Italian waters off Porto Viro (Rovigo), increases from 7.3% to 30%. The right of first refusal was exercised following the signing of the agreement by VTTI, a Dutch company specialising in energy storage and infrastructure, to acquire the majority stake in the company.

The revaluations, amounting to 314 million euro, mainly relate to the effect on the income statement of the measurement at equity of investments subject to joint control or significant influence of the Snam group.

The other positive changes, amounting to 78 million euro, primarily relate to the fair value (from Snam group) assessment of the previously held interest in Terminale GNL Adriatico S.r.l.

Impairments amounting to 23 million euro, mainly relate to the impact on the income statement of the measurement at equity of investments subject to joint control or significant influence of the Snam group.

Other negative changes amounting to 302 million euro, primarily consist of dividends received by the Snam group (271 million euro), relating mainly to: (i) the jointly controlled companies SeaCorridor (95 million euro) and Teréga (32 million euro); (ii) the associated companies TAP (63 million euro), Galaxy Pipeline Assets HoldCo Limited (29 million euro), and Senfluga (16 million euro).

Regarding the Snam group, all the main CGUs, represented by investments in jointly controlled and associated companies, were tested for impairment to determine recoverability by comparing their carrying value with the recoverable amount, represented by whichever is higher: fair value or value in use. The scope of the CGUs, represented by investments in jointly controlled and associated companies, has not changed since 31 December 2023, except for the CGU Terminale GNL Adriatico S.r.l., as a result of the acquisition of an additional share in the capital (from 7.3% to 30%).

Specifically, to perform the impairment test, the recoverable amount of equity investments was determined using the value in use approach, based on the Dividend Discount Model (DDM) or Discounted Cash Flow (DCF) methodology, except for the investments in Italgas and Industrie De Nora, associate companies, where, as listed companies, the recoverable amount was determined based on market prices. Given the volatility of the stock market in 2024, due to macroeconomic uncertainties and geopolitical tensions, the recoverable amount was estimated based on the arithmetic average of the closing stock prices over the last six months of the year. As at 31 December 2024, the discount rates estimated by the Snam group and used in the impairment tests range from 5.82% to 8.50% for CGUs assessed using the DDM, and from 4.49% to 9.69% for CGUs assessed using the DCF.

With reference to TAG (jointly controlled company) and GCA (associated company), it is noted that on 29 May 2024, the Austrian regulator issued the Final Cost Decree and Tariff Ordinance (the "Decree"), which defines the regulatory framework applicable to the new regulatory period (2025-2027). The Decree introduced considerable changes to the earlier regulatory framework, such as eliminating volume risk for the two TSOs and defining compensatory mechanisms that the companies must adhere to from 2025. This change will allow TAG to return to profitability after several years of negative results influenced by the altered supply context. Regarding TAG, due to the uncertainties arising from the current geopolitical context, the limited visibility on the regulatory framework's evolution beyond the short term, and the further reduction in Russian gas supplies to Europe from January 2025 following the failure to renew the agreement for the transit of gas flows through Ukraine, Snam has not made any impairment reversals on the value of the investment, subject to an impairment of 340 million euro as at 31 December 2022.

Other information on equity investments

Consistent with the provisions set out in IFRS 12 “Disclosure of interests in other entities”, the financial performance of joint operations and associates is summarised below.

Significant equity investments: carrying amount and dividends received

(thousands of euro) Names	Carrying amount	Total Net equity	Pro quota Net Equity	Goodwill	Other changes	Dividend paid
A.1 Joint ventures						
Trans Austria Gasleitung GmbH	236,581	265,166	229,790			
Terega Holding S.A.S.	434,322	1,072,400	434,322			
Seacorridor S.r.l.	602,686	910,247	602,686			
A.2 Associates						
Trans Adriatic Pipeline AG	397,439	1,530,008	397,002			
Senfluga energy infrastructure holdings S.A.	220,808	692,028	(220,716)			
Galaxy Pipeline Assets Holdco Limited	145,002	1,135,739	145,003			
Industrie De Nora S.p.A.	374,505	907,997	376,640			
Terminale GNL Adriatico S.r.l.	211,249	930,531	211,249			8,221

Significant equity investments: accounting data

(thousands of euro) Names	Cash and cash equivalent	Current assets	Non current asstes	Current financial liabilities	Non current financial liabilities	Current liabilities	Non current liabilities	Revenues
A.1 Joint ventures								
Trans Austria Gasleitung GmbH	6,255	59,373	585,578		(189)	(292,292)	(87,304)	201,954
Terega Holding S.A.S.	674,494	770,394	3,131,800	(566,950)	(1,841,150)	(664,050)	(2,161,730)	485,200
Seacorridor S.r.l.	88,560	92,410	829,191	(163)	(567)	(84,024)	(14,872)	331,893
A.2 Associates								
Trans Adriatic Pipeline AG		570,414	4,138,669			(528,454)	(2,650,621)	830,859
Senfluga energy infrastructure holdings S.A.		268,011	1,311,656			(215,472)	(672,170)	346,490
Galaxy Pipeline Assets Holdco Limited		195,582	7,280,822			(44,692)	(6,295,974)	7,428
Industrie De Nora S.p.A.		684,533	647,237			(248,581)	(175,192)	615,833

Interest income	Interesnt expenses	Depreciation	Income (loss) before taxes on continuing operations	Income (loss) after taxes on continuing operations	Taxes	Net income (loss) for the year (1)	Other comprehensive income net of taxes (2)	Comprehensive income (3)= (1)+(2)
4,230	(6,935)	(1,915)	879		1,076	(197)		879
	(30,100)	(108,600)	123,200		(43,500)	166,700	(400)	122,800
6,449		(42,306)	97,521		(189,039)	286,560	(4,939)	102,460
			334,939			334,939	(48,651)	286,288
			96,633			96,633	(5,142)	91,491
			285,622			285,622	59,854	345,476
			52,463			52,463	(6,300)	46,163

Non-significant equity investments: accounting data

(thousands of euro) Type of investments	Carryng amount of the investments	Total assets	Total liabilities	Total revenues	Income (loss) before taxes on continuing operations	Income (loss) after taxes on continuing operations	Net income (loss) for the year (1)	Other comprehensive income net of taxes (2)	Comprehensive income (3) = (1)+(2)
Joint ventures	157,631	1,423,396	183,071	1,072,877	4,832		4,832	(5,893)	(1,061)
Associates	385,357	2,522,939	9,028	1,444,314	34,383		34,383		34,383

The consolidated accounting figures for joint ventures and significant associates were produced based on the information provided by the investees at 31 December 2024.

Commitments relating to equity investments

The contractual commitments referring to equity investments are listed in paragraph “IX. Guarantees and commitments”.

5. Non-current financial assets

Below is a breakdown of CDP RETI Group's non-current financial assets, which had a total value of 886 million euro as at 31 December 2024 (compared with 671 million euro as at 31 December 2023).

Non-current financial assets: financial assets at fair value - breakdown and fair value levels

(thousands of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
A. Financial assets at FVTPL								
A.1 Held for trading								
Debt securities								
Equity securities								
Units in collective investment undertakings								
Loans								
Trading derivatives	1,116		1,116		14,320		14,320	
Total	**1,116**		**1,116**		**14,320**		**14,320**	
A.2 Other financial assets at FVTPL								
Debt securities								
Equity securities	6,362			6,362	7,632			7,632
Units in collective investment undertakings	19,134				11,041			11,041
Loans								
Total	**25,496**			**6,362**	**18,673**			**18,673**
B. Financial assets at FVTOCI								
Debt securities					119,050	119,050		
Equity securities	40,334	5,497	1,695	33,142	63,724	8,728	97	54,899
Loans	6,996		6,996					
Total	**47,330**	**5,497**	**8,691**	**33,142**	**182,774**	**127,778**	**97**	**54,899**
Total	**73,942**	**5,497**	**9,807**	**39,504**	**215,767**	**127,778**	**14,417**	**73,572**

Non-current financial assets: financial assets measured at amortised cost - breakdown and fair value levels

(thousands of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
Financial assets at amortized cost								
Debt securities	1,765	1,765			1,271	1,271		
Loans and receivables	798,367	317,624	86,573	394,170	389,197	1,300	82,063	305,834
of which finance lease								
Total	**800,132**	**319,389**	**86,573**	**394,170**	**390,468**	**2,571**	**82,063**	**305,834**

Non-current financial assets: hedging derivatives - breakdown and fair value levels

(thousands of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
Hedging derivatives								
Hedging derivatives	12,178		12,178		64,942		64,942	
Total	**12,178**		**12,178**		**64,942**		**64,942**	

The main component of the item consists of financial assets measured at amortised cost: (i) from the Snam group (108 million euro), mainly related to the remaining portion of the loan to OLT Offshore LNG Toscana (87 million euro); (ii) from the Terna group (372.4 million euro), related to security deposits received from operators participating in the capacity market under Del.98/2011/R/eel and its subsequent amendments, as well as the Interconnector Guarantee Fund, established for the implementation of interconnection works as per Article 32 of Law 99/09; and (iii) from the Italgas group

(300 million euro), related to the reclassification from the "Intangible assets" item of the residual amount of the Gas Distribution Concession for Rome as of its expiry date (November 2024). The concession granted Italgas Reti S.p.A. the right, conditional upon the expiry of the concession, to receive this amount.

6. Deferred tax assets

Deferred tax assets recorded in the financial statements at 31 December 2024 amount to 1,067 million euro (952 million euro at 31 December 2023), of which 1,042 million euro were recorded in the income statement.

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Deferred tax assets		
- recognised in income statement	1,041,535	928,700
- recognised in equity	25,510	23,277
Total	**1,067,045**	**951,977**

Below is the breakdown of deferred tax assets:

Deferred tax assets: breakdown

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Deferred tax assets recognised in income statement	**1,041,535**	**928,700**
- losses carried forward	4,089	1,040
- non-repayable grants	76,273	50,024
- misc. impairment	17,039	18,829
- financial instruments		
- payables		
- site decommissioning and reinstatement	90,546	86,535
- provisions	84,082	61,519
- write-downs on receivables	24,818	36,188
- equity investments		
- property, plant and equipment/intangible assets	603,753	554,647
- employee benefits	31,520	22,805
- exchange rate differences		
- other temporary differences	109,415	97,113
Deferred tax assets recognised in equity	**25,510**	**23,277**
- financial assets at FVTOCI		
- exchange rate differences		
- cash flow hedge	14,605	9,875
- other	10,905	13,402
Total	**1,067,045**	**951,977**

The changes in deferred tax assets during the year, with the balancing entry in the income statement, are shown below:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**928,700**	**818,709**
Change in opening balance		
2. Increases	**225,108**	**154,788**
2.1 Deferred tax assets recognised during the year	197,592	138,995
a) in respect of previous periods		
b) due to change in accounting policies		
c) writebacks		
d) other	197,592	138,995
2.2 New taxes or increases in tax rates		
2.3 Other increases	26,771	15,793
2.4 Business combinations	745	
3. Decreases	**(112,273)**	**(44,797)**
3.1 Deferred tax assets derecognised during the year	(73,451)	(26,746)
a) reversals	(73,447)	(26,742)
b) write-downs for supervening non-recoverability		
c) due to change in accounting policies		
d) other	(4)	(4)
3.2 Reduction in tax rates		
3.3 Other decreases	(38,822)	(18,051)
3.4 Business combination transactions		
4. Closing balance	**1,041,535**	**928,700**

The changes in deferred tax assets during the year, with the balancing entry in equity, are shown below:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**23,277**	**29,162**
Change in opening balance		
2. Increases	**10,311**	**1,192**
2.1 Deferred tax assets recognised during the year		1,133
a) in respect of previous periods		
b) due to change in accounting policies		
c) writebacks		
d) other		1,133
2.2 New taxes or increases in tax rates		
2.3 Other increases	9,854	59
2.4 Business combinations	457	
3. Decreases	**(8,078)**	**(7,077)**
3.1 Deferred tax assets derecognised during the year	(6,129)	(4,767)
a) reversals	(6,129)	(4,767)
b) write-downs for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases	(1,949)	(2,310)
3.4 Business combination transactions		
4. Closing balance	**25,510**	**23,277**

7. Other non-current assets

Other non-current assets at 31 December 2024 amounted to 1,434 million euro (726 million euro at 31 December 2023).

The following table shows the breakdown:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Accrued income and prepaid expenses from regulated activities (*)	400,656	231,893
Accrued income and prepaid expenses (*)	9,058	14,751
Guarantee deposits	27,283	26,377
Loans and advances to employees	9,996	10,873
Tax credits		
Eco/earthquake/superbonus credits (**)	964,310	425,931
Advances to suppliers		
Other assets	22,406	16,019
Total	**1,433,709**	**725,844**

(*) In order to provide a better comparative presentation, the balance of the item as at 31 December 2023 was restated.
(**) the figures as of 31/12/2023, k/€ 425,931, was reclassified from the item "Tax credits" (k/€ 423,785) and from the item "Other assets" (k/€ 2,145) to take into account the opening of the new detail "Eco/earthquake/superbonus credits."

Accrued income and prepaid expenses from regulated activities, amounting to 401 million euro as of 31 December 2024, are mainly related to the Italgas group and in particular to the: (i) receivables for the gas distribution tariff in Greece (the "Recoverable difference"); (ii) receivables for the water service in Italy (the so-called tariff adjustments) amounting to 135,677 million euro, attributable to the inclusion of Acqua Campania in the consolidation perimeter during the financial year; and (iii) receivables for gas distribution in Italy amounting to 111,110 million euro related to the tariff recognition by the Authority, following the plan to replace traditional meters with electronic ones, as per Article 57 of ARERA Resolution no. 367/14, and the recovery of missed depreciation (the so-called IRMA) under DCO 545/2020/R/gas, Resolution no. 570/2019/R/gas, and Determination no. 3/2021, as well as the tariff recognition under Resolution no. 737/2022/R/gas and Determination no. 1/2023 dated 11 October 2023 – DINE, for the residual non-depreciated costs of smart meters installed in the first phase of the smart meter gas installation roll-out plans, which needed to be decommissioned earlier than their useful life – this recognition applied to smart meters decommissioned early, with a size no greater than G6, manufactured up to 2016 and entered into service by 2018.

Eco/earthquake/superbonus credits of 964 million euro as of 31 December 2024; for further details, please refer to the Annual Financial Report of the Snam and Italgas groups.

8. Non-current assets held for sale

Assets held for sale at 31 December 2024 amounted to 21 million euro (92 million euro at 31 December 2023).

The following table shows the breakdown:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
A. Individual assets		
A.1 Financial assets		
A.2 Equity investments		
A.3 Tangible assets	5,350	6,613
A.4 Intangible assets		
A.5 Other assets		
Total A	**5,350**	**6,613**
B. Asset groups (discontinued operating units)		
B.1 Property, plant and equipment	1,338	27
B.2 Inventories	354	1,678
B.3 Intangible assets	13,668	14,738
B.4 Equity investments		
B.5 Financial assets		63,921
B.6 Other assets	57	4,598
Total B	**15,417**	**84,962**
Total	**20,767**	**91,575**

The item includes the net asset values attributable to Terna and Italgas groups. In particular:

- Terna group (approximately 15.4 million euro in discontinued operations and assets held for sale and approximately 0.2 million euro in directly attributable liabilities): they include the balance sheets values of the assets included in the

scope of the agreement that the Terna group signed on 29 April 2022 with CDPQ, a global investment group, for the sale of the entire portfolio of power lines in Brazil, Peru and Uruguay owned by the Terna group. On 7 November 2022, the first closing was finalised of the Brazilian companies SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Transmissora de Energia Linha Verde II S.A., owners of three power lines in Brazil, for a total of 670 km, while on 22 December 2022 the closing was finalised of the company Difebal S.A., owner of a power line in Uruguay for a total of 214 km, was finalised.
As a result of the agreement signed on 29 April 2022, and upon the fulfilment of the conditions outlined therein, the third closing for the sale of SPE Transmissora de Energia Linha Verde I S.A., owner of a 150 km power line in Brazil, to CDPQ, was completed on 18 November 2024. In relation to the sale of the project in Peru, given the failure to proceed with the sale to CDPQ after receiving the negative result of the buyer qualification process from the competent authority – MINEM, the group has engaged with other operators to begin the process for selling the project in Peru, which is expected to be finalised within 12 months. Specifically, the item includes the reclassification under IFRS 5 of the net assets related to the Peruvian company Terna Perù S.A.C.

- Italgas group (approximately 5 million euro): these are mainly related to the sale to the subsidiary Energie Rete Gas of assets falling within the scope of the investment agreement signed with Energetica S.p.A. in 2022.

Current assets

9. Current financial assets

Below is a breakdown of the CDP RETI Group's current financial assets, which had a net value of 813 million euro at 31 December 2024 (413 million euro at 31 December 2023).

Current financial assets: financial assets at fair value: breakdown and fair value levels

(thousands of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
A. Financial assets at FVTPL								
A.1 Held for trading								
Debt securities								
Equity securities								
Units in collective investment undertakings	1		1		7			7
Loans								
Trading derivatives	264		264		1,234		1,234	
Total	**265**		**265**		**1,241**		**1,234**	**7**
A.2 Other financial assets at FVTPL								
Debt securities								
Equity securities								
Units in collective investment undertakings								
Loans								
Total								
B. Financial assets at FVTOCI								
Debt securities	227,916	227,916			200,557	200,557		
Equity securities								
Loans								
Total	**227,916**	**227,916**			**200,557**	**200,557**		
Total	**228,181**	**227,916**	**265**		**201,798**	**200,557**	**1,234**	**7**

Current financial assets: financial assets measured at amortised cost - breakdown and fair value levels

(thousands of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
Financial assets at amortized cost								
Debt securities	350,000			350,000				
Loans and receivables	225,221			225,221	182,111			182,111
Total	**575,221**			**575,221**	**182,111**			**182,111**

The increase in financial assets measured at amortised cost (393 million euro) is primarily represented by a short-term bank deposit made by the Snam group (350 million euro). This item also includes short-term time deposits made by Terna group (200 million euro).

Current financial assets: hedging derivatives - fair value levels

(thousand of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
Derivatives								
Hedging derivatives	9,774		9,774		28,837		28,837	
Total	**9,774**		**9,774**		**28,837**		**28,837**	

10. Income tax receivables

Income tax receivables recorded in the consolidated financial statements at 31 December 2024 amounted to 45 million euro (38 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Income tax receivables		
- Ires receivables	38,967	14,251
- Irap receivables	6,368	19,955
- other tax receivables	13	3,350
Total	**45,348**	**37,556**

11. Trade receivables

Trade receivables recorded in the consolidated financial statements at 31 December 2024 amounted to 7,160 million euro (7,362 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Energy-related receivables	2,186,918	1,268,441
Grid transport consideration receivables	682,041	576,241
Gas sector trade receivables	3,444,413	3,405,193
Other trade receivables (*)	638,856	551,911
Other trade receivables pending conversion into eco/super/earthquake bonus tax credits (*)	80,288	1,410,858
Construction contracts (**)	127,757	149,491
Total	**7,160,273**	**7,362,135**

(*) figures as of 31/12/2023, k/€ 1,410,858, was reclassified from "Other trade receivables" to take into account the opening of the new detail "Eco/super/earthquake bonus trade receivables."
(**) In order to provide a better comparative presentation, the balance of the item as at 31 December 2023 was restated.

Trade receivables are calculated net of amounts deemed unrecoverable which, therefore, are recorded as an adjustment to the bad debt provision.

The item "Energy receivables" refers entirely to the Terna group and includes receivables for the so-called "pass-through items" related to the activities carried out by Terna S.p.A. (1,415.9 million euro) and, also, receivables from dispatching users for the margin fees (750.5 million euro); it also includes receivables (20.5 million euro) from the Cassa per i Servizi Energetici e Ambientali (CSEA) related to service quality.

The item "Receivables for CRT compensation," amounting to 682 million euro, entirely refers to the Terna group and is related to the remuneration granted to the Terna group and other owners for the use of the National Transmission Grid by electricity distributors.

The Gas sector trade receivables mainly relate to:

- receivables of the Snam group, largely consisting of: (i) receivables from the transportation sector (2,518 million euro), mainly due to amounts owed by users for additional components and default service (1,850 million euro) and for gas system balancing activities (98 million euro); and (ii) energy transition (300 million euro) mainly for energy efficiency projects (193 million euro) and (iii) natural gas storage (222 million euro);
- Italgas group receivables mainly related to gas distribution and related services.

"Other trade receivables," amounting to 639 million euro, mainly refer to: to the Terna group and in particular receivables from customers in the Non-Regulated business, for specialist services provided to third parties, primarily in plant engineering, operation and maintenance of High and Extra High Voltage plants, as well as housing and telecommunications equipment. Maintenance services for optical fibre networks and for orders of the Tamini group, Brugg Cables' group and the LT group.

Eco/super/seism bonus trade credits pending conversion include receivables from customers related to energy efficiency projects pending conversion into Superbonus tax credits and other minor bonuses, mainly pertaining to the Snam group (56 million euro) and the Italgas group.

12. Inventories

Inventories at 31 December 2024 were recorded in the financial statements for 2,355 million euro (2,964 million euro at 31 December 2023) and are recognised net of the provision for impairment of 54 million euro (61 million euro at 31 December 2023).

Inventories: breakdown

(thousands of euro)	31/12/2024			31/12/2023		
Items/Figures	Gross amount	Provision for impairment	Net value	Gross amount	Provision for impairment	Net value
Raw materials, supplies and consumables (*)	894,823	(20,251)	874,572	959,479	(28,464)	931,015
Finished products and goods	1,514,633	(33,752)	1,480,881	2,065,252	(32,193)	2,033,059
Total	**2,409,456**	**(54,003)**	**2,355,453**	**3,024,731**	**(60,657)**	**2,964,074**

(*) In order to provide a better comparative presentation, the balance of the item as at 31 December 2023 was restated.

Inventories of raw materials, supplies and consumables mainly consist of natural gas of the Snam group (709 million euro). This item also includes materials for the Terna group's projects (108 million euro), as well as around 57 million euro in gas meters related to the Italgas group's replacement plan.

Finished products and goods, equal to 1,481 million euro in total, net of the relevant provision (2,033 million euro at 31 December 2023), consist instead of natural gas in the storage network.

Third-party natural gas held in custody

Risks for third-party assets held, amounting to 4,186 million euro (3,302 million euro as at 31 December 2023) and attributable to the Snam group, refer to around 7.5 billion cubic metres of natural gas held at storage facilities by the beneficiaries of the service. The amount was calculated by Snam group by applying the average wholesale procurement cost published by ARERA to the quantities of stored gas, which is 0.55 euro per standard cubic meter (0.44 euro per standard cubic meter as of 31 December 2023).

For more details, please see paragraph "IX. Guarantees and Commitments".

13. Other current assets

The breakdown of Other current assets, which at 31 December 2024 amounted to 1,432 million euro (687 million euro at 31 December 2023), is shown below.

Other current assets: breakdown

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Accrued income and prepaid expenses from regulated activities	58,879	57,598
Accrued income and prepaid expenses	52,536	39,318
Guarantee deposits	990	2,439
Loans and advances to employees	2,710	2,220
Tax credits	256,541	135,870
Eco/earthquake/superbonus credits (*)	553,065	197,666
Advances to suppliers	46,091	54,455
Other assets	461,559	197,367
Total	**1,432,371**	**686,933**

(*) the figures as of 31/12/2023, k/€ 197,666, was reclassified from the item "Tax credits" (k/€ 197,666) and from the item "Other assets" (k/€ 15,611) to take into account the opening of the new detail "Eco/earthquake/superbonus credits."

Eco/super/earthquake bonus receivables include receivables from customers related to energy efficiency projects pending conversion into Superbonus tax credits and other minor bonuses, mainly pertaining to the Snam group (414 million euro). For further details, please refer to the Annual Financial Report of the Snam and Italgas groups.

14. Cash and cash equivalents

Cash and cash equivalents, which amounted to 4,628 million euro at 31 December 2024 (3,140 million euro at 31 December 2023) can be broken down as shown in the following table and refer mainly to:

- Terna group (2,312 million euro): short-term, highly liquid deposits (2,090.2 million euro) and bank current accounts and cash in hand (221.3 million euro);
- Snam group (1,806 million euro): mainly refer to current accounts and bank deposits in euro (1,628 million euro), representing the use of cash held for the group's financial needs, and the cash equivalents from subsidiaries (total 178 million euro);
- Italgas group (403 million euro): refer to current account deposits held with banks;
- CDP Reti (109 million euro): refer to interest-bearing deposit held with the parent company CDP and in bank accounts.

Cash and cash equivalents: breakdown

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Current accounts and demand deposits	985,982	1,085,700
Short-term financial investments	3,640,401	2,047,782
Cash	1,808	6,403
Total	**4,628,191**	**3,139,885**

II. LIABILITIES

15. Equity

15 a. Group equity

Equity pertaining to the Group, amounting to 5,142 million euro at 31 December 2024 (4,976 million euro at 31 December 2023) consisted of the following:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Share capital	**162**	**162**
Issue premium	**1,315,158**	**1,315,158**
Reserves	**3,436,002**	**3,331,666**
- Legal reserve	32	32
- Reserve for shareholder payments for investments	2,029,921	2,029,921
- Other reserves		
- Retained earnings	1,406,049	1,301,713
Valuation reserves	**19,874**	**40,944**
- Cash flow hedges	(6,354)	24,038
- Exchange rate differences	10,327	8,164
- Actuarial Profit (Loss) on defined-benefit pension plans	(4,220)	(5,848)
- Share of valuation reserves of equity investments accounted for using equity method	25,016	20,017
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	66	(625)
- Financial assets (equity securities) measured at fair value through other comprehensive income	(4,961)	(4,802)
Advances on dividends	**(361,866)**	**(343,047)**
Net income for the year (+/-)	**732,808**	**631,499**
Total	**5,142,138**	**4,976,382**

During the period, there were no changes to the shareholding structure and the number of shares, which remained the same compared to the prior year:

Member / Number of shares / %	Share category A	Share category B	Share category C	%
CDP	95,458			59.10%
State Grid		56,530		35.00%
Cassa Forense			4,253	2.63%
Foundations and Savings Banks			5,273	3.27%
Total	**95,458**	**56,530**	**9,526**	**100.00%**

Shares outstanding at the reporting date consisted of 161,514 shares without nominal value, fully paid-up.

15.b. Non-controlling interests

A breakdown of the item Non-controlling interests is provided below:

(thousands of euro)

Names	31/12/2024	31/12/2023
1. Italgas S.p.A.	2,513,632	2,370,926
2. Snam S.p.A.	7,473,269	6,371,397
3. Terna S.p.A.	6,208,764	5,158,774
Total	**16,195,665**	**13,901,097**

Non-current liabilities

16. Provisions for risks and charges

The provisions for risks and charges recorded in the consolidated financial statements at 31 December 2024 amounted to 1,135 million euro (925 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
1. Provision for risks of legal disputes	43,192	43,321
2. Provision for early retirement incentives	71,237	51,483
3. Provision for site decommissioning and reinstatement	696,836	565,203
4. Provision for tax risks	21,384	21,137
5. Provision for environmental risks and charges	50,877	64,850
6. Provisions for credit risk on guarantees provided		
7. Other provisions	251,581	178,655
Total	**1,135,107**	**924,649**

The provision for site decommissioning and remediation, (697 million euro), which is the largest portion of the balance sheet item, includes the estimate of the discounted costs that will be incurred for the removal of structures and the restoration of sites, primarily related to the gas storage sector (595 million euro) and the natural gas transportation sector[73] (69 million euro).

The changes to the provisions for risks and charges recorded during the year are detailed below:

(thousands of euro) Items/Figures	Provision for risks of legal disputes	Provision for early retirement incentives	Provision for site decommissioning and reinstatement	Provision for tax risks	Provision for environmental risks and charges	Provisions for credit risk on guarantees provided	Other provisions	Total
Opening balance	**43,321**	**51,483**	**565,203**	**21,137**	**64,850**		**178,655**	**924,649**
Change in opening balance								
Changes for business combinations (+/-)								
Increases:								
Allocation in the year	14,611	32,820		2,324	1,289		37,122	88,166
Changes due to the passing of time			18,312		684			18,996
Changes due to changes to the discount rate			116,622					116,622
Other changes	227	2,381	1,153	76			69,772	73,609
Decreases:								
Use in the financial year	(14,919)	(15,362)	(4,454)	(1,812)	(15,864)		(26,474)	(78,885)
- to charges	*(10,043)*	*(15,362)*	*(4,454)*	*(1,224)*	*(15,794)*		*(20,466)*	*(67,343)*
- due to surplus	*(4,876)*			*(588)*	*(70)*		*(6,008)*	*(11,542)*
Changes due to changes to the discount rate								
Other changes	(48)	(85)		(341)	(82)		(7,494)	(8,050)
Closing balance	**43,192**	**71,237**	**696,836**	**21,384**	**50,877**		**251,581**	**1,135,107**

17. Provisions for employee benefits

Below is the breakdown of the provisions for employee benefits:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
Severance pay	90,638	96,054
Long-term service award	7,406	6,981
Supplementary health funds	20,454	20,377
Energy discount	2,096	2,206
Other employee benefits	32,535	17,973
Total	**153,129**	**143,591**

The changes to the Provisions for employee benefits are shown below:

73 The costs refer to the estimated expenses for the removal of the connection works to the LNG regasification terminal in Livorno – OLT Offshore LNG Toscana.

(thousands of euro) Items/Figures	Severance pay	Long-term service award	Supplementary health funds	Energy discount	Other employee benefits	Totale
Opening balance	**96,054**	**6,981**	**20,377**	**2,206**	**17,973**	**143,591**
Changes for business combinations						
Current cost	2,524	534	966		16,680	20,704
Interest expense	2,664	210	651	64	522	4,111
Revaluations:						
- actuarial profit and loss due to changes in financial assumptions	184	16	(684)	148	16	(320)
- actuarial profit and loss due to changes in demographic assumptions	157		(119)		659	697
- effect of past experience	(980)	3	(330)		402	(905)
Other changes	(2,224)	(301)	(291)	(322)	(473)	(3,611)
Paid benefits	(7,741)	(37)	(116)		(3,244)	(11,138)
Closing balance	**90,638**	**7,406**	**20,454**	**2,096**	**32,535**	**153,129**

The average actuarial assumptions used by the CDP RETI Group for the purpose of applying IAS 19 are provided below.

Items/Figures %	Min	Max
Discount rate	2.67%	3.38%
Expected rate of salary increases	1.00%	4.00%
Inflation rate	1.60%	2.00%

18. Long-term loans

Long-term loans recorded by the Group at 31 December 2024 amounted to 34,108 million euro (28,721 million euro at 31 December 2023) and were broken down as follows:

Items/Figures	31/12/2024	31/12/2023
Bonds	23,485,777	19,592,056
- EMTN programme	22,396,679	19,095,017
- other issues	1,089,098	497,039
Bank loans	9,792,953	8,280,373
Lease liabilities	129,982	126,842
Other lenders	699,538	721,335
Total	**34,108,250**	**28,720,606**

Long-term loans are mainly attributable to bond issuances (approximately 23.5 billion euro), including those of Snam (11.1 billion euro), Terna (6 billion euro), Italgas (5.2 billion euro), and the Parent Company CDP Reti (1.1 billion euro).

An analysis of bond issues, with an indication of the issuing company, the currency, the interest rate and maturity, is provided below:

(thousands of euro)

					Carrying amount at 31/12/2024		Maturity analysis (years)				
Issuer	year of issue	Maturity	Currency	Rate	Current	Non current	2026	2027	2028	2029	beyond
CDP RETI - Bond 2022	2022	2027	euro	5.87%	5,377	558,750	29,375	529,375			
CDP RETI - Bond 2024	2024	2031	euro	3.87%	7,517	530,348	23,250	23,250	23,250	23,250	437,348
Italgas S.p.A.	2017	2027	euro	1.63%	11,553	747,919		747,919			
Italgas S.p.A.	2017	2029	euro	1.63%	11,587	747,761				747,761	
Italgas S.p.A.	2019	2030	euro	0.88%	3,609	595,476					595,476
Italgas S.p.A.	2019	2031	euro	1.00%	273	496,731					496,731
Italgas S.p.A.	2020	2025	euro	0.25%	499,973						
Italgas S.p.A.	2021	2028	euro	0.00%		496,378			496,378		
Italgas S.p.A.	2021	2033	euro	0.50%	2,178	494,904					494,904
Italgas S.p.A.	2023	2032	euro	4.13%	11,638	493,315					493,315
Italgas S.p.A.	2024	2029	euro	3.13%	27,918	990,966				990,966	
ENAON S.A.	2022	2029	euro	1.70% + 3M Euribor	1,088	128,498					128,498
ENAON S.A.	2022	2034	euro	1.90% + 3M Euribor		19,361					19,361
ENAON S.A.	2022	2034	euro	1.90% + 3M Euribor		37,134					37,134
Snam S.p.A.	2016	2026	euro	0.88%	1,749	1,248,116	1,248,116				
Snam S.p.A.	2017	2025	euro	1.25%	269,883						
Snam S.p.A.	2017	2027	euro	1.38%	1,394	551,249		551,249			
Snam S.p.A.	2019	2025	euro	1.25%	501,680						
Snam S.p.A.	2019	2030	euro	1.63%	3,985	248,669					248,669
Snam S.p.A.	2019	2034	euro	1.00%	1,808	591,475					591,475
Snam S.p.A.	2020	2030	euro	0.75%	2,024	498,624					498,624
Snam S.p.A.	2020	2028	euro	0.00%		598,162			598,162		
Snam S.p.A.	2021	2030	euro	0.75%	1,012	254,781					254,781
Snam S.p.A.	2021	2025	euro	0.00%	499,929						
Snam S.p.A.	2021	2031	euro	0.63%	1,575	494,811					494,811
Snam S.p.A.	2022	2034	euro	1.25%	4,318	646,885					646,885
Snam S.p.A.	2022	2029	euro	0.75%	3,388	845,375				845,375	
Snam S.p.A.	2022	2026	euro	3.38%	693	298,892	298,892				
Snam S.p.A.	2023	2028	euro	3.25%	4,175	484,156			484,156		
Snam S.p.A.	2023	2029	euro	4.00%	2,351	642,823				642,823	
Snam S.p.A.	2024	2028	euro	3.38%	14,570	496,975			496,975		
Snam S.p.A.	2024	2034	euro	3.88%	33,562	991,835					991,835
Snam S.p.A.	2024	2026	euro	3.46%	5,741	748,792	748,792				
Snam S.p.A.	2024	2034	euro	3.38%	2,490	740,789					740,789
Snam S.p.A.	2024	2036	euro	5.75%	4,093	717,571					717,571
Terna S.p.A.		2025	euro	0.13%	499,466						
Terna S.p.A.		2026	euro	1.00%		499,538	499,538				
Terna S.p.A.		2026	euro	1.60%		79,818	79,818				
Terna S.p.A.		2027	euro	1.38%		991,273		991,273			
Terna S.p.A.		2027	euro	3.44%		99,868		99,868			
Terna S.p.A.		2028	euro	1.00%		720,464			720,464		
Terna S.p.A.		2029	euro	0.38%		598,052				598,052	
Terna S.p.A.		2029	euro	3.63%		743,955				743,955	
Terna S.p.A.		2030	euro	0.38%		449,973					449,973
Terna S.p.A.		2031	euro	3.50%		842,621					842,621
Terna S.p.A.		2032	euro	0.75%		379,509					379,509
Terna S.p.A.		2033	euro	3.88%		643,185					643,185
Terna S.p.A.		2025	euro	0.13%	75,172						

With reference to the analysis of the maturities of payables for loans, please refer to the following table:

(thousands of euro)					Carrying amount at 31/12/2024		Maturity analysis (years)				
Loans/Bonds	year of issue	Maturity	Currency	Rate	Current	Non current	2026	2027	2028	2029	beyond
IFRS 16 residual (no to CDP RETI Group companies)	2020	2026	euro		29	22	22				
CDP RETI - Term Loan 2024	2024	2029	euro	2.70%	2,600	597,628	20,804	19,349	20,085	537,390	
IFRS 16 residual (no to CDP RETI Group companies)			euro		45,884	43,484	14,992	10,836	6,655	3,727	7,274
Italgas S.p.A. - BEI	2017	2037	euro	0.35%+Euribor 6M	24,394	287,898	24,000	24,000	24,000	24,000	191,898
Italgas S.p.A. - BEI	2015	2035	euro	0.14%+Euribor 6M	8,843	82,648	8,266	8,267	8,267	8,267	49,581
Italgas S.p.A. - BEI	2016	2032	euro	0.47%+Euribor 6M	25,565	174,926	25,000	25,000	25,000	25,000	74,926
Italgas S.p.A. – BEI	2022	2037	euro	3.18%	214	149,989		12,500	12,500	12,500	112,489
Italgas S.p.A. – BEI	2023	2042	euro	2.77%	174	11,905		750	750	750	9,655
Italgas S.p.A. – BEI	2024	2044	euro	0.829%+Euribor 6M	92	36,000			1,091	2,182	32,727
Toscana Energia S.p.A. - BEI	2016	2031	euro	1.500%	8,210	44,999	8,182	8,182	8,182	8,181	12,272
Italgas S.p.A. - TI Mediobanca	2024	2027	euro	0.65%+Euribor 6M							
Italgas S.p.A. - Intesa Sanpaolo	2022	2025	euro	0.60%+Euribor 3M	2,326	124,025		124,025			
Italgas S.p.A. – RCF	2024	2027	euro								
Geoside - Fin Lt Intesa Sanpaolo	2021	2025	euro	0.83%	451						
Financial debt to other banks			euro		475	257	257				
Other lenders			euro		24						
IFRS 16 residual (no to CDP RETI Group companies)			euro		12,459	46,142	11,154	2,464	6,507	4,593	21,424
Bayerische	2022	2027	euro	2.23%	687	75,000		75,000			
Cassa Depositi e Prestiti	2022	2027	euro	4.72%	305	200,000		200,000			
Cassa Depositi e Prestiti	2023	2027	euro	4.46%	2,046	300,000		300,000			
ICBC	2023	2026	euro	4.45%	1,852	100,000	100,000				
BNL	2023	2025	euro	4.46%	1,808	200,000	200,000				
Intesa San Paolo	2023	2026	euro	0.046	2,077	250,000	250,000				
UniCredit	2023	2025	euro	4.42%	1,144	150,000	150,000				
Caixa Bank	2023	2026	euro	4.39%	1,166	200,000	200,000				
Bbva	2023	2026	euro	4.72%	223	200,000	200,000				
Intesa San Paolo	2024	2027	euro	4.45%	475	150,000		150,000			
ING	2024	2027	euro	4.59%	78	100,000		100,000			
Cassa Depositi e Prestiti	2024	2028	euro	4.64%	2,099	200,000			200,000		
UniCredit	2024	2027	euro	3.58%	4,251	200,000		200,000			
Mediobanca	2024	2027	euro	3.32%	649	100,000		100,000			
Banca Europea per gli Investimenti	2013	2032	euro	2.95%	4,556	30,332	4,333	4,333	4,333	4,333	13,000
Banca Europea per gli Investimenti	2015	2035	euro	2.73%	25,173	248,668	24,867	24,867	24,867	24,867	149,200
Banca Europea per gli Investimenti	2017	2037	euro	1.50%	20,667	237,667	20,667	20,667	10,333	31,000	155,000
Banca Europea per gli Investimenti	2019	2038	euro	1.37%	9,000	117,000	9,000	9,000	4,500	13,500	81,000
Banca Europea per gli Investimenti	2019	2031	euro	0.55%	2,500	15,000	2,500	2,500	1,250	3,750	5,000
Banca Europea per gli Investimenti	2019	2039	euro	0.64%	7,000	94,500	7,000	7,000	3,500	10,500	66,500
Banca Europea per gli Investimenti	2012	2029	euro	2.99%	20,132	80,000	20,000	20,000	20,000	20,000	
Banca Europea per gli Investimenti	2015	2035	euro	1.16%	15,351	126,665	13,333	13,333	13,333	13,333	73,333
Banca Europea per gli Investimenti	2013	2033	euro	1.63%	21,983	150,935	18,867	18,867	18,867	18,867	75,467
Banca Europea per gli Investimenti	2022	2032	euro	2.60%	3,989	51,294	7,963	7,963	3,981	11,944	19,443
Banca Europea per gli Investimenti	2022	2027	euro	2.96%	10,900	43,600	21,800	21,800			
Banca Europea per gli Investimenti	2023	2028	euro	3.43%	4	39,763	15,905	15,905	7,953		
Banca Popolare di Sondrio	2019	2025	euro	Euribor 1 M + 1.5%	10						
BPER	2019	2025	euro	Euribor 3 M + 0.551%	237						
IFRS 16 residual (no to CDP RETI Group companies)		2026	euro		18,455	40,334	40,334				
BEI		2046	euro	2.65%	47,700	3,216,092	58,500	117,100	156,000	192,100	2,692,392
BEI		2041	euro	4.31%	115,322	605,700	115,300	115,300	115,300	96,000	163,800
Terna S.p.A.		2029	euro	4.36%		1,500,000				1,500,000	
Terna S.p.A.		2025	euro		13	-					

The table below shows the reconciliation of the liabilities arising from the loans, as required by IAS 7:

(thousands of euro) Items/Figures	31/12/2023	Changes from financing cash flows	No cash flow changes: Effect of changes in foreign exchange rates	No cash flow changes: Changes due to IFRS9	No cash flow changes: Changes arising from obtaining or losing control of subsidiaries or other businesses	31/12/2024
Cash and cash equivalents	3,139,885	1,554,054			(65,748)	4,628,191
Short-term financial debts	4,731,202	(1,017,969)		238,097	55,835	4,007,165
Long-term financial debts	32,501,510	4,504,390		(113,098)		36,892,802
Financial debts for leased goods	185,443	(66,072)		87,142	296	206,809
Gross financial debt	**37,418,155**	**3,420,349**	**-**	**212,141**	**56,131**	**41,106,776**
Net financial debt	**34,278,270**	**1,866,295**	**-**	**212,141**	**121,879**	**36,478,585**

19. Other non-current financial liabilities

Other non-current financial liabilities were recognised in the financial statements for a total amount of 101 million euro (184 million euro at 31 December 2023). The following table shows the breakdown of the item and the respective fair value levels.

(thousands of euro)	31/12/2024			31/12/2023		
Items/Figures	L1	L2	L3	L1	L2	L3
Fair value-related hedging derivatives		**48,070**			**165,575**	
a) interest rate risk		48,070			165,575	
b) exchange rate risk						
c) several risks						
Cash flow hedge-related derivatives		**28,483**			**3,782**	
a) interest rate risk		27,170			3,782	
b) exchange rate risk		1,313				
c) other						
Foreign investments hedging derivatives						
a) interest rate risk						
b) exchange rate risk						
c) other						
Non-hedging derivatives		**23,991**			**14,434**	
Totale		**100,544**			**183,791**	

20. Deferred tax liabilities

Deferred tax liabilities recorded at 31 December 2024 amounted to 1,861 million euro (1,952 million euro at 31 December 2023), and consist almost entirely of deferred tax liabilities entered as the balancing entry recognised in the income statement as detailed in the following table:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
Deferred tax liabilities		
- recognised in income statement	1,824,095	1,912,188
- recognised in equity	37,216	40,091
Total	**1,861,311**	**1,952,279**

Below is the breakdown of deferred tax liabilities:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Deferred tax liabilities recognised in income statement	**1,824,095**	**1,912,188**
- surplus paid in instalments	2,769	4,846
- staff severance pay	2,773	13,743
- leasing		
- property, plant and equipment	1,709,943	1,732,587
- own securities		
- equity investments	28,986	25,637
- other financial instruments		
- exchange rate differences		
- other temporary differences	79,624	135,375
Deferred tax liabilities recognised in equity	**37,216**	**40,091**
- financial assets at FVTOCI		
- other reserves	35,469	37,385
- Law 213/98 reserves	1,747	2,706
- other reserves		
Total	**1,861,311**	**1,952,279**

The changes in deferred tax liabilities during the year, with the balancing entry in the income statement, are shown below.

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**1,912,188**	**1,993,803**
Change in opening balance		
2. Increases	**85,017**	**36,617**
2.1 Deferred tax liabilities recognised during the year	78,492	11,036
a) in respect of previous periods		
b) due to change in accounting policies		
c) others	78,492	11,036
2.2 New taxes or increases in tax rates		
2.3 Other increases	6,358	25,581
2.4 Business combination transactions	167	
3. Decreases	**(173,110)**	**(118,232)**
3.1 Deferred tax liabilities derecognised during the year	(142,379)	(94,267)
a) reversals	(139,405)	(92,384)
b) due to change in accounting policies		
c) others	(2,974)	(1,883)
3.2 Reduction in tax rates		
3.3 Other decreases	(30,731)	(23,965)
3.4 Business combination transactions		
4. Closing balance	**1,824,095**	**1,912,188**

The changes in deferred tax liabilities during the year, with the balancing entry in equity, are shown below.

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**40,091**	**61,478**
Change in opening balance		
2. Increases	**28,148**	**12,803**
2.1 Deferred tax liabilities recognised during the year	245	12,753
a) in respect of previous periods		
b) due to change in accounting policies		
c) others	245	12,753
2.2 New taxes or increases in tax rates		
2.3 Other increases	24,076	50
2.4 Business combination transactions	3,827	
3. Decreases	**(31,023)**	**(34,190)**
3.1 Deferred tax liabilities derecognised during the year	(30,064)	(33,689)
a) reversals	(21,155)	(22,198)
b) due to change in accounting policies		
c) others	(8,909)	(11,491)
3.2 Reduction in tax rates		
3.3 Other decreases	(959)	(501)
3.4 Business combination transactions		
4. Closing balance	**37,216**	**40,091**

21. Other non-current liabilities

The table below provides a breakdown of Other non-current liabilities recognised at 31 December 2024 for a total amount of 2,456 million euro (2,672 million euro at 31 December 2023).

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
Accrued liabilities and deferred income	7,200	6,796
Accrued liabilities and deferred income from regulated activities	1,295,773	1,235,938
Other liabilities	1,152,889	1,429,630
Total	**2,455,862**	**2,672,364**

Other non-current liabilities are broken down as follows:

- Accrued expenses and deferred income from regulated activities primarily include amounts related to: (i) contributions for installations from Terna S.p.A. (59.1 million euro), as well as advances received for the construction of the private Interconnector between Italy-Montenegro, Italy-France, and Italy-Austria (a total of 526.3 million euro); (ii) gas connection contributions from the Italgas group (527.7 million euro); and (iii) regulatory liabilities mainly related to transportation, primarily due to penalties charged to users who have exceeded their committed capacity, which must be returned to the system through tariff adjustments, from the Snam group (48.5 million euro);
- Other liabilities, mainly consisting of security deposits provided as collateral by balancing service users, in compliance with resolution ARG/gas 45/11 by the Snam group (707 million euro);
- Accrued expenses and deferred income related to the Group's operations.

22. Liabilities directly attributable to assets held for sale

At 31 December 2024, the item was valued at 0.2 million euro (4.6 million euro at 31 December 2023), related to "Liabilities associated with individual assets held for sale" arising from the Terna group, as described in note 8 of the balance sheet, which provides further details on non-current assets held for sale.

The following table shows the breakdown:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
C. Liabilities associated to individual assets held for sale		
C.1 Debts		
C.2 Securities		
C.3 Other liabilities		
Total C		
D. Liabilities associated to groups of individual assets held for sale		
D.1 Loans payable		
D.2 Financial liabilities		
D.3 Provisions		
D.4 Other liabilities	151	4,583
Total D	**151**	**4,583**
Total	**151**	**4,583**

Current liabilities

23. Current portion of long-term loans

This item, which at 31 December 2024 amounted to 2,991 million euro (3,966 million euro at 31 December 2023) includes the current portion of long-term loans for the current portion. The following table shows its composition:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
Bonds	2,517,769	2,528,244
- EMTN programme	2,504,875	2,522,867
- other issues	12,894	5,377
Bank loans	392,280	1,375,014
Lease liabilities	76,827	58,601
Other lenders	4,485	4,488
Total	**2,991,361**	**3,966,347**

A breakdown of this non current portion is detailed in the tables set out in note 18.

24. Trade payables

Trade payables recorded at 31 December 2024 amounted to 4,761 million euro (4,130 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
Payables due to suppliers (*)	4,680,313	4,056,111
- energy-related payables	*2,169,151*	*1,649,164*
- non-energy-related payables	*1,274,229*	*1,141,556*
- GAS sector payables (*)	*923,712*	*818,302*
- due to other suppliers	*313,221*	*447,089*
Payables for construction contracts	81,090	74,224
Total	**4,761,403**	**4,130,335**

(*) The balances as of 31 December 2023, have been restated to enhance comparability.

Energy-related trade payables (2,169 million euro) recorded in Terna's financial statements, relating to the financial effects of "pass-through" costs, principally related to Terna's electricity dispatching operations, as well as to the transport fees due to other owners of portions of the national transmission grid.

Non-energy related trade payables of 1,274 million euro recorded in the consolidated financial statements of the Terna group, refer to amounts owed to suppliers for invoices both already received and yet to be received for tenders, services and the purchase of materials and equipment.

Trade payables from the GAS segment of 924 million euro, are mainly related to the transportation and energy transition sectors of the Snam group (respectively 629 million euro, of which 241 million euro stem from balancing activities, and 211 million euro) and to payables to suppliers of the Italgas group (250 million euro).

25. Income tax liabilities

Current tax liabilities amounted to 206 million euro at 31 December 2024 (73 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro) Items/Figures	31/12/2024	31/12/2023
Income tax payables		
- Ires payables	149,733	51,058
- Irap payables	51,686	20,434
- other tax payables	4,523	1,395
Total	**205,942**	**72,887**

26. Current financial liabilities

Current financial liabilities amounted to 4,016 million euro at 31 December 2024 (4,733 million euro as at 31 December 2023).

The following table shows the breakdown:

(thousands of euro)	31/12/2024				31/12/2023			
Items/Figures	Carrying amount	L1	L2	L3	Carrying amount	L1	L2	L3
Fair value-related hedging derivatives					**1,344**		**1,344**	
a) interest rate risk					1,344		1,344	
b) exchange rate risk								
c) several risks								
Cash flow hedge-related derivatives	**8,980**		**8,980**		**157**		**157**	
a) interest rate risk	8,980		8,980		157		157	
b) exchange rate risk								
c) other								
Hedging derivatives on foreign investment								
a) interest rate risk								
b) exchange rate risk								
c) other								
Non-hedging derivatives					**404**		**404**	
Other financial liabilities	**4,007,165**			**1,985,824**	**4,731,202**		**2,930,320**	**1,800,254**
Total	**4,016,145**		**8,980**	**1,985,824**	**4,733,107**		**2,932,225**	**1,800,254**

Other financial liabilities amounted to 4,007 million euro at 31 December 2024 (4,731 million euro at 31 December 2023), and mainly related to uncommitted variable rate bank credit lines (450 million euro), the issuance of Euro Commercial Paper (ECP) (1,570 million euro) by the Snam group, and short-term financing and Commercial Paper issuance by Terna S.p.A. (1,657 million euro).

27. Other current liabilities

Other current liabilities amounted to 7,176 million euro at 31 December 2024 (7,399 million euro at 31 December 2023) and were broken down as shown in the following table:

(thousands of euro)

Items/Figures	31/12/2024	31/12/2023
VAT payables (*)	28,166	90,065
Irpef withholdings on employees	17,995	15,854
Other duties and taxes	18,326	11,468
Accrued liabilities and deferred income	70,620	45,533
Advances	343,431	277,699
Payables due to pension and social security institutions	80,979	72,235
Payables due to employees	162,861	138,772
Accrued liabilities and deferred income from regulated activities	67,024	106,118
Other liabilities (*)	6,386,420	6,641,362
Total	**7,175,822**	**7,399,106**

(*) The balances as of 31 December 2023, have been restated to enhance comparability.

"Other liabilities" mainly refer to payables for investing activities (1,238 million euro, mainly related to natural gas transport, for 788 million euro, and natural gas storage, for 105 million euro) and payables due to CSEA (Cassa Conguaglio Settore Elettrico) by the Snam group (3,269 million euro). They also include payables for investment activities (413 million euro) and payables to the Campania Region (242 million of euro) for the concession fee related to the management of the Western Campania Aqueduct (ACO) and the water consumption metering service by the Italgas group.

III - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

A. REVENUES

28. Revenues from sales and services

Revenues from sales and services: breakdown

(thousands of euro)

Items/Figures	2024	2023
Revenues from electricity dispatching and distribution		
Grid transport consideration fees	2,423,777	2,107,559
CTR adjustments for previous years		
Service quality	20,547	11,210
Other energy revenues	612,604	511,516
Other sales and performance	557,432	492,451
Total	**3,614,360**	**3,122,736**
- of which IFRIC 12 revenues	*112,851*	*80,622*
Revenues from storage, transportation, regasification and distribution of natural gas		
Storage	490,141	501,183
Distribution	2,328,045	2,249,421
Transport and dispatching	2,551,171	2,523,450
Regasification	155,462	77,580
Other sales and performance	500,850	1,456,525
Total	**6,025,669**	**6,808,159**
- of which IFRIC 12 revenues	*746,502*	*787,136*
Total revenues from sales and services	**9,640,029**	**9,930,895**

Revenues for the dispatching and distribution of electricity (3,614 million euro) increased overall growth (approximately +491 million euro compared to the previous year) essentially deriving from the following effects:

- compensation for CRT network usage (+316.2 million euro compared to the previous year): this item refers to the remuneration for the ownership and management of the National Transmission Grid (RTN) under the responsibility of Terna S.p.A. (2,242.3 million euro) and its subsidiary Rete S.r.l. (163.5 million euro) and Terna Crna Gora d.o.o. (18 million euro). The increase in this line item is mainly attributable to the higher WACC recognised for 2024 (per Resolution 556/2023 which increased from 5% in 2023 to 5.8% in 2024), the expansion of the Regulated Asset Base (RAB) and the depreciation recognised under the new Tariff Regulation for 2024-2027, introduced through ARERA Resolution 615/2023 (+383.0 million euro), offset by lower incentives related to the increase in transport capacity between market zones as provided by Resolution 567/2019, amounting to -66.8 million euro;

- other energy revenues primarily include: (i) the fee for dispatching and measurement services (149.4 million euro for the DIS component, 2.6 million euro for the MIS component), and additional energy revenues of 1.8 million euro; (ii) revenues from the construction and development of concessioned infrastructures, recognised under IFRIC 12, amounting to 112.9 million euro; (iii) output-based incentives for dispatching, totalling 345.9 million euro. These incentives derive mainly from mechanisms outlined in Resolutions 597/2021 and 132/2022, designed to reduce MSD costs, compensate for lost wind energy production, and ensure essentiality, totalling 345.9 million euro, which takes into account the final value of the 2024 performance and the adjustment of the estimate of the present value of the incentive over the three-year period made in the years 2022 and 2023. The item increased by €42.1 million compared to the same period of last year, due to the recognition of the portion pertaining to the period, recognised taking into account the final value of the 2024 performance (the last year of the 2022-2024 period) and the adjustment of the estimate of the present value of the incentive in the three-year period made in the two previous years;
- other sales and services increased by approximately 65 million euro compared to the previous year, mainly due to the higher contribution from the Tamini Group (+27.9 million euro), the Brugg Group (+6.7 million euro), and increased revenues from Energy Services activities (+26.8 million euro).

Revenues from natural gas storage, transportation, regasification and distribution, which amounted to 6,026 million euro, are essentially derived from the following effects:

- Snam group's revenues from the Natural Gas Transmission segment amounting to 2,466 million euro, are reported net of the tariff components and additional charges beyond the standard tariff, which are allocated to cover the general costs of the gas system (3,851 million euro, compared to 4,048 million euro in 2023), with these amounts paid back by Snam to the Cassa per i Servizi Energetici e Ambientali (CSEA). The main components, primarily related to the transportation sector, are as follows:
  - the CRVOS tariff component, amounting to a total of 1,244 million euro (1,258 million euro in 2023), introduced in 2011 by the ARG/gas 29/11 resolution of the Authority, covers the costs arising from the application of the revenue guarantee factor for the storage service;
  - the CRVST tariff component, amounting to 887 million euro (1,658 million euro in 2023), introduced by resolution 782/2017/R/GAS to cover costs arising from the new gas settlement rules, which apply to the quantities of gas delivered to the Transport Service user at the delivery points supplying distribution networks.

During 2024, Snam provided transportation service for 347 users.

- Snam group's revenues from the Natural Gas Storage business in the amount of 586 million euro, primarily related to the fees for the modulation storage service. During 2024, Snam provided natural gas storage service for 75 operators.
- Snam group's revenue from the Energy Transition sector amounting to 301 million euro, which include: (i) revenues from energy efficiency projects (192 million euro; 935 million euro in 2023); and (ii) payments for the construction and operation of biogas and biomethane plants (109 million euro; 157 million euro in 2023).
- Snam group's revenues from the Liquefied Natural Gas (LNG) Regasification business of 156 million euro, mainly related to fees for regasification services. The increase is mainly driven by the recognition of revenues from higher regasification volumes in 2023, in comparison to the revenues defined by the Regulatory Authority for the same year, and the Piombino regasifier, which was operational for the entire 2024 fiscal year.
- Italgas group's revenues, mainly refer to the fee for natural gas transmission service and other regulated revenues and revenues from the construction and upgrading of gas and water distribution infrastructure related to concession agreements in accordance with IFRIC 12. Revenues from gas distribution in Italy are shown net of the following items, which relate to tariff components additional to the tariff intended to cover general gas system charges. These amounts are paid, where positive, charged, where negative, in equal amounts, to CSEA. The additional fees to the distribution service (135 million euro) mainly concern the following fees: (i) RE, to cover the charges burdening the Fund for measures and interventions for energy saving and the development of renewable sources in the natural gas sector; (ii) RS, to cover the charges burdening the Gas Service Quality Account; (iii) UG1, to cover any imbalances in the equalization system and any adjustments; (iv) UG2, to compensate for retail marketing costs; (v) UG3int, to cover charges related to the interruption intervention; (vi) UG3ui, to cover the charges related to any imbalances in the balances of the specific equalization mechanisms for the Distribution Default Service Provider (FDD), as well as the delinquency charges incurred by the Suppliers of Last Instance (FUI), limited to non-disconnectable end customers; (vii) UG3ft, to cover the delinquency amounts recognized to the transitory suppliers of the transmission system; (viii) GS, to cover the tariff compensation system for economically distressed customers.
- Revenue from gas distribution (1,537 million euro) relates to the transportation of natural gas on behalf of commercial operators who request access to distribution networks. This includes the impact of: (i) the application of Resolution No. 737/2022/R/gas, which recognises the residual value of smart meters of a capacity not exceeding G6, produced until 2016 and commissioned by 2018; (ii) higher revenue resulting from the contribution under Article 57 of Resolution ARERA 570/2019/R/gas concerning the replacement of traditional meters with electronic smart meters, and the recovery of unamortised depreciation (known as IRMA) under DCO 545/2020/R/gas, Resolution No. 570/2019/R/gas, Resolution No. 287/2021, and Determination No. 3/2021. The gas distribution revenue has also decreased due to the effects of (i) the Resolution No. 207/2024/R/gas, which did not retroactively recognise the previously approved costs for the natural gas measurement service related to telereading/remote management systems and concentrators for the period 2011-2016 (9.9 million euro), and (ii) Resolution No. 704/2016/R/Gas, updated by Resolution No.

525/2022/R/gas, regarding the tariff recognition of capital costs in start-up areas from 2018, where Italgas Reti failed to meet the threshold (density of PdR per km of network) in years after the initial gas supply (4.6 million euro for 2018-2023 and 0.9 million euro for 2024). The Italgas group has initiated the dispute of the aforementioned resolutions.

- Revenues from energy efficiency projects, amounting to 32 million euro as of 31 December 2024 (282 million euro as of 31 December 2023), have decreased mainly due to the gradual completion of works related to the so-called "Superbonus" (DL 34/2020; known as the "Relaunch Decree"). In this context, the Italgas group's ESCo is now focused on the development of industrial efficiency projects and the integration of its offering for the residential sector.
- Revenues from the integrated water service, amounting to 96 million euro as of 31 December 2024, relate to the activities of water extraction, treatment, transport, distribution, and sale in Campania.

29. Other revenues and income

The table below shows the breakdown of Other revenues and income, which as at 31 December 2024 amounted to 143 million euro (181 million euro at 31 December 2023):

(thousands of euro)

Items/Figures	2024	2023
Other industrial revenues	**25,783**	**44,587**
Revenues from the sale of gas for the balancing service	2,088	1,523
Income from the sale of energy efficiency securities		
Contractual penalties and other income relating to trade transactions	23,695	43,064
Other revenues and incomes	**101,578**	**114,911**
Rental income	2,877	2,516
Lease of business unit		
Other contributions	27,552	34,516
Other income	71,149	77,879
Gains on disposal	**16,086**	**21,470**
Gains on disposal from property, plant and equipment	15,755	20,279
Gains on disposal from intangible assets	331	1,191
Total	**143,447**	**180,968**

B. OPERATING COSTS

30. Raw materials and consumables used

The breakdown of costs for raw materials is shown in the table below:

(thousands of euro)

Items/Figures	2024	2023
Raw materials, supplies, consumables and goods	1,047,321	1,675,469
Increases for internal work	(325,057)	(57,542)
Total	**722,264**	**1,617,927**

The item represents the value of materials and miscellaneous equipment consumed in ordinary plant operation and plant maintenance, as well as the consumption of materials for the fulfilment of orders.

31. Services

Costs for services recognised in the financial statements at 31 December 2024 amounted to 1,208 million euro (1,439 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro)

Items/Figures	2024	2023
Construction, planning and works management	777,208	850,769
IT services (Information Technology)	163,789	148,503
Purchase of transport capacity (interconnection)	409	265
Maintenance services	91,227	79,312
Technical, legal, administrative and professional services	197,174	202,556
Personnel-related services	41,944	38,251
Telecommunications services	42,501	42,936
Electricity, thermal energy, water, etc.	38,689	45,223
Advertising and marketing expenses	25,346	33,604
Other services	206,080	188,930
Costs for leases and rentals	226,222	199,756
- fees, patents and user licenses	*87,317*	*84,220*
- leases and rentals	*138,905*	*115,536*
Increases for internal work	(608,511)	(401,247)
Commission expenses	5,840	9,886
Total	**1,207,918**	**1,438,744**

Costs for professional services include the 2024 fees for auditing, certification and other services provided to companies of the Group by the independent auditors of the parent company CDP RETI, namely Deloitte & Touche S.p.A.

The following disclosure is provided pursuant to Article 149-duodecies of CONSOB Issuers' Regulations:

(thousands of euro)

Items/Figures	Service Provider	2024
Auditing		3,398
Certification	Deloitte & Touche S.p.A.	1,227
Other		
Total		**4,625**

32. Staff costs

A breakdown of staff costs is provided below:

(thousands of euro) Items/Figures	2024	2023
1) Employees	**1,214,078**	**1,096,749**
a) salaries and wages	840,821	764,180
b) social security charges	66,971	61,539
c) staff severance pay	22,589	20,786
d) pension costs	163,344	150,746
e) provision for staff severance pay	2,004	1,668
f) provision for post-employment benefits:		
- defined contribution		
- defined benefits		
g) payments to external supplementary pension plans:	30,235	29,302
- defined contribution	25,065	24,935
- defined benefits	5,170	4,367
h) costs related to payment agreements based on own equity instruments		
i) other benefits for employees	88,114	68,528
2) Other personnel in service	**13,887**	**14,263**
3) Board of Directors and Board of Auditors	**14,059**	**14,161**
4) Retired personnel		
5) Increases for internal work	**(242,457)**	**(198,843)**
Total	**999,567**	**926,330**

The following table shows the average headcount of group employees by contractual level:

Items/Figures	2024	2023
Senior Managers	323	321
Middle Managers	2,074	1,945
Office staff	8,162	7,713
Manual workers	3,794	3,727
Total	**14,354**	**13,706**

With reference to the average figures of workforce per company, see paragraph “3.1 Organisational structure” of the consolidated report on operations.

33. Amortisation, depreciation and impairment of property, plant and equipment and intangible assets

Amortisation, depreciation and impairment, amounting to 2,689 million euro at 31 December 2024 (2,725 million euro at 31 December 2023) are broken down as follows:

	2024				2023			
(thousands of euro) Items/Figures	Amortisation and depreciation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b+c)	Amortisation and depreciation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b+c)
Property, plant and equipment	**1,791,196**	**58,379**		**1,849,575**	**1,726,289**	**146,577**		**1,872,866**
- Owned	*1,726,767*	*58,379*		*1,785,146*	*1,669,383*	*145,922*		*1,815,305*
- Right of use acquired under leases ex IAS 17	*282*			*282*	*465*			*465*
- Right of use acquired under leases IFRS 16	*64,147*			*64,147*	*56,441*	*655*		*57,096*
Intangible assets	**850,449**	**1,428**	**(12,565)**	**839,312**	**790,899**	**60,997**		**851,896**
- Owned	*850,449*	*1,428*	*(12,565)*	*839,312*	*790,899*	*60,997*		*851,896*
- Right of use acquired under leases IFRS 16								
Total	**2,641,645**	**59,807**	**(12,565)**	**2,688,887**	**2,517,188**	**207,574**		**2,724,762**

33 a. Net impairment/ recoveries of trade receivables and other receivables

This item, introduced following the adoption of IFRS 9, is equal to 24.6 million euro (-50.2 million euro at 31 December 2023) and essentially refers to the Snam group.

34. Other operating costs

Other operating costs, which amounted to 314 million euro at 31 December 2024 (292 million euro at 31 December 2023), are shown in the table below:

(thousands of euro) Items/Figures	2024	2023
Indirect duties and taxes	30,601	29,122
Losses from cancellation of property, plant and machine and intangible assets	70,230	54,560
Net provisions for bad debts		
Methane gas consumption tax		
Service quality charges	9,407	8,385
Net provision for risks and charges	43,804	32,654
Net accruals to the provisions for credit risk on commitments and guarantees issued		
Other costs	159,943	166,979
Total	**313,985**	**291,700**

C. FINANCIAL INCOME (EXPENSE)

35. Financial income

Financial income, amounting to 449 million euro as at 31 December 2024 (254 million euro as at 31 December 2023) is broken down as follows:

(thousands of euro) Items/Figures	2024	2023
Interest income and other financial income	392,257	198,787
- of which: interest income on finance lease		
Interest income on hedging derivatives	53,367	46,307
Income on trading activities	152	831
Income on hedging transactions	1,800	2,202
Financial income on disposal and repurchase		
Fair value gains of financial assets measured at fair value	1,613	233
Recoveries for credit risk relating to financial assets at fair value		87
Other financial income	108	5,360
Total	**449,297**	**253,807**

36. Financial expenses

Financial expenses recognised at 31 December 2024 amounted to 1,125 million euro (755 million euro at 31 December 2023) and are broken down as follows:

(thousands of euro) Items/Figures	2024	2023
Interest expenses and other charges	1,091,881	718,469
- of which: interest expenses on bonds	*423,182*	*317,140*
- of which: interest expense on finance lease	*5,449*	*4,498*
Interest expenses on hedging derivatives		637
Exchange rate differences	(120)	426
Financial expenses from trading activities	27,791	23,343
Financial expenses from hedging activities	2,177	11,088
Financial expenses on disposal and repurchase	884	
Fair value losses of financial assets measured at fair value	2,004	1,027
Adjustments for credit risk relating to financial assets	333	
Other financial expenses		
Total	**1,124,950**	**754,990**

37. Portion of income / (expenses) from equity investments accounted for using the equity method

Income and expenses from equity investments, amounting to 284 million euro at 31 December 2024 (426 million euro at 31 December 2023) consisted of the following:

(thousands of euro)	2024				2023			
Items/Figures	Joint ventures	Associates	Other	Total	Joint ventures	Associates	Other	Total
	127,148	**192,486**	**315**	**319,949**	**129,687**	**351,876**	**2,256**	**483,819**
1. Income	127,148	186,782		313,930	129,687	273,805		403,492
- Net equity valued investments	127,148	186,782		313,930	129,687	273,805		403,492
- Other investments								
2. Gains on disposal						76,238		76,238
3. Writebacks								
4. Other		5,704	315	6,019		1,833	2,256	4,089
B. Charges	**(21,648)**	**(1,856)**	**(12,937)**	**(36,441)**	**(54,758)**	**(2,247)**	**(1,264)**	**(58,269)**
1. Impairment	(20,789)	(1,856)	(446)	(23,091)	(46,652)	(1,209)	(1,264)	(49,125)
- Net equity valued investments	(20,789)	(1,856)		(22,645)	(46,652)	(1,209)		(47,861)
- Other investments			(446)	(446)			(1,264)	(1,264)
2. Impairment adjustments						(1,038)		(1,038)
3. Losses on disposal								
4. Other	(859)		(12,491)	(13,350)	(8,106)			(8,106)
Total	**105,500**	**190,630**	**(12,622)**	**283,508**	**74,929**	**349,629**	**992**	**425,550**

The item includes the revaluation and write-off shares of equity investments accounted for using the equity method.

For further information see paragraph “4. Equity investments” of these notes.

37a. Other income (expenses) from equity investments

At 31 December 2024 this item has a nil balance.

D. TAXES FOR THE PERIOD

38. Taxes for the period

Taxes for the year amounted to 973 million euro (792 million euro at 31 December 2023) and were broken down as follows:

(thousands of euro)

Items/Figures	2024	2023
1. Current taxes (+/-)	1,191,776	992,524
2. Change in current taxes from previous years (+/-)	(31,225)	(5,145)
3. Reduction of current taxes for the year (+)		
4. Change in deferred tax assets (+/-)	(124,141)	(112,249)
5. Change in deferred tax liabilities (+/-)	(63,887)	(83,231)
Taxes for the period	**972,523**	**791,899**

Reconciliation between theoretical and actual tax liability: IRES

Items/Figures	2024	2023
Income (loss) before taxes	**3,483,354**	**2,986,603**
IRES theoretical tax liability (24.0%)	(836,005)	(716,785)
Increase in taxes	**(309,245)**	**(323,686)**
- non deductible interest expenses 4%	(8,691)	(10,363)
- temporary non deductible differences	(2,986)	(35,032)
- permanent non deductible differences	(27,638)	(37,197)
- equity investments impairment		
- adjustments on receivables		
- effect of different foreign rates (-)	(427)	(570)
- additional IRES tax (so called "Robin Hood tax")		
- technical reserves		
- exchange rate differences		
- other changes	(269,503)	(240,524)
Decreases in taxes	**165,838**	**218,350**
- dividends 95% exempt	143,509	136,850
- non-taxable income		514
- ACE benefit		54,815
- temporary differences	1,469	
- prior period deductible expenses		
- IRAP deduction	2,027	2,014
- staff bonuses		
- technical reserves		
- use of accruals		
- exchange rate differences		
- effect of different foreign rates (+)	2,203	15,169
- other changes	16,630	8,988
IRES Actual tax liability	**(979,412)**	**(822,121)**

Reconciliation between theoretical and actual tax liability: IRAP

(thousands of euro)

Items/Figures	2024	2023
IRAP tax base	**3,865,612**	**3,117,206**
IRAP theoretical tax liability 5.57%	(215,315)	(173,628)
Increases in taxes	**(33,484)**	**(27,973)**
- non deductible interest expenses 4%	(4,108)	(3,814)
- other non deductible expenses	(21,077)	(17,707)
- effect of different regional tax rates (-)	(8,299)	(6,452)
Decreases in taxes	**40,102**	**36,307**
- prior period deductible expenses (+)		
- deductible employees costs		
- decreases	3,712	6,941
- effect of different regional tax rates (+)	36,390	29,366
- IRAP surcharge		
IRAP Actual tax liability	**(208,697)**	**(165,294)**

E. NET INCOME/(LOSS) FROM CONTINUING OPERATIONS

39. Net income (loss) from assets held for sale

The net income (loss) from assets held for sale at 31 December 2024, amounting to 11.6 million euro, consisted of the profits (losses) on assets included in the scope of the agreement that the Terna group signed on 29 April 2022 with CDPQ, a global investment group, for the sale of the entire portfolio of power lines in Brazil, Peru and Uruguay owned by the Terna group.

Please refer to section '8. Non-current assets held for sale" for further details. Below are the impacts on 2024 and 2023:

(thousands of euro)

Items/Figures	2024	2023
1. Income	10,700	37,017
2. Expenses	(17,716)	(53,834)
3. Results of valuations of the disposal groups and associated liabilities		21,511
- Revaluations		21,511
- Impairments		
4. Gains (losses) on disposal	19,585	(421)
- Gains on disposal	19,679	
- Losses on disposal	(94)	(421)
5. Duties and taxes	(992)	(1,736)
Totale	**11,577**	**2,537**

IV – BUSINESS COMBINATIONS

IV.1 TRANSACTIONS IN THE PERIOD

In 2024, the CDP RETI Group carried out the following significant business combinations.

(thousands of euro) Company name	Date of transaction	(1)	(2)	(3)	(4)
Acqua Campania S.p.A.	24/04/2024	19,315	96%	86,976	7,713

(1) = Cost of transaction
12 - Hedging instruments (element not designated)
(3) = Total group revenues
(4) = Group net Profit (Loss)

Regarding the business combination carried out by the Italgas group during the period, we report the following.

Acqua Campania S.p.A.

As part of its growth strategy in the water sector, Italgas successfully completed the acquisition of 47.8% of Acqua Campania S.p.A. from Vianini Lavori S.p.A. on 30 January 2024. Additionally, on 24 April 2024, a further acquisition of 47.9% of the same company, previously held by the Veolia Group, was completed.

As of 31 December 2024, the Italgas group holds a total of 96.23% of Acqua Campania.

Acqua Campania is the current operator of water system serving western Campania, under concession from the region of the same name. It collects, purifies, supplies and transports drinking water for water distribution companies serving a total user area of about 4 million inhabitants.

The company also owns a 51% stake in L.A.C. Laboratorio Acqua Campania S.r.l., which is responsible for conducting chemical and microbiological analyses to ensure water quality.

(thousands of euro) Items/Figures Assets	carrying amount	Adjustment	Fair value
Cash and cash equivalents	65,748		65,748
Trade receivables	109,589		109,589
Deferred tax receivables	745	451	1,196
Other current assets	25,244		25,244
Property, plant and equipment			
Intangible assets	22,412	13,032	35,444
Equity investments	26		26
Non current financial assets - amortized cost	10,998		10,998
Other non current assets	110,003		110,003
Income tax receivables	2,231		2,231
Total acquired assets	**348,694**	**13,483**	**362,177**
Liabilities			
Financial liabilities	56,136		56,136
Trade liabilities	269,386		269,386
Income tax liabilities	5		5
Other current liabilities	1,802		1,802
Provision for risks and charges	1,542		1,542
Provisions for employee benefits	609		609
Deferred tax liabilities	167	3,814	3,981
Other non current liabilities	9,401		9,401
Total acquired liabilities	**339,048**	**3,814**	**342,862**
Acquired net assets	**9,646**	**9,669**	**19,315**
Goodwill			
Business combination cost	**9,646**	**9,669**	**19,315**

With regard to the above acquisition transactions, it should be noted that the values shown in the previous table are subject to the measurement period envisaged in paragraph 45 of IFRS 3, which allows provisional amounts to be recognised in the reporting period, pending the acquisition within one year of any additional information that may arise from any adjustments relating to the assets and liabilities acquired.

IV.2 BUSINESS COMBINATIONS CARRIED OUT AFTER THE REPORTING DATE

In the period running from the reporting date of the consolidated financial statements to the date of their approval by the Board of Directors, no operations additional to those reported in section "6. Significant events after 31 December 2024".

V – TRANSACTIONS WITH RELATED PARTIES

V.1 INFORMATION ON THE REMUNERATION OF KEY MANAGEMENT PERSONNEL

The following table provides the remuneration amounts for 2024 paid to members of the management and control bodies, and key management personnel of the Parent Company and of the companies that are consolidated on a line-by-line basis.

Remuneration of key management personnel

(thousands of euro)	31/12/2024			
Items/Figures	Directors	Board of auditors	Key management personnel	Total
a) short-term benefits	10,421	2,437	13,779	26,637
b) post-employment benefits	365		786	1,151
c) other long-term benefits	836		3,591	4,427
d) severance benefits			1,000	1,000
e) share-based payments			921	921
Total	**11,622**	**2,437**	**20,077**	**34,136**

V.2 INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

This paragraph provides the disclosures required pursuant to IAS 24 concerning transactions concluded in 2024 between the CDP RETI Group and related parties.

The related parties of the CDP RETI Group are:

- the Ministry of the Economy and Finance (MEF) and the Group's direct and indirect subsidiaries and associates;
- the companies of the CDP Group, including companies subject to joint control or under significant influence, and their subsidiaries;
- the companies of the CDP RETI Group subject to joint control or under significant influence, and their subsidiaries;
- the company State Grid Europe Limited (SGEL), which exercises significant influence over the parent company CDP RETI and the company State Grid International Development, which owns the entire capital of SGEL;
- key management personnel of the CDP RETI Group, their close family members and any companies controlled by them, even jointly;
- post-employment benefit plans for employees of the CDP RETI Group.

The following table shows the assets, liabilities, guarantees and commitments as well as the financial transactions as at 31 December 2024, broken down by type of related party.

Transactions with related parties

(thousands of euro) Items/values	CDP	CDP RETI Group subsidiaries and associates	CDP Group subsidiaries and associates	MEF and MEF subsidiaries and associates	Other	31/12/2024 Total transactions with related parties	Financial statement item Total	% Impact
Property, plant and equipment			46			46	44,121,212	0%
Non-current financial			1,207			1,207	886,252	0%
Current financial assets		96,716	1,570			98,286	813,176	12%
Trade receivables		60,892	591,928	509,701	356	1,162,877	7,117,054	16%
Cash and cash			85,670	8		85,678	4,628,191	2%
Total assets		**157,608**	**680,457**	**509,709**	**356**	**1,348,130**	**60,431,965**	**2%**
Loans		899	880,323	736	30,190	912,147	34,108,250	3%
Other financial liabilities							100,544	0%
Current portion of long-term loans							2,991,361	0%
Trade payables		21,324	605,921	184,738		811,983	4,761,403	17%
Other current liabilities			30,798	22,738	3,799	57,335	7,175,822	1%
Total liabilities		**22,223**	**1,517,042**	**208,247**	**33,989**	**1,781,500**	**53,153,525**	**3%**
Revenues		26,280	1,843,870	3,072,275	375	4,942,800	9,783,476	51%
Operating costs		(29,552)	(611,714)	(180,792)	(6,621)	(828,679)	(5,907,977)	14%
Financial income		5,333	(210,824)	(58)		(205,549)	(675,653)	30%
Income Statement items Total (before tax)		**2,061**	**1,021,332**	**2,891,425**	**(6,246)**	**3,908,572**	**3,199,846**	**n/s**
Guarantees issued		**1,129,458**	**271,434**			**1,400,892**		
Guarantees received		**4,804**	**5,357**	**1,088,989**		**1,099,150**		
Commitments		**1,544**	**10,292**			**11,836**		

Key transactions between the CDP RETI Group and its related parties concern trade relationships with the companies controlled by the MEF, as follows:

- Snam group's commercial relationships with ENI and Enel Groups primarily involve regulated services for natural gas transport, regasification, and storage. Snam provides these services based on the rules established by the Regulatory Authority for Energy, Gas, and the Water System (ARERA). In particular, ARERA sets the tariffs for the use of infrastructures and ensures, through the Reference Codes (Network, Storage, and Regasification), the highest level of impartiality and equal access for Users;
- Terna group’s trade relationships with: (i) the Enel Group, concerning grid transmission and measure aggregation fees, dispatching fees, services associated with leases, rentals, line maintenance, power line communications on owned power lines and services; (ii) the Ferrovie dello Stato Group, for the dispatching fee and for interventions for line shifts and crossing fees; (iii) the Eni Group in relation to dispatching fees and NTG connection contributions;
- Italgas group’s commercial relationships with: (i) the Eni and Enel Group, deriving from the distribution of natural gas; (ii) the ENI Group, for the supply of electricity and methane gas for internal consumption; (iii) the GSE Group, resulting from the acquisition of energy efficiency certificates and from the exchange on-site/dedicated withdrawal of electricity produced by photovoltaic plants.

A significant item of loans payable and current financial liabilities is the debt payable by CDP RETI to the direct Parent Company CDP. For more information, see Section “V. Transactions with related parties” of CDP RETI S.p.A..

VI - FINANCIAL RISK MANAGEMENT

Regarding the financial risks of the Parent Company CDP RETI, reference is made to the specific section of the notes to the financial statements.

With regard to enterprise risk, the main risks measured and managed at the level of the subsidiaries Snam, Italgas and Terna are indicated below.

SNAM GROUP

Financial risks

Within the framework of corporate risks, the main financial risks identified, monitored, and, as specified below, managed by Snam, are as follows:

- risk arising from exposure to fluctuations in interest rates;
- credit risk arising from the possibility of default by a counterparty;
- liquidity risk arising from a lack of financial resources to meet short-term commitments;
- risk arising from exposure to fluctuations in FX rates;
- risk arising from exposure to fluctuations in commodity prices.

Snam manages and controls financial risks through a specialised vertical approach, focused on defining an appropriate financial structure and monitoring the corresponding risk limits, in order to preserve financial sustainability and maintain its credit rating. Therefore, Snam implements strategies for optimising and controlling its risk profile, leveraging Key Risk Indicators (KRIs), while carefully considering the context of its operations, the Risk Appetite Framework, and the broader value system created by the Group's business activities.

Specifically, in Snam, financial risk management and control activities are organised according to the following process:

- definition of appropriate KRIs and related limits;
- management;
- monitoring and reporting.

Interest rate risk

Interest rate risk relates to fluctuations in interest rates, which may affect the market value of the company’s financial assets and liabilities and the level of net financial charges, as well as, specifically, the level of revenue recognised with respect to the regulated businesses.

Snam aims to minimise interest rate risk in line with the objectives set and approved in the Strategic Plan.

The Snam group has adopted a centralised organisational model. Under this model, Snam’s business units cover their financial requirements through recourse to the financial markets and use funds in line with the approved objectives, ensuring that the risk profile is kept within set limits. As at 31 December 2024, Snam’s external financial resources consist of bond loans, Commercial Papers, and bilateral and syndicated financing arrangements with banks and other financial institutions, structured as financial debts and bank credit lines, with interest rates indexed to benchmark market rates, in particular the Europe Interbank Offered Rate (Euribor), or at fixed rates. As at 31 December 2024, exposure to interest rate risk, considering outstanding hedges, amounted to approximately 19% of total group exposure (30% at 31 December 2023). On 31 December 2024, Snam holds Interest Rate Swap (IRS) contracts with a total notional value of approximately 3,854 million euro, to hedge against the risk of interest rate changes on variable-rate bank loans and bond issuances.

While the Snam group has put in place a proactive risk management policy, in accordance with the revenue recognition mechanism, the rise in interest rates relating to floating-rate debt not hedged might have adverse impacts on the Snam group’s business and balance sheet and cash flow situation.

Although the exposure to changes in interest rates is limited to 19% of the Group’s total exposure and is mainly linked to the Euribor rate, a change in the method of calculating the Euribor rate and any related fallback clauses that may be introduced, could result in the need for the Snam group to amend the financial agreements affected by the change and/or the management of future cash flows.

Credit risk

Credit risk is the Company’s exposure to potential losses arising from a counterparty defaulting on its obligations. The non-payment or delayed payment of any amounts due may negatively impact Snam’s performance and financial balance. With respect to the risk of counterparty default in commercial agreements, credit management is the responsibility of Snam’s business units and of its centralised functions in charge of debt collection and dispute management.

For trade receivables, provisions for impairment reflect the value of expected losses over the life of the receivable and are determined on a collective basis according to the expected credit loss model, in line with the requirements of the reference accounting standards, or on the basis of individual and analytical assessments for credit exposures that present specific elements of risk (e.g. litigation or in the presence of available detailed information on the recoverability of the exposure).

Snam, in relation to its regulated activities, which currently make up nearly all of its operations, provides services to approximately 600 gas sector operators, with the top 10 operators accounting for around 64% of the entire market (with

Eni, Edison, and Enel Global Trading occupying the top three positions). The rules governing the customers' access to the services offered are established by the Authority and are provided for in the Codes, which set out, for each type of service, the duties and responsibilities of the parties selling and providing the services, as well as the contractual clauses that significantly reduce the risk of non-compliance by customers. The Service Codes provide for the issue of guarantees covering the obligations undertaken. In specific cases, the issue of said guarantees can be mitigated when the customer has a credit rating issued by a major international rating agency. The regulatory framework also provides for specific clauses to guarantee the neutrality of the Balancing activity operator, a role held by Snam Rete Gas as a major transmission service operator since 1 December 2011. More specifically, the current balancing rules require that, on a cost-effective basis, Snam focuses primarily on purchases and sales on the Energy Market Operator (GME) balancing platform to guarantee the resources needed for safe and efficient transport of gas from the feed points to the draw points, to ensure the constant balance of the network. For regulated activities, the expected loss determination model enhances the guarantee and coverage mechanisms described above.

Commercial Litigation and Debt Recovery

The civil litigation of Snam's regulated businesses (transportation, storage, and regasification) relates to the management of commercial operations, the approval of contracts for transportation services, network connection requests, storage and regasification services, gas quality, and all other regulated services. These are primarily ongoing lawsuits against insolvent clients, those in bankruptcy, or other insolvency procedures, where disputes have arisen that could not be resolved through commercial negotiations.

These lawsuits are mainly the result of actions undertaken by Snam Rete Gas to recover outstanding credits related to balancing, transportation, and transport default services provided by the company, given its role as the Balancing Operator recognised by the Energy, Networks, and Environment Regulatory Authority (ARERA), as the primary transportation operator nationwide. The large-scale provision of these services by Snam Rete Gas to customers who are without a gas supplier, a duty imposed by law and specifically by ARERA resolution 249/2012/R/Gas and subsequent amendments, has led to a significant increase in debt recovery actions due to defaults. This increase has been particularly significant in recent years due to the energy crisis caused by the Russia-Ukraine conflict, which led to a substantial rise in gas prices and, as a result, the termination of many contracts with transport users (shippers).

Regarding this type of litigation, the passive procedure described below is of particular relevance.

Romagas S.r.l.'s objection to the injunction order issued in favour of Snam Rete Gas for credits arising from transport default

Through this action, Romagas has additionally requested the Court of Milan to order Snam Rete Gas to pay over 4.1 million euro for the claimed unlawful termination of the transport contract, along with around 1 million euro for the return of the security deposit and late payment interest. As part of this judgment, Snam Rete Gas intends to demonstrate: (i) the legitimacy of the termination of the transport contract, resulting from the significant debt exposure of the claimant, which was not adequately covered by the guarantees required under the current regulatory framework, and (ii) that following this contract termination, the transport default service was indeed provided to the claimant. With the submissions under Article 183, Paragraph VI, the parties presented their evidentiary requests, and the judge, upon resolving the reserved decision, chose to grant only those requested by Snam Rete Gas, namely the expert assessment (CTU) and the order for the production of documents to the Acquirente Unico. The expert assessment (CTU) is currently ongoing.

As for the active litigation, we highlight the proceedings described below.

Debt recovery from the so-called "gas fraudsters"

Snam Rete Gas, in its role as Balancing Operator, is required to procure the quantities of gas necessary to balance the system. In exchange for providing this service to balance the position of certain transport and storage users (who had experienced imbalances since 2012), Snam Rete Gas has accrued credits exceeding 500 million euro. As a result of the debtors' failure to make payments, Snam Rete Gas had to pursue legal action to recover the outstanding credits. In the meantime, many users have gone bankrupt, and as a result, Snam Rete Gas has entered the ongoing insolvency proceedings.

Objection to the court-ordered notice regarding the statement of affairs status of Acciaierie d'Italia in Extraordinary Administration (AS)

In May 2024, Snam Rete Gas, in its role as the operator of the national transport and dispatching service for natural gas provided to Acciaierie d'Italia under default transport service conditions, submitted to the Extraordinary Administration procedure an application pursuant to Article 201 of the Italian Bankruptcy Code (CCII) for the inclusion of Acciaierie d'Italia S.p.A. in A.S. in the creditors' register. The insolvency of Acciaierie d'Italia was declared by the Court of Milan with ruling no. 122/2024, filed on 20 February 2024. In the petition, Snam Rete Gas requested to be admitted with a preferential claim for a total sum of approximately 400.5 million euros, of which: (i) about 375.2 million euro related to principal (around 348.9 million euro) and invoiced interest (around 26.4 million euro) for the service provided until 20 February 2024; and (ii) approximately 25.3 million euro related to principal (around 25.2 million euro) and invoiced interest (around 43,200 euro) for the service provided during the Extraordinary Administration period.

After the hearing on 19 June 2024, the statement of affairs for Acciaierie d'Italia S.p.A. in Extraordinary Administration (A.S.) was submitted, with the Judge recognising the full admission of Snam Rete Gas's claim under the following terms:

- approximately 25.3 million euro for principal and late interest, accumulated for services rendered during the procedure, as a preferential claim;
- 375.2 million euro for principal and late interest, due prior to the commencement of the procedure, classified as an unsecured claim without preferential status.

The credit generated during the extraordinary administration was recognised as preferential, while the credit originating before the procedure, including default interest, was not recognised as preferential as the legal requirements for such status were not deemed to be met. In relation to this final decision, Snam Rete Gas has filed an opposition to the statement of affairs of Acciaierie d'Italia in Extraordinary Administration (A.S.) in order to obtain the admission of all credits arising prior to the commencement of the procedure, totalling approximately 375.2 million euro for the service provided up to 20 February 2024, as a preferential claim. This claim is based on the special nature of the credit, arising from a service regarded as essential for ensuring business continuity and provided under a legal obligation. The case is ongoing.

Liquidity risk

Liquidity risk refers to the risk that, due to the inability to obtain new funds (funding liquidity risk) or liquidate assets on the market (asset liquidity risk), the company may fail to meet its payment obligations. This risk can have an impact on the economic result if the company is forced to incur additional costs to meet its obligations, or it can lead, in extreme cases, to insolvency, threatening the continuity of the business.

The goal of Snam's Risk Management is to implement a well-defined financial policy that, in accordance with business goals and the Risk Appetite Framework, guarantees an appropriate liquidity level for the group, consistent with its business profile and the regulatory environment in which it operates. Hence, the goal is to implement a policy that minimises the associated opportunity cost while maintaining a balance in the debt's duration and composition.

The financial market is characterised by a steady increase in financing sources tied to meeting specific environmental sustainability goals. With a view to ensuring the proper management of the liquidity risk, the diversification of sources of funding, including through use of sustainable financial instruments, is therefore vital to ensure that companies have wide access to financial markets at competitive conditions, with resulting positive effects on their financial position and performance of operations.

For Snam, failing to achieve certain ESG targets within the group's sustainability strategy in the medium to long term could, in the future, result in higher financing costs or the inability to access certain funding sources.

Snam addresses this risk by placing great emphasis on ESG issues, which have traditionally been a significant part of the company's strategy. Consistent with this strategy, Snam has made greater use of sustainable finance instruments, reaching approximately 84% of the total "committed" sources in 2024. With the presentation of the 2025-29 strategic plan, the target has been increased to 90% of total funding, to be achieved by 2029, compared to the previous target of 85% by 2027.

To this end, Snam relies on its Sustainable Finance Framework, published in February 2024, for issuing green and sustainability-linked financial instruments, with the aim of strengthening the Company's ongoing commitment to the energy transition.

In particular, during 2024, Snam issued the following bonds in the market: (i) in February, a sustainable bond of 1.5 billion euro, in dual tranches, with the first Snam Green Bond of 500 million euro and a 1 billion euro Sustainability-Linked Bond (SLB); (ii) in April, a variable-rate bond of 750 million euro; (iii) in September, the first perpetual subordinated bond issue, with a nominal value of 1 billion euro; and finally, (iv) in November, a dual tranche Sustainability-Linked bond issue of 600 million pound sterling and 750 million euro. During the year, Snam also concluded agreements with its key relationship banks for: (i) Revolving Credit Facility (RCF) lines of 5 billion euro in KPI-linked format, and (ii) bank lines (Term Loan) for 850 million euro, including 750 million euro in KPI-linked format and 100 million euro subscribed with the European Investment Bank (EIB).

Finally, as of 31 December 2024, Snam has unused long-term committed credit lines amounting to approximately 5.6 billion euro, including: (i) RCF credit lines of 5.5 billion euro and (ii) a 100 million euro EIB loan. As at 31 December 2024, Snam had a Euro Medium Term Notes (EMTN) programme for an overall maximum nominal value of 15 billion euro, used for approximately 11.9 billion euro, as well as a Euro Commercial Paper (ECP) Programme with a maximum nominal value of 3.5 billion euro, of which 1.6 billion euro have been utilised.

Snam's liquidity, consisting of cash and cash equivalents and other current financial assets, mainly relates to current accounts and bank deposits held with financial institutions with high credit ratings.

The group's main long-term financial debt instruments contain covenants typically used in international practice, which include negative pledge and pari passu clauses. Failure to comply with these clauses or the occurrence of other events, e.g. cross-default events, may result in Snam's failure to comply and could trigger the early repayment of the related loan, resulting in additional costs and/or problems of liquidity. The commitments do not contain any covenants that mandate adherence to economic and/or financial ratios.

Among the factors that determine the risk perceived by the market, the credit rating, assigned to Snam by the rating agencies, plays a decisive role because it affects the company's ability to access sources of funding and the related financial conditions. A deterioration of this credit rating could therefore limit access to the capital market and/or result in an increase in the cost of sources of funding, with consequent adverse effects on the group's earnings, cash flows and financial position.

Snam's long-term rating is: (i) Baa2 with stable outlook, confirmed on 16 December 2024 by Moody's Investor Services; (ii) BBB+ with stable outlook, confirmed on 28 January 2025 by Standard & Poor's Global Rating ("S&P"); (iii) BBB+ with stable outlook, confirmed on 28 March 2024 by Fitch Ratings ("Fitch"). Snam's long-term rating by Moody's, Fitch and Standard & Poor's is one notch above that of the Italian Republic. Based on the methodology adopted by Moody's and S&P, the downgrade by one notch of the Italian Republic's current rating would trigger a likely equivalent downgrade of Snam's current rating.

Although the Snam group enters into transactions with diversified counterparties of high credit standing based on a risk management policy and the constant monitoring of their credit risk, the default by any counterparty or the difficulty of liquidating assets on the market may have adverse impacts on the Snam group's business and financial position and performance.

Snam has Supply Chain Finance (SCF) agreements with top financial institutions aimed at helping its suppliers manage liquidity efficiently. These agreements stipulate that Snam will reimburse the credit institution according to the original payment terms of the invoices, without providing any guarantees or paying any fees to the institution. The liabilities arising from these agreements meet the criteria for classification under the category "Trade and other payables". The aforementioned agreements do not generate impacts on the cash flows of the group.

Financial covenants and negative pledge contractual clauses

As at 31 December 2024, Snam had unsecured bilateral and syndicated loan agreements in place with banks and other financial institutions.

Some of these agreements include, inter alia, compliance with typical international practice commitments, some of which are subject to specific materiality thresholds, such as, for example: (i) negative pledge commitments pursuant to which Snam and its subsidiaries are subject to limitations concerning the pledging of real property rights or other restrictions on all or part of the respective assets, shares or merchandise; (ii) pari passu and change-of-control clauses; (iii) limitations on certain extraordinary transactions that the Company and its subsidiaries may carry out; and (iv) limits on the debt of subsidiaries.

Failure to comply with these covenants, and the occurrence of other events such as cross-default events could result in Snam's failure to comply and, possibly, trigger the early repayment of the related loan. Exclusively for the EIB loans, the lender has the option to request additional guarantees if Snam's credit rating is lower than BBB (Standard & Poor's/Fitch Ratings Limited) or Baa2 (Moody's) for at least two of the three ratings agencies.

The occurrence of one or more of the aforementioned scenarios could have negative effects on Snam group's operations, results, balance sheet and cash flow, resulting in additional costs and/or liquidity issues.

At 31 December 2024, the financial debt subject to these restrictive clauses amounted to approximately 3.8 billion euro.

As of 31 December 2024, the bonds issued by Snam, amounting to a nominal value of approximately 12.4 billion euro, mainly relate to the securities issued under the Euro Medium Term Notes programme[74]. The covenants established for the programme's securities are typical of international market practice and consist of, inter alia, negative pledge and pari passu clauses. Specifically, under the negative pledge clause, Snam and its material subsidiaries are subject to limitations to pledging or maintaining encumbrances on all or part of their assets or proceeds to guarantee present or future debt, unless this is explicitly permitted.

[74] Issues outside the EMTN programme concern the EU taxonomy-aligned transition bond, convertible into Italgas shares, with a nominal value of 500 million euro, issued in 2023.

Exchange risk rates

In relation to the risk of exposure to exchange rate fluctuations, Snam has entered into Cross Currency Swap (CCS) derivative contracts with a total notional amount of approximately 723 million euro, fully hedging the risk associated with a bond loan denominated in British pounds (600 million GBP).

The remaining exposure is, due to the current circumstances, limited to the group with respect to the transaction risk, whereas the exposure to translation risk remains for certain foreign subsidiaries that prepare their financial statements in a currency other than the euro. For the time being, it has been decided not to adopt specific hedging policies for these exposures. In this regard, it should be noted that the effects of exchange rate differences arising from the difference in translation into the presentation currency (euro) of the functional currencies of these companies are recognised in the Statement of comprehensive income.

Commodity price fluctuation risk

Due to the context in which it operates, Snam has limited exposure to the risk associated with fluctuations in commodity prices; however, minor exposures persist in certain business areas, primarily related to the price of gas. Although the impact at the consolidated level is limited, Snam's aim in managing this risk is to safeguard the value of cash flows and the associated bottom line from adverse price movements it is exposed to, by using derivative instruments to mitigate such risk.

TERNA GROUP

In carrying out its activities, the Terna group is exposed to various financial risks: market risk, liquidity risk and credit risk.

The group's risk management policies seek to identify and analyse the risks that group companies are exposed to, establishing appropriate limits and controls and monitoring the risks and compliance with such limits. These policies and the related systems are reviewed on a regular basis, in order to take account of any changes in market conditions or in the companies' operations.

The Terna group's exposure to the aforementioned risks is substantially represented by the exposure of Terna S.p.A.

As a part of the financial risk management policies approved by the Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, specifically with respect to the instruments to be used and the precise operating limits in managing them.

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

	31/12/2024			31/12/2023		
(million of euro)	Loans carried at amortized cost	Hedging derivatives	Total	Loans carried at amortized cost	Hedging derivatives	Total
Assets						
Derivative financial instruments					17.8	17.8
Cash, Securities and Deposits	2,511.5	226.5	2,738.0	1,543.2	316.3	1,859.5
Trade receivables (*)	3,194.8		3,194.8	2,154.8		2,154.8
Total	**5,706.3**	**226.5**	**5,932.8**	**3,698.0**	**334.1**	**4,032.1**

(*) The balances as of 31 December 2023, have been restated to enhance comparability.

	31/12/2024			31/12/2023		
(million of euro)	Payables carried ad amortised cost	Hedging derivatives	Total	Payables carried ad amortised cost	Hedging derivatives	Total
Liabilities						
Long-term debt	13,748.5		13,748.5	11,995.5		11,995.5
Derivative financial instruments		60.5	60.5		164.6	164.6
Trade payables	3,524.5		3,524.5	2,864.9		2,864.9
Total	**17,273.0**	**60.5**	**17,333.5**	**14,860.4**	**164.6**	**15,025.0**

Financial risks

Market and financial risks of the group

In carrying out its activities, the Terna group is exposed to various financial risks: market risk, liquidity risk and credit risk.

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

Risk management must pursue the objective of minimising the risks in question by selecting counterparties and instruments compatible with the corporate Risk Management policy. Speculative activity is not envisaged in the corporate mission.

The Terna group intends to adopt a dynamic approach to financial risk management. This approach is characterised by risk aversion, aiming at minimising risk through continuous monitoring of financial markets in order to execute planned recourse to new debt and hedging transactions in favourable market conditions. The dynamic approach enables the group to intervene in order to improve existing hedges should there be a change in market conditions or changes in the hedged item, making the hedges inappropriate or excessively costly.

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

Interest rate risks

Interest rate risk is represented by the uncertainty associated with changes in interest rates. It is the risk that a change in market interest rates could have an impact on the fair value or future cash flows of financial instruments.

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

As at 31 December 2024, interest rate derivatives are represented by fair value hedge derivatives and cash flow hedge derivatives, used to hedge the risk of changes in the fair value of loans and associated cash flows, respectively.

The following table shows the notional amounts and the fair value of derivatives entered into by the Terna group:

	31/12/2024		31/12/2023		Change (+ / -)	
(million of euro)	Notional	Fair value	Notional	Fair value	Notional	Fair value
FVH derivatives	950.0	(47.0)	1,853.0	(164.5)	(903.0)	117.5
CFH derivatives	1,886.6	(11.8)	2,362.8	17.2	(476.2)	(29.0)

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

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

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

- 950.0 million euro (fair value impact of €-47.0 million) maturing 2030;

Sensitivity to interest rate risk

Terna has interest rate swaps in place through which it manages the interest rate fluctuation risk.

Since the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, initially and periodically verified, is high, Terna chose to apply hedge accounting in order to ensure perfect time matching between the hedge and the hedged item. The purpose of hedge accounting is to recognise simultaneously the income statement effects of the hedges and the hedged item. As a result, for CFH derivatives, the fair value changes of the derivative must be recognised in “Other comprehensive income” (immediately recognising any ineffective portion in profit or loss) and then derecognised from Equity and recognised in profit or loss in the same period in which the cash flows relating to the hedged item have an impact on income. The characteristics of the CFH derivative contracts in place mirror those of the underlying hedged items; therefore, the related cash flows shall occur at the same maturities as the interest on debt, with no impact of fair value changes on the income statement.

The following table shows: the amounts recognised through profit or loss and in “Other comprehensive income” in respect of positions sensitive to changes in interest rates; the theoretical value of those positions following a positive or negative shift in the market yield curve; and the differential impact of those changes recognisable in the income statement and in “Other comprehensive income”. A hypothetical 10% movement in interest rates with respect to market interest rates at the reporting date was assumed:

	Net income or loss			Comprehensive income		
(million of euro)	Current rates +10%	Current values	Current rates -10%	Current rates +10%	Current values	Current rates -10%
31 December 2024						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	(0.2)	(0.6)	(1.0)	(4.8)	(29.1)	(53.8)
Hypothetical change	*0.4*		*(0.4)*	*24.3*		*(24.8)*
31 December 2023						
Positions sensitive to changes in interest rates (FVH, bonds, CFH)	(0.7)	(2.8)	(4.9)	(48.5)	(58.3)	(68.2)
Hypothetical change	*2.1*		*(2.1)*	*9.8*		*(9.9)*

Regulators around the world have launched a reform of IBOR (Interbank Offered Rates), which are used as the benchmark for most financial instruments sold throughout the world, with the aim of restoring confidence in the benchmark. The transition from EONIA to ESTR took place in 2022 without any significant impact. The group continues to closely monitor the market and the results obtained by the various working groups in the sector that manage the transition to the new reference rates for the other maturities (EURIBOR).Terna’s management is aware of the associated risks and accordingly activities are planned to complete the transition in parallel with the changes in the applicable regulations. In addition, all new financial agreements include fallback clauses governing the transition period.

Inflation risk

As regards inflation rate risk, the rates established by the Regulator to remunerate Terna S.p.A.’s activities are determined so as to allow coverage of the sector’s recognised costs. Such cost components are updated on an annual basis to take into account the impact of inflation.

Exchange rate risk

Exchange rate risk management must be carried out with the aim of defending the company’s profitability from the risks of exchange rate fluctuations through continuous market control and constant monitoring of existing exposure. In managing this risk, Terna from time to time selects hedging instruments with structures and durations matching the group’s exchange rate exposure. The instruments used by Terna are of limited complexity, highly liquid and easy to price, such as forwards and options. Such contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, or the expected cash flows, so that any change in the fair value and/or estimated cash flows deriving from a rise or fall in the euro against other currencies is fully offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position. At 31 December 2024, the group’s exposure to the impact of exchange rate risk on its profit or loss is residual and linked to foreign currency cash flows from the subsidiaries, Tamini and Brugg.

Liquidity risk

Liquidity risk is the risk that the Terna group might experience difficulties in discharging its obligations in respect of its financial liabilities and operational cycle. Liquidity risk management seeks to ensure adequate coverage of borrowing requirements by obtaining adequate credit lines and appropriate management of any surplus liquidity. At 31 December 2024, the Group has access to short-term credit lines amounting to approximately 603.1 million euro (out of a total available of approximately 1,094.1 million euro) and revolving credit lines amounting to 3,905 million euro (out of a total of 4,155.0 million euro). Finally, the parent company Terna has a Euro Commercial Paper (ECP) programme, amounting to up to 2,000 million euro, including 830 million euro still available at 31 December 2024.

Credit risk

Credit risk is the risk that 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 financial derivatives is considered to be marginal since, in compliance with financial risk management policies, the counterparties are leading international credit institutions with high ratings.

Terna essentially renders its services to counterparties considered solvent by the market and hence with a high credit standing, and avoids concentrations of credit risk.

Credit risk management is also compliant with Resolution no. 111/06 of the Italian Regulatory Authority for Energy, Networks and the Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA), which, at Article 49, introduced instruments to limit the risks linked to the insolvency of dispatching customers, both on a preventive basis and in the event of 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:

(million of euro)	31/12/2024	31/12/2023	Change (+ / -)
Derivate financial instruments	-	17.8	17.8
Cash and cash equivalents and other financial assets	2,738.0	1,859.5	878.5
Trade receivables	3,194.8	2,154.8	1,040.0
Total	**5,932.8**	**4,032.1**	**1,900.7**

The total amount of credit risk exposure as at 31 December 2024 is represented by the carrying amount of trade receivables, CFH derivatives and cash and cash equivalents, securities and deposits.

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. For more information on the contractual provisions of outstanding loans at 31 December 2024, please see the section "Loans and financial liabilities" in the Notes to the financial statements of the Terna group.

Bank Guarantees

The amount of bank guarantees issued to third parties on behalf of group companies as at 31 December 2024 totalled 369.2 million euro, subdivided as follows: 77.2 million euro on behalf of Terna S.p.A., 114.2 million euro on behalf of the company Tamini Trasformatori S.r.l., 46.7 million euro on behalf of the company Terna Rete Italia S.p.A., 19.9 million euro on behalf of the company Terna Interconnector S.r.l., 65.7 million euro on behalf of the Brugg Group companies, 0.1 million euro on behalf of the company Terna Plus S.r.l., 4.8 million euro on behalf of the company Terna Perù SAC, 15.8 million euro on behalf of the company Terna Energy Solutions S.r.l., 0.5 million euro for Rete S.r.l., 0.1 million euro for Terna Chile S.p.A. and 24.2 million euro for the LT group.

ITALGAS GROUP

The main risks subject to analysis and monitoring by the Italgas group are detailed below.

Financial risks

Credit risk

Risk of potential losses arising from the failure of counterparties to fulfil their obligations or from delayed payment of the amounts due, leading to negative effects on the economic results and financial position of the Italgas group.

To monitor and mitigate the potential consequences of this risk, Italgas has implemented various management strategies, including:

- Rules for user access to the gas distribution service set by the Regulator and detailed in the Network Codes, which define the rights and obligations of the parties involved and include contractual clauses that mitigate default risks, such as the provision of bank or insurance guarantees.
- Primary reliability of gas distribution customers as at 31 December 2024:
  - on average in Italy, 97.4% of trade receivables are paid on time, with more than 99.0% settled within the next four days;
  - on average in Greece, 95.0% of trade receivables are paid on time, with almost all settled within the next four days.

Interest rate risk, inflation and deflation risk

Fluctuations in interest rate risk impacting the market value of the Company's financial assets and liabilities particularly on the net financial costs. Risk that a long period of inflation below the group's forecasts could have negative effects, over the long term, on the Regulated Asset Base (RAB) value and on expected regulated revenues. Risk of an unexpected increase in the inflation rate with possible negative impact on expected costs.

To monitor and mitigate the potential consequences of this risk, Italgas has implemented various management strategies, including:

- Process for the preparation and monitoring of the financial plan, as well as the management, control, and reporting of financial risks
- High proportion of fixed-rate financial and bond debts (as of 31 December 2024, 85.4% of gross financial debt is at a fixed rate, while 14.6% is at a variable rate)
- Diverse mix of external financial resources
- Monitoring of key economic and financial indicators, including financial structure ratios used by rating agencies, liquidity indicators, debt mix/composition, counterparty credit risk indicators, and key metrics such as the debt-to-RAB ratio.

Liquidity risk

Risk that, due to the inability to raise new funds (funding liquidity risk) or to liquidate assets on the market (asset liquidity risk), the company may be unable to fulfil its payment commitments, resulting in an impact on income if the company is forced to sustain additional costs to meet such commitments or, as an extreme consequence, in a condition of insolvency that puts the continuation of company business at risk.

To monitor and mitigate the potential consequences of this risk, Italgas has implemented various management strategies, including:

- Mitigation actions as described in the risk related to "Interest rate fluctuations, inflation, and deflator"
- Adequate level of cash available in current accounts and time deposits with leading banking institutions
- EMTN programme, in addition to and as a supplement to the banking system, which presently enables the issuance of an outstanding 4.4 billion euro nominal to be allocated to institutional investors.

Credit Rating Risk

Risk of a downgrade in Italgas' credit rating due to a deterioration in economic-financial parameters or as a result of a downgrade in the credit rating of the Italian Republic, which, based on the methodologies used by rating agencies, could trigger a downward adjustment in Italgas' rating.

To monitor and mitigate the potential consequences of this risk, Italgas has implemented various management strategies, including:

- Mitigation actions as described in the risk related to "Interest rate fluctuations, inflation, and deflator"
- Ongoing dialogue with the Rating Agencies

Default Risk and Debt Covenants

Risk of non-compliance with financial covenants for existing financing (in some cases only if such non-compliance is not remedied within the required timeframes, as well as the occurrence of other events, such as cross-default events, some of which are subject to specific materiality thresholds), which could lead to potential default by Italgas and, possibly, result in the immediate repayment of the related loan.

To monitor and mitigate the potential consequences of this risk, Italgas has implemented various management strategies, including:

- Lack of financial covenants and/or real guarantees in financing contracts (as of 31 December 2024, no such financing exists, except for the BEI loan subscribed by Toscana Energia for a nominal amount of 90 million euro, which requires compliance with certain financial covenants).
- Monitoring of compliance with contractual clauses such as: (i) negative pledge commitments pursuant to which Italgas and its subsidiaries are subject to limitations on pledging as collateral or placing other restrictions on all or part of the

respective assets, shares or merchandise; (ii) pari passu and change-of-control clauses; and (iii) limitations on certain non-recurring transactions that the company and its subsidiaries may carry out (as at 31 December 2024, these commitments had been met).

VII – SHARE-BASED PAYMENTS

2020-2022 and 2023-2025 Long-term Performance Share Plan

At the Snam Shareholders' Meetings held on 18 June 2020 and 4 May 2023, the Shareholders approved the 2020-2022 and 2023-2025 long-term performance share plans, granting the Board of Directors, and by default the Chief Executive Officer on its behalf, with express power of sub-delegation, all powers necessary to implement the Plans.

The incentive Plans are designed to reward senior executives, identified by Snam's Chief Executive Officer, such as Snam's management team and that of its Subsidiaries as well as those employees who hold roles with the greatest impact on the achievement of medium-long term business results or with strategic relevance for the achievement of Snam's multi-year objectives. Additionally, the plans are aimed at rewarding any other positions identified, in relation to the performance achieved, the skills possessed or with a view to staff retention. The maximum number of beneficiaries per three-year cycle is 100.

The Plans provide for three allocations of ordinary shares each in the years 2020-2021-2022 and 2023-2024-2025, respectively. Each allocation is subject to a three-year vesting period, which will end in 2023-2024-2025 and 2026-2027-2028, respectively, after which the actual allocation of shares may take place, as illustrated in the diagram below.

Award	Performance period	End of vesting period	Share award	Attributed shares (*)
2021	2021-2023	2024	2024	1,245,853
2022	2022-2024	2025	2025	1,032,626
2023	2023-2025	2026	2026	1,272,141
2024	2024-2026	2027	2027	1,633,592
2025	2025-2027	2028	2028	

(*) The number of shares refers to the target value (performance = 100) of rights attributed each year

The Board of Directors set the maximum number of shares backing each three-year period of the Plans to 3,500,000.

The 2023-2025 Plan includes free shares granted in variable numbers in relation to the individual assignment and the degree to which the performance targets of the Plan are met. The actual vesting of the Shares assigned is subject to the achievement of specific Performance Targets, which are reviewed for all beneficiaries at the end of each three-year vesting period, and is subject to a timely review by the Appointments and Compensation Committee of the actual achievement of the targets, in support of the resolutions passed in this regard by the Board of Directors.

The Plan's performance targets, are linked to the following parameters:

- Accumulated adjusted net income in the three-year period corresponding to the performance period, with a weighting of 40%;
- Value Added generated in the three-year period corresponding to the performance period, with a weighting of 20%;
- Energy Transition Readiness metric, with an overall weighting of 20%, in respect of the following parameters:
  1) Kilometres of "H2 ready" network (weighting 10%);
  2) installed MW in biomethane projects (weighting 5%);
  3) CSS - H2 projects and market design (weighting 5%);
- ESG Metric, with a weighting of 20%, measured through performance against two indicators over a three-year period, aiming to:
  4) reduce natural gas emissions over the next three years (weighting 10%);
  5) ensure fair representation of the less-represented gender in Snam's management team (10% weight), measured as the percentage of the underrepresented gender among executives and managers relative to the total number of managerial positions within the Snam group.

An additional number of shares, known as a dividend equivalent, is also planned to be granted based on the shares actually allocated at the end of the vesting period. The number of additional shares to be assigned is determined by dividing the sum of the dividends distributed during the vesting period by the average share price recorded in the month preceding the allocation. For the Chief Executive Officer and the other beneficiaries of the Plan, 20% of the granted shares, gross of those necessary to comply with the tax expense, will be subject to a lock-up period.

Consistent with the substantial nature of remuneration, in accordance with International Accounting Standards, the plan's costs are determined by reference to the fair value of the instruments granted and the forecast of the number of shares to be granted at the end of the vesting period; the cost is recognised in proportion to the time over the vesting period.

The costs for 2024, equal to the sum of the number of shares expected to vest at maturity multiplied by their fair value at the grant date, were recognised as a component of labour costs against a corresponding equity reserve and totalled 7 million euro (5 million euro in 2023).

2024-2028 LONG-TERM PERFORMANCE SHARE PLAN OF TERNA S.P.A.

The Regulations of the new Performance Share Plan 2024-2028 were approved by the Board of Directors on 26 June 2024, implementing the terms set by the Ordinary Shareholders' Meeting held on 10 May 2024.

This plan grants the right to receive a certain number of Terna S.p.A. shares (Performance Share) free of charge at the end of the performance period, provided that the performance targets linked to the plan are met.

In line with Terna's commitment to sustainability and socio-environmental responsibility, the share buyback programme supporting the 2024-2028 Performance Share Plan was completed in September with a total countervalue of roughly 8 million euro and the purchase of 998,428 treasury shares (representing around 0.050% of the share capital). The Program incorporates a framework that ties the company's progress to achieving ESG goals.

As at 31 December 2024, Terna holds a total of 4,151,848 treasury shares (equal to 0.207% of the share capital).

The above total number of treasury shares held by the company is the sum of the purchases made in implementation of five separate buyback programmes to service:

- The Performance Share Plan 2020-2023, during the period from 29 June 2020 to 6 August 2020;
- The Performance Share Plan 2021-2025, during the period from 31 May 2021 to 23 June 2021;
- The Performance Share Plan 2022-2026, during the period from 27 May 2022 to 13 June 2022;
- The Performance Share Plan 2023-2027, in the period between 22 June 2023 and 6 July 2023; and
- The Performance Share Plan 2024-2028, in the period between 4 September 2024 and 20 September 2024, after deducting: (a) 1,079,860 Treasury shares, allocated by the Company between 9 May 2023 and 1 June 2023 to the beneficiaries of the Performance Share Plan 2020-2023, and (b) 1,060,240 Treasury shares, allocated by the Company between 10 May 2024 and 4 June 2024 to the beneficiaries of the Performance Share Plan 2021-2025.

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

Terna S.p.A. has neither owned nor bought or sold, directly or indirectly, shares of CDP Reti S.p.A. or Cassa Depositi e Prestiti S.p.A. during 2024.

LONG-TERM PERFORMANCE SHARE PLAN OF ITALGAS S.P.A.

On 12 March 2024, in implementation of the 2021-2023 Co-Investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021, the Board of Directors resolved on the free allotment of a total of 497,089 new ordinary shares of the Company to the beneficiaries of the Plan (so-called first cycle of the Plan) and executed the first tranche of the capital increase approved by the same Shareholders' Meeting, for a nominal amount of 616,390 euro drawn from the retained earnings reserve.

On 6 May 2024, the Shareholders' Meeting of Italgas approved the Co-investment Plan 2024-2025 and the proposal to increase the share capital at no cost, in one or more tranches, in support of the Co-investment Plan 2024-2025 for a maximum nominal amount of 3,720,000 euro, by issuing up to 3,000,000 new ordinary shares to be allocated, under Article 2349 of the Italian Civil Code, using reserves from the retained earnings account, exclusively for the Plan's beneficiaries.

On 12 February 2025, pursuant to the 2021-2023 Co-investment Plan approved by the Ordinary and Extraordinary Shareholders' Meeting of 20 April 2021, the Board of Directors decided to allocate a total of 511,604 new ordinary shares of the Company to the Plan's beneficiaries (the second cycle of the Plan) and resolved to carry out the second tranche of the capital increase approved by the aforementioned Meeting, amounting to a nominal 634,388.96 euro, funded from retained earnings.

VIII – OPERATING SEGMENTS

This disclosure has been prepared in accordance with IFRS 8 “Operating segments”.

CDP RETI's mission is to manage its equity investments in Snam, Terna and Italgas, as a long-term investor with the aim of supporting the development of transport, regasification, storage and distribution infrastructures for natural gas as well as the transmission of electricity.

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- for which discrete financial information is available.

The segments that CDP RETI and its subsidiaries operate in essentially consist of:

- gas transport, regasification, storage and energy transition[75]overseen by the companies of the Snam group;
- gas distribution, integrated water service and energy efficiency overseen by the companies of the Italgas group;
- electricity dispatching and transmission garrisoned by Terna group companies.

It should be noted that with resolution 139/2023/R/gas "Tariff regulation criteria for the transportation and measurement service of natural gas for the sixth regulatory period (2024-2027)", the Authority has decided that the variable tariff charged to users to cover the costs of procuring the gas necessary for the operation of the transportation network, will be fully transferred to the CSEA. The actual costs of gas supply are fully recognised by the CSEA on a monthly basis. Therefore, with respect to the 2023 financial year, the revenues covering the gas procurement costs for the operation of the transport network, amounting to 347 million euro, have been reclassified to offset the related costs.

The table below shows the results of the CDP RETI Group’s operating segments at 31 December 2024, together with a reconciliation with the Group’s results.

75 It includes the biogas/biomethane and energy efficiency businesses, and hydrogen start-up activities.

(million of euro)	2024							2023
Items	CDP RETI	Snam	Terna	Italgas	Intercompany adj.	Other adj.	Group	Group
Revenues from sales and services		3,548	3,616	2,479	(3)		9,640	9,584
Other revenues and income		20	64	60	(2)		143	181
Revenues from financial statement		**3,568**	**3,680**	**2,539**	**(5)**		**9,783**	**9,765**
Reclassifications				(798)			(798)	(821)
Revenues from sectors		**3,568**	**3,680**	**1,741**	**(5)**		**8,985**	**8,944**
Costs from financial statement (not included Depreciation and Amortization)	**(3)**	**(863)**	**(1,119)**	**(1,219)**	**2**	**(16)**	**(3,219)**	**(3,978)**
Reclassifications			5	792		(1)	796	801
Costs from sectors (not included Depreciation and Amortization)	**(3)**	**(863)**	**(1,114)**	**(427)**	**2**	**(17)**	**(2,423)**	**(3,177)**
EBITDA	**(3)**	**2,705**	**2,566**	**1,314**	**(3)**	**(17)**	**6,562**	**5,767**
EBITDA margin		*76%*	*70%*	*75%*	*0%*	*-*	*73%*	*64%*
Amortisation, depreciation and impairment		(1,029)	(884)	(537)		(239)	(2,689)	(2,725)
Reclassifications			(5)	6		1	2	20
Operating profit (EBIT)	**(3)**	**1,676**	**1,677**	**783**	**(3)**	**(255)**	**3,875**	**3,062**
EBIT margin		*47%*	*46%*	*45%*	*0%*	*0%*	*43%*	*34%*
Financial income	642	197	162	30		(581)	450	253
Borrowing expenses	(97)	(528)	(350)	(150)			(1,125)	(754)
Portion of income (expenses) from equity investments valued with the equity method		334	4	10		(65)	283	425
Reclassifications								
Taxes for the period	(3)	(422)	(452)	(165)		69	(973)	(792)
Profit from discontinued operations			12				12	3
Reclassifications								
Net income from sectors	**539**	**1,257**	**1,053**	**508**	**(3)**	**(832)**	**2,522**	**2,197**

The balance sheet information analysed by senior management does not refer directly to individual segment activities, but rather to the overall assessment and representation of Shareholders' Equity, Net Financial Debt and Technical Investments.

IX - GUARANTEES AND COMMITMENTS

Guarantees and commitments, amounting in total to 19 billion euro at 31 December 2024 (15.7 billion euro at 31 December 2023), are broken down as follows:

Guarantees and commitments: breakdown

Items/Figures	31/12/2024	31/12/2023
Guarantees pledged	**2,611,792**	**2,261,975**
Trade guarantees	783,961	601,723
Financial guarantees	1,503,725	1,450,025
Assets held as guarantee for third-party services	324,106	210,227
Commitments	**11,997,535**	**9,720,538**
Commitments for the purchase of goods and services	11,943,080	9,652,777
Commitments for associates		
Other	54,455	67,761
Risks	**4,429,871**	**3,674,097**
For third-party assets held for safekeeping	4,186,482	3,302,237
For damages and claims	243,389	371,860
Total	**19,039,198**	**15,656,610**

IX.1 GUARANTEES

Guarantees given, for a total amount of 2,612 million euro, refer to indemnities issued to third parties against sureties and other guarantees issued in the interest of subsidiaries or associates to guarantee the performance of works and in relation to tenders and credit facilities mainly associated with the distribution of natural gas. Financial guarantees provided, amounting to 1,504 million euro, include the following:

- the guarantee provided by Snam primarily in the interest of third parties to its associate TAP (for 1,129 million euro);
- guarantees issued by the Terna group to third parties in the amount of 369.2 million euro, broken down as follows: 77.2 million euro on behalf of Terna S.p.A., 114.2 million euro on behalf of Tamini Trasformatori S.r.l., 46.7 million euro on behalf of Terna Rete Italia S.p.A., 19.9 million euro on behalf of Terna Interconnector S.r.l., 65.7 million euro on behalf of Brugg group companies, 0.1 million euro on behalf of Terna Plus S.r.l., 4.8 million euro on behalf of Terna Perù SAC, 15.8 million euro on behalf of Terna Energy Solutions S.r.l., 0.5 million euro on behalf of Rete S.r.l., 0.1 million euro on behalf of Terna Chile S.p.A., and 24.2 million euro on behalf of the LT Group.

Non-financial guarantees include:

- those lent by Snam on behalf of its subsidiaries (604 million euro) and mainly refer to:
  - to guarantees provided in favour of the Revenue Agency mainly in the interest of the subsidiaries Stogit, GNL, Greenture, and Bioenerys Agri (256 million euro) against credits used in the context of the group VAT settlement;
  - guarantees in favour of the Ministry of the Environment and Energy Security (MASE), for the benefit of Snam Rete Gas (126 million euro), to secure advances on the contributions provided by REPowerEU for the construction of gas transportation infrastructure;
  - performance guarantees indemnities issued to third parties (48 million euro);
  - the Parent Company Guarantee (PCG) issued in favour of contractor BW Fleet Management AS, on behalf of Snam FSRU Italia S.r.l., to cover obligations arising from signing the Development Agreement related to the FSRU vessel "BW Singapore" (33 million euro).
- those provided by Italgas amounting to 505,240 thousand euro, that refer mainly to suretyship guarantees and other guarantees given on behalf of subsidiaries.

IX.2 COMMITMENTS

Commitments undertaken with suppliers for the purchase of property, plant and equipment and the supply of services related to investments in property, plant and equipment and intangible assets under construction/development amounted to a total of 11,998 million euro, mainly referring to the Terna group (8,199 million euro), the Snam group (2,522 million euro) and the Italgas group (1,276 million euro).

IX.3 RISKS

Risks for third-party assets held, amounting to 4,186 million euro (3,302 million euro as at 31 December 2023), refer to around 7.5 billion cubic metres of natural gas held at storage facilities by the beneficiaries of the service. The amount was determined by applying the average wholesale procurement cost published by ARERA of approximately 0.55 euro per standard cubic metre (0.44 euro per standard cubic metre as of 31 December 2023) to the quantities of gas deposited.

Risks associated with compensation and claims, totalling 243 million euro, refer to compensation potentially payable but not probable in relation to ongoing disputes with low probability of verification of the related business risk.

X – DISCLOSURE OF LEASES

X.1 LESSEE

Qualitative disclosures

CDP RETI Group adopted IFRS 16 for the first time by applying the "Modified Retrospective" approach, which allows the cumulative impact of the standard's application to be recognised on the adoption date, without restating comparative data.

The Group opted to adopt some of the practical expedients and recognition exemptions provided by the standard. In particular:

- exclusion of leases with a total or remaining lease term of 12 months or less;
- exclusion of leases with a low underlying asset value at the date of purchase;
- exclusion of the initial direct costs incurred to measure the right-of-use asset at the date of initial application;
- exclusion of leases of intangible assets (IFRS 16.4).

For further details, please refer to paragraph "I.2 Main items of the consolidated financial statements" in the Notes to the consolidated financial statements.

Quantitative disclosures

Classification by time band of the payments to be made and reconciliation with the lease liabilities recognised

(thousands of euro) Time bands	31/12/2024 Lease payables	31/12/2023 Lease payables
Up to 1 year	77,591	59,003
Between 1 and 2 years	67,873	75,097
Between 2 and 3 years	13,323	18,388
Between 3 and 4 years	13,177	11,276
Between 4 and 5 years	8,329	8,129
Over 5 years	28,567	16,131
Total lease payments to be made	**208,860**	**188,024**
Reconciliation with lease liabilities	**(2,051)**	**(2,581)**
Unearned finance income (+)	(2,051)	(2,581)
Unguaranteed residual value (+)		
Lease liabilities	**206,809**	**185,443**

Exceptions to IFRS 16 (short term, low value, etc.) - Classification by time band of the payments to be received

(thousands of euro) Time bands	31/12/2024 Lease payments to be made	31/12/2023 Lease payments to be made
Up to 1 year	18,455	17,280
Between 1 and 2 years	40,334	47,304
Between 2 and 3 years		
Between 3 and 4 years		
Between 4 and 5 years		
Over 5 years		
Total	**58,789**	**64,584**

X.2 LESSOR

Qualitative disclosures

The CDP RETI Group does not have operating leases outstanding for which the related lease payments are recognised in the income statement on a straight-line basis over the term of the agreement.

ANNEXES

Annex 1 – Scope of consolidation

Annex 2 - Disclosure pursuant to Law 124 of 4 August 2017, Article 1, paragraphs 125-129

ANNEX 1: SCOPE OF CONSOLIDATION

Company name	Registered office	Share capital (euro)	Investor	% holding	Consolidation method
Parent company					
CDP Reti S.p.A.	Rome	161,514	Cassa depositi e prestiti S.p.A.	59.10%	
			State Grid Europe Limited	35.00%	
			Cassa Nazionale di Previdenza e Assistenza Forense	2.63%	
			Third party partners	3.27%	
Consolidated companies					
AS Gasinfrastruktur Beteiligung GmbH	Wien	35,000	Snam S.p.A.	40.00%	Equity
Acqua Campania S.p.A.	Naple	4,950,000	Nepta S.p.A.	95.70%	Line-by-line
			Italgas Reti S.p.A.	0.53%	
Acqua S.r.l.	Milan	20,350,000	Nepta S.p.A.	100.00%	Line-by-line
Acqualatina S.p.A.	Latina	23,661,533	Idrolatina S.r.l.	49.00%	Equity
Albanian Gas Service Company Sh.a.	Tirana	875,000 (i)	Snam S.p.A.	25.00%	Unconsolidated subsidiary
Arbolia S.r.l. Società Benefit	San Donato Milanese (MI)	100,000	Snam S.p.A.	100.00%	Unconsolidated subsidiary
Asset Company 10 S.r.l.	San Donato Milanese (MI)	10,000	Snam S.p.A.	100.00%	Line-by-line
Asset Company 12 S.r.l.	San Donato Milanese (MI)	10,000	Snam S.p.A.	100.00%	Unconsolidated subsidiary
Asset Company 2 S.r.l.	San Donato Milanese (MI)	10,000,000	Snam S.p.A.	100.00%	Line-by-line
Asset Company 9 S.r.l.	San Donato Milanese (MI)	10,000	Snam S.p.A.	100.00%	Unconsolidated subsidiary
Avvenia the Energy Innovator S.r.l.	Rome	10,000	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
BMT Energy Transmission Development LCC	Wilmington	500 (f)	Terna USA LLC	40.00%	Equity
BYS Ambiente Impianti S.r.l.	San Donato Milanese (MI)	1,000,000	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
BYS Società Agricola Impianti S.r.l.	Piacenza	28,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Bioenerys Agri S.r.l.	Pordenone	100,000	Bioenerys S.r.l.	100.00%	Line-by-line
Bioenerys Ambiente S.r.l.	San Donato Milanese (MI)	1,710,764	Bioenerys S.r.l.	100.00%	Line-by-line
Bioenerys S.r.l.	San Donato Milanese (MI)	5,000,000	Snam S.p.A.	100.00%	Line-by-line
Biogas Bruso Società Agricola a r.l.	Pordenone	10,000	Bioenerys Agri S.r.l.	99.90%	Line-by-line
Biowaste CH4 Legnano	San Donato Milanese (MI)	24,558,000	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Bludigit S.p.A.	Milan	11,000,000	Italgas S.p.A.	100.00%	Line-by-line
Brugg Cables (India) Pvt., Ltd.	Haryana	48,000,000 (g)	Brugg Kabel GmbH	0.26%	Line-by-line
			Brugg Kabel AG	99.74%	
Brugg Cables (Shanghai) Co., Ltd.	Shanghai	1,600,000 (f)	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables (Suzhou) Co., Ltd.	Suzhou	32,000,000 (k)	Brugg Cables (Shanghai) Co., Ltd.	100.00%	Line-by-line
Brugg Cables Company	Riyadh	50,000 (o)	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables Italia S.r.l.	Milan	10,000	Brugg Kabel Manufacturing AG	100.00%	Line-by-line
Brugg Cables Middles East Contracting LLC	Dubai	200,000 (o)	Brugg Kabel AG	100.00%	Line-by-line
Brugg Cables, Inc.	Chicago	50,000 (f)	Brugg Kabel AG	100.00%	Line-by-line
Brugg Kabel AG	Brugg	22,000,000 (l)	Brugg Kabel Services AG	90.00%	Line-by-line
Brugg Kabel GmbH	Schwieberdingen	103,000	Brugg Kabel AG	100.00%	Line-by-line
Brugg Kabel Manufacturing AG	Brugg	7,000,000 (l)	Brugg Kabel Services AG	100.00%	Line-by-line
Brugg Kabel Services AG	Brugg	1,000,000 (l)	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
CESI S.p.A.	Milan	8,550,000	Terna S.p.A.	100.00%	Equity
CGES A.D.	Podgorica	155,108,283	Terna S.p.A.	22.09%	Equity
CH4 Energy S.r.l.	San Donato Milanese (MI)	10,000	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
CORESO S.A.	Bruxelles	1,000,000	Terna S.p.A.	15.84%	Equity
Cubogas S.r.l.	San Donato Milanese (MI)	1,000,000	Greenture S.p.A.	100.00%	Line-by-line
ELMED Etudes S.àr.l.	Tunisi	2,016,120 (h)	Terna S.p.A.	50.00%	Equity
ESPERIA-CC S.r.l.	Rome	10,000	Terna S.p.A.	1.00%	Line-by-line
East Mediterranean Gas Company S.a.e.	Cairo	147,000,000 (f)	Snam International B.V.	25.00%	Equity
Ecos S.r.l.	Genova	10,000	Snam S.p.A.	33.34%	Equity
Emiliana Agroenergia Società Agricola S.r.l.	Piacenza	30,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Enaon Eda S.A.	Athens	580,273,050	Enaon S.A.	100.00%	Line-by-line
Enaon S.A.	Athens	79,709,919	Italgas Newco S.p.A.	100.00%	Line-by-line
Energie Rete Gas S.r.l.	Milan	21,568,628	Medea S.p.A.	49.00%	Equity
Energy Investment Solution S.r.l. (in liquidazione)	Milan	100,000	Renovit Business Solutions S.r.l.	40.00%	Equity
Enerpaper S.r.l.	Torino	20,616	Geoside S.p.A.	20.01%	Equity
Enersi Sicilia	San Donato Milanese (MI)	400,000	Bioenerys Ambiente S.r.l.	100.00%	Line-by-line
Enura S.p.A.	San Donato Milanese (MI)	3,700,000	Snam S.p.A.	55.00%	Line-by-line
Equigy B.V.	Arnhem	50,000	Terna S.p.A.	20.00%	Equity
GNL Italia S.p.A.	San Donato Milanese (MI)	17300000	Snam S.p.A.	100.00%	Line-by-line
Galaxy Pipeline Assets Holdco Limited	Jersey	1,979,221,357 (f)	Snam S.p.A.	12.33%	Equity
Gasrule Insurance D.A.C.	Dublin	20,000,000	Snam S.p.A.	100.00%	Line-by-line
Geoside S.p.A.	Casalecchio di Reno	57,089,254	Toscana Energia S.p.A.	32.78%	Line-by-line
			Italgas S.p.A.	67.22%	
Gesam Reti S.p.A.	Lucca	20,626,657	Toscana Energia S.p.A.	42.96%	Equity
Govone Biometano S.r.l.	Pordenone	70,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Greenture S.p.A.	San Donato Milanese (MI)	2,320,000	Snam S.p.A.	100.00%	
Halfbridge Automation S.r.l.	Rome	10,000	LT S.r.l.	70.00%	Line-by-line
IES Biogas S.r.l. in liquidazione	Buenos Aires	100,000 (j)	Bioenerys Agri S.r.l.	95.00%	Unconsolidated subsidiary
			Bioenerys S.r.l.	5.00%	
Idrolatina S.r.l.	Milan	6,902,587	Acqua S.r.l.	100.00%	Line-by-line
Idrosicilia S.p.A.	Milan	37,520,000	Acqua S.r.l.	99.22%	Line-by-line
Immogas S.r.l.	Florence	1,718,600	Toscana Energia S.p.A.	100.00%	
Industrie De Nora S.p.A.	Milan	18,268,204	Asset Company 10 S.r.l.	21.59%	Equity
Infrastrutture Trasporto Gas S.p.A.	San Donato Milanese (MI)	10,000,000	Asset Company 2 S.r.l.	100.00%	Line-by-line
Interconnector Ltd	London	12,754,680 (a)	Snam International B.V.	23.68%	Equity
Interconnector Zeebrugge Terminal B.V.	Bruxelles	123,946	Snam International B.V.	25.00%	Equity
Italgas Newco S.p.A.	Milan	50,000,000	Italgas S.p.A.	90.00%	Line-by-line
Italgas Reti S.p.A.	Torino	252,263,314	Italgas S.p.A.	100.00%	Line-by-line
Italgas S.p.A.	Milan	1,003,843,959	CDP Reti S.p.A.	25.98%	Line-by-line
			Snam S.p.A.	13.46%	
L.A.C. Laboratorio Acqua Campania S.r.l.	Naple	30,000	Acqua Campania S.p.A.	51.00%	Line-by-line
LT S.r.l.	Rome	400,000	Terna Energy Solutions S.r.l.	87.50%	Line-by-line
MST S.r.l.	Pordenone	800,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
MZ Biogas società agricola a r.l.	Pordenone	119,000	Bioenerys Agri S.r.l.	99.90%	Line-by-line
Maiero Energia società agricola a r.l.	Pordenone	10,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Medea S.p.A.	Sassari	95,500,000	Italgas Reti S.p.A.	51.85%	Line-by-line
Metano S.Angelo Lodigiano S.p.A.	Sant'Angelo Lodigiano	200,000	Italgas S.p.A.	50.00%	Equity
Moglia Energia Società Agricola ar.l.	Pordenone	30,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Nepta S.p.A.	Milan	50,000	Italgas S.p.A.	100.00%	Line-by-line
New Energy Carbon Capture e Storage S.r.l.	San Donato Milanese (MI)	100,000	Snam S.p.A.	100.00%	Unconsolidated subsidiary
OLT Offshore LNG Toscana S.p.A.	Milan	40,489,544	Snam S.p.A.	49.07%	Equity
RENPV S.r.l.	Milan	20,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV1 S.r.l	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV10 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV2 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV3 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV4 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV5 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV6 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV7 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV8 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
RENPV9 S.r.l.	Milan	10,000	Renovit Business Solutions S.r.l.	100.00%	Unconsolidated subsidiary
Renovit Building Solutions S.p.A.	Milan	1,450,000	Renovit S.p.A.	100.00%	Line-by-line
Renovit Business Solutions S.r.l.	Rome	1,000,000	Renovit S.p.A.	100.00%	Line-by-line
Renovit Consorzio Stabile	Milan	150,000	Renovit Building Solutions S.p.A.	33.33%	Unconsolidated subsidiary
			Renovit Business Solutions S.r.l.	33.33%	
			Renovit Public Solutions S.p.A.	33.33%	

Company name	Registered office	Share capital (euro)	Investor	% holding	Consolidation method
Renovit Public Solutions S.p.A.	Milan	200,000	Renovit S.p.A.	100.00%	Line-by-line
Renovit S.p.A.	San Donato Milanese (MI)	4,375,000	Snam S.p.A.	60.05%	Line-by-line
Rete S.r.l.	Rome	387,267,082	Terna S.p.A.	100.00%	Line-by-line
SNAM RETE GAS S.p.A.	San Donato Milanese (MI)	1,200,000,000	Snam S.p.A.	100.00%	Line-by-line
SNAM S.p.A.	San Donato Milanese (MI)	2,735,670,476	CDP Reti S.p.A.	31.35%	Line-by-line
Seacorridor S.r.l.	San Donato Milanese (MI)	100,000,000	Snam S.p.A.	49.90%	Equity
Senfluga energy infrastructure holdings S.A.	Athens	20,125,050	Snam S.p.A.	54.00%	Equity
Siciliacque S.p.A.	Palermo	20,400,000	Idrosicilia S.p.A.	75.00%	Equity
Snam FSRU Italia S.r.l.	San Donato Milanese (MI)	10,000	Snam S.p.A.	100.00%	Line-by-line
Snam Gas & Energy Services (Beijing) Co. Ltd.	Pechino	15,493,800 (k)	Snam International B.V.	100.00%	Unconsolidated subsidiary
Snam International B.V.	Amsterdam	6,626,800	Snam S.p.A.	100.00%	Line-by-line
Snam energy services private limited	Nuova Delhi	1,000,000 (g)	Snam International B.V.	100.00%	Unconsolidated subsidiary
			Snam S.p.A.	0.00%	
Società Agricola Agrimetano Pozzonovo S.r.l.	Pordenone	10,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Agrimetano Ro S.r.l.	Pordenone	10,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Carignano Biogas S.r.l.	Bologna	100,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola G.B.E. Gruppo Bio Energie S.r.l.	Pordenone	20,000	Società Agricola Sangiovanni S.r.l.	100.00%	Line-by-line
Società Agricola La Valle Green Energy S.r.l	Cerea (VR)	10,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola SQ Energy S.r.l.	Pordenone	100,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Sangiovanni S.r.l.	Pordenone	20,000	Bioenerys Agri S.r.l.	50.00%	Line-by-line
			Società Agricola SQ Energy S.r.l.	50.00%	
Società Agricola T4 Energy S.r.l.	Pordenone	200,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Società Agricola Zoppola Biogas S.r.l.	Pordenone	10,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
Southeast Electricity Network Coordination Center S.A.	Salonicco	6,210,000	Terna S.p.A.	33.00%	Equity
Stogit S.p.A.	San Donato Milanese (MI)	152,205,500	Snam S.p.A.	100.00%	Line-by-line
T-Lux S.r.l.	Piancogno (BS)	50,000	Renovit Public Solutions S.p.A.	100.00%	Line-by-line
TAG GmbH	Vienna	76,566	Snam S.p.A.	84.47%	Equity
TERNA Crna Gora d.o.o.	Podgorica	208,000,000	Terna S.p.A.	100.00%	Line-by-line
Tamini Transformatori India Private limited	Magarpatta City, Hadapsar, Pune	13,175,000 (g)	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Transformers USA L.L.C.	Sewickley	52,089 (f)	Tamini Trasformatori S.r.l.	100.00%	Line-by-line
Tamini Trasformatori S.r.l.	Legnano (MI)	4,285,714	Terna Energy Solutions S.r.l.	100.00%	Line-by-line
Terega Holding S.A.S.	Pau	505,869,374	Snam S.p.A.	40.50%	Equity
Terminale GNL Adriatico S.r.l.	Milan	200,000,000	Snam S.p.A.	30.00%	Equity
Terna 4 Chacas S.A.C.	Lima	13,734,560 (e)	Terna USA LLC	0.01%	Line-by-line
			Terna Plus S.r.l.	99.99%	
Terna Chile S.p.A.	Santiago del Cile	2,716,837,700 (c)	Terna Plus S.r.l.	100.00%	Line-by-line
Terna Energy Solutions S.r.l.	Rome	2,000,000	Terna S.p.A.	100.00%	Line-by-line
Terna Forward S.r.l.	Rome	10,000	Terna S.p.A.	100.00%	Line-by-line
Terna Interconnector S.r.l.	Rome	10,000	Terna S.p.A.	65.00%	Line-by-line
			Terna Rete Italia S.p.A.	5.00%	
Terna Peru S.A.C.	Lima	116,813,900 (e)	Terna Plus S.r.l.	99.99%	Line-by-line
			Terna USA LLC	0.01%	
Terna Plus S.r.l.	Rome	16,050,000	Terna S.p.A.	100.00%	Line-by-line
Terna Rete Italia S.p.A.	Rome	300,000	Terna S.p.A.	100.00%	Line-by-line
Terna S.p.A.	Rome	442,198,240	CDP Reti S.p.A.	29.85%	Line-by-line
Terna USA LLC	New York	10,001 (f)	Terna Plus S.r.l.	100.00%	Line-by-line
Toscana Energia S.p.A.	Florence	146,214,387	Italgas S.p.A.	50.66%	Line-by-line
Trans Adriatic Pipeline AG	Baar	800,000,004	Snam International B.V.	20.00%	Equity
Umbria Distribuzione GAS S.p.A.	Terni	2,120,000	Italgas S.p.A.	45.00%	Equity
Wesii S.r.l.	Chiavari	29,536	Terna Forward S.r.l.	33.00%	Equity
Zena Project S.p.A.	Carpi (MO)	10,000,000	Renovit Public Solutions S.p.A.	35.93%	Equity
Zibello Agroenergie Società Agricola S.r.l.	Sorbolo Mezzani (PR)	60,000	Bioenerys Agri S.r.l.	100.00%	Line-by-line
dCarbonX Ltd	London	4 (a)	Snam International B.V.	50.00%	Equity

(a) values in GBP
(b) values in Uruguayan Pesos
(c) values in Chilean Pesos
(d) values in Real
(e) values in Nuovo Sol
(f) values in Dollar
(g) values in Indian Rupees
(h) values in Tunisian Dinar
(i) values in Albanian ALL
(j) values in Argentine Pesos
(k) values in Renminbi Chinese
(l) values in Swiss Francs
(m) values in Dirham
(n) values in Lev
(o) values in Saudi Riyal

ANNEX 2: DISCLOSURE PURSUANT TO LAW 124 OF 4 AUGUST 2017, ARTICLE 1, PARAGRAPHS 125-129

This section is dedicated to the fulfilment of the disclosure obligations introduced, starting from 2018, by Law no. 124 of 4 August 2017, whose rules have been reformulated by Article 35 of Decree-Law no. 34 of 30 April 2019, relating to the disclosure obligations connected to public funds, and amended for updates last introduced with Law 160 of 2023.

The reformulation of the original regulatory provisions clarified some significant interpretation issues raised by the previous formulation, confirming the interpretation guidance shared during the first application of the disclosure obligations, and contained in Assonime circular no. 5 of 22 February 2019 regarding "Transparency in the system of public funding: analysis of the rules and interpretation guidance".

According to the contents of Article 35 of Decree no. 34/2019:

- companies publish in the notes to the separate financial statements and to the consolidated financial statements, if any, the amounts and information relating to subsidies, subventions, benefits, contributions or aid, paid in cash or in kind, not of a general nature and with no consideration, remuneration or compensation, effectively granted to them by government agencies and from companies controlled, directly or indirectly, on a legal or de facto basis, by government agencies, including listed companies and their subsidiaries;
- the publication obligations established for government agencies by Article 26 of Legislative Decree no. 33 of 2013 apply also to entities and companies controlled, directly or indirectly, on a legal or de facto basis by government agencies, with the publication in the notes to their annual accounting reports.

As a result of the updates introduced with Law 160 of 2023, for State aid and de minimis aid contained in the National State Aid Register referred to in Article 52 of Law no. 234 of 24 December 2012, the registration of aid in the aforementioned system, with consequent publication in the transparency section provided for therein, by the entities granting or managing the same aid in accordance with the relevant regulations, replaces the publication obligations of the beneficiary companies envisaged by Law no. 124 of 4 August 2017, as the provision that the existence of aid subject to publication in the National State Aid Register must be declared in the notes to the financial statements has been eliminated.

The disclosure obligations established by Law no. 124 of 2017, in continuity with what was represented during the first application, are thus limited to transactions that provide the beneficiary a direct or indirect economic benefit through the provision of incentives or concessions that have the effect of providing relief, savings or the acquisition of resources, and that are in the nature of gifts or donations.

The disbursements, unless otherwise specified, are recognised on a cash basis. With reference to any disbursements not in cash, the cash criterion is understood in a substantial sense, allocating the economic benefit to the financial year in which it is received.

In accordance with the guidance provided by the Assonime circular no. 5/2019, the information provided in application of Law 124/2017 is provided in table form, indicating:

- the identification details of the granting entity and the beneficiary;
- the amount of the economic benefit awarded or received;
- a brief description of the type of benefit (reason for payment).

The tables below show the public funding received and disbursed in 2024 by the fully-consolidated subsidiaries of the CDP RETI Group basis that fall within the subjective scope of the law in question, as presented in their respective separate or sub-consolidated financial statements.

Public grants pursuant to art.1 c.126 Law no.124/2017

Beneficiary	Beneficiary: Name/Company name	Fiscal code	VAT number	Causal	Amount €/thousand
TERNA SPA	Fondazione Venezia Capitale Mondiale della Sostenibilità	94102820274	94102820274	Joining the foundation as a co-founding member	33
TERNA SPA	SUSAN G.KOMENITALIA ONLUS	6073831007	6073831007	Prevention Day throughout the country	15
TERNA SPA	Fond.Pol.Univ.A.GEMELLIIRCCS	13109681000	13109681000	Support for the purchase of machinery for Functional Neurosurgery	65
TERNA SPA	FondazioneAccademia Musicale Chigiana	92035840526	92035840526	Summer Academy 2023	20
TERNA SPA	Fondazione TERNA	96603750587	96603750587	Initial endow ment of the TERNA Foundation for the establishment	200
TERNA SPA	ASSOCIAZIONEITALIANA CONTRO LE LEUCEMIE	10823601009	10823601009	Support for non-profit social utility organizations	60
TERNA SPA	FondazioneIntercultura ETS	91016300526	91016300526	Protection and sustainability of the Marcigliana park	53
TERNA SPA	AssociazioneFUKYO O.d.V.	97727100584	97727100584	Support for study trips abroad and multicultural comparison for sons/daug	36
TERNA SPA	SOCIETA' BOTANICA ITALIANA ONLUS	464940485	464940485	Summer Academy 2023	56
TERNA SPA	Fondaz.Accademia Naz. Santa Cecilia	5662271005	5662271005	Tiny Forest Project	160
TERNA SPA	Sistech -Association loi 1901	FR83538232600022	FR83538232600022	Scholarship Support Boost Program	60

Public payments received pursuant to art.1 c.125 Law no.124/2017

Beneficiary	Licensor: Name/Company name	Fiscal code	VAT number	Causal	Amount €/thousand
ITALGAS RETI S.P.A.	AUTORITÀ DI REGOLAZIONE PER ENERGIA RETI E AMBIENTE	97190020152	97190020152	Innovative project development - 3D ASSET	535
ITALGAS RETI S.P.A.	BENESTARE	81000530808	81000530808	Investment grant (*)	278
ITALGAS RETI S.P.A.	TIRIOLO	297960791	297960791	Investment grant (*)	106
ITALGAS RETI S.P.A.	FOSSATO	296630791	296630791	Investment grant (*)	134
ITALGAS RETI S.P.A.	NOCERA TERINESE	297930796	297930796	Investment grant (*)	529
ITALGAS RETI S.P.A.	RIACE	81000670802	81000670802	Investment grant (*)	50
ITALGAS RETI S.P.A.	AUTORITÀ DI REGOLAZIONE PER ENERGIA RETI E AMBIENTE	97190020152	97190020152	Innovative project development - REVERSE FLOW	429
ITALGAS RETI S.P.A.	CAMINI	81000690800	81000690800	Investment grant (*)	72
MEDEA S.P.A.	CONSORZIO INTERCOMUNALE DI SALVAGUARDIA AMBIENTALE	91005820922	2413680923	Investment grant (**)	6.803
MEDEA S.P.A.	COMUNE DI SANT'ANNA ARRESI	81001910926	1351570922	Investment grant (**)	1.158
TOSCANA ENERGIA S.P.A.	BAGNO A RIPOLI	1329130486	1329130486	Investment grant (*)	8
TOSCANA ENERGIA S.P.A.	FIGLINE/INCISA	6396970482	6396970482	Investment grant (*)	10
TOSCANA ENERGIA S.P.A.	AZIENDA OSPEDALIERO UNIVERSITARIA PISANA	1310860505	1310860505	Investment grant (*)	68
Fondazione Snam	Dipartimento per le politiche di coesione della Presidenza del Consiglio dei ministri (già Agenzia per la coesione territoriale)	80188230587	80188230587	Project implemented w ith a partnership composed of third sector entities and schools, aimed at combating educational poverty through the activation of Educational Centers, training laboratories on STEM and orientation services w ithin 3 schools in South Milan	19
Snam Rete Gas S.p.a.	Ministero dell'ambiente e della sicurezza energetica	97047140583	97047140583	Additional chapter to the PNRR (REPow erEU) (***)	112.500
Snam Rete Gas S.p.a.	Ministero dell'ambiente e della sicurezza energetica	97047140583	97047140583	Additional chapter to the PNRR (REPow erEU) (****)	13.500
Snam Rete Gas S.p.a.	ARERA - Cassa per i Servizi Energetici e Ambientali	12633631002	12633631002	Hydrogen production from renew able sources and its introduction into the transport netw ork for the purpose of verifying compatibility	393
Snam Rete Gas S.p.a.	ARERA - Cassa per i Servizi Energetici e Ambientali	12633631002	12633631002	H2 Separation Membranes: Installation and Testing of a Palladium Membrane for Separating Hydrogen from a Natural Gas-Hydrogen Mixture	1.188
Snam Rete Gas S.p.a.	ARERA - Cassa per i Servizi Energetici e Ambientali	12633631002	12633631002	Methane detector system: Installation of an IoT (internet of things) sensor in boosting and compression plants for the identification and quantification of natural gas leaks	245
TAMINI TRASFORMATORI SRL	FONDIMPRESA	97278470584	97278470584	Liberality	36
TERNASPA	Ministero delle Imprese e delMade in Italy	80230390587	80230390587	State Aid	10.410
TERNA SPA	RegioneSiciliana	2711070827	2711070827	State Aid	8.469

(*) R.L. 3 APRIL 1995, N. 25 and - REGIONAL LAW 27.12.2001, N. 84

(**) Resolution 54/28 of 22.11.2005 of the Autonomous Region of Sardinia Article 5

(***) The project includes the construction of a compression plant in Sulmona and a gas pipeline that w ill connect the nodes of Sestino (AR) and Minerbio (BO) along the Adriatic coast

(****) The project includes the modernization of the existing gas infrastructure to allow the export of natural gas to Tarvisio (UD), as w ell as the construction of a new electric compression unit in the Poggio Renatico (FE) compression station w hich w ill allow to increase the flow of gas from the South to the North-East

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

To the Shareholders of
CDP RETI S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of CDP RETI S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet as at December 31, 2024, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity and the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

Investments for the operation of infrastructures and for service concession agreements

Description of the key audit matter	The consolidated balance sheet of the CDP RETI Group as at and for the year ended 31 December 2024 presents "property, plant and equipment" for a value of 44,121 million euro and "intangible assets" for a value of 12,807 million euro. The items mainly include infrastructure investments made by the Group companies which operate in regulated sectors, in particular: (I) from TERNA group, with regards to the operation and development of the Italian national transmission grid (NTG) for high and extra-high voltage power; (ii) from SNAM group with regards to natural gas transportation, storage and regasification of natural gas; and (iii) from ITALGAS group with regards to the development and maintenance of infrastructures related to the natural gas distribution and metering service under concession located in Italy and Greece. Investments made in the financial year relating to these sectors totaled euro 6,088 million. The sectors in which the Group's companies are regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA") and the Greek Regulatory Authority for Energy Waste and Water (RAEWW) (exclusively with regards to the infrastructures related to natural gas distribution and metering service under concession located in Greece) which define, among the others, the rules for the remuneration of the related services. In particular, the Group's regulated revenues are determined by ARERA and RAEWW and provide for recognition of a predefined return on the net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), of the relative depreciation and of some operating expenses. The RAB value is determined by ARERA and RAEWW mainly through the "revalued historical cost" and "historical cost" methods, respectively. We believe that infrastructure investments carried out by Group companies operating in regulated sectors represent a key audit matter for the Group's consolidated financial statements as at December 31, 2024 due to (i) the relevance of the tangible and intangible assets related to these infrastructure investments, compared to the Group's total assets, (ii) the relevance of the investments made during the year, and (iii) their impact in determining the remuneration of services related to these sectors. Paragraph I.2 and notes 1 and 3 of paragraph II of the consolidated financial statements describe the accounting policies applied by the Group and the changes for the year.

Audit procedures performed

Our audit procedures concerning investments for operation and development of infrastructures and for service concession agreements included for the Group companies, among others, the following:

- understand the processes and the relevant controls referred to the recognition of such investments in the financial statements and assessment of operating effectiveness of these controls;
- critical analysis of the “property, plant and equipment” and “intangible assets” captions, included the analysis of any unusual item;
- test the accurate start of depreciation when the asset is available for use, for a sample of projects included in tangible and intangible assets with depreciation starting date in the year, and analysis of the aging of projects included in the assets in progress;
- with reference to investments and disposals occurred during the period, selection of a sample of transactions and test of the compliance with the capitalization and disposal criteria provided by accounting standards;
- assessment of the consistency between the useful life used for the depreciation of the assets and their regulatory useful life and reperforming procedures of the period depreciation.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Shareholders' Meeting of CDP RETI S.p.A. has appointed us on May 10, 2019 as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of CDP RETI S.p.A. are responsible for the preparation of the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the section related to the report on corporate governance and ownership structure of CDP RETI Group as at December 31, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

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

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

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

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

In our opinion, the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the section related to the report on corporate governance and ownership structure are consistent with the consolidated financial statements of CDP RETI Group as at December 31, 2024.

In addition, in our opinion, the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the section related to the report on corporate governance and ownership structure are prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Pietrarelli
Partner

Rome, Italy
April 24, 2025

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

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE 58/1998

1. The undersigned Dario Scannapieco, in his capacity as Chief Executive Officer, and Alessandro Uggias, in his capacity as Financial Reporting Manager of CDP RETI S.p.A., hereby certify, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with respect to the characteristics of the company; and
   - the actual application of the administrative and accounting procedures for the preparation of the consolidated financial statements during 2024.
2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the consolidated financial statements at 31 December 2024 was based on a process developed by CDP RETI S.p.A. in line with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is a generally accepted framework at international level.
3. In addition, it is hereby certified that:

3.1 the consolidated financial statements at 31 December 2024:
- have been prepared in compliance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the information in the books and other accounting records;
- give a true and fair view of the performance and financial position of the issuer and of the companies included in the scope of consolidation.

3.2 the Report on Operations contains a reliable analysis of operations and performance, as well as the situation of the issuer and of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 24 April 2025

Chief Executive Officer	Financial Reporting Manager
Dario Scannapieco	Alessandro Uggias

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3 OPERATING PERFORMANCE OF CDP RETI S.P.A.

1. OPERATING PERFORMANCE OF CDP RETI S.P.A.

1.1 KEY MANAGEMENT FIGURES

Key Management Figures

Key financial figures

Items		31/12/2024	31/12/2023
Dividends	(thousand of euros)	581,424	553,365
- of which Snam	*(thousand of euros)*	*300,724*	292,821
- of which Terna	*(thousand of euros)*	*206,520*	193,740
- of which Italgas (1)	*(thousand of euros)*	*74,180*	66,804
Pofit (loss) on operations (2)	(thousand of euros)	(39,359)	(45,430)
Net income (loss)	(thousand of euros)	539,383	512,538
Comprehensive income	(thousand of euros)	512,599	487,049

Key balance sheet and cash flow figures

Items		31/12/2024	31/12/2023
Equity investments carrying amount	(thousand of euros)	5,023,065	5,023,065
- of which Snam	*(thousand of euros)*	*3,086,833*	3,086,833
- of which Terna	*(thousand of euros)*	*1,315,200*	1,315,200
- of which Italgas	*(thousand of euros)*	*621,032*	621,032
Receivables for dividends not yet collected	(thousand of euros)	122,439	118,856
Equity	(thousand of euros)	3,547,693	3,566,454
Net financial debt (2)	(thousand of euros)	(1,593,539)	(1,609,767)

Other key figures and ratios

Items			31/12/2024	31/12/2023
Equity investments market value (2) (3)		(thousand of euros)	10,220,523	10,532,625
Dividends collected		(thousand of euros)	577,841	550,415
Dividends distributed		(thousand of euros)	531,360	511,676
Dividend per share		euros	3,339.54	3,173.33
	Interim	euros	*2,240.46*	*2,123.92*
	Final	euros	*1,099.08*	*1,049.41*
Net cash flow for the period		(thousand of euros)	(20,646)	(36,928)
ROE (2)		(%)	15%	14%
Dividends/Borrowing expenses (2)		(numbers)	6.01	6.50
Net financial debt/Equity investments carrying amount (2)		(%)	32%	32%
Net financial debt/Equity (Leverage)(2)		(numbers)	0.45	0.45
Net financial debt/Dividends (2)		(numbers)	2.74	2.91

(1) Company established on 1 June 2016 and previously called ITG Holding S.p.A. (as of 7 November 2016 renamed Italgas S.p.A.).
(2) NON GAAP ratios. Borrowing expenses, when calculated net of the effects related to IRS hedging derivatives, are 46 million for 2024 (52 million for 2023). In this case, the Ratio would be 12.69 for 2024 and 10.69 for 2023.
(3) Product of the number of CDP RETI shares for the official price per share at the end of the period by Snam, Terna and Italgas.

1.2 INCOME STATEMENT RESULTS

To facilitate the reading of the Income statement, in view of the fact that CDP RETI S.p.A. is an investment vehicle, the following reclassified income statement has been prepared, first presenting the items that relate to the financial operations, as this is the most significant component of income[76].

The income statement results of CDP RETI S.p.A. for 2024, compared with the previous year, are summarised in the management Income statement reported below.

Reclassified Income Statement CDP RETI S.p.A.

(thousand of euros)

Items	31/12/2024	31/12/2023
Dividends	581,424	553,365
Pofit (loss) on core business	**581,424**	**553,365**
Financial income and expenses	(36,215)	(43,180)
Depreciation	(47)	(47)
Administrative expenses	(3,097)	(2,203)
Pofit (loss) on operations	**(39,359)**	**(45,430)**
Other revenues and income	18	17
Operating income	**542,083**	**507,952**
Income taxes	(2,700)	4,586
NET INCOME (LOSS)	**539,383**	**512,538**

The main positive components of CDP RETI's income are related to the **dividends accruing** from Snam, Terna and Italgas, totalling 581 million euro, up from 2023 (+28.1 million euro, +5.1%) due to the dividend policy (in terms of dividend per share) of Snam (+7.9 million euro), Terna (+12.8 million euro) and Italgas (+7.4 million euro).

More in detail, this item consists of dividends received from:

- **Snam**: equal to 300.7 million euro (52% of total dividends) – 292.8 million euro in 2023 – of which (i) 178.3 million euro (collected in June 2024) and relating to the 2023 final dividend and (ii) 122.4 million euro (collected on 22 January 2025) as 2024 interim dividend (approved by the Board of Directors of Snam S.p.A.[77]);
- **Terna**: equal to 206.5 million euro (36% of total dividends) – 193.7 million euro in 2023 – of which (i) 135.0 million euro (collected in June 2024) and relating to the 2023 final dividend and (ii) around 71.5 million euro (collected on 20 November 2024) as 2024 interim dividend (approved by the Board of Directors of Terna S.p.A.[78]);
- **Italgas**: equal to 74.2 million euro (13% of total dividends) – 66.8 million euro in 2023 – collected in May 2024 and relating to the 2023 dividend.

Other income statement items include **financial income and expenses**, totalling 36 million euro (43 million euro in 2023), mainly relating to:

- interest expense (i) on the 2022 Bond (30 million), (ii) on the 2024 Bond (8 million), (iii) on the 2020 Term Loan and on the 2023 Term Loan (respectively equal to 6 million and 11 million, also taking into account the adjustment of interest related to the Swap Transactions) closed in 2024, (iv) on the 2024 Term Loan (2 million, also taking into account the adjustment of interest related to the Swap Transactions) opened in November 2024 and (v) in compliance with the CSA guarantee contract (1 million);
- interest income (10 million euro) accrued in connection with the cash held on the irregular deposit with the parent company CDP[79], which was higher than in 2023;
- impacts (on the income statement) resulting from the refinancing of debt in May 2020 and May 2023, specifically related to the recognition of:
  - positive impact amounting to approximately 13.9 million euro (before tax effects), due to the recognition in the income statement of the CFH valuation reserve related to the cash flow hedge implemented via an Interest Rate

76 This statement has been prepared on the basis of the suggestions set out in Consob Communication no. 94001437 of 23 February 1994.

77 On 6 November 2024, Snam's Board of Directors approved to distribute a 2024 interim dividend to shareholders, equal to 0.1162 euro per share, with payment starting from 22 January 2025, with coupon due on 20 January and record date 21 January.

78 On 6 November 2024 Terna's Board of Directors approved to distribute an interim dividend to shareholders equal to 0.1192 euro per share, with payment starting from 20 November 2024, with coupon due on 18 November 2024 and record date 19 November 2024.

79 Compared to the deposit agreement "under which a party (depositary) receives from the other (depositor) a movable asset with the obligation to safeguard and return it in kind" (art. 1766 of the Italian Civil Code), in the irregular deposit (concerning cash or other interchangeable assets), the depositary is not obliged to return exactly the same assets but must return just as many of them of the same kind and quality. Therefore, the depositary becomes, at the time of delivery, the owner of the assets delivered to it (art. 1782 of the Italian Civil Code).

Swap. This impact arises from the reclassification from equity to profit (loss) in the income statement of the estimated covered cash flows that will no longer affect future profits/losses following the closure of the original loans and the recognition of new financing;

- positive impact amounting to approximately 0.9 million euro (before tax effects) due to the reversal of the residual value of the fees originally paid at the signing of the 2020 Term Loan and 2023 Term Loan, which were included in the amortised cost[80].

The decrease compared to 2023 is mainly attributable to the impact of the overall refinancing of the loans signed in May 2020 and May 2023 through the issuance of a bond and the arrangement of a new Term Loan. More specifically, the reduction in the "Financial Income and Expenses" item compared to 2023 was mainly driven by (i) the positive effects (17.9 million euro) resulting from the closure in 2024 of the IRS arranged to hedge the 2020 Term Loan which were only partially offset (ii) by the negative impact (-4.0 million euro) linked to the closure in 2024 of the IRS set up to hedge the 2023 Term Loan, and (iii) by higher financial charges due to the interest rate environment observed at the time of the issuance of the new bond (September 2024) and the signing of the new Term Loan (November 2024). For a more detailed description of the transaction, please refer to the section "“Significant events taking place in the year by sector/activity" in the Consolidated Financial Statements.

Administrative expenses, which have increased compared to the prior period, primarily include personnel costs (including seconded employees and compensation to directors and auditors), fees paid to the parent company/third-party suppliers for services received during the period, and consultancy services for investments and bond issuances. The variance (0.9 million euro) compared to 2023 is primarily attributable to higher consultancy costs related to the potential capital increase in Italgas and to those (e.g. legal expenses, rating agencies, etc.) associated with the refinancing of debt arising from the loans taken out in 2020 and 2023, as discussed earlier.

Income taxes, negative by 2.7 million euro (compared to a positive 4.6 million euro at 31 December 2023), are almost entirely due to the algebraic sum of *i)* the estimated tax consolidation charge recorded against the taxable income transferred to the fiscal unit (6.2 million euro), partially offset by *ii)* the estimated tax consolidation proceeds (3.5 million euro) related to the remuneration of the excess non-deductible interest on an individual basis, transferable to the tax consolidation[81].

Compared to 31 December 2023, the item reflects a sign reversal, primarily due to (i) the higher taxable income, mainly resulting from the increase in attributable dividends, (ii) the elimination of the ACE (Aid for Economic Growth) benefit starting from the 2024 tax period[82], and (iii) the reduction in the remuneration of excess interest expenses transferable to the tax consolidation.

The income components mentioned above result in a **net income for the year** of 539 million euro reflecting an increase of 27 million euro (+5%) compared to 2023 (513 million euro), primarily driven by higher attributable dividends (+28 million euro) and the performance of financial management (+7 million euro), partly offset by increased costs related to tax management (-7 million euro).

80 Since these fees are classified as directly attributable expenses to the transaction, they have been amortised from the outset (and accounted for as financial charges) using the amortised cost method for liabilities.

81 The consolidation agreement was tacitly extended for the three-year period 2025-2026-2027.

82 Pursuant to Article 5 of Legislative Decree No. 216/2023.

1.3 STATEMENT OF FINANCIAL POSITION

CDP RETI S.p.A.'s statement of financial position as at 31 December 2024 and 31 December 2023 is summarised in the following tables.

Reclassified Assets CDP RETI S.p.A.

(thousand of euros)

Items	31/12/2024	31/12/2023
Equity investment in Snam	3,086,833	3,086,833
Equity investment in Terna	1,315,200	1,315,200
Equity investment in Italgas	621,032	621,032
Other assets	123,742	171,864
Cash and cash equivalents	108,731	129,377
TOTAL ASSETS	**5,255,538**	**5,324,306**

As at 31 December 2024, total assets amounted to 5,256 million euro and mainly consisted of balance sheet items relating to **equity investments** (about 96% of total assets) in Snam, Terna and Italgas (for an overall amount of 5,023 million euro and unchanged compared to 2023).

The significant decrease in total assets by 69 million euro is primarily due to (i) lower cash balances (-21 million euro) for the reasons explained below, (ii) the lower impact (a decrease of 46 million euro) of the mark-to-market (positive 1 million euro) at the end of 2024 for the derivative contracts entered into by the company in November 2024 to hedge the 2024 Term Loan, compared to the mark-to-market valuation (positive 47 million euro) at the end of 2023 for the derivative contract signed in May 2020 to hedge the 2020 Term loans, and (iii) the receipt in November 2024 of the receivable recorded as of 31 December 2023 (approximately 5 million euro[83]) from the parent company CDP following the submission of the tax consolidation return.

With specific reference to the value of the **equity investments** held, please note that, also in light of the latest stock market values recorded:

- **Snam**: closing price as at 30 December 2024 equal to 4.28 euro, weighted average with price volumes of the last month before 30 December 2024 equal to 4.33 euro;
- **Terna**: closing price as at 30 December 2024 equal to 7.62 euro, weighted average with price volumes of the last month before 30 December 2024 equal to 7.75 euro;
- **Italgas**: closing price as at 30 December 2024 equal to 5.41 euro, weighted average with price volumes of the last month before 30 December 2024 equal to 5.45 euro;

above the carrying amount (equal to 2.93 euro for **Snam**, 2.19 euro for **Terna** and 2.95 euro for **Italgas**), as well as the information currently available, no impairment indicators are highlighted that are such to compromise the maintenance of the carrying amount of the equity investments held.

Other assets, amounting to 124 million euro (-48 million euro compared to 2023), primarily relate to:

- the receivable from Snam (122 million euro) for the advance payment on the 2024 dividend approved in November 2024 by its Board of Directors (and collected by CDP RETI in January 2025), which is higher than the receivable recorded as of 31 December 2023 (119 million euro collected in January 2024) for the advance on the 2023 dividend;
- the valuation (1 million euro) of the Interest Rate Swap (IRS) derivative contracts entered into by the company in November 2024 to hedge the 2024 Term Loan financing. The decrease (-46 million euro) compared to 31 December 2023 is due to the significant reduction in the overall mark-to-market (Fair Value) of derivatives, primarily resulting from the closure, in the second half of 2024, of the IRS derivatives on the 2020 and 2023 Term Loans (resulting from the debt refinancing previously discussed in the key events of the period).

The breakdown of **cash and cash equivalents** mainly refers to the irregular deposit (86 million euro) with the parent company CDP and bank current accounts (23 million euro).

83 As remuneration for non-deductible interest expenses (5.2 million euro) that can be transferred to the tax consolidation, net of the debt (0.6 million euro, also owed to the parent company CDP) associated with the estimated tax consolidation liability as of 31 December 2023.

To better understand the changes in cash and cash equivalents, please refer to the subsequent section "Net Financial Debt".

Reclassified Equity abd Liabilities CDP RETI S.p.A.

(thousand of euros)

Items	31/12/2024	31/12/2023
Equity	3,547,693	3,566,454
- Share capital and reserves	*3,008,310*	*3,053,916*
- Net income for the period	*539,383*	*512,538*
Loans	1,702,270	1,698,077
- of which owed to Cdp	*196,509*	*373,760*
Other liabilities	5,575	59,775
- of which owed to Cdp	*3,176*	*45,286*
TOTAL LIABILITIES	**5,255,538**	**5,324,306**

As at 31 December 2024, **equity** (equal to 3,548 million euro), in addition to the net income for the period, mainly includes: i) the item Shareholders' payment reserve for investments, representing the value of the payment of 3.5 billion euro made in 2012 by CDP and intended to finance the purchase of the equity investment in Snam, net of the portion of this reserve distributed to CDP in 2014 (1.5 billion euro), ii) the item Share premium account deriving from the transfer in 2014 of Terna (1.3 billion euro), iii) the item Valuation reserve (positive for 1 million euro) representing the measurement at fair value of the Interest Rate Swap (IRS) derivatives, net of the connected deferred taxes, and iv) the 2024 interim dividend equal to 362 million euro distributed in November 2024.

Compared to the end of 2023 (amounting to 3,566 million euro), the item under consideration, while benefiting from the net income for the period of 539 million euro, decreased by approximately 19 million euro due to the impact of dividends distributed during the period to shareholders (totalling 531 million euro) representing the outstanding dividend for 2023[84] and the interim dividend for 2024[85] as well as the decrease of -27 million euro in the Valuation Reserve.

The payables relating to the **loans outstanding** at 31 December 2024, considering the current portion and the non-current portion, consisted of the following:

Loans existing

(thousand of euros)

	31/12/2024		31/12/2023	
Items	Non current	current	Non current	current
Bond	1,089,098	12,894	497,039	5,377
Lease liabilities	22	29	51	28
Term Loan Facility	597,627	2,600	1,188,808	6,773
Total	**1,686,748**	**15,522**	**1,685,899**	**12,178**

Total debt as of 31 December 2024, amounting to 1,702 million euro (including interest accruals due after 31 December 2024), represents a slight increase from the previous period (1,698 million euro) and relates to:

- the bond (503 million euro, for a total nominal value of 500 million euro), listed on the Irish Stock Exchange, issued in October 2022, and subscribed by institutional investors (nominal value of 320 million euro, or 64%), CDP (nominal value of 150 million euro, or 30%), and State Grid Europe Limited (nominal value of 30 million euro, or 6%);
- the bond (599 million euro, for a total nominal value of 600 million euro), listed on the Irish Stock Exchange, issued in September 2024 and subscribed by institutional investors (nominal value of 524 million euro, or 87%), CDP (46 million euro, or 8%), and Fintecna (30 million euro, or 5%);
- the 2024 Term Loan (with a nominal value of 600 million euro), issued by a pool of banks in November 2024 (maturing in 2029).

Please refer to the section "Significant events taking place in the year by sector/company" in the Consolidated Report on Operations for a more detailed description of the refinancing completed in the second half of 2024 and to the section "Net

84 169.5 million euro distributed in the form of 1,049.41 euro per 161,514 shares.

85 362 million euro distributed in the form of 2,240.46 euro per 161,514 shares. This interim dividend was approved (by the Board of Directors meeting on 21 November 2024) based on the company's financial statement as of 30 June 2024 – prepared in accordance with IFRS principles – which closed the period with a net profit of 362 million euro and available reserves of 3,369 million euro.

financial debt and cash flows” in the Report on Operations of the separate financial statements for more insights into the net financial debt of CDP RETI S.p.A.

Other liabilities, amounting to 6 million euro and down 54 million euro compared to 2023, primarily refer to: (i) the debt to the parent company CDP (3 million euro as of 31 December 2024) arising from the fiscal consolidation charge, which is due to be paid to the consolidating company in accordance with the existing consolidation agreements, and (ii) the recognition (with an offsetting entry to the income statement) of deferred tax liabilities (totalling 2 million euro as of 31 December 2024), accrued in relation to the advance on the 2024 dividend approved by Snam in November 2024 (and received in January 2025). This item is also affected by the release of the deferred tax liability recognised as at 31 December 2023 (amounting to 1 million euro) in relation to the receipt of the 2023 interim dividend from Snam in January 2024.

The significant decrease (-54 million euro) compared to the 2023 balance is mainly due to the elimination of: (i) the debt to the parent company CDP (41 million euro as of 31 December 2023), recognised in the previous period in respect of the margin received from CDP under the CSA (Credit Support Agreement) in relation to the cash flow hedge derivatives, and (ii) the elimination, due to the closure of the IRS derivative hedging the 2020 and 2024 Term Loans, of the deferred tax liabilities (with an offsetting entry to equity) accrued in relation to the derivative, amounting to 13 million euro at the end of 2023.

1.4 NET FINANCIAL DEBT AND CASH FLOWS

Net financial debt, calculated in accordance with Consob Communication no. DEM/6064293 of 2006, as amended on 5 May 2021 following implementation of ESMA[86] recommendations 32-232-1138 of 4 March 2021 concerning the Net financial position, breaks down as follows in comparison with year-end 2023:

Net Financial Debt

(thousand of euros)

	Items	31/12/2024	31/12/2023
A	Cash (1)	108,731	129,377
B	Cash equivalents (1)		
C	Other current financial assets		
D	**Liquidity (A + B + C)**	**108,731**	**129,377**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt) (2)		(41,068)
F	Current portion of non-current financial debt (*) (2)	(15,522)	(12,178)
G	**Current financial debt (E + F)**	**(15,522)**	**(53,246)**
H	**Net current financial debt (G - D)**	**93,209**	**76,131**
I	Non-current financial debt (excluding current portion and debt instruments) (*) (3)	(597,649)	(1,188,859)
J	Debt instruments (3)	(1,089,098)	(497,039)
K	Trade payables and other non-current payables		
L	**Non-current financial debt (I + J + K)**	**(1,686,748)**	**(1,685,898)**
M	**Total financial debt (H + L)**	**(1,593,539)**	**(1,609,767)**

(*) They include financial liabilities for leased assets recognised in accordance with IFRS 16 "Leases", of which 22 thousands euros are long-term and 29 thousands euros are short-term portions of long-term financial liabilities.

In the balance sheet of CDP RETI S.p.A.:
(1) The balance is included in the item “Cash and cash equivalents”.
(2) The balance is included in the item “Current portion of long-term loans ” and “Current financial liabilities”.
(3) The balance is included in the item “Loans”.

As of 31 December 2024, the **net financial debt** amounts to 1,594 million euro (including interest accruals that will be realised after 31 December 2024). Despite lower cash availability due to the factors analysed below, it has decreased compared to 31 December 2023 (1,610 million euro), mainly due to the reduction in gross financial debt (1,702 million euro vs 1,739 million euro), almost entirely driven by the elimination of the debt to the parent company following the margin received from the parent as part of the guarantee agreement for the hedging derivatives.

86 European Securities and Markets Authority (ESMA).

Compared to 31 December 2023, despite a significant debt restructuring, as previously discussed in the "Significant Events in the Financial Year by Sector/Company" section of the Consolidated Report on Operations, there is a substantial alignment of non-current financial debt (1.7 billion euro), despite an extension of its average maturity.

At 31 December 2024, the net financial debt to the parent company CDP amounts to 111 million euro, showing a significant reduction (-203 million euro) compared to 31 December 2023 (314 million euro), mainly due to:

- the early repayment (222 million euro nominal value, corresponding to 24% of the total nominal amount) of CDP's share of the 2020 Term Loan, maturing in May 2025;
- the elimination of the debt to the parent company CDP (41 million euro as of 31 December 2023), associated with the CSA guarantee agreement in relation to the subscription of financial flow hedging derivatives;
- the reduction (15 million euro) in cash balances held in the irregular deposit with the parent company;

partially offset by the portion (46 million euro nominal value) of the new 2024 bond purchased during the financial year.

With regard to the detailed items, the following is noted.

Liquidity as at 31 December 2024 (109 million euro) consisted mainly of the irregular deposit (86 million euro) with the parent company CDP and the amounts on deposit with primary credit institutions (23 million euro).

In comparative terms, there is a reduction (-21 million euro) compared to the end of 2023, mainly due to:

- the dividends received (577.8 million euro vs. 550.4 in 2023);
- the positive impact (14 million euro) resulting from the early termination, in the second half of 2024, of the two hedging derivatives (2020 IRS and 2023 IRS);
- the interest income received related to the cash held with CDP (10 million euro);
- the receipt (5 million euro) of the receivable from CDP for participation in the tax consolidation.

They have been more than offset by:

- the dividends – 2023 final dividend and 2024 interim dividend – distributed to shareholders (531 million euro);
- the adjustment of the margins received from the parent company CDP under the guarantee agreement related to the hedging derivatives (with a negative cash flow of 42 million euro during the period);
- the payment (i) of the bond coupon (29 million euro) and (ii) of the interest expenses (including the adjustment of interest related to the Swap Transactions) related to the 2020 Term Loan (7 million euro) and the 2023 Term Loan (12 million euro);
- the fees (so-called arrangement fees) related to the issuance of the 2024 Term Loan (2 million euro) and from the fees/other charges related to the bond issuance (2 million euro);
- additional outflows connected to ordinary operations.

Overall, please note that the receivable from Snam for the 2024 interim dividend (about 122 million euro, collected in January 2025), in line with the approach adopted in previous years, is considered by CDP RETI as cash flow generated by its operating activity and consequently excluded from calculation of the Net Financial Debt.

Current financial debt (16 million euro) primarily relates to interest expenses on the new Bond issued in September 2024 (7.5 million euro), the Bond issued in October 2022 (5.4 million euro), and the new 2024 Term Loan (2.6 million euro), with financial settlement in May 2025 (for the 2024 Term Loan), September 2025 (for the 2024 Bond), and October 2025 (for the 2022 Bond). The significant decrease compared to 2023 is primarily due to the elimination of debts towards the parent company CDP related to the CSA guarantee agreement, partially offset by higher interest accruals. In this respect, please refer:

- to section “IV – INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES” (paragraph “Liquidity and credit risk”) of the notes to the separate financial statements for a more detailed description of the risk profiles;
- to section “2. SIGNIFICANT EVENTS TAKING PLACE IN THE YEAR BY SECTOR/COMPANY” of the Consolidated Report on Operations for a detailed description of the refinancing operation related to the debt arising from the borrowings taken in 2020 and 2023.

Non-current financial debt (1,687 million euro), consistent with 2023, does not reflect the accounting effects from the fair value measurement of derivatives and mainly relates to (i) the new 2024 Term Loan (598 million euro, with a nominal value of 600 million euro, less associated costs amortised over its term), granted in November 2024 by a pool of banks with a maturity in 2029, (ii) the bond debt (591 million euro), issued in September 2024 with a nominal value of 600 million euro, maturing in 2031, less associated costs amortised over its term, and (iii) the bond debt (498 million euro), issued in October 2022 for a nominal value of 500 million euro, maturing in 2027, less associated costs amortised over its term. Regarding non-current financial debt, it is noted that while the total amount remains in line with 2023, there has been a change in composition between item I "Non-current financial debt" (598 million vs 1,189 million) and item J "Debt instruments" (1,089 million vs 497 million), as a result of the refinancing carried out in the second half of 2024 through the issuance of a new bond (2024 Bond) and the taking on of a new loan (2024 Term Loan). For more details on the liability management strategy implemented during the second half of 2024, please refer to section "2. SIGNIFICANT EVENTS TAKING PLACE IN THE YEAR BY SECTOR/COMPANY” of the Consolidated Report on Operations.

The main financial terms of the new loan agreement signed in November 2024 are outlined below:

- total amount financed is 600,000,000 euro through a pool of banks;
- floating interest rate, calculated as the 6-month Euribor plus a margin of 115 bps;
- repayment: bullet repayment at maturity (except in the case of cancellation or early repayment);
- interest periods of six months (in May and November);
- upfront fee: set at 40 bps.

Furthermore, it should be noted that, in order to mitigate the variability of the 6-month Euribor rate and the related cash flows, as well as the impact on the financial results, the variable rate of the financing has been converted into a fixed rate [87]by entering into [88]two derivatives, under market conditions, to hedge future cash flows associated with the 2024 Term Loan (i.e., an Interest Rate Swap with the parent company CDP to cover the interest rate risk of the Term Loan, or to minimise fluctuations in cash flows related to the financing and its variable rate).

The economic and financial characteristics of the hedging derivatives are entirely aligned with those of the item being hedged, specifically:

- The total notional value of the two derivatives is equal to the nominal value of the loan;
- The maturity date (November 2029) and the financial settlement dates for the derivatives' differentials (semi-annual and deferred[89]) are aligned with the financing agreement;
- the underlying variable rate and the spread – for both derivatives – are the same: 6-month Euribor + 115 bps;

The *mark to market* of IRS derivatives, not listed on an active market and calculated daily by the parent company CDP[90], as at 31 December 2024, results for CDP RETI:

- positive by 0.8 million euro for the IRS of 345 million euro, and reported in the financial statements under "Non-current financial assets";
- positive by 0.4 million euro for the IRS of 255 million euro, and reported in the financial statements under "Non-current financial assets".

Changes in the value of the effective component of the derivatives, on the other hand, have been classified under a specific equity reserve account (“Valuation reserve *Cash Flow Hedge*”), net of deferred tax impact, since the conditions for the application of hedge accounting[91] were met.

As at 31 December 2024, the Net Financial Debt/Equity ratio (leverage) stood at 0.45 and remained unchanged compared to 2023.

On the other hand, when compared to 2023, the Net Financial Debt/Dividends ratio (representing the profit or loss on the company’s core business) is slightly lower (from 2.91 to 2.74) due mainly to the higher dividends accruing.

Cash flows

(thousand of euros)

Items	31/12/2024	31/12/2023
Cash and cash equivalents at the start of the year	**129,377**	**166,305**
Cash flows from operating activities	512,616	475,537
Cash flows from investing/disinvesting activities	(30)	(30)
Cash flows from financing activities	(533,232)	(512,435)
Cash and cash equivalents at year end	**108,731**	**129,377**

The cash flow from operating activities in 2024 shows a positive cash generation of 513 million euro, an increase of 37 million euro compared to 2023. The item mainly reflects (i) dividends received during the year, (ii) the margin settlements paid/received from the parent company CDP under the guarantee agreement signed in 2020 (resulting in a negative cash

87 The fixed annual rates of 3.383% and 3.406% are the results, respectively, of the hedging derivative entered into in November 2024 to cover the first drawdown of 345 million and the hedging derivative entered into, also in November 2024, to cover the second drawdown of 255 million.

88 That is to say, with a fair value upon the signing of the contract of near zero or else of an insignificant amount in terms of negative fair value as a percentage of the nominal value of the transaction.

89 The differentials are settled in arrears in May and in November of each year on a deferred basis with their value determined by comparing the following elements:
- the receive leg for CDP RETI: 6-month Euribor (fixed on the second business day prior to the beginning of the period) + a 1.15% spread for both IRS contracts;
- the pay leg for CDP RETI: a fixed rate of 3.383% (IRS 345 million euro) and 3.406% (IRS 255 million euro).

90 On the basis of generally accepted valuation models and techniques, which refer to inputs (the Euribor interest rate curve for the entire period of reference of the contract) observable on the market.

91 On 1 January 2018, CDP RETI adopted IFRS 9 as for the rules for classification, measurement and impairment. With regard to the rules on hedge accounting, the Company has exercised the option of maintaining the rules set out under IAS 39, applying the regulatory/accounting choices made by the Parent Company CDP.

flow of 42 million euro in 2024), and (iii) the financial flows related to interest income/expenses on cash and debt (taking into account the effects of hedging derivatives) for existing loans. The increase compared to the corresponding 2023 cash flow is mainly attributable to the higher dividends received and the effects related to the refinancing of the debt arising from the 2020 and 2024 Term Loans.

The cash flow from investing/divesting activities refers to the lease for the premises in Via Alessandria, 220 (Rome).

The cash flow from financing activities, which absorbed a total liquidity of 533 million euro, is almost entirely attributed to dividend payments to shareholders (531 million euro compared to 512 million euro in 2023) and, to a lesser extent, some costs associated with the aforementioned refinancing.

2. REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE OF CDP RETI PURSUANT TO ARTICLE 123-BIS, PARAGRAPH 2, LETTER B) OF THE CONSOLIDATED LAW ON FINANCE

With regard to the “Report on corporate governance and ownership structure: main characteristics of the risk management and internal control systems for financial reporting, including on a consolidated basis, pursuant to Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Finance”, it is possible to refer to the contents of paragraph 8 of the Report on Operations of the consolidated financial statements, also applicable to the separate financial statements of CDP RETI S.p.A.

4 SEPARATE FINANCIAL STATEMENT AT 31 DECEMBER 2024

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FORM AND CONTENT OF THE SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2024

The separate financial statements at 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) and consist of:

- Balance Sheet;
- Income Statement;
- Statement of comprehensive income;
- Statement of Changes in Equity;
- Statement of Cash Flows;
- Notes to the Separate Financial Statements

The Notes to the Separate Financial Statements are composed of:

- Introduction
- I - Basis of presentation and accounting policies
- II - Information on the Balance Sheet
- III - Information on the Income Statement
- IV - Information on risks and the related hedging policies
- V - Transactions with related parties
- VI - Non-recurring events and significant transactions
- VII - Operating segments

The section “Annexes”, which is an integral part of the financial statements, also includes the analytical list of equity investments owned by CDP RETI and the separate financial statements at 31 December 2023 of the parent company Cassa Depositi e Prestiti S.p.A.

With reference to the report to be made regarding the obligations introduced by Law no. 124 of 4 August 2017, concerning the transparency of public funds, we can state there is nothing that needs reporting.

CONTENTS

SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2024

BALANCE SHEET - ASSETS

(euro) Assets	Notes	31/12/2024	*of wich from related parties*	31/12/2023	*of wich from related parties*
Non-current assets					
Property, plant and equipment	1	46,189	46,189	73,857	73,857
Intangible assets	2	10,789		30,251	
Equity investments	3	5,023,064,811		5,023,064,811	
Non-current financial assets	4	1,195,840	1,195,840	47,103,238	47,103,238
Deferred tax assets	5	448		1,134,227	
Other non-current assets					
Total non-current assets		**5,024,318,077**	**1,242,029**	**5,071,406,384**	**47,177,096**
Current assets					
Current financial assets					
Income tax receivables					
Other current assets	6	122,489,067	122,439,025	123,522,781	123,492,876
Cash and cash equivalents	7	108,731,038	85,610,958	129,377,190	101,039,934
Total current assets		**231,220,105**	**208,049,983**	**252,899,971**	**224,532,809**
Total assets		**5,255,538,182**	**209,292,012**	**5,324,306,355**	**271,709,905**

BALANCE SHEET - LIABILITIES

(euro) Liabilities and equity	Notes	31/12/2024	*of wich from related parties*	31/12/2023	*of wich from related parties*
Equity					
Share capital	8	161,514		161,514	
Reserves:	9	3,369,432,621		3,369,431,762	
Share premium reserve		*1,315,158,486*		*1,315,158,486*	
Income reserves		*24,354,113*		*24,353,254*	
Other reserves		*2,029,920,022*		*2,029,920,022*	
Valuation reserves	10	581,914		27,365,951	
Interim dividends	11	(361,865,656)		(343,042,815)	
Net income for the period (+/-)		539,382,665		512,538,081	
Total Equity		**3,547,693,058**		**3,566,454,493**	
Non-current liabilities					
Provisions					
Provision for employee benefits	12	22,074		9,643	
Loans	13	1,686,747,742	253,779,189	1,685,898,551	400,725,307
Other financial liabilities	14			3,782,098	3,782,098
Deferred tax liabilities	15	1,713,585		14,061,764	
Other non-current liabilities					
Total non-current liabilities		**1,688,483,401**	**253,779,189**	**1,703,752,055**	**404,507,405**
Current liabilities					
Current portion of long-term loans	16	15,522,365	2,912,297	12,178,441	3,258,552
Trade payables	17	313,164	13,366	90,843	23,725
Income tax liabilities					
Current financial liabilities	18			41,067,447	41,067,447
Other current liabilities	19	3,526,194	3,439,727	763,076	687,434
- Tax payables		*28,868*		*23,018*	
- Payables to parent companies		*3,175,644*	*3,175,644*	*436,484*	*436,484*
- Payables due to pension and social security institutions		*17,404*		*15,532*	
- Other payables		*304,278*	*264,083*	*288,042*	*250,950*
Total current liabilities		**19,361,723**	**6,365,390**	**54,099,807**	**45,037,158**
Total liabilities and equity		**5,255,538,182**	**260,144,579**	**5,324,306,355**	**449,544,563**

INCOME STATEMENT

(euro) Income statement items	Notes	2024	*of wich from related parties*	2023	*of wich from related parties*
Revenues					
Revenues from sales and services					
Other revenues and income	20	17,723	17,723	16,775	16,775
Total revenues		**17,723**	**17,723**	**16,775**	**16,775**
Costs					
Services	21	(2,074,998)	(776,574)	(1,410,068)	(684,435)
Staff costs	22	(942,598)	(416,783)	(722,946)	(372,569)
Amortisation, depreciation and impairment on property, plant and equipment and intangible assets	23	(47,130)	(27,668)	(47,055)	(27,593)
Net impairment (recoveries) of trade receivables and other receivables					
Other operating costs	24	(78,604)	(291)	(69,881)	(479)
Total costs		**(3,143,330)**	**(1,221,316)**	**(2,249,950)**	**(1,085,076)**
Profit (loss) on operations		**(3,125,607)**	**(1,203,593)**	**(2,233,175)**	**(1,068,301)**
Financial income (expenses)					
Financial income	25	641,937,296	641,926,040	595,369,372	595,358,687
- of which dividends from subsidiaries		*581,423,658*	*581,423,658*	553,365,122	553,365,122
Borrowing expenses	26	(96,729,115)	(26,071,313)	(85,183,944)	(24,638,535)
Total financial income (expenses)		**545,208,181**	**615,854,727**	**510,185,428**	**570,720,152**
Income before taxes		**542,082,574**	**614,651,134**	**507,952,253**	**569,651,851**
Income taxes, current and deferred taxes	27	(2,699,909)		4,585,828	
NET INCOME FOR THE YEAR		**539,382,665**	**614,651,134**	**512,538,081**	**569,651,851**

STATEMENT OF COMPREHENSIVE INCOME*

(euro)

Comprehensive income items	Notes	31/12/2024	31/12/2023
Income (loss) for the year		**539,382,665**	**512,538,081**
Other comprehensive income net of taxes not transferred to income statement			
Property, plant and equipment			
Defined benefit plans			
Other comprehensive income net of taxes transferred to income statement			
Financial assets at FVTOCI			
Cash flow hedges	10-15	(26,784,037)	(25,489,335)
Total other comprehensive income net of taxes		**(26,784,037)**	**(25,489,335)**
COMPREHENSIVE INCOME		**512,598,628**	**487,048,746**

* It is specified that the values are shown net of the tax effect where applicable

STATEMENT OF CHANGES IN EQUITY: CURRENT FINANCIAL YEAR

(euro)	Notes	Share capital	Legal reserve	Issue premium	Valuation reserves net of taxes
Total equity at 31 december 2023		**161,514**	**32,303**	**1,315,158,486**	**27,365,951**
Change in opening					
Total equity at 1 January 2024		**161,514**	**32,303**	**1,315,158,486**	**27,365,951**
Net income (loss) for the year					
Other comprehensive income:	10				
- cash flow hedges					(26,784,037)
- defined benefit plans					
- exchange rate differences					
- other					
Total other comprehensive income					**(26,784,037)**
Comprehensive income					**(26,784,037)**
Transactions with Shareholders					
Allocation of previous year net income/(loss):					
- interim dividend 2023	11				
- dividends					
- retained earnings	10				
Interim dividend 2024	11				
Treasury stock transactions					
Total transactions with Shareholders					
Other changes					
Total other changes					
Total equity at 31 december 2024		**161,514**	**32,303**	**1,315,158,486**	**581,913**

STATEMENT OF CHANGES IN EQUITY: PREVIOUS FINANCIAL YEAR

(euro)	Notes	Share capital	Legal reserve	Issue premium	Valuation reserves net of taxes
Total equity at 31 december 2022		**161,514**	**32,303**	**1,315,158,486**	**52,855,285**
Change in opening					
Total equity at 1 January 2023		**161,514**	**32,303**	**1,315,158,486**	**52,855,285**
Net income (loss) for the year					
Other comprehensive income:	10				
- cash flow hedges					(25,489,335)
- defined benefit plans					
- exchange rate differences					
- other					
Total other comprehensive income					**(25,489,335)**
Comprehensive income					**(25,489,335)**
Transactions with Shareholders					
Allocation of previous year net income/(loss):					
- interim dividend 2022	11				
- dividends					
- retained earnings	10				
Interim dividend 2023	11				
Treasury stock transactions					
Total transactions with Shareholders					
Other changes					
Total other changes					
Total equity at 31 december 2023		**161,514**	**32,303**	**1,315,158,486**	**27,365,951**

Other reserves	Retained earnings	Net income (loss) for the year	Interim dividend	Total equity
2,029,920,022	**24,320,952**	**512,538,081**	**(343,042,815)**	**3,566,454,493**
2,029,920,022	**24,320,952**	**512,538,081**	**(343,042,815)**	**3,566,454,493**
		539,382,665		539,382,665
				(26,784,037)
				(26,784,037)
		539,382,665		**512,598,628**
		(343,042,815)	343,042,815	
		(169,494,407)		(169,494,407)
	859	(859)		
			(361,865,656)	(361,865,656)
	859	**(512,538,081)**	**(18,822,842)**	**(531,360,063)**
2,029,920,022	**24,321,811**	**539,382,665**	**(361,865,657)**	**3,547,693,058**

Other reserves	Retained earnings	Net income (loss) for the year	Interim dividend	Total equity
2,029,920,022	**24,320,547**	**500,512,909**	**(331,878,967)**	**3,591,082,099**
2,029,920,022	**24,320,547**	**500,512,909**	**(331,878,967)**	**3,591,082,099**
		512,538,081		512,538,081
				(25,489,335)
				(25,489,335)
		512,538,081		**487,048,746**
		(331,878,967)	331,878,967	
		(168,633,537)		(168,633,537)
	405	(405)		
			(343,042,815)	(343,042,815)
	405	**(500,512,909)**	**(11,163,848)**	**(511,676,352)**
2,029,920,022	**24,320,952**	**512,538,081**	**(343,042,815)**	**3,566,454,493**

STATEMENT OF CASH FLOWS

(euro)	Notes	31/12/2024	31/12/2023
Net income		**539,382,665**	**512,538,081**
Adjustments to net income to reflect cash flow from operating activities:			
Amortisation	23	47,130	47,055
Recoveries (impairment) on property, plant and equipment and intangible assets			
Recoveries (impairment) on financial assets	26	(390)	(1,557)
Provisions for staff severance pay	22	12,432	4,687
Effect of accounting using the equity method			
Net losses (gains) on disposals, cancellations and eliminations of assets			
Dividends	25	(581,423,658)	(553,365,122)
Interest income	25	(60,513,638)	(42,004,249)
Interest expense	26	96,729,505	85,185,501
Income taxes	27	2,699,909	(4,585,828)
Changes in working capital:			
- Inventories			
- Trade receivables			
- Trade payables	17	222,320	(45,609)
- Provisions			
- Current financial assets			
- Other assets and liabilities		(40,821,975)	(34,833,909)
Cash flow from working capital		**(40,599,654)**	**(34,879,517)**
Change in provisions for employee benefits	12	541	850
Dividends received	25	577,841,105	550,414,784
Interest received	25	64,048,111	40,098,548
Interest paid	26	(90,232,140)	(80,759,729)
Income taxes paid net of tax credits reimbursed / income from participation in the tax consolidation mechanism	6	4,624,383	2,843,487
Cash flow from operating activities		**512,616,302**	**475,536,990**
- with related parties		*578,986,474*	*533,419,276*
Investing activities:			
- Property, plant and equipment	1	(30,031)	(30,034)
- Intangible assets			
- Companies in the scope of consolidation and business units			
- Equity investments			
- Change in payables and receivables relative to investing activities			
Cash flow from investing activities		**(30,031)**	**(30,034)**
Divestments:			
- Property, plant and equipment			
- Intangible assets			
- Equity investments			
- Change in payables and receivables relative to divestments			
Cash flow from divestments			
Net cash flow from investing activities		**(30,031)**	**(30,034)**
- with related parties		*(30,031)*	*(30,034)*
Assumption of non-current liabilities	13	591,127,640	(758,700)
Repayments of non-current liabilities	13	(593,000,000)	
Assumption of current liabilities			
Repayments of current liabilities			
Net equity capital injections			
Dividends distributed to shareholders	8-10	(531,360,063)	(511,676,352)
Net cash flow from financing activities		**(533,232,423)**	**(512,435,052)**
- with related parties		*(565,497,652)*	*(481,497,984)*
Net cash flow for the year		**(20,646,152)**	**(36,928,096)**
Cash and cash equivalents at start of year		**129,377,190**	**166,305,286**
Cash and cash equivalents at end of year	7	**108,731,038**	**129,377,190**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTION

Form and content of the financial statements

The financial statements of CDP RETI have been prepared in accordance with the IFRS and comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and these notes to the financial statements, as well as the Directors' report on operations.

The financial statements clearly present, and give a true and fair view of, the Company's financial performance and results of operations for the year.

The financial statements correspond with the company's accounting records and fully reflect the transactions conducted during the financial year.

The financial statements are expressed in euros, as are the tables in the explanatory notes. In the income statement, revenues are indicated without a sign, while costs are shown in brackets. The rounded amounts for the various items are the sum of the rounded balances of sub-items.

As detailed below, the notes to the financial statements provide all information required by law, as well as any supplemental information deemed necessary in order to give a true and fair view of the company's financial performance and standing.

Auditing of the financial statements

The separate financial statements of CDP RETI are subject to statutory audit by the independent auditing firm Deloitte & Touche S.p.A., following award of the audit engagement for the 2020-2028 period by the Shareholders' Meeting of 10 May 2019.

Management and coordination by Cassa Depositi e Prestiti S.p.A.

CDP RETI is 59.10% owned by Cassa Depositi e Prestiti (hereinafter CDP). The Company is subject to management and coordination by CDP. Management and coordination is performed in such a way as to avoid infringing European regulations on state aid.

I - BASIS OF PREPARATION AND ACCOUNTING STANDARDS

I. GENERAL INFORMATION

Declaration of compliance with the International Financial Reporting Standards

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Commission and in force at 31 December 2024, taking into account the minimum reporting requirements established by the Italian Civil Code, where compatible with the standards adopted.

The international accounting standards include IFRS issued by the IASB, relevant IAS issued by the IASB and the interpretations issued by the IFRS Interpretation Committee (IFRIC) and those previously issued by the Standing Interpretations Committee (SIC).

General preparation principles

The financial statement formats used to prepare the financial statements are consistent with the provisions of IAS 1 – Presentation of Financial Statements (hereinafter, IAS 1).

In particular:

- the items on the balance sheet are classified by distinguishing assets and liabilities as "current / non-current"[92];
- the income statement has been prepared by classifying costs by their nature, insofar as this form of presentation is deemed the most appropriate for representing the actual situation of the Company, and is consistent with the consolidated practice of firms operating on international markets;
- the statement of comprehensive income includes Profit/(Loss) for the year inclusive of revenues and costs that are directly recognised in the Statement of changes in equity as required by IFRS;
- the statement of changes in equity includes profit/(loss) for the year, transactions with shareholders and other changes in equity;
- the Statement of cash flows is drafted by using the "indirect" method (as per IFRS 7 - Statement of cash flows), adjusting net income for the effects of non-cash transactions.

In addition, as required by the Consob resolution no. 15519 issued in July 2006, within the income statement, any operational income and expenses that by virtue of their size, nature or expected frequency do not occur regularly in the normal course of operations (i.e. exceptional items), if present, warrant separate presentation. In accordance with the same CONSOB resolution, related parties' transactions are shown separately in the financial statements.

It is believed that these statements present an adequate view of the Company's financial position and performance of operations.

Reference is made to the section "Transactions with related parties" for information about the net amounts of receivables and payables and transactions with related parties.

The financial statements have been prepared in accordance with the financial reporting standards issued by the IASB (including the SIC and IFRIC interpretations) and endorsed by the European Commission pursuant to Regulation (EC) 1606 of 19 July 2002, published in Official Journal L. 243 of 11 September 2002.

For the purposes of interpretation and to provide support in applying the financial reporting standards, the following documents have also been considered, although they have not been endorsed by the European Commission:

- Conceptual framework for financial reporting;
- Implementation Guidance and Basis for Conclusions;
- SIC/IFRIC interpretations;
- Interpretation documents concerning the application of the IFRS in Italy, prepared by the Organismo Italiano di Contabilità (Italian Accounting Board, OIC);
- Documents issued by ESMA and Consob concerning the application of specific IFRS rules;
- Documents issued by ESMA and Consob regarding the assessments and disclosure required for financial reporting[93].

Where the information required by the IFRS is deemed to be inadequate in presenting the company's financial standing in a true and fair manner, the explanatory notes also provide supplemental information for such purpose.

The financial statements have been duly prepared on an accrual and going-concern basis. The general principles of the materiality and significance of information and the prevalence of substance over form have also been taken into account.

In compliance with IAS 1 Revised, CDP RETI has conducted an assessment of the Company's ability to continue to operate as a going concern, considering all available information over the medium term.

Based on an analysis of this information, CDP RETI feels that it is appropriate to prepare its financial statements on a going concern basis. The current macroeconomic scenario continues to be characterised by a combination of factors related to geopolitical tensions (which still weigh on global prospects), the variability of monetary policy conditions, the general deterioration of the economic climate, and uncertainties about future developments.

Please refer to the "Other aspects" section of the explanatory notes for further details on the uncertainties characterising the current context.

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92 Assets and liabilities are classified as current when: (i) the entity expects to realise or consume the asset or liability, in its normal operating cycle or within the twelve months after the reporting period; (ii) the asset or liability is cash or a cash equivalent unless it is restricted from being exchanged or used for at least twelve months after the reporting period; (iii) they are held primarily for the purpose of trading.

93 These references are:
- ESMA Public Statement of 24 October 2024 "European common enforcement priorities for 2024 financial reports";
- Consob Notice: "Climate Disclosure in Financial Statements";
- Bank of Italy/Consob Communication of 6 March 2025 -"Crypto-assets and Financial Statement Disclosures - Joint Communication to Issuers, Statutory Audit Firms, and Statutory Auditors with Engagements on the Financial Statements of Public Interest Entities (PIEs) and Entities under Intermediate Regime (ESRIs).". It should be noted that during 2024 the Company did not carry out transactions involving Cryptocurrencies – Crypto Activities."

No assets have been offset against liabilities, nor revenues against expenses, unless expressly required or allowed by an accounting standard or a related interpretation.

Use of estimates

The application of the International Financial Reporting Standards in preparing the financial statements requires the company to make accounting estimates for certain balance sheet items that are considered reasonable and realistic according to the information available at the time the estimate is made. Such estimates impact the carrying amount of the assets and liabilities, and the disclosures on contingent assets and liabilities at the reporting date, as well as the amounts reported for revenues and costs for the reporting period. Management's estimates and judgments are based on past experience and other factors considered reasonable on a case-by-case basis; they are adopted when the carrying value of assets and liabilities is not readily inferable from other sources. The actual results may therefore differ from these estimates. Changes in the conditions underlying the judgements, assumptions and estimates used could also have an impact on future earnings results.

Estimates and assumptions are subject to regular review and the effects of changes are reflected in the income statement if the review concerns only the current period; in the event that, on the other hand, the effects concern both current and future periods, the variation is recognised in the period in which the change in the estimate is made and in the relative future periods.

The main areas in which management is required to make subjective assessments are:

- the recoverable amount of equity investments: objective evidence that the carrying value of the equity investments might not be fully recoverable is assessed at every annual reporting date. An impairment test is performed when the aforementioned evidence exists, to estimate the recoverable amount of the equity investments and comparing it with their carrying value, to determine the recognition of any impairment losses;
- the fair value of hedging derivatives, such as Interest Rate Swaps (unquoted financial instruments), using specific valuation techniques, and the accounting rule to apply when subscribing to a financial liability (or part of it) in relation to the early settlement of a prior financial liability (derecognition vs modification);
- leases: in the absence of observable inputs, the Company calculates the present value of the payments due under a lease by estimating the incremental borrowing rate - at the commencement date of a lease - based on assumptions that reflect the duration and contractual terms and conditions of a lease;
- the value of current and deferred tax liabilities. Income taxes (current and deferred) are determined based on a prudent interpretation of the applicable tax regulations. This process sometimes involves complex estimates in determining taxable income and deductible and taxable temporary differences between accounting and tax values. In particular, deferred tax assets are recognised to the extent that future taxable income is likely to be available against which they can be recovered. The assessment of the recoverability of deferred tax assets takes into account the estimate of future taxable income.

Finally, as set out in IAS 8 (Accounting Policies, Changes in Accounting Estimates, and Errors), paragraph 10, when no specific Standard or Interpretation applies to a given transaction, management defines the appropriate accounting policies through careful subjective evaluation. The aim is to provide a consolidated financial statement that faithfully represents the financial position, economic performance, and cash flows, reflecting the economic substance of transactions, being neutral, prepared on a prudent basis, and complete in all material aspects.

The description of the accounting policies used for the main financial statement items provides details on the main assumptions and assessments used in preparing the financial statements.

Events subsequent to the reporting date

During the period between the reporting date of these financial statements and the date of their approval by the Board of Directors (08 April 2025), no events occurred that would require an adjustment to the figures approved nor did any significant events occur that would have required additional information or additional reporting.

For more details, see the section “SIGNIFICANT EVENTS AFTER 31 DECEMBER 2024” of the Report on Operations in the Consolidated Financial Statements.

Other issues

New international financial reporting standards endorsed and in force from 2024, and new financial reporting standards and interpretations issued and endorsed by the European Union, but not yet in force (entry into force for financial years beginning from 1 January 2025)

With regard to the new International Financial Reporting Standards endorsed and in force from 2024, and the new standards and interpretations already issued and endorsed by the European Union, but not yet in force (effective from financial year beginning 1 January 2025), reference is made to the Notes of the Consolidated Financial Statements.

ESMA Disclosure

The current reference scenario remains highly uncertain due to macroeconomic and geopolitical challenges influenced by the ongoing effects of climate change, geopolitical tensions (mainly linked to the continuation of conflicts in Ukraine and the Middle East), cyber threats, energy security concerns, and high volatility in energy commodity prices. These factors continue to weigh on the global outlook, combined with fluctuations in monetary policy, a general decline in economic conditions, and uncertainties about future developments.

Keeping this in mind, it is worth highlighting that, as an investment vehicle, CDP RETI S.p.A. could mainly be affected by the valuation of the controlling interests in its portfolio, which account for more than 90% of its balance sheet assets. Accordingly, at each reporting date, an assessment is performed to identify any indicators (so-called trigger events) that could suggest the carrying value of the investment is not fully recoverable. If such indicators are detected, an impairment test is carried out to determine the recoverable amount of the investments, which is then compared to their carrying value to assess the need for any impairments.

In relation to the variables defining the current situation, it is still essential to evaluate the potential impacts that this environment may have on the operations of the Company.

Specifically, to assess the equity investment's recoverable amount, understood as the higher of the fair value net of cost of sales and its value in use (so-called value in use), in the event of one or more impairment indicators, the Company determines the relative fair value (calculated as the weighted average of stock prices and volumes from the last month up to the valuation date). Specifically regarding the exposure to risks more closely related to climate change, CDP RETI S.p.A. currently faces a limited overall exposure, and there have been no impacts to date on the estimation of the recoverable amount (nor are such impacts anticipated in the short term) of the equity investments held in its portfolio due to climate-related issues.

In terms of financial risks, CDP RETI S.p.A. does not hold any ESG-linked financial assets and, overall, is not materially exposed to credit risk, which primarily arises from receiving dividends from subsidiaries and trading derivative instruments (for which cash collateral is exchanged), bank deposits, and irregular deposits with its parent company, CDP S.p.A.

Regarding exposure to interest rate risk, the Company has two hedge accounting transactions (IRS) with the parent company, CDP S.p.A. (both completed in November 2024), to hedge the interest rate risk on the variable rate Term Loan (also finalised in November 2024), whose Mark to Market is affected by interest rate fluctuations. Compared to 2023, the total mark-to-market value of the IRS derivative contracts for 2024 has significantly decreased, primarily due to the refinancing of the debt (which included the termination of the 2020 and 2023 Term Loans and their associated IRS derivatives). These transactions involve an exchange of cash collateral, with no foreseeable risk of the counterparty (CDP S.p.A., the parent company) becoming insolvent, which would disrupt hedge accounting.

At present, IRS are not being used to hedge future issuances that could be affected by an increase in interest rates.

The bond issued in October 2022 and the one issued in September 2024 are fixed-rate bonds, with a bullet repayment due at maturity (October 2027 and September 2031).

Based on the latest forecasts, CDP RETI S.p.A.'s income taxes and deferred taxation are not anticipated to show significant volatility; instead, growth is forecasted from 2026 onwards. As of 31 December 2024, there are no uncertainties regarding the recoverability of deferred tax assets.

No deferred tax liability has been recognised on the temporary difference between the carrying value and the tax value of the investments in Snam and Italgas, as both conditions for non-recognition under IAS 12 have been met.

Notwithstanding the above and despite the ongoing monitoring of the events by Management, it is not possible to rule out with absolute certainty, that the macroeconomic and geopolitical context may have a negative impact on CDP RETI S.p.A., which at present, given the information available, cannot be reliably estimated.

More detailed information can be found in the specific sections under "IV - Information on Risks and Related Hedging Policies" in the notes to the separate financial statements.

II. THE MAIN FINANCIAL STATEMENT ITEMS

The accounting principles adopted in the preparation of the separate financial statements of CDP RETI S.p.A. are consistent with the previous year, integrated with the approved amendments and in force from the 2024 financial year, as illustrated in section "I.1.2. General principles for the preparation" of the consolidated financial statements. With reference to the main financial statement items, reference should be made to the Consolidated Explanatory Notes, with the exception of the accounting principles relating to the treatment of equity investments in subsidiaries which is described below.

In any case, the accounting treatment of the main items in the separate financial statements of CDP RETI S.p.A. is shown below.

Equity investments

The equity investments held at 31 December 2024 are listed individually in Annex 1 "Analytical list of equity investments", which is an integral part of these Notes to the financial statements.

Initial recognition of equity investments in subsidiaries, associates and joint ventures is at cost at the settlement date, including costs or income directly attributable to the transaction.

At every reporting date, objective evidence that the carrying value of the equity investments might not be fully recoverable is assessed.

Evidence of impairment, based on the existence of qualitative and quantitative indicators, as illustrated hereunder, and in accordance with the internal policies of the parent company CDP, differs where these involve equity investments in companies whose shares are or are not listed on active markets.

An impairment test is performed when the aforementioned indicators exist, in accordance with the provisions of IAS 36. This test is aimed at estimating the recoverable amount of the equity investment and comparing it with its carrying value to determine the recognition of any impairment losses.

The following are considered possible indicators of impairment:

- the recognition of losses[94] or significantly lower results than budgeted (or forecast in multi-year plans), if, after specific analyses, they are relevant due to their effects on the estimate of expected future cash flows in any impairment test preparation;
- significant financial difficulties of the investee company and/or the likelihood that the investee company declares bankruptcy or undergoes other financial restructuring procedures;
- a carrying value of the equity investment in the separate financial statements that exceeds the carrying value, in the consolidated financial statements, of the net assets of the investment (including any goodwill);
- The distribution of a dividend by the investee company that exceeds the total other comprehensive income (or overall profitability for financial companies) for the period[95].

With reference to listed equity investments, the following are also considered indicators of impairment:

- a reduction in the market value compared to the carrying value in the separate financial statements greater than 40%;
- a market price below the carrying value for a period of 24 months;
- a rating downgrade of at least four *notches* from the time when the equity investment was made, if assessed as relevant and significant, in conjunction with other available information[96].

The recoverable amount of the unit is the higher between fair value less costs of disposal and the value in use, being the present value of the future cash flows that the equity investment may generate, including the final disposal value of the investment. If the recoverable amount is lower than the carrying value and if there is persistent or significant impairment, the difference is recognised through profit or loss as an impairment loss. If the reasons that led to the recognition of the impairments cease to exist, the impairment losses are reversed, while recognising the effect of this adjustment in the income statement under "Income (expenses) from equity investments".

The investor's interest in any losses of the investee that exceed the carrying value of the equity investment is recognised in a specific provision, to the extent that the investor is committed to meeting the legal or constructive obligations of the investee, or otherwise cover its losses.

94 The recognition of losses may not be considered relevant if it is in line with the budget and/or business plan objectives of the equity investment (e.g. investments recently made); on the contrary, losses attributable to cases provided for by the Italian Civil Code (e.g. Articles 2446, 2447) are always considered relevant.

95 The indicator takes into account the distribution of a dividend greater than the other comprehensive income result (or overall profitability for financial institutions) on which the dividend is paid (for instance, dividends declared in 2024, representing the distribution of net profit for 2023, that exceed the total other comprehensive income for 2023).

96 The downgrade of the equity investment's credit rating is not, in itself, evidence of impairment, although it may be an indication to that effect; therefore, such a trigger is considered relevant only when activated together with at least another impairment trigger.

The dividends are recognised when the investor has the right to receive payment for it (resolution to distribute dividends passed by the shareholders' meeting of the investee or the board of directors, if an advance on the dividend is received). The dividends resolved by the subsidiaries are recognised in the income statement when they are resolved and recognised as financial income regardless of the nature of the distributed reserves (equity or profit reserves and, in this latter case, even when these profits derive from the distribution of profit reserves that were established before the acquisition of the equity investment). In any event, considering that the distribution of those reserves represents an event implying a reduction in the value of the equity investment, the Company verifies the recoverability of the carrying value of the equity investment and, if appropriate, recognises an impairment.

Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the financial asset is sold, substantially transferring all risks and rewards connected with it.

Cash and cash equivalents

Cash and cash equivalents include on-demand or near term deposits, as well as short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are measured at fair value.

Financial liabilities measured at amortised cost

This category includes loans granted to the company by the parent company or by banking institutions, specifically the Term Loan subscribed in November 2024, maturing in November 2029, as well as the issuance of two bonds, made in October 2022 and September 2024, both listed on the regulated market of the Irish Stock Exchange (Euronext Dublin Regulated Market). Financial liabilities hedged by derivatives aimed at hedging the risk of changes in cash flows (cash flow hedge derivatives) continue to be measured at amortised cost, in accordance with the procedures set out in IAS 39 for hedge accounting. Financial liabilities other than derivative instruments are recognised when the Company becomes a party to the contractual provisions of the instrument and are initially measured at fair value adjusted for directly attributable transaction costs. The financial liabilities are subsequently measured at amortised cost, using the effective interest rate method. Financial liabilities are derecognised when settled or when the contractual obligation has been satisfied, cancelled or has expired. When an existing financial liability is replaced by another to the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, that replacement or modification is treated as a derecognition of the original liability and a recognition of a new liability. The difference between the respective carrying amounts is recognised through profit or loss.

Hedging derivatives and hedge accounting

As permitted by IFRS 9, the Company has chosen to continue to apply the hedge accounting provisions of IAS 39 instead of the provisions of IFRS 9.

The derivatives entered into by the Company are for the purpose of hedging the exposure to interest rate risk. More specifically, in November 2024, the Company entered into two derivatives with the parent company CDP S.p.A. to hedge against the risk of changes in the cash flow of the hedged instruments (cash flow hedge).

Derivatives, including embedded derivatives, are assets and liabilities recognised at fair value. A derivative is a financial instrument or other contract:

- whose value changes in relation to variations in a parameter defined as the “underlying”, such as an interest rate, security or commodity price, foreign exchange rate, index of prices or rates, credit rating or other variable;
- that requires an initial net investment of zero, or less than what would be required for contracts with a similar response to changes in market conditions;
- that is settled at a future date.

In accordance with the provisions of IAS 39, in order to classify a transaction as a fair value hedge or a cash flow hedge, formal documentation is prepared at the inception of the hedge that describes the risk management strategies and objectives and identifies the hedging instrument, the instrument hedged, the nature of the hedged risk and how it will be assessed to determine whether the hedging relationship meets the hedge effectiveness requirements.[97]. When derivative financial instruments qualify for hedge accounting, the following accounting treatments apply:

- Fair value hedge – If a derivative financial instrument is designated as a hedge against the risk of changes in the *fair value* of a hedged asset or liability (e.g. hedging the fair value movement of fixed-rate assets/liabilities), the gain or loss arising from the subsequent changes in the fair value of the hedging instrument is recognised through profit or loss. Accordingly, the gain or loss arising from the fair value adjustment of the hedged item, for the part attributable to the hedged risk, impact on its carrying value and as such, it is recognised through profit or loss.

97 Changes in value of derivative instruments for which a hedging relationship has not been designated since initial recognition, are recognised directly in the income statement.

- Cash flow hedge – If a derivative financial instrument is designated as a cash flow hedge against the movement in exposure of an asset or liability recorded on the balance sheet or of a highly probable expected transaction, the effective portion of the gains or losses arising from the fair value adjustment of the derivative instrument is recognised in a specific equity reserve (Valuation reserves – CFH reserve). The accumulated profit or loss is derecognised from the equity reserve and accounted for in the separate income statement in the same periods in which the effects of the hedged transaction are recognised through profit or loss. The gain or loss derived from the ineffective hedge is recorded in the separate income statement as soon as it arises. If the hedged transaction is no longer considered likely, unrealised gains or losses accounted for in the equity reserve are recognised immediately in the separate income statement.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis and include interest accrued on related financial liabilities using the effective interest rate method.

Income taxes (current and deferred taxes)

Income taxes include all taxes calculated on the Company's taxable income using all elements and information available at the balance sheet date, taking into account the laws and regulations in force and also considering and including in the valuations all elements that may cause uncertainties in the determination of the amounts payable to the Treasury, as required by IFRIC 23.

Current income taxes are calculated, according to a prudent interpretation of current tax regulations in force, on the basis of the estimated taxable income. Income taxes are recognised in the income statement, with the exception of those relating to items directly charged or credited to an equity reserve; in such cases the related tax effect is recognised directly in the respective equity reserves.

With regard to corporate income tax (IRES), CDP RETI has exercised, as a consolidated entity, the option for the National fiscal consolidation regime along with its parent company CDP S.p.A. The rules for participation in the group taxation regime specify, inter alia, that subsidiaries with taxable income must pay the tax owed to the parent company CDP S.p.A. This taxable income is adjusted to take into account the recovery – based on the group's capacity – of negative components that would have been non-deductible without the consolidation (e.g. interest expense).

Deferred income tax assets and liabilities are calculated on the temporary differences between the values of the assets and liabilities recognised in the financial statements and the corresponding values recognised for tax purposes based on the rates and regulations, applicable in the years when the temporary difference will reverse, approved at the end of the reporting financial year. Deferred tax assets are recognised when their recovery is considered likely and their recoverability is verified at least annually. When the results of operations are recognised directly in equity, the current taxes and the deferred tax assets and liabilities are also recognised in equity.

Tax assets and liabilities are offset, separately for current taxes and deferred taxes, when there is a statutory right to do so.

II - INFORMATION ON THE BALANCE SHEET

I. ASSETS

Non-current assets

1. Property, plant and equipment

Below is a breakdown and changes in property, plant and equipment, which as at 31 December 2024 had a net value of 46 thousand euro attributable to the right of use of leased assets (RoU).[98], this being lower than the previous year due to the depreciation charged during the year calculated on a constant basis. More specifically, the item includes the value of the right of use following the signing of the lease agreement in the last quarter of 2020, relating to parts of the property located at Via Alessandria, 220 (Rome), owned by the Fondo FIV Comparto Plus from 9 February 2023 (the date of the

98 Right of Use i.e. the right (on the part of the Lessee) to use an asset for a specified period of time in return for a consideration paid to the Lessor. To this end, it is noted that the adoption of the new IFRS 16 (Leases) from 1 January 2019 requires lease contracts to be recorded by recognising a financial liability in the balance sheet, equal to the present value of future lease payments, upon recognition under assets of the right of use of the leased asset.

property transfer from CDP IMMOBILIARE S.r.l. under the same contractual terms). For more details on the lease agreement in place as at 31 December 2024, please refer to section "X.1 Lessee".

The property is used for office and management purposes.

See section "X – Disclosure of leases" for additional information on the accounting method and note 13 "Loans" for the impact on liabilities connected to leased assets.

Property, plant and equipment: breakdown

(euro) Items/Figures	31/12/2024 Gross amount	31/12/2024 Provision for amortisation, depreciation and impairment	31/12/2024 Net value	31/12/2023 Gross amount	31/12/2023 Provision for amortisation, depreciation and impairment	31/12/2023 Net value
Right of use acquired under leases ex IFRS 16						
Buildings	167,783	(121,593)	46,189	167,783	(93,925)	73,857
Plant and equipment						
Other plant and equipment						
Other assets						
Assets under development and advances						
Total	**167,783**	**(121,593)**	**46,189**	**167,783**	**(93,925)**	**73,857**

Property, plant and equipment: changes for the year

(euro) Items/Figures	Buildings	Plant and equipments	Other plant and equipment	Other assets	Assets under development and advances	Total
Gross opening balance	167,783					167,783
of which Right of use IFRS 16	*167,783*					*167,783*
Provision for amortisation, depreciation and impairment - opening balance	(93,925)					(93,925)
of which Right of use ex IFRS 16	*(93,925)*					*(93,925)*
Net opening balance	**73,857**					**73,857**
of which Right of use IFRS 16	***73,857***					***73,857***
Gross amount: change for the period	**73,857**					73,857
Investments						
of which Right of use IFRS 16						
Provision for amortisation, depreciation and impairment: change for the period						
Depreciation for the period	(27,668)					(27,668)
of which Right of use IFRS 16	*(27,668)*					*(27,668)*
Other changes						
of which Right of use IFRS 16						
Provision for amortisation, depreciation and impairment - closing balance	**(121,593)**					**(121,593)**
of which Right of use IFRS 16	***(121,593)***					***(121,593)***
Net closing balance	**46,189**					**46,189**

2. Intangible assets

The following table illustrates the breakdown and changes in intangible assets as at 31 December 2024, entirely relating to "*Concessions, licenses, trademarks and similar rights*". The gross value, amounting to approximately 93 thousand euro, includes costs incurred to purchase owned software applications and user licences and costs related to the design and implementation phase. As of 31 December 2024, the accumulated depreciation since the 2020 financial year totals 82 thousand euro and it is calculated annually on a constant basis over the remaining useful economic life (not exceeding five years), which will be fully utilised for accounting purposes during 2025.

It should be noted that during 2024 the Company did not carry out transactions involving Cryptocurrencies – Crypto Activities.

Intangible assets: breakdown

(euro)	31/12/2024			31/12/2023		
Items/Figures	Gross amount	Provision for amortisation, depreciation and impairment	Net value	Gross amount	Provision for amortisation, depreciation and impairment	Net value
Goodwill						
Industrial patent and intellectual property rights						
Concessions, licenses, trademarks and similar rights	92,966	(82,178)	10,789	92,966	(62,715)	30,251
Other intangible assets						
Assets under development and advances						
Total	**92,966**	**(82,178)**	**10,789**	**92,966**	**(62,715)**	**30,251**

Intangible assets: changes for the year

(euro) Items/Figures	Industrial patent and intellectual property rights	Concessions, licenses, trademarks and similar rights	Other intangible assets	Assets under development and advances	Total
Gross opening balance		92,966			92,966
Provision for amortisation, depreciation and impairment - opening balance		(62,715)			(62,715)
Net opening balance		**30,251**			**30,251**
Gross amount: change for the period					
Investments					
Transfers					
Disposals					
(Write-downs)/Writebacks					
Other changes					
Reclassifications					
Provision for amortisation, depreciation and impairment - change for the period					
Depreciation for the period		(19,462)			(19,462)
Disposals					
(Writedowns)/Writebacks					
Other changes					
Reclassifications					
Gross closing balance		**92,966**			**92,966**
Provision for amortisation, depreciation and impairment - closing balance		**(82,178)**			**(82,178)**
Net closing balance		**10,789**			**10,789**

3. Equity investments

The net amount of this item refers to the value of the controlling equity investments that CDP RETI holds in Snam S.p.A., Terna S.p.A., and Italgas S.p.A.

Impairment test on equity investments

At each reporting date, CDP RETI S.p.A. assesses the presence of the impairment indicators required by IAS 36 and supplementary indicators, where applicable, also considering the guidance provided by national and international supervisory authorities on financial reporting profiles related to risks, uncertainties, estimates, assumptions and valuations, as well as the difficulties connected with the current reference context characterised by a combination of factors linked to heightened geopolitical tensions, connected with the continuation of the war in Ukraine and accentuated by events in the Middle East, which continue to weigh on the global outlook, the tightening of monetary policy conditions, the general deterioration of the economic climate and uncertainties on future developments.

In particular, in light of what has been described above, it should be noted that for the purposes of the estimates, data relative to quotations and market parameters have been used, which are subject to fluctuations, even significant ones, due to the persistent turbulence and volatility of the markets, connected to the tensions of the international geo-political situation and the uncertainty of the macroeconomic scenario (e.g. the evolution of the inflationary scenario and consequent monetary policy strategies of the central banks).

Therefore, there is still a need to constantly monitor the evolution of these elements in the current context.

In addition, in carrying out impairment tests, CDP RETI also considers the indications of the sector authorities on the financial reporting profiles relating to risks, uncertainties, estimates, assumptions and valuations.

When impairment indicators are identified (provided for in IAS 36 and the supplementary indicators), the recoverable amount is verified, considering the higher of fair value (net of disposal costs) and value in use. The fair value of the existing equity portfolio is determined on the quoted price[99]. The value in use estimate (understood as the present value of the future cash flows that the equity investment is expected to generate) is determined based on valuation practices deemed to be in line with the best practices identified on a case-by-case basis. The recoverable amount of the equity investments recorded in the balance sheet was estimated - in the presence of impairment indicators - by calculating the fair value. Specifically, as of 31 December 2024, no impairment triggers were identified for any of the equity investments held.

Equity investments: breakdown

(euro)

Names	31/12/2024	31/12/2023
Italgas SpA	621,032,150	621,032,150
Snam S.p.A.	3,086,832,661	3,086,832,661
Terna SpA	1,315,200,000	1,315,200,000
Total	**5,023,064,811**	**5,023,064,811**

Equity investments in subsidiaries, joint operations and companies subject to significant influence: information on investments

Names	Registered office	% holding at 31/12/2024
1. Italgas S.p.A.	Milan	25.98%
2. Snam S.p.A.	San Donato Milanese (MI)	31.35%
3. Terna S.p.A.	Rome	29.85%

With regard to the equity interests in CDP RETI S.p.A., it is noted that on 12 March 2024, in execution of the incentive plan called the "Co-investment Plan 2021-2023" - approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021 - and the decision of the Board of Directors of Italgas to allocate a total of 497,089 new ordinary shares of the Company free of charge to the beneficiaries of the Plan (the so-called first cycle of the Plan), the execution of the first tranche of the capital increase approved by the aforementioned Shareholders' Meeting was also initiated. CDP RETI's equity investment in Italgas decreased from 25.99% to 25.98% during the financial year.

99 More specifically, on the basis of the weighted average price for the traded volumes recorded in the month preceding the reference date of the valuation.

Equity investments in subsidiaries, joint operations and companies subject to significant influence: accounting information

(million of euro)

Names	Total assets (1)	Total revenues (1)	Net income (loss) (1)	Equity (1)	Carrying amount	Type of transaction
Italgas	11,972	2,539	507	2,794	621	Control
Snam	35,789	3,568	1,257	8,973	3,087	Control
Terna	27,187	3,680	1,063	7,544	1,315	Control

(1) Data from the 2024 Annual Report - Consolidated Financial Statements

The table below shows the changes in equity investments:

Equity investments: changes for the year

(euro)

Items/Figures	31/12/2024	31/12/2023
A. Opening balance	**5,023,064,811**	**5,023,064,811**
B. Increases		
B.1 Purchases		
B.2 Writebacks		
B.3 Revaluations		
B.4 Other increases		
C. Decreases		
C.1 Sales		
C.2 Writedowns		
C.3 Other decreases		
D. Closing balance	**5,023,064,811**	**5,023,064,811**
E. Total revaluations		
F. Total impairments		

The share certificates (dematerialised) of equity investments in Italian subsidiaries held by CDP RETI S.p.A. are kept at the premises of the parent company CDP S.p.A. based on a securities custody and administration deposit contract signed by the parties.

4. Non-current financial assets

"Non-current financial assets" represents the fair value (classified at level 2) of the Cash Flow Hedge derivative contracts entered into by the Company to hedge the interest rate risk of the entire Term Loan 2024. As with the previous Term Loans, the Company aims to convert the variable interest rate into a fixed rate by entering into two IRS transactions to hedge the first and second drawdowns of the loan[100].

This operation is part of a refinancing strategy carried out in 2024, which involved the closure of two Term Loans (937 million and 253 million euro signed in 2020 and 2023, respectively) along with their related IRS derivatives, by issuing a new Bond in September 2024 and taking on a new Term Loan in November 2024. For more information on the refinancing strategy, please refer to the relevant sections of the Consolidated Management Report: "2. Significant events during the year by sector/company" and "1.4 Net financial debt and financial flows" in the Report on Operations of CDP RETI S.p.A.

By the end of 2024, both of the aforementioned new IRS derivatives had a positive mark-to-market value, amounting to 831 thousand euro and 365 thousand euro, respectively. Compared to the previous year (at the end of 2023, the mark-to-market of the IRS derivative covering the Term Loan 2020 was positive by 47.103 thousand euro), the amount has significantly decreased following the closure of the IRS (covering the 2020 Term Loan), which led to the reversal (to the income statement) of the Cash Flow Hedge reserve at its residual value on the closing date of the refinancing operation, with a net positive impact on the income statement of 13.9 million euro (17.9 million positive on the IRS covering the Term Loan 2020, 4 million negative on the IRS covering the Term Loan 2023). For further details regarding the impacts on the income statement, please refer to the respective sections of the separate financial statements of CDP RETI S.p.A. "25. Financial income " and "26. Financial expenses".

The characteristics of IRS derivatives are described in the Report on Operations of CDP RETI S.p.A., within the Net financial debt and cash flows section.

100 Specifically, the two derivative contracts were signed to hedge the first drawdown of 345 million euro (at a fixed rate of 3.383%) received on 19 November 2024, and the second drawdown of 255 million euro (at a fixed rate of 3.406%) received on 25 November 2024.

(euro) Items/Figures	31/12/2024 Carrying amount	L1	L2	L3	31/12/2023 Carrying amount	L1	L2	L3
Hedging derivatives								
Hedging derivatives	1,195,840		1,195,840		47,103,238		47,103,238	
Total	**1,195,840**		**1,195,840**		**47,103,238**		**47,103,238**	

5. Deferred tax assets

Below is the breakdown and movement of the "Deferred tax assets" recognised in the Balance Sheet as of 31 December 2024 amounting to 448 euro (1,134 thousand euro as of 31 December 2023).

Deferred tax assets: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Deferred tax assets recognized in PL	448	542
Deferred tax assets recognized in equity		1,133,685
Total	**448**	**1,134,227**

Deferred tax assets with impact on the income statement are calculated on temporary differences between accounting and tax values that will become deductible in years following that in which they are recognised.

As of 31 December 2024, the deferred tax assets with an impact on Equity related to the previous financial year (compared to 1,134 thousand euro in the previous year), were reversed following the closure of the IRS derivative covering the Term Loan, which was signed in May 2023 and closed in November 2024. For further details on the refinancing operation, please refer to the section "14. Loans payable" in the Notes to the Separate Financial Statements.

The following tables indicate the change in deferred tax assets during the financial year:

Change in deferred tax assets (recognised in the income statement)

(euro) Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**542**	**20,115**
2. Increases		**216**
2.1 Deferred tax assets recognised during the year		216
a) in respect of previous periods		
b) due to change in accounting policies		
c) writebacks		
d) other		216
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**94**	**19,790**
3.1 Deferred tax assets derecognised during the year	94	19,790
a) reversals	94	19,790
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**448**	**542**

Change in deferred tax assets (recognised in equity)

(euro)

Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**1,133,685**	**495**
2. Increases		**1,133,685**
2.1 Deferred tax assets recognised during the year		1,133,685
a) in respect of previous periods		
b) due to change in accounting policies		
c) others		1,133,685
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**1,133,685**	**495**
3.1 Deferred tax assets derecognised during the year	1,133,685	495
a) reversals	1,133,685	495
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance		**1,133,685**

6. Other current assets

The following table shows the breakdown of “Other current assets”, which as at 31 December 2024 amounted to 122,489 thousand euro (123,523 thousand euro as at 31 December 2023):

Other current assets: breakdown

(euro)

Items/Figures	31/12/2024	31/12/2023
Receivables from CDP for tax consolidation		4,621,605
Receivables from CDP for tax consolidation: withholdings		2,778
Receivables from Snam for interim dividend	122,439,025	118,856,472
Other current assets	50,042	41,926
Total	**122,489,067**	**123,522,781**

As at 31 December 2024, the Company recognised the receivable from Snam S.p.A. relating to the 2024 interim dividend approved by the Board of Directors on 6 November 2024 in the amount of 0.1162 euro per share as “Other current assets”. CDP RETI received the advance on 22 January 2025. The amount increased compared to the previous year (+3.6 million euro) as a result of the dividend policy of the subsidiary Snam S.p.A..

Additionally, in this financial year, the item is not impacted by the tax consolidation receivable from the parent company CDP S.p.A. (4.6 million euro as of 31 December 2023), reflecting, in contrast to previous years, a creditor position, as detailed in paragraph "19. Payables to parent companies" in the Separate Financial Statements of CDP RETI S.p.A..

The other current assets primarily relate to the deferral of costs recognised in the financial year but pertaining to the following year (36 thousand euro) and the VAT receivable (6 thousand euro), resulting from the net effect between the VAT advance (34 thousand euro) and the VAT payable for December 2024 (28 thousand euro).

7. Cash and cash equivalents

CDP RETI’s “Cash and cash equivalents”, amounted to 109 million euro, down by 21 million euro compared to the previous period, as a result of the cash flow absorbed by financing activities (533 million euro), which was higher than the cash flow generated by operating activities (513 million euro). For a more detailed cash flows analysis, please refer to the Cash Flow Statement and the Report on Operations in the separate financial statements.

Under IFRS 9, cash and cash equivalents are tested for impairment, the result of which has led to an immaterial and negligible value.

The table below summarises the cash and cash equivalents as at 31 December 2024, represented by the interest-bearing unrestricted deposit held by the parent company CDP and bank current accounts. The balances in the table below include accrued interest not yet credited.

Cash and cash equivalents: breakdown

(euro)

Items/Figures	31/12/2024	31/12/2023
Deposit with CDP	85,610,958	101,039,934
Banks	23,120,080	28,337,256
Total	**108,731,038**	**129,377,190**

II. LIABILITIES

Equity

8. Share capital

Share capital: breakdown

(euro)

Items/Figures	31/12/2024	31/12/2023
Share capital	161,514	161,514
Total	**161,514**	**161,514**

At 31 December 2024, the share capital consisted of 161,514 shares without par value (likewise at 31 December 2023), fully paid in.

During the year there were no changes to the ownership structure, which therefore remains unchanged and is made up of three different categories of share, each granting different rights in terms of the company's governance:

Share capital: categories of shares

Member / Number of shares / %	Share category A	Share category B	Share category C	%
CDP	95,458			59%
State Grid		56,530		35%
Cassa Forense			4,253	3%
Foundations and Savings Banks			5,273	3%
Total	**95,458**	**56,530**	**9,526**	**100%**

9. Reserves

At the end of the year the company reported the following “Reserves”:

Reserves: breakdown

(euro)

Items/Figures	31/12/2024	31/12/2023
Income reserves	24,354,113	24,353,254
Legal reserve	*32,303*	*32,303*
Retained earnings (losses carried forward)	*24,321,810*	*24,320,951*
Share premium reserve	1,315,158,486	1,315,158,486
Reserve for shareholder payments for investments	2,029,920,022	2,029,920,022
Total	**3,369,432,621**	**3,369,431,762**

The item “Reserve for shareholder payments for investments” includes the residual value of the payment made by CDP to fund the purchase of the equity investment in Snam.

At 31 December 2024, the Company did not hold treasury shares directly or indirectly through its subsidiaries or intermediaries.

Information required by Article 2427, point 7-bis, of the Italian Civil Code on the individual details of equity items is given, specifying their origin, possible use and possible distribution.

Statement pursuant to Article 2427 of the Italian Civil Code

(euro) Items/Figures	Balance at 31/12/2024	Possible uses (*)	Amount available
Share capital	161,514		
Reserves			
- Legal reserve	2,029,920,022	B	2,029,920,022
- Retained earnings	(361,865,656)	A, B, C	(361,865,656)
- Share premium reserve (**)	3,345,110,811	A, B, C	3,345,110,811
- Shareholder payments for investments	1,315,158,486	A, B, C	1,315,158,486
Valuation reserves			
- CFH reserve	581,914		
Advances on dividends	(361,865,656)		
Total	**5,967,201,433**		**6,328,323,663**

(*) A = capital increase; B = loss coverage; C = distribution to shareholders
(**) Share premium reserve is fully available for distribution since Legal reserve reached a fifth of Share capital

10. Valuation reserves

The item "Valuation Reserves" shows a balance, net of deferred tax, of 582 thousand euro as a result of the valuation of the cash flow hedge derivatives on the outstanding financing as of 31 December 2024, which was entered into by the Company in November 2024.

The balance has decreased significantly (-26,784 thousand euro), as recognised in the Statement of comprehensive income, primarily due to the closure of the IRS derivatives (which were used to hedge the Term Loan 2020 and Term Loan 2023), as a result of the refinancing operation discussed earlier in the second half of 2024. For more information, please refer to the relevant section of the Consolidated Report on Operations, "2. Significant Events Occurring During the Year by Sector/Company”.

Valuation reserves: Breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Valuation reserves CFH Swap	581,914	27,365,951
Total	**581,914**	**27,365,951**

11. Interim dividends

Having satisfied the requirements of Article 2433-bis of the Italian Civil Code, on 21 November 2024 the company resolved to distribute an interim dividend for the 2024 financial year amounting to 2,240.46 per share, totalling 361,865,656.44, to be paid by 28 November 2024.

Interim dividends: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Interim dividend	(361,865,656)	(343,042,815)
Total	**(361,865,656)**	**(343,042,815)**

Non-current liabilities

12. Provisions for employee benefits

As of 31 December 2024, the company records employee benefit provisions within non-current liabilities, amounting to 22,074 euro, related to the severance payment fund, accrued in accordance with the relevant regulations.

The balance of the provision increased compared to the previous financial year as a result of the amounts set aside in the period.

For more details on the composition of the workforce, please refer to section "3. Organisational structure" as detailed in the "Group's Report on Operations".

Staff severance pay: annual changes

(euro) Items/Figures	31/12/2024	31/12/2023
A. Opening balance	**9,643**	**4,955**
B. Increases	**12,431**	**4,688**
B.1 Allocation in the year	12,431	4,688
B.2 Other increases		
C. Decreases		
C.1 Payments made		
C.2 Other decreases		
D. Closing balance	**22,074**	**9,643**

13. Loans

The total medium/long-term "Loans" as at 31 December 2024, including both the current and non-current portion, amounted to 1,702 million euro (1,698 million euro as at 31 December 2023). Please refer to Note 17. "Current portion of loans payable" for a detailed analysis of the outstanding debt balance as at 31 December 2024.

The loans breakdown, by structure, is shown in the following table.

Loans Payable (Current and Non-Current)

(euro)	31/12/2024		31/12/2023	
Items/Figures	Non current	Current	Non current	Current
Bond 2022	497,782,350	5,377,391	497,039,257	5,377,391
Bond 2024	591,315,992	7,516,438		
Lease liability	22,452	28,739	51,191	27,932
Term loan facility 2020			936,536,501	5,468,520
Term loan facility 2023			252,271,602	1,304,598
Term loan 2024	597,626,949	2,599,798		
Total	**1,686,747,742**	**15,522,365**	**1,685,898,551**	**12,178,441**

In 2024, the Company completed a debt refinancing operation valued at 1.2 billion euro, fully repaying the Term Loans 2020 and 2023 by:

- issuing a Bond (Bond Loan 2024) on 4 September 2024 (amounting to 591 million euro at the end of 2024, representing the nominal value of 600 million euro, less the associated costs amortised over its duration), with the funds being used for the partial repayment of the Term Loan 2020. The Bond, with a 7-year maturity, is listed on the regulated market of the Irish Stock Exchange (Euronext Dublin Regulated Market).
- securing a new financing (Term Loan 2024) on 5 November 2024, amounting to 598 million euro at the end of 2024, representing the nominal value of 600 million euro, less the associated costs amortised over its duration. This loan was fully subscribed by a pool of banks, and the funds were used to repay the outstanding portion of the Term Loan 2020 and the full repayment of the Term Loan 2023.

As at 31 December 2024, the non-current portion of loans amounting to 1,687 million euro included:

- the non-current lease liability portion associated with the lease agreement of parts of the building in Via Alessandria 220 in Rome, which decreased compared to 31 December 2023 due to the depreciation of the annual portion of the lease agreement expiring in 2026 and for which, the renewal option, is not expected to be exercised. For more financial and non-financial details, please refer to the paragraph "X-Leasing Information";
- the non-current portion of the unsubordinated and unsecured fixed-rate bond for a nominal value of 500 million euro issued by CDP RETI in October 2022;
- the non-current portion of the unsubordinated and unsecured fixed-rate bond for a nominal value of 600 million euro issued by CDP RETI in September 2024;
- the non-current portion of the Term Loan subscribed in November 2024, with a nominal value of 600 million euro.

As for the breakdown of the non-current portion of the financing liabilities by creditor type, please refer to the table below:

Non-current loans: breakdown by type of creditor

(euro)	31/12/2024			31/12/2023		
Items/Figures	CDP	Pool of Banks	Others	CDP	Pool of Banks	Others
Bond 2022	149,334,705	318,580,704	29,866,941	149,111,777	318,105,125	29,822,355
Bond 2024	44,989,292	516,760,901	29,565,800			
Lease liability			22,452			51,191
Term loan facility 2020				221,739,984	714,796,517	
Term loan facility 2023					252,271,602	
Term loan 2024		597,626,949				
Total	**194,323,997**	**1,432,968,553**	**59,455,193**	**370,851,761**	**1,285,173,244**	**29,873,546**

For more information on the maturity analysis of loans, please refer to Liquidity and Credit Risk in Section "IV - Information on Risks and Related Hedging Policies' of the Notes to the Separate Financial Statements.

14. Other financial liabilities

As of 31 December 2024, the balance was nil, following the termination of the financing as of 2023, along with the corresponding cash flow hedge derivative contract.

(euro) Items/Figures	31/12/2024	31/12/2023
Cash-flow hedge derivative contract		3,782,098
Total		**3,782,098**

15. Deferred tax liabilities

Deferred tax liabilities of 1,714 thousand euro (14,062 thousand euro as at 31 December 2023) are broken down as follows:

Deferred tax liabilities: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Deferred tax liabilities recognized in equity	244,316	12,635,486
Deferred tax liabilities recognized in PL	1,469,269	1,426,278
Total	**1,713,585**	**14,061,764**

At the end of 2024, the amount of 244 thousand euro reflects the accounting of Interest Rate Swap (IRS) contracts for hedging the interest rate risk associated with the financing agreed upon in November 2024, has significantly decreased compared to the 2023 (-12,391 thousand euro), following the termination in November 2024 of the IRS derivative hedging the Term Loan 2020.

Deferred tax liabilities recognised in the income statement originate from the recognition of tax on the 2024 interim dividend approved by Snam in November 2024 and paid on 22 January 2025.

The table below shows the changes in deferred tax liabilities.

Deferred tax liabilities recognised in Equity: changes

(euro)

Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**12,635,486**	**22,191,765**
2. Increases	**244,316**	**12,635,486**
2.1 Deferred tax liabilities recognised during the year	244,316	12,635,486
a) in respect of previous periods		
b) due to change in accounting policies		
c) others	244,316	12,635,486
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**12,635,486**	**22,191,675**
3.1 Deferred tax liabilities derecognised during the year	12,635,486	22,191,765
a) reversals	12,635,486	22,191,765
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**244,316**	**12,635,486**

Deferred tax liabilities recognised in the Income Statement: changes

(euro)

Items/Figures	31/12/2024	31/12/2023
1. Opening balance	**1,426,278**	**1,390,874**
2. Increases	**1,469,269**	**1,426,278**
2.1 Deferred tax liabilities recognised during the year	1,469,269	1,426,278
a) in respect of previous periods		
b) due to change in accounting policies		
c) others	1,469,269	1,426,278
2.2 New taxes or increases in tax rates		
2.3 Other increases		
3. Decreases	**1,426,278**	**1,390,874**
3.1 Deferred tax liabilities derecognised during the year	1,426,278	1,390,874
a) reversals	1,426,278	1,390,874
b) writedowns for supervening non-recoverability		
c) due to change in accounting policies		
d) other		
3.2 Reduction in tax rates		
3.3 Other decreases		
4. Closing balance	**1,469,269**	**1,426,278**

Current liabilities

16. Current loans

This item includes the current portion of the loans described above, i.e., almost the entire amount of interest and the coupons maturing and expiring within the following financial year, as well as, for the remaining part, the lease liabilities due within the following year. The table below shows the breakdown of the item at 31 December 2024:

Current loans: breakdown by type of creditor

(euro) Items/Figures	31/12/2024 CDP	31/12/2024 Pool of Banks	31/12/2024 Others	31/12/2023 CDP	31/12/2023 Pool of Banks	31/12/2023 Others
Bond 2022	1,613,217	3,441,530	322,643	1,613,217	3,441,531	322,643
Bond 2024	571,876	6,568,741	375,822			
Lease liability			28,739			27,932
Term loan facility 2020				1,294,760	4,173,760	
Term loan facility 2023					1,304,598	
Term loan 2024		2,599,798				
Total	**2,185,093**	**12,610,068**	**727,204**	**2,907,977**	**8,919,889**	**350,575**

The balance of the item, amounting to 15,522 thousand euro, has increased compared to the previous year (+3.3 million) driven by the interest rate conditions at the time of the new bond issuance in September 2024 and the new term loan subscription in November 2024. For further details, please refer to section “13. Current Loans" and paragraph "1.4 Net financial debt and cash flows" in the Report on Operations of CDP RETI S.p.A.

17. Trade payables

"Trade payables" as of December 31, 2024, consist mainly of amounts owed to suppliers for services received but not yet invoiced, and are broken down as follows:

Trade payables: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Trade payables	11,435	25,479
Trade payables for invoices to receive	301,729	65,364
Total	**313,164**	**90,843**

As of 31 December 2024, the increase in the item (+222 thousand euro) is mainly due to the accruals for the period recognised at the end of the year.

18. Current financial liabilities

“Current financial liabilities” reported in the Balance Sheet as of 31 December 2024, show a nil balance as a result of the cancellation of the debt to the parent company CDP (41 million as of 31 December 2023), related to the CSA guarantee agreement signed in connection with the subscription of financial flow hedge derivatives.

Furthermore, it is noted that as at 31 December 2024 CDP RETI had no credit facilities available. For information on financial covenants, see the paragraph “Default risk and debt covenants” in section “IV - INFORMATION ON RISKS AND RELATED HEDGING POLICIES”.

(euro) Items/Figures	31/12/2024	31/12/2023
Loans to CDP for CSA		41,067,447
Total		**41,067,447**

19. Other current liabilities

"Other current liabilities" refer to short-term payables that will be paid within the financial year following the reporting date. The balance primarily represents amounts due to the Parent Company CDP S.p.A., mainly related to the estimated tax consolidation payable as of 31 December 2024 (2,700 thousand euro), as outlined below. The remaining liabilities relate to other payables due to CDP S.p.A. and CDP Equity S.p.A. in connection with existing supply contracts (so-called service agreements) and employees seconded to CDP RETI, payables due to the Board of Statutory Auditors and Supervisory Body, payables for the remuneration of members of the Board of Directors to be paid to CDP and SGEL and tax payables.

Other current liabilities: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Tax payables	28,868	23,018
Payables to parent companies	3,175,644	436,484
Payables due to pension and social security institutions	17,404	15,532
Other payables	304,278	288,042
Total	**3,526,194**	**763,076**

The table below shows the breakdown of tax payables, consisting of the tax withheld by the Company on behalf of its employees and independent contractors, which is paid to the revenue authorities the month after being withheld.

Tax payables: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Irpef withholdings on employees	18,884	16,619
Irpef withholdings on professionals	9,984	747
Other tax payables		5,652
Total	**28,868**	**23,018**

The table below shows the breakdown of payables to the parent company, primarily related to the tax consolidation debt arising in 2024 (2,654 thousand euros) against the estimate at 31 December 2024 of the taxable income transferred to the fiscal unit (6.2 million) and partly offset by the estimate of the income from the tax consolidation (3.5 million) deriving from the remuneration of the excess of non-deductible passive interests, on an individual basis, transferable to the tax consolidation. The remaining balance is primarily driven by the contractual agreements (known as service agreements) with CDP and the payables for seconded personnel from the parent company, aimed at providing the Company with all the necessary expertise and services required for the effective execution of its operations, as recorded in the Balance Sheet at 31 December 2024.

Payables to parent companies: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Administrative services	367,936	305,717
Seconded personnel	113,810	90,457
Payables to directors to pay to CDP	40,000	40,000
Other payables	2,653,899	310
Total	**3,175,645**	**436,484**

Payables to pension and social security institutions as at 31 December 2024 amounted to 17 thousand euro, in line with the previous year, and refer to payables to INPS recognised in December 2024 with reference to the fixed and variable remuneration of employees, as shown in the table below.

Payables to social security institutions: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Payables to INPS	16,023	14,489
Payables to INAIL	1,381	1,043
Total	**17,404**	**15,532**

Other payables amounting to 304 thousand euro (288 thousand euro as at 31 December 2023) are broken down as follows:

Other payables: breakdown

(euro) Items/Figures	31/12/2024	31/12/2023
Due to company bodies	102,879	103,520
Payables to directors to pay to SGEL	40,000	40,000
Seconded personnel of CDP Equity	117,909	104,676
Payables to employees	40,179	37,077
Payables to pension fund	3,311	2,769
Total	**304,278**	**288,042**

Disclosures on the fair value measurement of financial instruments

Assets and liabilities measured at fair value on a recurring basis: breakdown by fair value level

(euro)	31/12/2024			31/12/2023		
Items/Figures	L1	L2	L3	L1	L2	L3
Non-current financial assets		1,195,840			47,103,238	
Current financial assets						
Cash and cash equivalents			108,731,038			129,377,190
Total		**1,195,840**	**108,731,038**		**47,103,238**	**129,377,190**
Non-current financial liabilities						
- Other financial liabilities					3,782,098	
Current financial liabilities						
- Current financial liabilities						
Total					**3,782,098**	

Assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value level

(euro)	31/12/2024				31/12/2023			
Items/Figures	CA	L1	L2	L3	CA	L1	L2	L3
Non-current assets								
Current assets								
- Current financial assets								
Total								
Non-current liabilities								
- Loans	*1,686,747,742*	*1,144,071,000*	*602,093,938*	*22,452*	*1,685,898,551*	*537,435,000*	*1,197,486,682*	*51,191*
Current liabilities								
- Current portion of loans	*15,522,365*	*12,893,829*	*2,599,798*	*28,739*	*12,178,441*	*5,377,391*	*6,773,118*	*27,932*
- Current financial liabilities					*41,067,447*			*41,067,447*
Total	**1,702,270,108**	**1,156,964,829**	**604,693,735**	**51,191**	**1,739,144,439**	**542,812,391**	**1,204,259,800**	**41,146,569**

Other Information

Guarantees issued and commitments

The Company did not issue any guarantees or make commitments recognised in the memorandum accounts.

Assets pledged as collateral for own debts and commitments

No collateral or guarantees were pledged either directly or indirectly in the interest of third parties.

Owned securities deposited with third parties

The 1,053,692,127 shares of Snam S.p.A., the 599,999,999 shares of Terna S.p.A., and the 210,738,424 shares of Italgas S.p.A. owned by CDP RETI are held with the parent company CDP.

III - INFORMATION ON THE INCOME STATEMENT

REVENUES

20. Other revenues and income

This item, with a balance of 18 thousand euro (17 thousand euro as at 31 December 2023), refers to the charge-back to State Grid International Development of the costs incurred by CDP RETI for the audit performed (by the independent auditors Deloitte) on behalf of State Grid on the reporting package as at 31 December 2023.

Other revenues and income: breakdown

(euro)

Items/Figures	2024	2023
Other income	17,723	16,775
Total	**17,723**	**16,775**

OPERATING COSTS

21. Services

Costs for services incurred in 2024, which amounted to 2,075 thousand euro (1,410 thousand euro in 2023), mainly relate to service contracts with CDP S.p.A. and costs for professional services received during the year (e.g., translation, legal, notary and audit services). The increase in the item is primarily attributable to increased consultancy fees associated with the potential capital increase in Italgas, as well as costs charged to the income statement in 2024 for professional services paid to those involved in the refinancing operation described in the previous sections.

Services: breakdown

(euro)

Items/Figures	2024	2023
Professional and financial services	1,242,524	637,953
Outsourcing CDP	699,567	624,781
General and administrative services	87,335	113,104
Utilities and other expenses	45,571	34,230
Total	**2,074,998**	**1,410,068**

The 2024 fees for the independent auditors Deloitte & Touche S.p.a., as provided by Article 149 - duodecies, paragraph 2, of Consob Resolution no. 11971 of 14 May 1999, as amended, are summarised below:

Independent auditors' fees:

(euro) Type of service/Values	Service Provider	Fees for the year
Auditing	Deloitte & Touche S.p.A.	75,175
Certification		73,440
Other services		
Total		**148,615**

22. Staff costs

Staff costs, which amounted to 943 thousand euro as at 31 December 2024 (723 thousand euro as at 31 December 2023), are broken down in the table below:

Staff costs: breakdown

(euro) Items/Figures	2024	2023
Employees	546,304	362,808
Other personnel in service		
Board of Directors and Board of Auditors	164,575	165,005
Retired personnel		
Recovery of expenses for employees seconded to other companies		
Reimbursement of expenses for third-party employees seconded to the Company	231,719	195,133
Total	**942,598**	**722,946**

For more details on the organisational structure, refer to paragraph "3.1. The organisational structure" in the Report on Operations of the Group.

Average number of employees

The average number of employees broken down by job category is illustrated in the following table:

Average number of employees

Items/Figures	2024	2023
Senior Managers		
Middle Managers	3	2
Office staff	1	1
Manual workers		
Total	**4**	**3**

23. Amortisation, depreciation and impairment of property, plant and equipment and intangible assets

The balance of the item depreciation/amortisation and impairments was 47 thousand euro, in line with the previous year, and is broken down in the table below:

Amortisation, depreciation and impairment of property, plant and equipment and intangible assets: breakdown

(euro) Items/Figures	2024 Amortisation and depreciation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b+c)	2023 Amortisation and depreciation (a)	Impairment adjustments (b)	Write-backs (c)	Net result (a+b+c)
Property, plant and equipment	**27,668**			**27,668**	**27,593**			**27,593**
- Owned								
- Right of use acquired under leases IFRS 16	*27,668*			*27,668*	*27,593*			*27,593*
Intangible assets	**19,462**			**19,462**	**19,462**			**19,462**
- Owned	*19,462*			*19,462*	*19,462*			*19,462*
- Right of use acquired under leases IFRS 16								
Total	**47,130**			**47,130**	**47,055**			**47,055**

The balance of the depreciation/amortisation item is made up of 28 thousand euro relating to the depreciation charge pursuant to IFRS 16 of the leased property located in Via Alessandria, while 19 thousand euro is the 2024 amortisation charge for the purchase of the license to use a software application.

24. Other operating costs

Other operating costs incurred by the company in 2024 amounted to 79 thousand euro (70 thousand euro in 2023) and are broken down as follows:

Other operating costs: breakdown

(euro) Items/Values	2024	2023
AGCM Contribution	5,519	5,972
Taxes	3,105	1,144
Other operating costs	69,980	62,765
Total	**78,604**	**69,881**

"Other operating expenses" mainly includes legal consultancy costs charged to the company in 2024, related to the subscription of a Term Loan with a pool of banks finalised in November 2024.

25. Financial income

As at 31 December 2024, “Financial income” amounted to 641,937 thousand euro (595,369 thousand euro as at 31 December 2023) and is broken down as follows:

Financial income: breakdown

(euro) Items/Figures	2024	2023
Interest income on deposit contract with CDP	9,600,616	8,585,070
Interest income on current bank account	11,256	10,685
Interest income on CFH	32,947,685	33,408,495
Dividends	581,423,658	553,365,122
Other interest income	17,954,081	
Total	**641,937,296**	**595,369,372**

The increase in this financial line item (approximately up by 47 million euro compared to the previous year) is attributable to the higher amounts of:

- dividends received from subsidiaries (+28 million euro);
- other financial income recognised during the year relates to the termination of the IRS hedge derivative on the Term Loan 2020, specifically following the reclassification to income statement of the remaining value of the Cash Flow

Hedge reserve (+17.9 million), originally consisting of the estimated hedged financial flows, which will no longer impact future profits or losses due to the termination of the initial loans and the new financing being recognised;
- interest income on the irregular deposit associated with the cash deposited with the parent company CDP (+1 million).

The breakdown of dividends to be distributed by the investee companies, as approved during the financial year, is shown in the following table:

Dividends: breakdown

(euro) Items/Figures	2024	2023
Italgas S.p.A. dividend	74,179,925	66,804,080
Snam S.p.A. dividend	300,723,733	292,821,042
Terna S.p.A. dividend	206,520,000	193,740,000
Total	**581,423,658**	**553,365,122**

All dividends were collected in the period, except for the 2024 interim dividend approved by Snam S.p.A. in November 2024, amounting to 122,439 thousand euro, which was collected in January 2025.

26. Financial expenses

“Financial expenses” relate mainly to interest expense for the period, as detailed in the table below.

Financial expenses: breakdown

(euro) Items/Figures	2024	2023
Interest on Bond 2022	30,118,092	29,995,016
Interest on Bond 2024	7,770,090	
Interest on Term Facility 2020	38,041,566	41,040,164
Interest on Bridge loan 2022		3,774,355
Interest on Term Facility 2023	12,933,964	8,140,629
Interest on Term loan 2024	2,626,746	
Other interest expense	5,239,047	2,235,337
Impairment losses on financial assets	(390)	(1,557)
Total	**96,729,115**	**85,183,944**

The increase in the item compared to 2023 is mainly attributable to the effects of the refinancing and the prevailing interest rate scenario at that time. The negative impact on financial expenses is however partially mitigated by the hedging policy used by the company (so-called cash flow hedge) which led to a higher financial income. For further details, please refer to section “26. Financial income”.

"Other interest expenses" amounting to 5,239 thousand euro include the following:

- interest expense recognised in the period related to the termination of the IRS hedging derivative on the Term Loan 2023, primarily resulting from the reclassification of the remaining Cash Flow Hedge reserve (negative by 4 million euro) to the income statement, which reflected the estimated covered financial flows that will no longer affect future earnings or losses following the termination of the financing arrangements;
- interest expenses accrued on cash received from the parent company CDP in fulfilment of the guarantee agreement (CSA) in the amount of 1,183 thousand euro.

The calculation of impairment losses on financial assets takes into account their rating, recovery rate and probability of default and is broken down as follows:

Impairment losses on financial assets

(euro) Items/Figures	2024	2023
Adjustments to financial assets:		
- recognised under cash and cash equivalents	390	1,557
- recognised under other current financial assets		
Total	**390**	**1,557**

INCOME TAXES, CURRENT AND DEFERRED TAXES

27. Income taxes, current and deferred taxes

Taxes for the year 2024 recognised through profit or loss are detailed below:

Income taxes: breakdown

(euro)

Items/Figures	2024	2023
1. Current taxes (-)	(2,656,825)	4,621,605
- of which income from participation in the tax consolidation mechanism	*3,527,037*	*5,181,750*
- of which cost from participation in the tax consolidation mechanism	*(6,183,862)*	*(560,145)*
2. Change in current taxes from previous years (+/-)		19,200
3. Reduction of current taxes for the year (+)		
4. Change in deferred tax assets (+/-)	(93)	(19,574)
5. Change in deferred tax liabilities (+/-)	(42,991)	(35,404)
6. Taxes for the year (-) (-1+/-2+3+/-4+/-5)	**(2,699,909)**	**4,585,828**

Current taxes mainly reflect “charges from joining the tax consolidation”, resulting from the following effects:

- The income from participation in the tax consolidation mechanism following the surplus of non-deductible interest on an individual basis, transferable to the tax consolidation[101], decreased, resulting in a negative tax impact compared to the previous year (+3.5 million euro versus 5.2 million euro in 2023);
- The tax consolidation charge (-6.2 million) results from the combined effect of a higher taxable income and the removal of the ACE (Aid to Economic Growth) benefit starting from the 2024 tax period[102].

As a result of these net tax consolidation liabilities (2.7 million), the company has recognised a liability of the same amount to its parent company CDP S.p.A.

The “change in deferred tax liabilities” refers to (i) the recognition of deferred tax liabilities on the 2024 dividend approved by Snam in November 2024 and yet to be collected at the end of the year; (ii) to the release of deferred tax liabilities relating to the 2023 interim dividend approved by Snam and collected in 2024.

The reconciliation between the theoretical and actual tax liability is shown below:

Reconciliation between theoretical and actual tax liability: IRES

(euro)

Items/Figures	2024	Tax rate
Income (loss) before taxes	**543,508,852**	
IRES theoretical tax liability (rate 24%)	**(130,442,125)**	**-24.00%**
Increases in taxes	**(10,118,163)**	
- non-deductible temporary differences	(1,426,278)	-0.26%
- non-deductible permanent differences on interest expenses	(8,691,808)	-1.60%
- non-deductible permanent differences	(77)	0.00%
Decreases in taxes	**137,903,463**	
- dividends 95% exempt	132,564,594	24.39%
- excess financial expenses	3,527,037	0.65%
- other	1,811,832	0.33%
IRES Actual tax liability	**(2,656,825)**	**-0.49%**

101 CDP RETI, as a result of joining the national fiscal consolidation relating to the CDP group since 2013, which allows the determination of corporate income tax [IRES] on a consolidated basis for companies that have exercised the option for group taxation, has the possibility of transferring to consolidated the unused ACE surplus on an individual basis (i.e. by deducting one's taxable income), consequently obtaining a remuneration based on the tax rate in force ratione temporis (24% starting from 2017). In addition, again following adhesion to the tax consolidation, CDP RETI can transfer any excess non-deductible interest expense on an individual basis if and to the extent that other subjects (adhering to the tax consolidation) present for the same tax period a surplus of ROL transferable to the group. In exchange for the transfer of this interest expense, CDP RETI obtains a remuneration due to the lower IRES at group level set at 50% of the tax rate in force. The contract relating to the tax consolidation was tacitly renewed for the three-year period 2025-2027.

102 Pursuant to Article 5 of Legislative Decree no. 216/2023.

Reconciliation between theoretical and actual tax liability: IRAP

(euro) Items/Figures	2024	Tax rate
Difference between revenues and production costs	**(2,695,321)**	
IRAP Theoretical tax liability (5.57% rate)	**150,129**	**-5.57%**
Increases in taxes	(3,604,366)	n.s.
Decreases in taxes	5,426,980	n.s.
IRAP Actual tax liability	**0**	**n.s.**

Taxes for the year 2024 recognised in equity which are primarily attributable to the deferred taxation recognised on the CFH Reserve are detailed below:

Taxes relating to components of the Statement of comprehensive income

(euros) Items/Figures	2024	2023
Change in fair value of cash flow hedge derivatives	(38,041,522)	(36,178,804)
Tax impact (+/-)	11,257,485	10,689,469
Other components of the Comprehensive Income Statement	**(26,784,037)**	**(25,489,335)**

IV – INFORMATION ON RISKS AND THE RELATED HEDGING POLICIES

Concerning risk exposure and the related uncertainties, it should be highlighted that, as a holder of significant equity investments, CDP RETI is exposed to the risks typically associated with investee companies. Such risks are monitored through a rigorous risk measurement and control process, which is carried out in first instance by the Directors as part of their assessment of the recoverability of the investments made. Their assessment is then reflected in the carrying amount shown in the financial statements for the related equity investments. Moreover, risk profiles are measured constantly on the basis of market price volatility of the related shares.

The Company is also supported by the parent company CDP, pursuant to the service agreements entered into. In particular, risk management is coordinated at group-level in synergy with the competent structures of CDP.

The main risks identified and the processes for managing them in order to minimise potential adverse impact on the financial and economic performance of CDP RETI S.p.A. are listed below.

Market risk

In conducting its business, CDP RETI is exposed to the market risk and, in particular, to the interest rate risk, which is the risk that the fair value or the cash flows of financial instruments may fluctuate due to changes in market interest rates or may lead to unexpected changes in net financial charges in relation to the portion of debt with floating rate. The Company, in carrying out its business, is not, on the other hand, exposed to the risk of exchange rate fluctuations.

The Company's policy in the management of interest rate risk is achieved essentially through the definition of an optimal financial structure with the dual objective of stabilisation of expenses and containment of the cost of funding. Specifically, the Company aims to contain borrowing costs and their volatility by entering into Over The Counter derivative financial contracts (so-called vanilla interest rate swaps - “floating to fixed” with the parent CDP to change the risk profile of the original exposure to interest rate risk of the Term Loan) with reference maturity and notional principal[103] aligned with those of the underlying financial liability. As a result, any change in the expected cash flows of these contracts is offset by a corresponding change in the expected cash flows of the underlying position. Additionally, with regard to the two IRS hedging derivatives entered into to convert the 2024 Term Loan rate from floating to fixed, in accordance with hedge accounting principles as per international accounting standards, the fair value (mark to market) of these instruments is booked in a specific and restricted reserve account (“CFH Swap valuation reserve”) within Equity.

The table below shows the breakdown of financial debt for loans in place by fixed-rate and floating-rate type, as at 31 December 2024 and as at 31 December 2023:

103 Amount on the basis of which cash flow is exchanged.

(euro)	31/12/2024		31/12/2023	
Items/Figures	Total	%	Total	%
Fixed interest	1,102,043,362	64.7%	502,495,771	29.6%
Variable interest	600,226,746	35.3%	1,195,581,221	70.4%
Total	**1,702,270,108**	**100.0%**	**1,698,076,992**	**100.0%**

As of November 2024, he company has entered into two Interest Rate Swap[104] (IRS) contracts to hedge the full Term Loan 2024 (with a nominal value of 600 million), which are used to convert the variable-rate loan into a fixed-rate one. The significant decrease in the overall nominal value (from 1.2 billion at the end of 2023 to 600 million at the end of 2024) is mainly due to the reduction in variable-rate financing following the issuance of the fixed-rate bond in September 2024. As of 31 December 2024, the two derivatives in place have a combined notional value equal to the total Term Loan 2024 and a positive mark-to-market (Fair Value) of 1,196 thousand euro as of 31 December 2024. The significant decrease in the overall *mark to market (Fair Value)* of the derivatives compared to the previous year is primarily due to the termination, in the second half of 2024, of the IRS derivatives on the Term Loans 2020 and 2023 (resulting from the debt refinancing previously discussed in the key events of the period). As of 31 December 2024, following the subscription of these IRS derivatives, the entire variable-rate debt is fully hedged against interest rate fluctuations.

Reference is made to the “Net Financial Debt and Cash Flows” section of the CDP RETI S.p.A. Report on Operations for a detailed description of the item.

Risk related to climate change

Given its nature as a holding company, in overall terms, the exposure of CDP RETI S.p.A. to the risks related to climate change is currently limited. The company's objective of reducing its environmental impact is guided by the strategic guidelines set out at CDP Group level. The CDP Group has long placed sustainable development at the centre of its long-term strategy by setting environmental, social and governance goals and integrating them with the other objectives of the Business Plan.

With regard to the main asset item (equity investments in Snam, Terna and Italgas account for more than 90% of assets), issues related to climate change have so far not impacted the estimation of recoverable amount (equal to the greater of Fair Value and Value in Use[105]) (nor are they reasonably expected to do so) also in consideration of the fact that as of 31 December 2024 the stock prices of the controlling interests held in the portfolio are well above the book value. With reference to the main liability item (loans), which is representative of the existing financing sources (Term Loan and Bond), please note that the contractual financial cash flows are in no way dependent on the achievement of climate-related objectives.

With regard to transition risk as well, the risk profiles that may be significant for CDP RETI, as an investment vehicle, are essentially of an indirect nature, i.e., risks that may affect the value of the controlling equity investments held in its portfolio. In this regard, note that all the subsidiaries are accelerating investments related to energy transition projects in order to meet the emission targets set by the European Union. These investments, which are expected to grow over the coming years, may affect the financial indebtedness levels of the subsidiaries. On the other hand, they will improve the quality and ultimately the value of their networks, with a positive impact on their company profile. For more information on the risks related to climate change, please see the more detailed information in the specific section “I.1.5. Other issues” of the Notes to the consolidated financial statements.

Risk related to the financial performance and the profit or loss of Snam, Terna and Italgas

Given its nature as a financial holding company, the performance and cash liquidity of the Company are influenced not only by the market values of its investee companies, but also by the ability of subsidiaries to pay dividends (and by their dividend policies), which is in turn influenced by the financial performance and the profit or loss of the Snam group, the Terna group and the Italgas group. Consequently, any material change in the two parameters above could have negative effects on the financial performance and profit or loss of CDP RETI.

Through its subsidiaries, CDP RETI is active in the gas transport, regasification and storage and energy transition sector (Snam), in the electricity dispatching and transmission sector (Terna) and in the gas distribution sector (Italgas). Therefore, CDP RETI is exposed to the risks typical of those markets and sectors in which its investees operate. Furthermore, in line with its mission, CDP RETI has an undiversified equity investment portfolio, though concentrated in terms of country (Italy) and regulatory authority (ARERA).

The dividend policies of the investee companies, which are based on the provisions of the respective strategic plans, are outlined below.

104 Specifically, the two derivative contracts were entered into to hedge the first drawdown of 345 million euro and the second drawdown of 255 million euro from the new Term Loan of 5 November 2024.

105 Intended as the present value of the future cash flows that the equity investment is expected to generate.

Terna (Update 2024-2028 Plan presented on 25/03/2025): over the Plan period, the new dividend policy foresees a minimum level (floor) equal to the 2024 dividend (39.62 euro cents per share) for the entire period of the 2024-28 Industrial Plan Update. Over the Plan period, the new dividend policy foresees the distribution of a dividend equal to the higher between (i) the value of the 2024 dividend per share (39.62 euro cents per share) and (ii) an annual growth of the dividend per share equal to 4%, assuming 2023 as the reference year (33.96 euro cents per share).

Snam (2025-2029 Plan presented on 22/01/2025): the dividend policy has been increased to a 4% annual growth from 2025 to 2029, with a maximum payout ratio of 80%, up from the previous policy which set a minimum growth of 3%. Snam expects a total dividend of 0.2905 euro per share to be distributed in 2025 relating to the 2024 financial year, of which 40% as an interim dividend already distributed on 22 January 2025. The remaining 60%, amounting to 0.1743 euro per share (pending approval by the Shareholders' Meeting that will approve the 2024 Separate financial statements), will be paid on 25 June 2025.

Italgas (2024-2030 Plan presented on 07/10/2024): the dividend policy has been confirmed through 2026. The new policy, confirmed in the Strategic Plan of the Italgas group for the period 2024-2030, provides for a dividend distribution based on the greater of (i) the 2023 DPS of €0.352, increased by 5% annually, and (ii) the DPS representing 65% of the adjusted net profit per share.

Risk related to restrictions on the transfer of financial resources from Snam, Terna and Italgas

As previously mentioned, the financial position and operating results of CDP RETI are dependent on the flow of funds received, in the form of dividends, from Snam, Terna and Italgas. This availability depends not only on the ability of Snam, Terna and Italgas to generate sufficient cash flow, but also on the ability of the three groups to overcome any legal and contractual restrictions on the distribution of dividends. By way of an example, such restrictions might include: i) regulatory restrictions on increasing tariffs, ii) requests for significant investments on the infrastructure managed by the three groups, iii) the requirement to comply with the covenants of loan agreements. Another restriction, generally speaking, could be the extent of future taxation.

These restrictions, and the resulting fall in inflows, could have significant negative effects on the Parent Company’s ability to make the required payments on the bond and the existing loan agreements.

Liquidity and credit risk

In relation to its own business activity, the parent company is exposed to the liquidity risk, which is the risk that, due to the inability to raise new funds or liquidate assets on the market, it is not able to fulfil its own payment commitments or can only fulfil them at unfavourable economic conditions also due to situations of tension or systemic crisis (e.g. crisis in sovereign debt), resulting in an impact on income if the company is forced to sustain additional costs to meet such commitments or, as an extreme consequence, in a condition of insolvency that puts the continuation of company business at risk. Notwithstanding the Company’s goal to implement a financial structure that guarantees an adequate level of liquidity and an optimal profile in terms of debt maturity and composition, the effects of external factors cannot be excluded, including, for example, the effects of a negative market or a considerable tightening of bank credit access conditions. In such a scenario, the Company might find it difficult to make the required payments on the bond and on the existing loan agreements.

Access to the capital market and other forms of financing, and the associated costs, is also dependent on the Company’s credit rating. A downgrade by the rating agencies could limit the Company’s access to the capital market and increase the cost of funding. This would negatively affect the Company’s financial position and performance. During 2024, CDP RETI maintained its “investment grade” long-term credit rating. In this regard, it should be noted that on 21 November 2023, following the action taken in relation to the rating of the Italian Republic, the rating agency Moody’s confirmed the Company’s long-term rating at Baa3 and revised the outlook from Negative to Stable. Moreover, on 6 February 2024 Moody’s confirmed the rating at Baa3 with a Stable outlook. On 31 October 2024, Fitch Ratings confirmed the Company's long-term rating at BBB and revised the Outlook from Stable to Positive.

Ratings and outlooks are in line with those of the parent company, Cassa Depositi e Prestiti S.p.A.

The Company's current policy is to maintain available liquidity invested in demand or very short-term bank deposits or other readily liquid instruments, with investments allocated over a reasonable number of counterparties. The management of the CDP RETI liquidity risk is also aimed at maintaining cash and cash equivalents sufficient to meet expected commitments over a given time horizon (especially in light of the financial covenants under the existing loan agreements), as well as maintaining prudent liquidity reserves, sufficient to cope with any unexpected commitments. Where possible, debt management also provides for a diversified structure of funding sources (Term Loan and Bond) and a balanced maturity profile (2029 for the Term Loan 2024, 2027 and 2031 for the 2022 and 2024 Bonds). The company’s cash flows, financing needs and liquidity requirements are generally monitored and managed in coordination with the parent company CDP S.p.A., with the aim of ensuring effective and efficient management of financial resources. Impairment of financial assets classified as cash and cash equivalents is based on the recognition of a 12-month expected credit losses on loans or over the entire remaining life in the event of a substantial deterioration in credit risk. The expected credit loss is calculated using the default probability (probability that the default event will occur) and the percentage of credit that will not be recovered in the event of default (loss given default). In the short term, liquidity risk is mitigated by ensuring an adequate level of cash and cash equivalents. In the medium/long term, liquidity risk is mitigated by maintaining a balanced debt maturity profile and a diversified range of financing instruments (e.g., Term Loan and Bond).

In view of its current business, CDP RETI is not significantly exposed to credit risk, i.e. the possibility of a deterioration in creditworthiness of counterparties that might lead to adverse effects on the expected value of the credit position and/or an increase in collection times. For the Company, the exposure to credit risk is mainly a question of the collection of dividends, approved by the subsidiaries, and the trading of derivatives (for which there is an exchange of cash collateral), bank deposits and irregular deposits with the parent CDP. Credit exposures and associated credit risk are periodically monitored by the risk control department of the parent company CDP, in accordance with the Group's defined risk governance policies and procedures.

Since all of CDP RETI's debt is bullet in nature, there are no refinancing risks until October 2027, when the 500 million euro bond issued in October 2022 will mature.

The table below shows the undiscounted contractual cash flows (with regard to loans as at 31 December 2024) of the gross financial debt at the nominal repayment amounts, and the related interest flows. Interest flows are calculated in accordance with the following terms and interest rates:

- regarding the 2022 bond[106], the annual coupon is 5.875%, with payment made in October;

- regarding the 2024 bond[107], the annual coupon is 3.875%, with payment made in September;

- as regards the Term Loan 2024 totalling 600 million euro, the floating interest rate (payment in May and November) is indexed to the 6-month Euribor (value as at 31 December 2024) and increased by the contractually-agreed margin. Contractual flows were calculated using estimated forward rates at the balance sheet date.

Financial liabilities - Analysis by due date of the contractually agreed payments.

(thousands of euro) Items/Figures		2025	2026	2027	2028	2029	2030	2031
Bond	Principal			(500,000)				(600,000)
	Interests	(52,625)	(52,625)	(52,625)	(23,250)	(23,250)	(23,250)	(23,250)
Loans (*)	Principal					(600,000)		
	Interests	(20,804)	(19,349)	(20,085)	(20,830)	(21,039)		

(*) Financial flows from hedging derivatives are not included

The cash flows related to the Term Loan do not take into account receipts and payments linked to the derivative hedging instruments, which are analysed in the table hereunder.

(thousands of euro) Items/Figures		2025	2026	2027	2028	2029
Cash Flow Hedge	Payments	(19,420)	(20,357)	(20,357)	(20,357)	(20,357)
	Collections	20,804	19,349	20,085	20,830	21,039
	Net	**1,384**	**(1,007)**	**(272)**	**473**	**683**

Default risk and debt covenants

Default risk and debt covenants relate to the possibility that loan agreements or bond rules to which CDP RETI is a party may contain provisions that entitle the counterparty to call in such loans immediately upon the occurrence of certain events, thereby generating a liquidity risk.

CDP RETI's loans include covenants that are common in international practice. Such covenants refer to:

106 On 25 October 2022, CDP RETI issued a new unsubordinated and unsecured fixed-rate bond, with a nominal value of 500 million euro and with a duration of 5 years, on the capital market for institutional investors. It was listed on the regulated market of the Irish stock exchange (Euronext Dublin Regulated Market).

107 On 4 September 2024, CDP RETI issued a new unsubordinated and unsecured fixed-rate bond, with a nominal value of 600 million euro and with a duration of 7 years, on the capital market for institutional investors. It was listed on the regulated market of the Irish stock exchange (Euronext Dublin Regulated Market).

- the Company's bond debt, entered into in October 2022 for a nominal amount of 500 million euro, falling due in 2027;
- the Company's bond debt, entered into in September 2024 for a nominal amount of 600 million euro, falling due in 2031;
- the bank debt, contracted in November 2024 for a nominal value of 600 million euro, as part of the Term Loan established with a pool of banks.

The main covenants related to the bond issuances completed in October 2022 and September 2024 can be summarised as follows:

- "negative pledge" clauses, under which the issuing entity is subject to limitations on the creation or maintenance of restrictions on all or part of its assets or on its revenues in order to guarantee current or future borrowing, except for specifically permitted circumstances;
- "change of control" clauses, under which bondholders have the option of requiring the issuing entity to redeem their securities in the event that Cassa Depositi e Prestiti no longer has control over the company;
- "event of default" clauses, under which, on the occurrence of certain predetermined events (such as, for example, failure to pay, failure to fulfil contractual obligations, etc.), an event of default occurs and the loan in question becomes immediately due; in addition, under the "cross default" clauses, if an "event of default" occurs on any financial borrowing (above certain amounts) issued by the issuer, an event of default also occurs on the loan in question, which becomes immediately due.

The main covenants outlined in the financing agreement signed by CDP RETI in November 2024 with a pool of banks are summarised below:

- "pari passu" clauses, under which the Company, for the entire duration of the loans, will ensure that the payment obligations rank pari passu with those of all other unsubordinated unsecured creditors, subject to any privileges assigned by law;
- disclosure obligations, on both a periodic and an occasional basis, upon the occurrence of certain predetermined events;
- mandatory cancellation or early repayment of the loan in the case of, inter alia: (i) unlawfulness, (ii) change of control or (iii) the Company's sale of a significant equity investment in its subsidiaries above the 10% threshold;
- observance of the following financial covenants to avoid an event of default:
  - Loan to Value: ratio, expressed as a percentage, between (i) Financial Debt (net of Cash and cash equivalents) and (ii) the market value (in the 180 days prior to the measurement date) of Snam, Terna and Italgas shares held by CDP Reti. This ratio must not exceed 50%;
  - Dividend Interest Coverage Ratio (DICR): ratio, with reference to the 12 months prior to the measurement date, between (i) the cash deriving from dividends received and (ii) interest paid on the Financial Debt. This ratio must not be less than 1.25;
  - Total Debt Service Amount (TDSA): at all times, CDP RETI must have cash or cash equivalents in an amount not less than interest, fees, commissions and other costs related to the Financial Debt to be paid in the following six months.

During the year, the Company complied with the capital and economic-financial requirements deriving from loan agreements.

CDP RETI mitigates the foregoing risks by monitoring any aspects that might have negative effects on its financial position and performance, also with a view to ensuring compliance with the covenants envisaged in the existing loans. With regard to the subsidiaries Terna, Snam and Italgas, CDP RETI closely monitors their market value, with particular attention to all aspects that might have an impact on their dividend distribution policies.

With regard to liquidity, discussions are held periodically with the parent CDP to assess the need to apply for credit lines. There are no liquidity difficulties to be reported as at 31 December 2024; CDP RETI collected around 578 million euro in dividends from its subsidiaries in the period and the balance of its cash and cash equivalents was approximately 109 million euro as at 31 December 2024.

V – TRANSACTIONS WITH RELATED PARTIES

The related parties have been identified on the basis of the provisions of international accounting standards and the CONSOB provisions issued on the matter. Transactions undertaken by CDP RETI S.p.A. with related parties mainly refer to transactions with the subsidiary CDP S.p.A. as detailed in the table below.

Information on the remuneration of key management personnel[108]

Remuneration of key management personnel

(euro) Items/Figures	Board of Directors	Board of Auditors	Key management personnel
a) short-term benefits	100,000	80,000	405,918
b) post-employment benefits			
c) other long-term benefits			
d) severance benefits			
e) share-based payments			
Total	**100,000**	**80,000**	**405,918**

Short-term remuneration is paid during the reporting year, or in any case within six months after the end of the financial year.

Remuneration paid to the Board of Directors and the Board of Statutory Auditors

(euro)

Name	Position	Period in office	Expiry of office (1)	Compensation and bonuses	
Directors in office as at 31 December 2024					
Giovanni Gorno Tempini	Chairman	01/01/2024-31/12/2024	2024	20,000	
Dario Scannapieco	Chief Executive Officer	01/01/2024-31/12/2024	2024	20,000	(2)
Coletti Sabrina	Director	01/01/2024-31/12/2024	2024	20,000	(2)
Yanli Liu	Director	01/01/2024-31/12/2024	2024	20,000	(3)
Qinjing Shen	Director	01/01/2024-31/12/2024	2024	20,000	(3)
Statutory Auditors in office as at 31 December 2024					
Florinda Aliperta	Chairman	01/01/2024-31/12/2024	2024	30,000	(4)
Paola Dinale	Auditor	01/01/2024-31/12/2024	2024	25,000	(4)
Paolo Sebastiani	Auditor	01/01/2024-31/12/2024	2024	25,000	(4)

(1) Appointed by the Shareholders' Meeting of 20 January 2021 for the three-year period 2021-2023, with a mandate ending after the approval of the 2023 financial statements, which took place on 13 May 2024, when the Shareholders' Meeting postponed discussion on renewing the corporate bodies - and is now in extension.
(2) Compensation paid to Cassa depositi e prestiti S.p.A.
(3) Compensation is paid to State Grid International Development Limited
(4) The amounts refer to remuneration approved by the Shareholder's Meeting/Board of Directors and accrued by members of the Board of Statutory Auditors and the Supervisory Body

Information on transactions with related parties

The company is subject to management and coordination by CDP, the majority shareholder.

During the 2024 financial year, it is noted that, aside from the signing of two IRS derivative contracts with the parent company CDP on the Term Loan taken out in November 2024 (for further details, refer to the specific section on "Key Events of the Year by Sector/Company"), there were no atypical or unusual transactions with related parties that could materially impact the Company's financial and economic position. All transactions with related parties were carried out on an arm's length basis (i.e. at the conditions that would be applied between two independent parties) and form part of the ordinary operations of CDP RETI.

108 Key management personnel are those individuals who have the power and responsibility, directly or indirectly, for planning, directing and controlling the company's activities, including directors (executive or not) of the company.

The following tables summarise the balances relating to transactions with related parties and the impact of these amounts on the corresponding figures in the separate income statement, statement of financial position and statement of cash flows of CDP RETI S.p.A..

Transactions with the parent company

(euro) Items/Figures	2024	2023
Assets	**86,806,797**	**152,767,555**
- Deposit balance	85,600,123	101,039,934
- Receivable for tax consolidation (withholding tax)		2,778
- Receivable for tax consolidation		4,621,605
- Receivable for CSA financial transactions	10,835	
- CFH derivative agreement	1,195,840	47,103,238
Liabilities	**(199,684,734)**	**(419,045,767)**
- Payables for seconded personnel	(113,810)	(90,457)
- Payables for directors' compensation to pay to CDP	(40,000)	(40,000)
- Payables for outsourced services	(367,936)	(305,717)
- Other payables		(310)
- CFH derivative agreement		(3,782,098)
- Loans to CDP for CSA		(41,067,447)
- Loans for tax consolidation	(2,653,899)	
- Loans:		
included in current liabilities	*(2,185,093)*	*(2,907,977)*
included in non-current liabilities	*(194,323,997)*	*(370,851,761)*
Revenues	**60,502,382**	**41,993,565**
- Interest income on deposit contract	9,589,782	8,585,070
- Interest income on CSA financial transactions	10,835	
- Interest income on CFH	50,901,766	33,408,495
- Impairment of financial assets		
Costs	**(24,677,443)**	**(23,565,290)**
- Interest expense on loan	(18,637,871)	(20,603,316)
- Interest expense on CFH	(4,052,339)	
- Interest expense on CSA	(1,183,642)	(2,231,607)
- Impairment of financial assets	228	(900)
- Outsourced services rendered to CDP RETI	(688,951)	(598,948)
- Costs for personnel seconded to CDP RETI	(113,812)	(90,459)
- Other costs	(61)	(61)
- Other administrative expenses	(996)	
Cash flows	**(405,744,369)**	**(317,282,121)**
Cash flow from operating activities	3,330,048	(14,871,177)
Net cash flow from investing activities		
Net cash flow from financing activities	(409,074,417)	(302,410,944)

During 2024, transactions with CDP, which are summarised in the table above, mainly related to the following:

- the irregular deposit agreement with the parent company CDP;
- CFH derivative contracts for which the related asset was measured at fair value as at 31 December 2024;
- the termination of CFH derivatives signed in 2020 and 2023 to hedge the respective Term Loans;
- the collection of receivables arising from CDP RETI's participation in the tax consolidation, recorded as of 31 December 2023;
- the recognition of payables arising from CDP RETI's participation in the tax consolidation;
- the repayment of debts related to the 2020 and 2023 loans, the subscription of a portion of the 2024 bond, and the respective interest accrued as of 31 December 2024;
- outsourcing services provided by CDP to CDP RETI;
- the remuneration of directors paid to the Parent Company;
- the contracts of the CDP employees partially seconded to CDP Reti;
- the agreement for the custody and administration of securities.

Transactions with other related entities

(euro) Items/Figures	2024	2023
Assets	**122,485,214**	**118,942,350**
- Property, plant and equipment - RoU IFRS 16	46,189	73,857
- Receivables from Snam for interim dividend	122,439,025	118,856,472
- IFRS 16 Prepaid expenses		12,020
Liabilities	**(60,356,967)**	**(30,433,340)**
- Lease liability	(51,191)	(79,123)
- Trade payables	(2,749)	(13,050)
- Payables for pension fund	(3,295)	(2,754)
- Loans:		
included in current liabilities	(698,465)	(322,643)
included in non-current liabilities	(59,432,741)	(29,822,355)
- Payables for directors' compensation to pay to SGEL	(40,000)	(40,000)
- Payables for outsourced services	(10,617)	(10,675)
- Payables for seconded personnel	(117,909)	(104,676)
Revenues	**581,441,381**	**553,381,897**
- Dividends from subsidiaries	581,423,658	553,365,122
- Other income from cost recharge to SGID	17,723	16,775
Costs	**(2,412,258)**	**(2,072,865)**
- Outsourced services rendered to CDP RETI	(25,834)	(25,834)
- Costs for personnel seconded to CDP RETI	(117,911)	
- Ifrs 16 costs	(29,767)	(30,604)
- Interest expense on loan	(2,195,590)	(1,799,701)
- Costs of office lease fees	(22,671)	(21,529)
- Costs related to pension fund	(20,485)	(12,457)
Cash flows	**419,203,161**	**369,173,380**
Cash flow from operating activities	575,656,426	548,290,454
Net cash flow from investing activities	(30,031)	(30,034)
Net cash flow from financing activities	(156,423,234)	(179,087,040)

Related parties transactions mainly refer to:

- receivables of the 2024 interim dividend from Snam approved on 6 November 2024 and collected on 22 January 2025;
- payables to the shareholder SGEL for the 2022 bond loan and the respective share of interest accrued as at 31 December 2024;
- payables to Fintecna for the 2024 bond loan and the respective share of interest accrued as at 31 December 2024;
- Directors' fees paid to SGEL;
- payables for IFRS 16 leases and for the various lease costs;
- payables for other services entered into with other Group companies (CDP Equity S.p.A);
- payables to the pension fund;
- dividends received from subsidiaries;
- income from recharges to State Grid International Development of costs incurred by CDP RETI in relation to the activities carried out by Deloitte on behalf of State Grid on the reporting package as at 31 December 2023.

The net cash flow from operating activities increased compared to 2023 (+28 million) and is primarily attributable to dividends received from subsidiaries based on dividend policies.

The cash flow from investing/disinvesting activities refers to the lease for the premises in Via Alessandria, 220 (Rome).

The cash flow from financing activities, which absorbed a total of 156 million in liquidity, primarily relates to the payment of dividends to the shareholder SGEL (186 million), partially offset by Fintecna's subscription to a portion of the bond issuance (30 million).

Financial highlights of the company performing management and coordination

In compliance with Article 2497-bis, paragraph 4, of the Italian Civil Code, the financial highlights from last year's financial statements of the parent company Cassa Depositi e Prestiti S.p.A. are shown in Annex 2.

VI – NON-RECURRING EVENTS AND SIGNIFICANT TRANSACTIONS

Pursuant to Consob communication no. DEM/6064293 of 28 July 2006, it should be noted that during the year there were no significant events and transactions of a non-recurring nature, or transactions and events that do not occur frequently in the usual course of business.

VII – OPERATING SEGMENTS

In accordance with "IFRS 8 - Operating Segments", for companies that publish the Group consolidated financial statements and the separate financial statements of the parent company in a single document, the operating segments are disclosed only with reference to the consolidated financial statements. Therefore, reference is made to the same paragraph in the Notes of CDP RETI Group's consolidated financial statements.

X – DISCLOSURE OF LEASES

X.1 LESSEE

Qualitative disclosures

CDP RETI S.p.A. calculates the duration of the lease, which falls within the scope of IFRS 16, considering the "non-cancellable" period during which it has the right to use the underlying asset by measuring all the contractual aspects that may change this duration, among which, in particular, is the possible presence of:

- any period covered by an option to extend the lease, if it is reasonably certain that the option will be exercised;
- any period covered by an option to terminate the lease, if it is reasonably certain that the option will not be exercised.

This includes the lease contract regarding portions of the property situated at Via Alessandria 220 in Rome, used for office and management purposes. The contract provides for a lease period of 6 years, renewable automatically for a further 6 years, and the possibility of early termination with 12 months' notice, without option to purchase the property once the lease period expires.

During the 2022 financial year, as part of a broader reorganisation of the logistics hubs, the company's Board of Directors was called upon to agree on the future relocation of its headquarters. Consequently, the lease plan was therefore redefined, following the possible non-exercise of the option to renew the contract, with the consequent redetermination of the duration of the lease.

In accordance with the accounting standard which provides that "*the underlying asset can be of low value only if:*

- the lessee can benefit from use of the underlying asset on its own or together with other resources that are readily available to the lessee; and
- the underlying asset is not highly dependent on, or highly interrelated with, other assets".

CDP RETI S.p.A. applies the exemption for lease contracts when the value of the asset on the purchase date is lower than 5,000 euro.

CDP RETI S.p.A. considers a lease to be "short-term" when it has a maximum lease duration of 12 months and does not include any option to extend (and to purchase) that may be exercised at the discretion of the lessee.

For these contracts, the related payments are recognised through profit or loss on a straight-line basis for the corresponding duration.

Quantitative disclosures

Classification by time bands of the payments to be made and reconciliation with the lease liabilities recognised

(thousands of euro) Time bands	Total 31/12/2024 Lease payables
Up to 1 year	30,000
Between 1 and 2 years	22,500
Between 2 and 3 years	
Between 3 and 4 years	
Between 4 and 5 years	
Over 5 years	
Total lease payments to be made	**52,500**
Reconciliation with lease liabilities	**(1,309)**
Unearned finance income (+)	(1,309)
Unguaranteed residual value (+)	
Lease liabilities	**51,191**

X.2 LESSOR

At 31 December 2024, this item did not appear in the financial statements of CDP Reti S.p.A..

PROPOSAL FOR ALLOCATION OF THE NET INCOME FOR THE YEAR

The Board of Directors proposes, for the financial year 2024, to distribute a maximum total dividend of 539,382,665.39 euro, of which 361,865,656.44 euro was declared as an interim dividend on 21 November 2024.

The Board of Directors therefore proposes to allocate the 2024 net income of CDP RETI S.p.A., equal to 539,382,665.39 euro, as follows:

- 361,865,656.44 euro to cover the advance on the dividend paid by 28 November 2024;
- up to a maximum of 177,517,008.95 euro, gross of any applicable withholding taxes, as the final portion of the dividend to be distributed following the resolution of the Shareholders' Meeting.

The Shareholders’ Meeting is convened, in ordinary session, to resolve on the approval of the separate financial statements of CDP RETI S.p.A. as at 31 December 2024 and to resolve on the proposed allocation of the 2024 net income.

ANNEXES

ANNEX 1

Analytical list of equity investments

ANNEX 2

Separate financial statements at 31 December 2023 of Cassa Depositi e Prestiti S.p.A.

ANNEX 1

Analytical list of equity investments

(euro)

A. Listed entities	Names	Registered office	% holding at 31.12.24	Carryng amount	Type
	Italgas S.p.A.	Milano	25.98%	621,032,150	Control
	Snam SpA	San Donato Milanese (MI)	31.35%	3,086,832,661	Control
	Terna S.p.A.	Roma	29.85%	1,315,200,000	Control

ANNEX 2

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito n. 4, Tax Code 80199230584

BALANCE SHEET

(euro)

Assets	31/12/2023	31/12/2022
10. Cash and cash equivalents	1,148,101,413	2,630,401,853
20. Financial assets measured at fair value through profit or loss	4,492,245,509	3,918,651,643
a) Financial assets held for trading	338,117,390	354,937,131
b) Financial assets designated at fair value		
c) Other financial assets mandatorily measured at fair value	4,154,128,119	3,563,714,512
30. Financial assets measured at fair value through other comprehensive income	10,994,897,464	10,914,119,245
40. Financial assets measured at amortised cost	345,069,503,990	346,085,421,500
a) Loans to banks	22,450,011,219	20,834,490,264
b) Loans to customers	322,619,492,771	325,250,931,236
50. Hedging derivatives	2,105,169,542	4,343,993,853
60. Fair value change of financial assets in hedged portfolios (+/-)	(2,001,492,273)	(2,986,650,463)
70. Equity investments	33,064,707,418	33,721,181,345
80. Property, plant and equipment	357,600,260	359,527,218
90. Intangible assets	77,806,499	71,953,646
- of which goodwill		
100. Tax assets	546,929,696	1,148,326,922
a) current tax assets	1,777,693	398,243,811
b) deferred tax assets	545,152,003	750,083,111
110. Non-current assets and disposal groups held for sale		
120. Other assets	426,348,346	483,385,478
Total assets	**396,281,817,864**	**400,690,312,240**

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito n. 4, Tax Code 80199230584

(euro)

Liabilities and equity	31/12/2023	31/12/2022
10. Financial liabilities measured at amortised cost	363,590,748,892	371,336,095,285
a) due to banks	33,682,727,143	36,815,282,530
b) due to customers	311,594,468,524	317,370,012,071
c) securities issued	18,313,553,225	17,150,800,684
20. Financial liabilities held for trading	327,497,307	400,346,683
40. Hedging derivatives	1,652,605,544	1,091,387,959
50. Adjustment of financial liabilities in hedged portfolios (+/-)		
60. Tax liabilities	503,059,794	297,099,385
a) current tax liabilties	270,790,893	1,451,098
b) deferred tax liabilties	232,268,901	295,648,287
80. Other liabilities	1,562,419,636	1,018,147,110
90. Staff severance pay	1,558,446	1,451,566
100. Provisions for risks and charges	754,987,360	796,709,865
a) guarantees issued and commitments	643,071,415	662,182,695
c) other provisions	111,915,945	134,527,170
110. Valuation reserves	(16,630,954)	(451,011,157)
140. Reserves	18,723,827,156	17,602,162,543
150. Share premium reserve	2,378,517,244	2,378,517,244
160. Share capital	4,051,143,264	4,051,143,264
170. Treasury shares (-)	(322,220,116)	(322,220,116)
180. Net income (loss) for the year (+/-)	3,074,304,291	2,490,482,609
Total liabilities and equity	**396,281,817,864**	**400,690,312,240**

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito n. 4, Tax Code 80199230584

INCOME STATEMENT

(euro)

Items		2023	2022
10.	Interest income and similar income	11,092,285,499	7,738,935,228
	of which: interest income calculated using the effective interest rate method	*10,533,271,074*	*8,085,744,428*
20.	Interest expense and similar expense	(7,315,882,779)	(5,155,950,767)
30.	**Net interest income**	**3,776,402,720**	**2,582,984,461**
40.	Commission income	436,011,326	400,653,666
50.	Commission expense	(1,264,069,138)	(1,163,893,992)
60.	**Net commission income (expense)**	**(828,057,812)**	**(763,240,326)**
70.	Dividends and similar revenues	1,960,208,396	1,602,100,779
80.	Profits (losses) on trading activities	(82,789,270)	(74,962,284)
90.	Fair value adjustments in hedge accounting	(19,223,994)	102,267,580
100.	Gains (losses) on disposal or repurchase of:	26,577,463	66,499,579
	a) financial assets measured at amortised cost	76,520,997	31,886,788
	b) financial assets measured at fair value through other comprehensive income	(49,943,534)	34,612,791
	c) financial liabilities		
110.	Profits (losses) on financial assets and liabilities measured at fair value through profit or loss	93,360,364	33,908,074
	a) financial assets and liabilities designated at fair value		
	b) other financial asstes mandatorily measured at fair value	93,360,364	33,908,074
120.	**Gross income**	**4,926,477,867**	**3,549,557,863**
130.	Net adjustments/recoveries for credit risk relating to:	66,488,629	14,547,897
	a) financial assets measured at amortised cost	66,051,856	13,237,830
	b) financial assets at fair value through other comprehensive income	436,773	1,310,067
140.	Gains/losses from changes in contrats without derecognition	(37,622)	(39,092)
150.	**Financial income (expense), net**	**4,992,928,874**	**3,564,066,668**
160.	Administrative expenses	(271,422,258)	(244,631,565)
	a) staff costs	(180,347,985)	(161,895,326)
	b) other administrative expenses	(91,074,273)	(82,736,239)
170.	Net accruals to the provisions for risks and charges	(3,876,197)	52,590,858
	a) guarantees issued and commitments	(16,066,525)	52,346,658
	b) other net accruals	12,190,328	244,200
180.	Net adjustments to/recoveries on property, plant and equipment	(15,802,734)	(16,233,713)
190.	Net adjustments to/recoveries on intangible assets	(22,204,761)	(17,797,728)
200.	Other operating income (costs)	50,020,760	(115,769,946)
210.	**Operating costs**	**(263,285,190)**	**(341,842,094)**
220.	Gains (losses) on equity investments	(682,456,111)	(101,392,404)
250.	Gains (losses) on disposal of investments	(1,868)	(6,912)
260.	**Income (loss) before tax from continuing operations**	**4,047,185,705**	**3,120,825,258**
270.	Income tax for the year on continuing operations	(972,881,414)	(630,342,649)
280.	**Income (loss) after tax on continuing operations**	**3,074,304,291**	**2,490,482,609**
290.	Income (loss) after tax on discontinued operations		
300.	**Net income (loss) for the year**	**3,074,304,291**	**2,490,482,609**

Cassa depositi e prestiti società per azioni

Registered office in Rome, Via Goito n. 4, Tax Code 80199230584

STATEMENT OF COMPREHENSIVE INCOME

(euro)

Items		2023	2022
10.	**Net Income (loss) for the year**	**3,074,304,291**	**2,490,482,609**
	Other comprehensive income net of tax not transferred to income statement	**114,590,849**	**(308,723,668)**
20.	Equity securities designated at fair value through other comprehensive income	114,590,849	(308,723,668)
	Other comprehensive income net of tax transferred to income statement	**319,789,353**	**(457,435,930)**
120.	Cash flow hedges	(13,352,969)	188,007,690
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	333,142,322	(645,443,620)
170.	**Total other comprehensive income net of tax**	**434,380,202**	**(766,159,598)**
180.	**Comprehensive Income (Items 10+170)**	**3,508,684,493**	**1,724,323,011**

REPORT OF THE BOARD OF STATUTORY AUDITORS TO SHAREHOLDERS' MEETING, IN ACCORDANCE WITH ARTICLE No. 153 OF THE LEGISLATIVE DECREE No. 58/1998 (CONSOLIDATED FINANCE ACT), AND ARTICLE No. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

Through this report, drawn up in accordance with article 2429, paragraph 2, of the Italian Civil Code (hereinafter C.C.), the Board of Statutory Auditors of the company named CDP RETI S.P.A., hereby reports to the Ordinary Shareholders' Meeting – summoned for the approval of Financial Statements related to the accounting period closed on December 31st, 2024 – on the outcome of the above-mentioned accounting period, and on the activity carried out by the Board of Statutory Auditors in fulfilling its duties, by paying attention to behavior rules of the Board of Statutory Auditors recommended by National Board of Chartered Accountants and Accountancy Experts, as well as recommendations released by CONSOB (Italian Stock-Exchange Authority), and information included in the Self-Regulatory Code.

Furthermore, we hereby remind you that, during the accounting period related to the year 2024, the office of Legal Auditor – according to article 13 of the Legislative Decree No. 39 dated January 27th, 2010 – was carried out by the Auditing Company named "Deloitte & Touche S.P.A." (Deloitte), according to the assignment received from Ordinary Shareholders' Meeting held on May 10th, 2019, for the years as from 2020 until 2028.

Therefore, this report summarizes activity concerning provisions included in article 2429, paragraph 2, of the C.C.; more precisely:

- on the outcome of the accounting period;
- on the activity carried out in fulfilling duties, as envisaged by provisions of law;

- on observations and propositions related to Financial Statements, with particular reference to the possible use by the administrative body of the derogation pursuant to art. 2423, paragraph 4, of the C.C.;
- on any possible reports submitted by shareholders to this Board, in accordance with article 2408 of the C.C.

1. Meetings of the Board of Statutory Auditors

Over the accounting period related to the year 2024, the Board of Statutory Auditors met seven times.

The activities carried out by the Board of Statutory Auditors concerned, from the temporal point of view, the whole accounting period. During that period, meetings pursuant to article 2404 of the C.C. have regularly been held; about such meetings, regular minutes have been drawn up.

Furthermore, the Board of Statutory Auditors attended Shareholders' Meetings and meetings of the Board of Directors held during the accounting period.

2. Supervision activity concerning the respect of provisions of law, of the Memorandum of Association, and of the principles of correct management

The Board of Statutory Auditors supervised, pursuant to article 2403 of the C.C., on respect of provisions of law and of the Memorandum of Association, on respect of the principles of correct management, and on the adequacy of the organizational, administrative and accounting system, adopted by the company so as to carry out its own activity. Such a supervision activity has been carried out by the Board of Statutory Auditors, attending meetings of the Board of Directors, and through meetings and exchanging information with persons in charge of the company departments.

The Board of Statutory Auditors has received – pursuant to the frequency set out by provisions of law, and article 19, paragraph 11, of the Corporate ByLaws – pieces of information concerning management general trend and its foreseeable evolution, as well as on the more relevant transactions (for dimensions and features), carried out by the company and its subsidiaries.

According to the foregoing, neither irregularities nor meaningful critical events have arisen.

The Board of Statutory Auditors participated in the Shareholders' Meeting and the meetings of the Board of Directors, in relation to which, on the basis of the information available, it did not detect any violations of the law and the Articles of Association, nor any operations that were manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company's assets.

Moreover, no reports concerning any irregularities and/or infringements – drawn up pursuant to article 2408 of the C.C. – have been received by the Board of Statutory Auditors.

It hasn't been necessary for the Board of Statutory Auditors to undertake any specific actions due to omissions by the Board of Directors pursuant to article 2406 of the C.C.

No reports pursuant to article 2409, paragraph 7, of the C.C. have been received by the Board of Statutory Auditors.

The Board of Statutory Auditors has not submitted any notice to the Board of Directors, pursuant to Article 15 of the Law Decree No. 118/2021.

3. Supervision activity concerning the adequacy of the organizational system, and internal auditing and risk management

The Board of Statutory Auditors has supervised the adequacy of the company's organizational system and the way it actually works, through meetings and the exchange of information with persons in charge of the main supervised activities.

Furthermore, the Board of Statutory Auditors has supervised the efficiency of the internal auditing system and risk management, in order to assess their effectiveness. The Board of Statutory Auditors also operates as a Supervisory Body.

Through meetings held with corporate departments and through documents collected, necessary information has been drawn with reference to the correct application of the "Organizational, Management, and Control Model", pursuant to Legislative Decree no. 231/2001. The Supervisory Body, in its six-month reports for the year 2024, has also reported that – pursuant to inspections carried out – no critical elements.

4. Supervision activity carried out on the administrative and

accountancy system, and the financial information process

The Board of Statutory Auditors monitored the process concerning financial information and also supervised on the adequacy of the company's administrative and accountancy system and its reliability in timely and correctly describing management events, also through meetings held with the Executive in charge of drawing-up of corporate accounting documents, as well as through analysis of other types of corporate documents, and analysis of the outcome concerning activity carried out by the Auditing Company.

Furthermore, the Board of Statutory Auditors supervised on respect of provisions of law concerning drawing-up of Financial Statements and the Management Commentary, by collecting pieces of information from the Auditing Company. In particular, the additional report drawn up by the Auditing Company under Article 11 of the EU Regulation No. 537/2014, does not arise any critical points in the internal auditing system regarding the financial information process.

According to inspections carried out, no critical points arose, which could undermine the adequacy of judgment and the appropriate application of the administrative and accountancy procedures.

5. Financial Statements

The Board of Statutory Auditors analyzed the project concerning the Financial Statements of the company named CDP RETI S.P.A. closed on December 31^{st}, 2024, approved by said company's Board of Directors during the meeting held on April 8^{th}, 2025.

Since the office of Legal Auditor is not included in the Board of Statutory Auditors' purposes, the Board itself supervised the general setting of Financial Statements, on its compliance with current provisions of law with regard to its drawing-up methods; on this point, there are no particular aspects to talk about. Furthermore, the Board of Statutory Auditors checked on respect of provisions of law concerning the drawing-up of the Management Commentary; in this case, too, there are no particular aspects to talk about. Directors, in their Financial Report, described the various items that led to the computation of the economic result, as well as the events that gave rise to said items.

Moreover, the Board of Statutory Auditors analyzed the Report of the Auditing Company, drawn up in accordance with articles 14 and 16 of the

Legislative Decree No. 39/2010, in which said Company released a judgment with neither remarks nor emphasis of disclosure, with regard to Financial Statements.

On this issue, the Board of Statutory Auditors reports as follows:

- Financial Statements of the company named CDP RETI S.P.A., closed on December 31st, 2024, have been drawn up in accordance with "IFRS" international accounting standards (which include International Accounting Standards – IAS), released by the International Accounting Standard Board (IASB), in force on December 31st, 2024, and approved by European Commission.
- The correct description of the management events in the accounting records, and their indication in Financial Statements – pursuant to IFRS standards – has been supervised by Deloitte & Touche S.P.A., which is responsible for the Legal Auditing of accounts.
- Financial Statements closed on December 31st, 2024 highlight a net profit corresponding to € 539.382.665,00 and an Equity corresponding to € 3.547.693.058,00, including said profit.

In accordance with article 154-bis of the Legislative Decree No. 58/1998, both the Managing Director and the Executive in charge of drawing-up of CDP RETI's corporate accounting documents have stated – through a specific report attached to the Financial Statements' project related to year 2024 – as follows: (i) adequacy and appropriate application of the administrative and accountancy procedures, in order to draw-up said Financial Statements; (ii) compliance of the Financial Statements' contents with the applicable international accounting standards approved by European Union, pursuant to EU Regulation No. 1606/2002; (iii) matching of the Financial Statements to accounting books and accounting records, and their appropriateness in truly and correctly describing assets, liabilities, equity, incomes, expenses, and financial issues; (iv) that the Management Commentary – attached to Financial Statements – includes a detailed analysis of the management trend and the management performance, together with a description of the main threats and risks the company is going to go through.

Schemes used in drawing-up Financial Statements, conform with provisions indicated in IAS No. 1 "Presentation of the Financial Statements".

Financial Statements comply with provisions of law with regard to the structure, drawing-up, and presentation of pieces of information to the Shareholders' Meeting.

Management Commentary has been drawn up in accordance with provisions of law.

As far as we know, The Board of Directors, in drawing-up Financial Statements, didn't derogate provisions of law pursuant to article 2423, paragraphs 4 and 5, of the C.C.

In compliance with provisions stated in "IAS No. 1 – revised", CDP RETI effected an assessment of the company's ability to keep on operating as a going concern, by paying attention to available information related to a medium-term scenario. In particular, by referring to said information, the Company deems it appropriate to carry out the assessments of the Financial Statements on the assumption of business continuity, despite the current economic context characterized by a certain uncertainty regarding future scenarios following the direct or indirect impact that the current geopolitical context. Adequate information has also been given on this in section "5. The foreseeable evolution of operations – of the Report on operations of the Group and in the section "I.1.5 Other aspects" of the consolidated explanatory notes and "I – GENERAL PART" (paragraph "Other Aspects") of the explanatory notes to the separate financial statements with particular regard to (i) the geopolitical tensions, connected to the continuation of the war in Ukraine and accentuated by events in the Middle East, which continue to weigh on global prospects, (ii) the variability of monetary policy conditions, and (iii) the general deterioration of the economic climate and uncertainties about future developments.

Financial Statements correspond to events and information as checked out by the Board of Statutory Auditors in fulfilling its duties.

The Board of Statutory Auditors acknowledges that the directors in the Management Report, with regard to the prospects for 2025, have highlighted how, although the Company is not able, to date, to determine with absolute reliability the impacts linked to the evolution of the current context – characterized mainly by geopolitical tensions and the deterioration of the macroeconomic scenario - on the targets for 2025 and subsequent years, based on the information currently available, no significant impacts are expected on the Company's strategy and objectives, as well as on the ability to distribute dividends to Shareholders, nor in terms of Net Financial Position and cash-flow or, more generally, on liquidity risk. There are currently no situations (nor are they reasonably foreseeable) where there is an imbalance of indebtedness compared to shareholders equity, nor is there a financial situation of the Company such as to require support from the Shareholders. Despite taking into consideration the above, it is not possible to exclude with absolute certainty that the possible continuation of the aforementioned context could produce negative effects on CDP RETI, which at present cannot be estimated with the available elements. Any further future impacts on the Group's economic/financial performance and on the financial situation, as well as on business development plans, will be assessed in the light of the evolution and duration of the current context. Even with reference to climate-related issues, no significant impacts on the Parent Company are currently expected.

6. Supervision activity carried out in accordance with article 19 of the Legislative Decree No. 39/2010

Pursuant to its office of the Internal and Accounting Auditing Committee, in accordance with article 19 of the Legislative Decree No. 39/2010, the Board of Statutory Auditors monitored the activity concerning legal auditing of the accounts.

On this issue, the Board of Statutory Auditors has met over and over again with representatives of the Auditing Company – also with regard to article 2409-septies of the C.C. – in order to exchange information concerning activity carried out by said Auditing Company. During the periodical exchange of information between the Board of Statutory Auditors and the Auditing Company's representatives, no relevant events to report of arisen. In particular:

- The Board of Statutory Auditors met with the Auditing Company on the occasion of the preparation of the half-yearly report as of 30 June 2024. On September 26th, 2024, the Auditing Company released its own report on accountancy auditing, with regard to the abridged form of the six-month Financial Statements of the CDP RETI Group, closed on June 30th, 2024, by highlighting neither remarks nor emphasis of disclosure, with regard to such Financial Statements;
- on April 24, 2025, the Auditing Company released, pursuant to article

14 of the Legislative Decree No. 39/2010, and to Article 10 of the EU Regulation No. 537/2014, the Auditing Report related to Financial Statements closed on December 31st, 2024, by highlighting neither remarks nor emphasis of disclosure, with regard to such Financial Statements;

- on April 24, 2025, the Auditing Company also delivered to the Board of Statutory Auditors the additional report pursuant to article 11 of the EU Regulation No. 537/2014, which is *i)* coherent with the positive judgement released in the Auditing Report on Financial Statements closed on December 31st 2024; *ii)* doesn't include any recommendations on possible meaningful gaps in the internal auditing system and/or the accountancy system; *iii)* doesn't include any elements which need to be highlighted in this report. The additional report will be forwarded by the Board of Statutory Auditors to the administrative body, along with its own possible observations, in compliance with provisions included in article 19, paragraph 1, letter a) of the Legislative Decree No. 39/2010.

Moreover, the Board of Statutory Auditors has checked out and monitored independence of the Auditing Company, in particular with reference to the adequacy in providing for non-auditing services, in compliance with provisions stated in article 4 and 5 of the EU Regulation No. 537/2014.
On this issue, we hereby point out that – in attachment to the aforesaid additional report – Deloitte & Touche S.P.A. submitted to the Board of Statutory Auditors a statement concerning independence – as requested by article 6 of the EU Regulation No. 537/2014 – from which neither situations susceptible to undermine independence, nor conflicts of interest arise.
Furthermore, the Board of Statutory Auditors acknowledged about the transparency report drawn-up by Deloitte & Touche S.P.A., in accordance with article 18 of the Legislative Decree No. 39/2010.

7. More relevant transactions, transactions carried out with related parties and unusual transactions

Within the context of information flows – pursuant to article 19, paragraph 11, of the Corporate ByLaws – the Board of Statutory Auditors has periodically received – pursuant to a requested regular basis – information related to more relevant transactions (for dimensions and features), carried out by the company and its subsidiaries; such transactions are exhaustively described in explanatory notes to Financial Statements concerning "Transactions carried out with related parties" (to which we explicitly refer to identify the kind of transactions and the related economic, asset and financial impacts).

On this issue, the Board of Statutory Auditors reckons as detailed enough, information delivered by the Board of Directors. In particular, The Board of Statutory Auditors, except for the signing of an Interest Rate Swap hedging derivative contract with the parent company CDP and for which reference should be made to the specific section of "Significant events that occurred during the year by sector/company", no transactions were carried out with related parties of an atypical or unusual nature which, due to the significance or relevance, nature of the counterparties, object and/or consideration could - theoretically - give rise to doubts regarding the correctness/completeness of the information in the financial statements, to the conflict of interests, to safeguard company assets and protect minority shareholders.

All transactions carried out with related parties, in fact, are carried out at market conditions (i.e. at the conditions that would have been applied between two independent parties) and fall within the ordinary operations of CDP RETI.

8. More relevant events, and meaningful facts

With regard to the main relevant events that affected the company, highlighting that said events belong to specific information included in the document named "Annual Financial Report for the year 2024", with the reference to those aspects falling within the responsibilities of the Board of Statutory Auditors, we hereby report the following relevant facts that occurred during 2024. In particular:

• In the second half of 2024, in September 2024 and November 2024 respectively, the refinancing operation of CDP RETI's debt deriving from the loans subscribed in May 2020 and May 2023 was completed, through (i) the issue of a bond loan (New Bond Loan) for a nominal value of 600 million euros and maturing in September 2031 and (ii) the assumption of a new loan for a total amount of 600 million euros and maturing in November 2029.

The issuance of the New Bond Loan and the assumption of the New Term

Loan have mainly allowed CDP RETI to:

- repay in advance the amount of the debt arising from the Term Loan 2020 and the Term Loan 2023;
- extend the average duration of the existing financial debt;
- consolidate and diversify its investor base and expand the pool of financing banks;
- improve some contractual provisions such as, for example, the one relating to the new permitted financial debt.

The Refinancing operation, having led to the early termination of existing relationships, generated the following effects on the 2024 income statement:

- positive for a total of approximately €.13.9 million (before tax effect), following the release to the income statement of the CFH valuation reserve recognized on the cash flow hedge coverage carried out through Interest Rate Swap ("IRS"). This impact derives from the reclassification from shareholders' equity to profit (loss) in the income statement of the estimate of the hedged scheduled cash flows that will no longer have an effect on future profits/losses due to the closure of the original loans and the recognition of a new loan;
- negative for a total of approximately €.0.9 million (before tax effect) due to the reversal of the residual value of the fees originally paid upon subscription of the Term Loan 2020 and the Term Loan 2023 and included in the value of the amortized cost.

Please refer to the Explanatory Notes to the separate financial statements for a more detailed analysis of the accounting effects determined by the early closure of the Term Loan 2020 and Term Loan 2023 and the related IRS hedging derivatives.

- Dividends totaling 577.8 million were received from subsidiaries (550.4 million in 2023); in the reference period, 297,1 million were collected from Snam (2023 interim dividend equal to 119 million and 2023 final dividend equal to 178 million), 206.5 million from Terna (2023 balance dividend equal to 135 million and 2024 interim dividend equal to 72 million) and 74.2 million from Italgas (2023 dividend);
- dividends totaling 531.4 million were paid, gross of withholding tax (511.7 million in 2023). More specifically, in May 2024 the balance of the profit for the 2023 financial year was distributed (equal to 169.5 million before tax, of which 100 million in favor of CDP and 59 million of State Grid Europe

Limited) and in November 2024 the Board of Directors has resolved the distribution of an interim dividend for the 2023 financial year equal to 362 million before withholding tax, of which 214 million in favor of CDP and 127 million of State Grid Europe Limited;

Regarding relationships with subsidiary companies:

- on 12 March 2024, in implementation of the incentive plan called "2021-2023 Co-Investment Plan" - approved by the Ordinary and Extraordinary Shareholders' Meeting on 20 April 2021 - and the decision of the Board of Directors of Italgas to freely assign a total of 497.089 new ordinary shares of the company to the beneficiaries of the Plan (the so- called third cycle of the Plan) and launch the execution of the third tranche of the capital increase approved by the aforementioned Shareholders' Meeting, CDP RETI's equity investment in Italgas went from 25.99 % to 25.98%;
- following the announcement by Italgas (the leading natural gas distribution operator in Italy by volumes of gas distributed) of the start of an exclusive negotiation period for the purchase of 100% of the capital of the second Italian operator, 2i Rete Gas (the Transaction), on 15 May 2024 CDP RETI, as the main shareholder, on the basis of preliminary assessments carried out and subject to further investigation, stated, in a letter addressed to Italgas, that "taking into account the strategic nature of the infrastructure and energy sectors, it looks favourably on the possibility that the Transaction may materialise, recognising its potential industrial value. In this perspective, as shareholders, we are available to evaluate forms of support for the implementation of the potential Transaction, once we have acquired the information necessary to verify the existence of the conditions for our intervention" and "in any case subject to the resolutions of the competent corporate bodies". The same letter also specifies that it does not constitute a commitment and does not entail any obligation or liability. Subsequently, on 8 October 2024, following the announcement by Italgas of the signing of the Share Purchase Agreement for the acquisition of 2i Rete Gas S.p.A. and the future recourse to a capital increase in option equal to 1 billion euros in connection therewith, CDP RETI, as the main shareholder of Italgas, sent Italgas a non-binding letter of support in relation to a potential subsequent equity intervention by CDP RETI in favor of Italgas, in support of the aforementioned acquisition of 2i Rete Gas. Please refer to the section "SIGNIFICANT EVENTS AFTER THE CLOSING OF 31 DECEMBER

2024" for a more detailed description of the equity intervention by CDP RETI in the context of the capital increase of Italgas functional to the refinancing of part of the bridge financing (so-called bridge financing) to support the Transaction.

9. Advisory activity carried out by the Board of Statutory Auditors

In carrying out advisory activity in accordance with current provisions of law, Corporate ByLaws, and other internal governance instructions, the Board of Statutory Auditors – during the year 2023 – released its own opinion with reference to the assignment of tasks other than auditing to the appointed auditor.

10. Sustainability disclosure

In accordance with Article 2, paragraph 4, of Legislative Decree No. 125/2024 (the Decree) implementing Directing (EU) 2022/2464 (CSRD), CDP RETI is exempt from providing individual sustainability reporting as outlined in Article 3, paragraph 1, of the Decree, as it falls outside the scope of the Decree. In any case, even if CDP RETI where to qualify in the future as a "large enterprise" or "listed small and medium-sized enterprise" under the Decree, it would still not be required to prepare individual sustainability reporting, as the exemption under Article 7, paragraph 1, letter a) of the Decree would apply. In fact, given that CDP RETI is under the control and coordination of CDP, the information needed for its individual sustainability reporting would be included in the consolidated sustainability reporting of the parent company, CDP. Moreover, CDP RETI is not required to prepare consolidated sustainability reporting according to Article 2 of the Decree, as it does not exercise control or coordinating over any company.

Although CDP Reti SpA is not required to prepare its own sustainability reporting, either on an individual or consolidated basis, the Company has nevertheless provided the parent company CDP SPA with the necessary information for the preparation of the consolidated Sustainability Disclosure, Corporate Sustainability Reporting Directive (CSRD), included in the CDP Group's Management commentary.

11. Events occurring after the closing date of December 31, 2024.

Concerning the main events that occurred after the closing date of the accounting period, we hereby point out:

• the collection of 22 January 2025 relating to the 2024 interim dividend of SNAM equal to approximately 122 million.

• the convocation for 8 April 2025 of a Board of Directors of CDP RETI S.p.A. called, among other things, to deliberate on the voting instructions relating to all the items on the agenda of the Italgas Shareholders' Meeting (convened for 10 April 2025).

12. Conclusions

Within the context of the supervision activity carried out by the Board of Statutory Auditors, neither infringements nor irregularities have arisen.

With specific regard to the Financial Statements' project related to the accounting period closed on December 31st, 2024, drawn up by the Board of Directors, including Management Commentary, and submitted to Shareholders' Meeting approval, the Board of Statutory Auditors, by paying attention to specific tasks carried out by the Auditing Company, concerning accountancy supervision and inspection on Financial Statements' reliability, and after having acknowledged the contents of the reports released by said Auditing Company together with statements jointly released by the Managing Director and the Executive in charge, has no observations to deliver to Shareholders' Meeting. Therefore, the Board of Statutory Auditors unanimously reckons that there are no impediments to the approval of Financial Statements closed on December 31st' 2024 by the Shareholders' Meeting; furthermore, it is in agreement with the Board of Directors' proposition concerning the allocation of profit for the year.

Rome, dated April 24, 2025

Board of Statutory Auditors

Mrs. Florinda Aliperta

Mrs. Paola Dinale

Mr. Paolo Sebastiani

Deloitte.

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

To the Shareholders of
CDP RETI S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CDP RETI S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2024, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

There are no key audit matters to communicate in this report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The Shareholders' Meeting of CDP RETI S.p.A. has appointed us on May 10, 2019, as auditors of the Company for the years from December 31, 2020 to December 31, 2028.

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of CDP RETI S.p.A. are responsible for the preparation of the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the section related to the report on corporate governance and ownership structure of CDP RETI S.p.A. as at December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

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

- express an opinion on the consistency of the report on operations and of some specific information contained in the section related to the report on corporate governance and ownership structure set forth in art. 123-bis, paragraph 4, of Legislative Decree 58/98 with the financial statements;
- express an opinion on the compliance with the law of the report on operations and of some specific information contained in the section related to the report on corporate governance and ownership structure set forth in art. 123-bis, paragraph 4, of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and of some specific information contained in the section related to the report on corporate governance and ownership structure set forth in art. 123-bis, paragraph 4, of Legislative Decree 58/98.

In our opinion, the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the section related to the report on corporate governance and ownership structure are consistent with the financial statements of CDP RETI S.p.A. as at December 31, 2024.

In addition, in our opinion, the report on operations and the information pursuant to art. 123-bis, paragraph 2 (b), of Legislative Decree 58/98 contained in the section related to the report on corporate governance and ownership structure are prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Enrico Pietrarelli
Partner

Rome, Italy
April 24, 2025

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

CERTIFICATION OF THE SEPARATE FINANCIAL STATEMENTS PURSUANT TO ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/1998

1. The undersigned Dario Scannapieco, in his capacity as Chief Executive Officer, and Alessandro Uggias, in his capacity as Financial Reporting Manager of CDP RETI S.p.A., hereby certify, taking into account the provisions of article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:
   - the appropriateness with respect to the characteristics of the company; and
   - the actual application of the administrative and accounting procedures for the preparation of the separate financial statements during 2024.
2. The assessment of the appropriateness of the administrative and accounting procedures adopted in preparing the separate financial statements at 31 December 2024 was based on a process developed by CDP RETI S.p.A. in line with the Internal Control - Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission, which is a generally accepted framework at international level.
3. In addition, it is hereby certified that:

   3.1 the separate financial statements at 31 December 2024:
   - have been prepared in compliance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   - correspond to the information in the books and other accounting records;
   - give a true and fair view of the performance and financial position of the issuer.

   3.2 The Report on Operations contains a reliable analysis of operations and performance, as well as the situation of the issuer, together with a description of the main risks and uncertainties to which it is exposed.

Rome, 24 April 2025

Chief Executive Officer	Financial Reporting Manager
Dario Scannapieco	Alessandro Uggias

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5 RESOLUTION OF THE SHAREHOLDER'S MEETING

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RESOLUTION OF THE SHAREHOLDER'S MEETING

The Ordinary Shareholders' Meeting of CDP RETI, held on 22 May 2025 and chaired by Giovanni Gorno Tempini, approved the separate financial statements for 2024. In particular, the shareholders' meeting resolved:

"(...) to approve the following allocation of profit for the period, amounting to 539,382,665.39 euro:

- 361,865,656.44 euro, to cover the 2024 interim dividend, paid by 28 November 2024;
- 177,516,807.12 euro, to pay the balance of the 2024 dividend, equal to 1,099.08 euro, before tax, for each of the 161,514 shares existing at 31 December 2024, to be paid no later than 30 May 2025;
- 201.83, as retained earnings."

Summary table of the allocation o fnet income for the year

Below is the summary table of the allocation of net income for the year:

(euro)	
Net Income	539,382,665.39
Total Dividend	539,382,463.56
Advance on the dividend	*361,865,656.44*
Balance of the dividend	*177,516,807.12*
Retained earnings	201.83
Dividend per share	3,339.54
Advance on the dividend	*2,240.46*
Balance of the dividend	*1,099.08*

CDP RETI S.p.A.

Registered office

Via Goito 4

00185 Rome - Italy

Share capital Euro 161,514.00 i.v.

Chamber of Commerce in Rome no. REA 1349016

Tax Code, VAT and Company Register of Rome no. 12084871008

The company is managed and coordinated by Cassa depositi e prestiti società per azioni, Via Goito n. 4, 00185 Rome – Share capital euro 4.051.143.264,00 fully paid-in – Rome Chamber of Commerce REA 1053767, Fiscal code and Company Registrar 80199230584 – VAT no. 07756511007