CONSOLIDATE HALF-YEAR FINANCIAL REPORT

as at 30 June 2024

TABLE OF CONTENTS

DIRECTORS' REPORT

1.01 TRENDS AND CONTEXTS

World economy trends and projections

Signs of improvement in the world economy appeared in the first half of 2024. Gross domestic product in the United States increased by 1.4%, held back by increased imports but driven by investment and consumption. In China, GDP expansion continued thanks to manufacturing investments and exports, which offset a persistent weakness in consumption due to the negative effects of the housing crisis on household confidence and wealth. In the United Kingdom, GDP began growing again after several quarters of decline, driven mainly by accelerating consumption and the positive contribution of foreign trade.

Since April 2024, crude oil prices have fluctuated widely, while natural gas prices have risen again. This is another reason why the central banks of the major advanced economies outside the Eurozone have left rates unchanged, insisting on the need for the disinflation process to consolidate before beginning to ease monetary conditions.

In this context, concern persists as to a possible escalation of ongoing conflicts, which still represents the main downside risk to global growth.

Focus on the Eurozone

In the eurozone, GDP began to increase once again; this growth concerned services and construction, while a drop was seen in manufacturing. In the Bank of Italy's most recent macroeconomic projections, GDP is expected to rise by 0.6% in 2024, 0.9% in 2025 and 1.1% in 2026.

In contrast to the rest of the world, at its June meeting the European Central Bank lowered official interest rates by 25 basis points, which had remained unchanged since last September. This decision was based on an updated assessment of the inflation outlook, meant to be brought back to the medium-term target, keeping rates at a sufficiently restrictive level as long as necessary. Based on the most up-to-date estimates, inflation is projected to decline to 2.5% in 2024, 2.2% in 2025 (bringing it back in line with the 2% target in the fourth quarter), and 1.9% in 2026. The projection for 2024 was revised upward by 2 decimals compared to last March, mainly due to a trend in the energy component, stronger than expected.

Current situation and national economic prospects

After the moderate expansion seen in the first quarter of this year, according to Bank of Italy estimates, GDP in Italy continued to grow moderately, still bolstered by services, especially tourism. In contrast, activity decreased in construction and manufacturing. As regards demand, further expansion in exports and positive indications on consumption were accompanied by a less favourable scenario for investments. GDP is expected to increase by 0.6% in 2024, 0.9% in 2025 and 1.1% in 2026.

In recent months, overall inflation has remained low; in the Bank of Italy's projections, the consumer index will be around 1% in 2024 and just over 1.5% on average in the 2025-2026 two-year period.

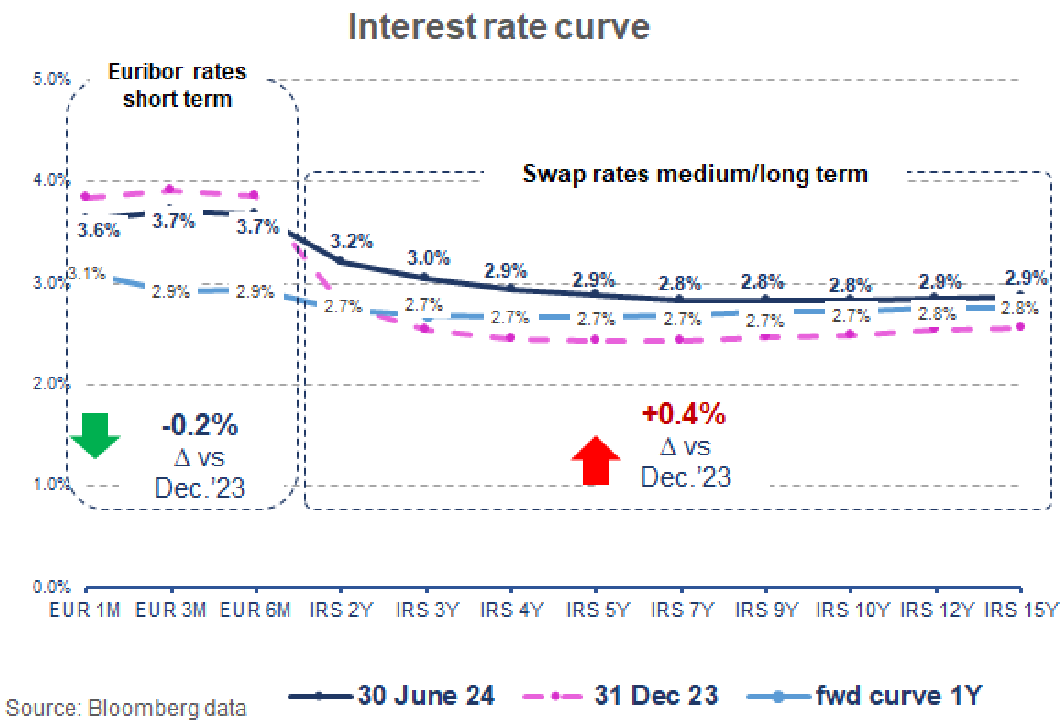
Monetary tightening continued to affect the cost of credit. The downturn in lending to businesses continued, albeit to a lesser degree; not only modest demand for financing due to high interest rates and weak investment contributed to this trend, but also restrictive criteria concerning supply due to pervasive risk perception.

Financial markets

The first half of 2024 saw solid growth in financial markets, with a much sizable trend than expected at the beginning of the year, given the uncertainties related to geopolitical and electoral events and an economy struggling to resume a steady pace of growth. In particular, the primary corporate market closed the first half of the year with overall growth coming to over 30% compared to the same half of the previous year. Investment in bonds, in fact, continued to offer value, with a return remaining the most attractive component for investors, who were also reassured by the data on good corporate fundamentals.

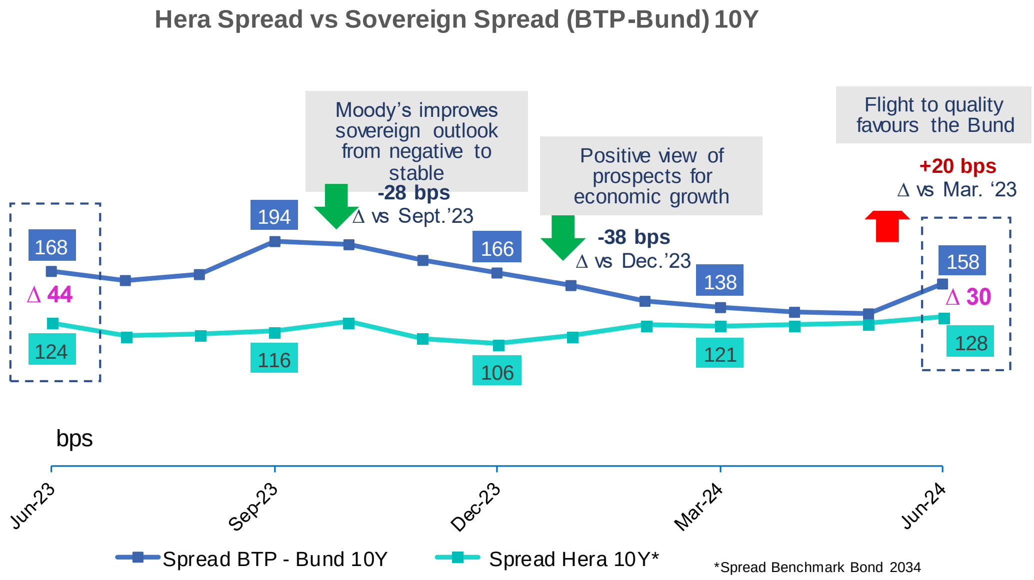
Interest rates

The rate cut introduced by the ECB had an immediate effect on short-term Euribor rates, which, at the end of June, closed around 20 basis points lower on average than at the end of December 2023. The uncertainties shown by markets had an effect especially on medium- and long-term euro-swap rates, which, in addition to being highly volatile, recorded an increase of approximately 40 basis points on average compared to the end of December. As regards future estimates on possible rates, the market consensus sees a forward curve, at 1 year, of flat interest rates, with Euribor rates (1-6 months) around 3% on average, and Euro-swap rates (2-15 years) around 2.7% on average.



Hera spread vs Sovereign spread

The Sovereign spread narrowed compared to the previous year by about 10 basis points (bps), despite peaking in September 2023 (at 194 bps), due to Italy's improved prospects for growth. Compared to the figures seen in March 2024, the increased Sovereign spread is linked to geopolitical uncertainties and the results of the European elections, which resulted in a "flight to quality" on bond markets, with the German Bund rallying. At the end of June 2024, in fact, the yield on the 10-year Bund fell to 2.5%, compared with the yield on Italian 10-year bonds, which was over 4%. This led to an increase in the 10-year Btp-Bund spread, reaching the area above 150 bps. Secondary market quotes were also affected by the volatility of medium- to long-term yield rates, which, albeit with a limited impact, contributed to an increase in Hera's Bond spreads. More specifically, the 10-year benchmark spread of Hera Bonds reached 128 bps at 30 June 2024, up 22 bps compared to the end of December 2023, but still in line with the previous year and benchmark market figures.
The differential between Hera's spread and the Sovereign spread decreased to 30 bps in June 2024 from 44 bps during the previous year, remaining lower due to the Group's rating, better than the Sovereign rating.



Businesses

Given the international context, marked by ongoing instability in the geopolitical scenario, crude oil and fuel prices were volatile in the first half of 2024 and remained slightly below those seen in late 2023. In the first half of 2024, energy prices showed a sharp decrease compared to the previous year, in line with the drop in natural gas spot prices. After the interruption of the downward trend in gas prices witnessed in the first quarter of the year, instabilities related to supply problems and rising Asian demand endured, even though storage facilities were stocked to a high percentage of capacity. In the first six months of 2024, the price index for natural gas at the Dutch hub (TTF), taken as a reference for the European short-term spot market prices, decreased by 34% compared to the same period in 2023. Information made available by the national gas transmission network operator (Snam Rete Gas Spa) shows a 6.2% decrease in natural gas consumption compared to the same period of the previous year, standing at approximately 31 billion m^3 (33 billion m^3 in the first six months of 2023). The most significant drop in consumption occurred in both electricity generation, at 8.7 billion m^3, down 11.6% compared to the first six months of the previous year, and demand for civil use, which reached 15.3 billion m^3 (-1.8% compared to the same period of 2023). By contrast, industrial demand increased slightly, albeit with lesser volumes (+0.1 billion m^3 compared to the same period of 2023). Exports fell significantly (-44.8% compared to the same period in 2023) with volumes at 0.9 billion m^3. In terms of gas injected into the network, 96.9% of demand was met by gas imports and the remainder by domestic production and storage.

The electricity Day-ahead market (MGP) saw prices fall by 31% in the first half of 2024 compared to the same period in 2023. The data made available by the company operating the national transmission grid (Terna Spa) indicates that electricity consumption in the first six months of the year increased slightly, up 1.1% to 151.6 TWh (as against 149.9 TWh in the same period of the previous year). Overall, 82.9% of demand was met by domestic production, which decreased compared to the same period in 2023, while the balance with foreign countries stood at 25.9 TWh.

In the first six months of 2024, net domestic production from renewable sources amounted to 47.4% of total net production, reaching a total volume of 59.6 TWh, higher than the 45.6 TWh produced in the same period of 2023. The portion of consumption met by renewables came to 39.3%, up from the volumes recorded on 30 June 2023, due to the increase witnessed in hydroelectric (+62%), photovoltaic (+17.4%) and wind (+10.9%) production. The decrease in thermoelectric production was particularly significant, down by -13.3 TWh compared to the same period one year earlier.

With regard to the waste management sector, in terms of market dynamics, the utilities segment was marked by ongoing competitive pressure coming from foreign operators (especially from Northern Europe), accompanied by increasing plant availability and a drop in industrial production, with repercussions on the availability of waste generated by companies. In the recovery segment, the trend that began in late 2023 continued in the first half of 2024, marked by weak demand for plastic raw materials, both virgin and recycled, which had consequences on sales prices, which remained low. Lastly, the phenomenon of concentration in the industrial waste treatment plant market continued, constantly seeing acquisitions made by the largest sector operators with the highest capacity for investments.

Changes in the regulatory framework

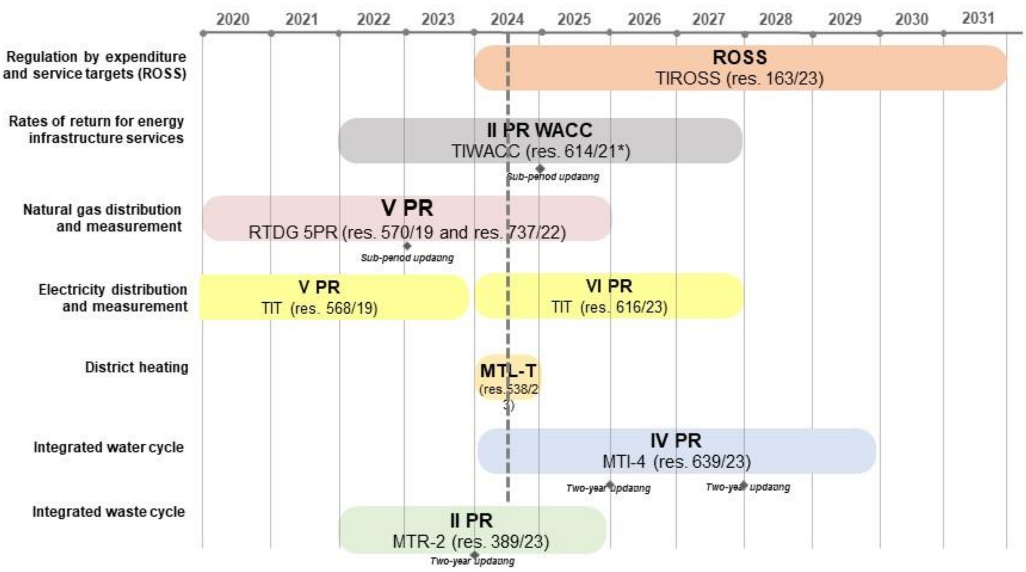
Turning to legislative and regulatory aspects, the most important factors for the Group introduced in the first half of 2024 include:

- measures intended to promote the country's energy security (LD "Energia-bis") which, in addition to defining the modalities for the allocation of the electricity supply service to vulnerable customers, provided for, as of 1 January 2025, the application to all electricity customers of zonal prices defined on the basis of trends in the wholesale electricity market, thus eliminating prices indexed to the Single National Price (PUN);
- the following measures adopted by the Regulatory Authority for Energy Networks and the Environment (ARERA):
  - resolution 10/2024, with which ARERA integrated the tariff benefits in favour of the residents most affected by the 2023 flooding events, introducing a number of changes in order to reduce the overall charges borne by operators and managers;
  - resolution 7/2024/R/rif, which repealed the waste treatment tariff method for the 2022-2023 two-year period, postponing its effective date to 2024 and requiring the application for 2022-2023 of the methods prior to the national regulation, in order to comply with the well-known rulings of the State Council on the subject of the annulment of the criteria for identifying minimum treatment plants. ARERA essentially confirmed the status of "minimum" cycle closure plants,

while making their effects start from the 2024-2025 two-year period. Therefore, the methodological reference framework for the access tariffs to the plants that will be subject to tariff regulation remains unchanged, even while waiting for the reorganisation of the subject by the national government, which has been granted exclusive jurisdiction in the area of environmental protection and competition;

- resolutions 37 and 39/2024/R/Idr, initiating proceedings for the quantitative assessment of incentive mechanisms (bonuses and penalties) for the contractual and technical quality of the water service. Once again in the area of technical quality, note resolution 26/2024/R/Idr, which began proceedings to complete the determination of the macro-indicator M0-Water Resilience;
- resolution 119/2024/R/eel, approving the selection procedures and measures for providing the Gradual protection service to small enterprises for the period from 1 July 2024 to 31 March 2027;
- resolution 173/2024/R/gas, with which ARERA re-determined upwards the change rate for the deflator of gross fixed investments for gas distribution tariffs for 2024 (set at 5.3%), in order to recognise, on an extraordinary basis, the effects deriving from revisions of ISTAT data;
- resolution 134/2024/R/gas, which recalculated the operating costs recognised to gas distributors for 2020-2022, in order to respect the correction of the calculation error found by the Regional Administrative Tribunal in the appeals against resolution 570/2019/R/gas. This resolution does not cover all the effects of the State Council's rulings on the disputes against resolution 570, which required ARERA to revise the entire methodological framework;
- resolution 131/2024/R/gas, which approved the procedures used by Snam Rete Gas for updating the information required to map transportation capacity and estimate biomethane production capacity, as well as to identify solutions to optimise the connection of biomethane plants.

A timeline showing the main regulatory periods and related measures introduced by ARERA, pertaining to the Group's sectors of activity, is provided below.



** Resolution 614/21 set out the methodology for determining the rates of return on energy capital and established the WACCs for 2022 only; these rates were confirmed for 2023 as well by Resolution 654/22, while Resolution 556/23 updated the WACCs for 2024*

The table below indicates the main tariff references for each regulated sector, based on the regulatory framework in force in 2024 and expected to remain until the end of the current regulatory periods:

	Natural gas distribution and measurement	Electricity distribution and measurement	Integrated water service	Integrated waste cycle
Regulatory period	2023-2025 Second sub-period of the fifth regulatory period (resolution 737/22)	2020-2023 Second sub-period of the fifth regulatory period 2024-2027 First sub-period of the sixth regulatory period (resolution 616/23) (1)	2022-2023 Second sub-period of MTI-3 (resolution 639/21) 2024-2029 Second sub-period of MTI-4 (resolution 639/23)	2022-2023 Second sub-period of MTR-2 (resolution 363/21) (2) 2024-2025 Second sub-period of MTR-2 (resolution 389/23)
Regulatory governance	Single level (ARERA)	Single level (ARERA)	Dual level (governmental authority, ARERA)	Dual level (regional authority, ARERA)
Recognised invested capital for regulatory purposes (RAB)	Previous cost revised (distribution) Weighted average between actual cost and standard cost (measurement) Parametric recognition (centralised capital)	Until 2023: Parametric recognition for assets up to 2007 Previous cost revised for assets as of 2008 (distribution) As of 2022 Recognition based on a comparison between planned costs presented to ARERA (RARI motion) and actual expenditure (measurement) As of 2024: Introduction of the ROSS which, for the capital cost of distribution, confirms the revised previous cost method	Previous cost revised	Previous cost revised
Regulatory lag investment recognition	1 year	1 year	2 years	2 years
Return on investment (3) (real, pre-tax)	2022-2023 5.6% 2024 6.5%	2022-2023 5.2% 2024 6.0%	2022-2023 4.8% +1% for investments as of 2012, covering the regulatory lag 2024-2025 6.1% +1% for investments as of 2012, covering the regulatory lag	2022-2023 (3) 5.6% Collection (adjusted when tariffs are set for 2024-2025, until then 6.3%) 6.0% Treatment +1% for investments as of 2018, covering the regulatory lag 2024-2025 (4) 6.3% Collection 6.6% Treatment +1% for investments as of 2018, covering the regulatory lag

Recognised operating costs	Average actual costs by company grouping (size/density), based on 2011 (for revenues until 2019) and 2018 (for revenues as of 2020) (5) Sharing for efficiencies achieved against recognised costs Update with price-cap	Until 2023: Average actual segment cost values based on 2014 (for revenues until 2019) and 2018 (for revenues as of 2020) Sharing for efficiencies achieved against recognised costs Update with price-cap As of 2024 Actual cost for operator + efficiency incentive for operating costs calculated based on a regulatory menu that calls for sharing, with customers, the delta between the average actual cost for the operator based on 2022 (for revenues until 2027), called baseline, and the actual cost paid by the operator during the year	Efficient costs: operator's actual 2011 values inflated Updatable costs: actual values with 2-year lag Additional charges for specific purposes (provisional nature)	Collection and treatment Operator's actual costs with 2-year regulatory lag Additional costs for quality improvement and changes in the operator's scope (provisional nature) Additional charges for specific purposes (provisional nature)
Annual efficiency operating costs	Annual X-factor As of 2020: Distribution: 3.53% large companies 4.79% medium-sized companies Measurement: 0% Marketing: 1.57%	Until 2023: Annual X-factor Distribution: 1.3% Measurement: 0.7% As of 2024: Distribution + Measurement: 0.5% if the high-potential menu is chosen 0% for the low-potential menu	Efficiency mechanisms based on: sharing 2016 operator efficiencies Differentiated sharing level with respect to the distance between actual cost and efficient cost of the operator	
Incentive mechanisms		As of 2024 Z-factor: recognition of extra costs linked to the energy transition Public contribution: recognition of 10% of the amount in three quotas	Sharing of electricity costs based on energy savings achieved Recognition of 75% of margins from activities aimed at environmental and energy sustainability	Collection Sharing on revenues from the sale of material and energy (range 0.3-0.6) and from Conai fees Treatment Sharing not explicitly recognised by the method, although it can be traced back to the general principles supporting the development of the circular economy
Annual limit on tariff increases Annual limit on tariff increases			On an asymmetrical basis and depending on: - investment needs - cost-effectiveness of management - changes in scope of operations Mechanism to guarantee operating and financial balance	Collection On an asymmetrical basis and depending on the presence of: - changes in scope of operations - improved service quality Treatment Limit to growth less tight since the efficiency factor is not provided for, it depending on: - inflationary growth - environmental impact of plants Collection and treatment Mechanism to guarantee operating and financial balance

(1) Resolution 616/23 defines the tariff regulation for electricity distribution and metering services for the period 2024-2027 by implementing, in order to determine the recognized cost, the application criteria of the new ROSS (Regulation by expenditure and service targets) regulation, governed by Resolution 497/23/R/com.

(2) Resolution 363/2021/R/rif updated the previous regulatory period and introduced a tariff regulation for treatment in the case of "minimum" facilities, i.e. essential for ending the municipal waste cycle.

(3) For the energy and waste sectors, reference is made to the WACC methodology, while for the integrated water service the values refer to the coverage rate of financial and fiscal charges.

(4) For 2022-2025, the reference deliberation for WACC in the waste sector is resolution 68/2022/R/ref. For 2024-2025, the reference deliberation for WACC is resolution 7/2024/R/rif.

(5) In February 2020, INRETE Distribuzione Energia Spa, the Group's main distributor, along with other operators in the sector, challenged the deliberation before the Lombardy-Milan Regional Administrative Court (TAR) with regard to the significant reduction in the recognition of operating costs introduced by resolution 570/2019.

1.02 OVERVIEW OF OPERATING AND FINANCIAL TRENDS

Alternative performance measures (APMs)

The Hera Group uses alternative performance measures (APMs) to convey as effectively as possible information concerning trends in the profitability of the businesses in which it operates, as well as its equity and financial situation. In accordance with the guidelines published on 4 March 2021 by the European securities and markets authority (ESMA) and in keeping with the provisions of Consob communication no. 5/21 of 29 April 2021, the content of and the criteria used in defining the APMs used in this financial statement, if present, are explained below. Any operating, financial and fiscal special items are described below, as are any adjustments related to management (managerial adjustments) considered to be useful in understanding the results.

The Hera Group determines its operating indicators for the reporting period by classifying as special items any significant components of income that (i) derive from non-recurring events or transactions, or any transactions or events that are not frequently repeated during the usual course of business; (ii) derive from events or transactions that do not represent normal business activities. At the same time, certain accounting items are adjusted using a managerial valuation criterion, if and when the latter facilitates the analysis of certain specific business trends. In light of the fact that the managerial adjustments referred to above have an impact on the balance sheet, their effects are provided as an adjustment of the financial indicators described below.
The indicators illustrated below are used as financial targets in internal presentations (business plans) and external presentations (for analysts and investors). They provide useful measures for assessing the Group's operating performance (as a whole and within each business unit), including comparisons between the reporting period in question and previous periods as regards operating profitability.

The managerial adjustments indicated in the calculation of the single APMs are described, if present, in a specific table provided in the section below entitled "Special items and managerial adjustments / IFRS balance sheet reconciliation", as are any operating, financial and fiscal special items.

Operating APMs and investments

Ebitda is calculated as the sum of the operating income shown in the balance sheets and depreciation, amortization and write-downs.
Adjusted Ebitda (hereinafter referred to as Ebitda*) is calculated based on Ebitda, as described above, adding or subtracting managerial adjustments.
Ebit is calculated by subtracting operating costs from operating revenues. Among operating costs, special operating items are deducted from amortisations and provisions.
Adjusted Ebit is calculated based on Ebit, as described above, adding or subtracting any managerial adjustments.
Adjusted pre-tax results are calculated by subtracting the financial operations shown in the balance sheets from adjusted Ebit, as described above, net of any special financial items.
Adjusted net results are calculated by subtracting from adjusted pre-tax results, as described above, the taxes shown in the balance sheets minus special fiscal items and the fiscal effect of any managerial adjustments.
Results from special items (if present in the current report) are aimed at drawing attention to the result of the special item entries.
Adjusted net profit is calculated by adding the result from special items to the adjusted net result, as described above. This indicator therefore includes any managerial adjustments used to bring certain accounting valuation items back into line with managerial criteria.
Adjusted Ebitda on revenues, Adjusted Ebit on revenues and Adjusted net profit on revenues measure the Group's operating performance through a proportion, expressed as a percentage, of adjusted Ebitda, adjusted Ebit and adjusted net profit divided by the amount of revenues.
Net investments are the sum of investments in tangible fixed assets, intangible assets and equity investments net of capital grants.

Financial APMs

Net non-current assets are calculated as the sum of: tangible fixed assets; intangible assets and goodwill; equity investments; deferred tax assets and liabilities.
Net working capital is made up of the sum of: inventories; trade receivables and payables; current tax receivables and payables; other assets and other current liabilities; and the current portion of assets and liabilities for financial derivatives on commodities.
Provisions includes the sum of the items "employee severance indemnities and other benefits" and "provisions for risks and charges".
Net invested capital is defined by calculating the sum of "net fixed assets", "net working capital" and "provisions".
Net financial debt (at times referred to below as **Net debt**) is a measure of the company's financial structure determined in accordance with ESMA guidelines 32-382-1138, adding the value of non-current financial assets. This measure is therefore calculated by adding together the following items: current and non-current financial assets; cash and cash equivalents; current and non-current financial liabilities; current and non-current portions of assets and liabilities for derivative financial instruments on interest and exchange rates.

The Hera Group's APMs are provided in the following table:

Operating APMs and investments (mn€)	30 June 24	30 June 23	Abs. change	% change
Revenues	**5,536.8**	**8,297.5**	**(2,760.7)**	**(33.3)%**
Adjusted Ebitda	**732.7**	**718.3**	**14.4**	**+2.0%**
Adjusted Ebitda/revenues	13.2%	8.7%	+4.6 p.p.	+0.0%
Adjusted Ebit	**385.1**	**374.7**	**10.4**	**+2.8%**
Adjusted Ebit/revenues	7.0%	4.5%	+2.4 p.p.	+0.0%
Adjusted net profit	**237.3**	**208.0**	**29.3**	**+14.1%**
Adjusted net profit/revenues	4.3%	2.5%	+1.8 p.p.	+0.0%
Net investments	**328.0**	**330.3**	**(2.3)**	**(0.7)%**

Financial APMs (mn€)	30 June 24	31 Dec 23	Abs. change	% change
Net non-current assets	8,218.2	8,119.2	99.0	+1.2%
Net working capital	285.1	166.0	119.1	+71.7%
Provisions	(716.0)	(705.9)	(10.1)	+1.4%
Net invested capital	7,787.3	7,579.3	208.0	+2.7%
Net financial debt	(4,063.5)	(3,827.7)	(235.8)	+6.2%

Special items and managerial adjustments / IFRS balance sheet reconciliation

As described in detail in the Consolidated financial statements at 31 December 2023, which may be consulted for a complete discussion, starting in 2022, and as a supplement to the statements drafted in accordance with IFRS standards, the Group's management held it appropriate to present the results by valuing natural gas inventories according to a managerial criterion, in order to provide a representation that is consistent with the market context, which showed significant and sudden changes in prices with respect to previous trends.

At the end of the first quarter of 2023, and for all following periods including the current reporting period, the valuation differential was fully recovered, with an ensuing effect on the change in inventories recorded in the income statement for the first half of 2023, but not on the value of inventories recorded in the balance sheet. The latter, in particular, reflects a write-down resulting from an accounting valuation higher than the management valuation, due to the effect of the residual gas in storage, whose average cost still reflected the purchases made in 2022, within an extremely high price scenario compared to the current one.

In summary, therefore, the statutory and managerial valuations of inventories at 30 June 2024 are aligned, while the operating period included for comparison reflects the recovery of the misalignment that arose in 2022 (thus affecting the change for the period, but not the stock).

The following table provides a reconciliation between the managerial income statement and the consolidated income statement drafted pursuant to accounting standards.

	30 June 24			30 June 23		
mn€	Published statement	Managerial adjustments	Managerial statement	Published statement	Managerial adjustments	Managerial statement
Revenues	5,536.8		5,536.8	8,297.5		8,297.5
Other operating revenues	247.9		247.9	299.3		299.3
Raw and other materials	(2,973.2)		(2,973.2)	(5,868.0)	(93.0)	(5,961.0)
Service costs	(1,727.6)		(1,727.6)	(1,576.2)		(1,576.2)
Personnel costs	(341.2)		(341.2)	(330.4)		(330.4)
Other operating expenses	(40.5)		(40.5)	(41.5)		(41.5)
Capitalised costs	30.5		30.5	30.6		30.6
Ebitda	**732.7**	**-**	**732.7**	**811.3**	**(93.0)**	**718.3***
Amortization, depreciation and provisions	(347.6)		(347.6)	(343.6)		(343.6)
Ebit	**385.1**	**-**	**385.1**	**467.7**	**(93.0)**	**374.7***
Financial operations	(55.5)		(55.5)	(90.5)		(90.5)
Pre-tax result	**329.6**	**-**	**329.6**	**377.2**	**(93.0)**	**284.2***
Taxes	(92.3)		(92.3)	(103.0)	26.8	(76.2)
Net result	**237.3**	**-**	**237.3**	**274.2**	**(66.2)**	**208.0***
Attributable to:						
Parent company shareholders	218.4		218.4	253.9	(66.2)	187.7*
Non-controlling interests	18.9		18.9	20.3		20.3

* Adjusted results, as described above

1.02.01 Operating results and investments

Growth in operating results and investments

For the Hera Group, the first half of 2024 closed with growth in operating results and investments compared to the previous year. Adjusted Ebitda came to 732.7 million euro, up 2.0% compared to 2023; adjusted Ebit increased by 2.8%, and adjusted net profit showed a 14.1% increase. As regards investments as well, significant growth was seen, coming to 7.0% compared to June 2023, reflecting the Group's ongoing focus on the growth, valorisation and reinforced resilience of the assets under management.

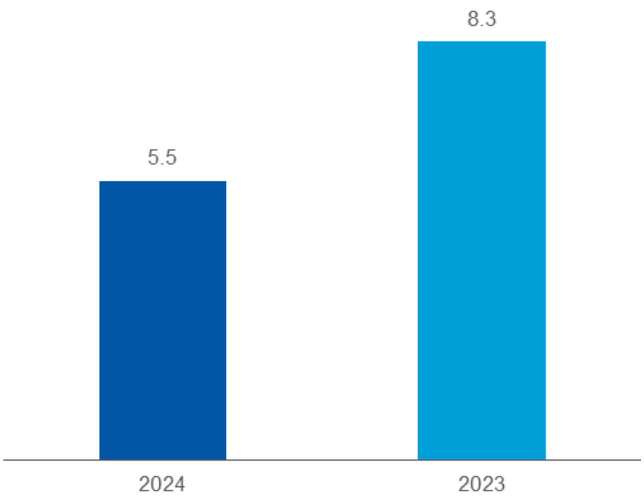
The results for the first half of 2024 must be considered against an external scenario that showed less volatility in energy commodity prices, allowing the Hera Group to operate once again in a more stable market context than the previous year, even if not yet similar to conditions prior to the crisis.

The following table shows operating results at 30 June 2024 and 2023:

Income statement (mn€)	June 24	% Inc.	June 23	% Inc.	Abs. change	% change
Revenues	5,536.8	0.0%	8,297.5	0.0%	(2,760.7)	(33.3)%
Other operating revenues	247.9	4.5%	299.3	3.6%	(51.4)	(17.2)%
Raw and other materials	(2,973.2)	(53.7)%	(5,961.0)	(71.8)%	(2,987.8)	(50.1)%
Service costs	(1,727.6)	(31.2)%	(1,576.2)	(19.0)%	151.4	9.6%
Other operating expenses	(40.5)	(0.7)%	(41.5)	(0.5)%	(1.0)	(2.4)%
Personnel costs	(341.2)	(6.2)%	(330.4)	(4.0)%	10.8	3.3%
Capitalised costs	30.5	0.6%	30.6	0.4%	(0.1)	(0.3)%
Ebitda*	**732.7**	**13.2%**	**718.3**	**8.7%**	**14.4**	**2.0%**
Amortization, depreciation and provisions	(347.6)	(6.3)%	(343.6)	(4.1)%	4.0	1.2%
Ebit*	**385.1**	**7.0%**	**374.7**	**4.5%**	**10.4**	**2.8%**
Financial operations	(55.5)	(1.0)%	(90.5)	(1.1)%	(35.0)	(38.7)%
Pre-tax result*	**329.6**	**6.0%**	**284.2**	**3.4%**	**45.4**	**16.0%**
Taxes	(92.3)	(1.7)%	(76.2)	(0.9)%	16.1	21.1%
Net result*	**237.3**	**4.3%**	**208.0**	**2.5%**	**29.3**	**14.1%**
Attributable to:						
Parent company shareholders*	**218.4**	**3.9%**	**187.7**	**2.3%**	**30.7**	**16.4%**
Non-controlling interests	18.9	0.3%	20.3	0.2%	(1.4)	(6.9)%

* Adjusted results, as described in paragraph 1.02

REVENUES (bn€)



5.5
billion euro
revenues
(-33.3%)

Revenues in June 2024 decreased by 2,760.7 million euro compared to the same period in 2023. The energy segments dropped by 2,454 million euro, mainly due to lower commodity prices, and lower volumes of gas sold as a result of both the higher average temperatures seen in the early months of the year, and lower consumption by the customer base, partially due to the increasingly widespread energy-saving measures introduced to respect climate-changing emissions reduction targets. This decrease was partially offset by higher volumes of electricity sold, thanks to significant commercial development.

In addition, a reduction occurred in incentivised activities on energy saving services in residential buildings coming to approximately 364 million euro, as the main consequence of the almost complete termination of the 110% super-bonus.

Revenues from network services showed a 26.3 million euro increase, due to the higher tariff revenues resulting from the Authority’s resolutions, the effects of which are described in paragraph 1.03 under the respective business areas, and which have new references for return resolved by ARERA for all regulated businesses, as well as to higher revenues for connections and services to customers. This growth was only partially offset by lower revenues in the district heating business, due to the application of the transitional tariff method, which establishes a tariff regulation based on the avoided cost method.

Lastly, the municipal waste service also showed higher revenues, due to the effect of the tariff adjustments resulting from the application of the “MTR-2” tariff method as per ARERA Resolution 363/2021, mainly related to inflation recovery.

For further details, see the analyses of the individual business areas in paragraph 1.03.

Other operating revenues in June 2024 decreased by 51.4 million euro compared to the same period in 2023. This decrease was mainly due to the recognition in the first half of 2023 of both the reimbursement of costs incurred for the management of the flood emergency that affected Emilia-Romagna and some neighbouring regions in May 2023 and the termination of the gas and electricity subsidies recognised by the government to address the emergency related to the high cost of energy.

Costs for raw material and other materials decreased by 2,987.8 million euro overall compared to June 2023. This decrease was mainly related to the performance of energy revenues linked to the decrease in the price of energy as a raw material, due to more stable markets.

Cost of raw materials linked to trend in revenues

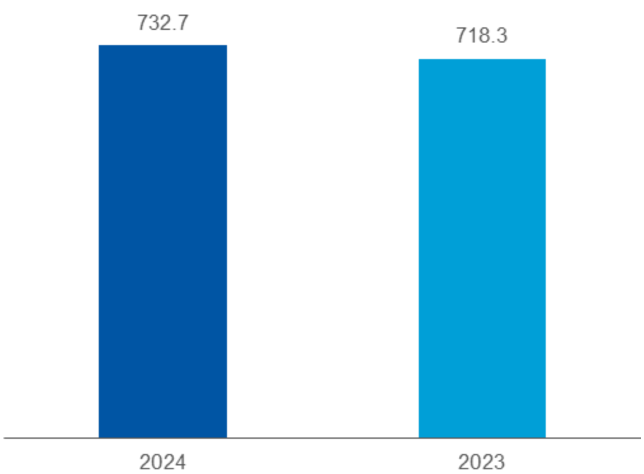
Other operating expenses rose by 150.4 million euro (higher service costs totalling 151.4 million euro and lower operating expenses coming to 1.0 million euro). A total of roughly 456 million euro was recorded for higher costs mainly related to system charges in the electricity and gas businesses, following the conclusion of the exceptional regulatory interventions in previous years to tackle the energy crisis. Energy services for energy efficiency and value-added services recorded lower costs for work amounting to 315 million euro, mainly owing to the end of the incentives described under revenues.

Personnel costs rose by 3.3% compared to June 2023, equivalent to 10.8 million euro. This increase was mainly due to the salary increases defined by the national collective labour agreement and the higher average presence during the reporting period.

+3.3% personnel costs

Capitalised costs amounted to 30.5 million euro in June 2024 and were essentially in line with the previous year.

EBITDA * (mn€)

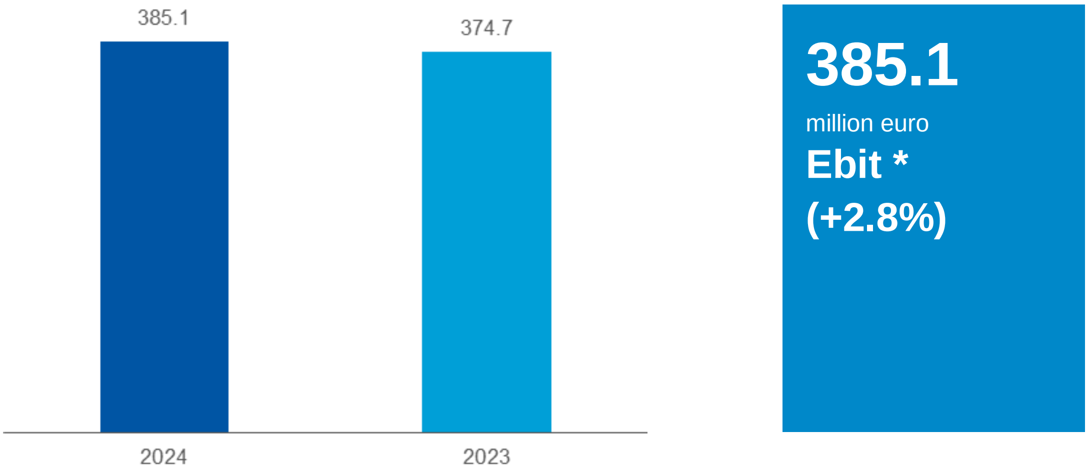


Adjusted Ebitda increased by 14.4 million euro compared to June 2023, up 2.0%. This performance was due to the contribution coming from the water cycle, which accounted for 17.6 million euro, the good performance of the waste management area, up by 8.6 million euro, and the contribution from other services, which accounted for 2.5 million euro. These trends fully offset the drop in the energy areas, which came to 14.4 million euro overall.

For further details, see the analyses of the individual business areas.

Amortization, depreciation and provisions at 30 June 2024 increased by 4.0 million euro compared to the previous year, up 1.2%. The higher amortisation was mainly due to new operating investments, in particular in the regulated and treatment segments, and an increase in assets for the acquisition of new customers. Provisions for bad debts decreased overall, mainly in sales companies due to lower commodity prices in all markets and reduced volumes, especially in last resort markets.

EBIT * (mn€)



Adjusted Ebit amounted to 385.1 million euro, up 2.8%. The increase resulting from higher Ebitda was partially reduced by higher depreciation and amortisation, as described above.

Strong improvement in financial operations

Financial operations amounted to 55.5 million euro, improving by 35 million euro compared to the first half of 2023. The income generated by discounting the value of tax credits related to incentivised works seen in 2023, in addition to lower valuation charges on incentivised works pertaining to 2024, contributed by approximately 32.7 million euro to the reduction in financial operations in the first half of 2024. A significant reduction coming to 9.7 million euro in charges was also related to debt for financing, due to the efficiencies gained from the rationalisation of the financial structure. The above-mentioned benefits, combined with higher dividends from investee companies amounting to approximately 4 million euro, offset lower income from late payment indemnities and higher charges from discounting and other items.

The adjusted pre-tax result showed growth coming to 16.0% compared to June 2023; the increase in net operating margin was boosted by the performance of financial operations, as described above.

Tax rate al 28.0%

Taxes for the first half of 2024 as shown in the income statement amounted to 92.3 million euro, as against 76.2 million euro in the first half of 2023. The 28% tax rate for the first half of the year increased from 26.8% in the corresponding period of 2023, mainly as a result of lower tax benefits, only partially offset by the redemption of higher values arising from the acquisition of certain subsidiaries. Tax benefits no longer recognised as of 2024 include tax credits for the purchase of electricity and gas, which are not relevant for tax purposes, as well as aid for economic growth (ACE).

+14.1% net profit *

As a result of all the events described above, adjusted net profit increased by 29.3 million euro compared to the figure seen in June 2023.

Net investments amount to 328 million euro

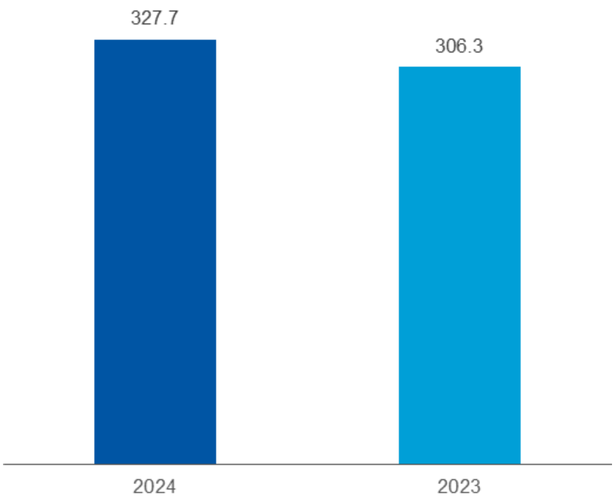
In the first half of 2024, the Group's net investments amounted to 328 million euro, down 2.3 million euro compared to the previous year. This decrease was mainly due to the investments made in 2023 in financial holdings of Asco TLC and F.lli Franchini Srl, totalling 24 million euro, which then entered the Group's scope of consolidation during the year.
Net operating investments amounted to 327.7 million euro, up by 21.4 million euro compared to the previous year. Including capital grants, the Group's operating investments came to 344.4 million euro, up 26 million euro over the previous year.
Capital grants amounted to 16.7 million euro, 10.3 million euro of which were related to FoNI investments, as required by the tariff method for the integrated water service, and were up by 4.6 million euro compared to the previous year.

The following table provides a breakdown by business area, with separate mention of capital grants:

Total investments (mn€)	June 24	June 23*	Abs. change	% change
Gas area	77.7	89.3	(11.6)	(13.0)%
Electricity area	59.1	49.1	10.0	+20.4%
Integrated water cycle area	107.6	92.9	14.7	+15.8%
Waste management area	54.8	48.8	6.0	+12.3%
Other services area	4.4	3.7	0.7	+18.9%
Headquarters	40.8	34.5	6.3	+18.3%
Total gross operating investments	**344.4**	**318.4**	**26.0**	**+8.2%**
Capital grants	16.7	12.1	4.6	+38.0%
of which FoNi (New Investments Fund)	10.3	9.4	0.9	+9.6%
Total net operating investments	**327.7**	**306.3**	**21.4**	**+7.0%**
Financial investments	0.4	24.0	(23.6)	(98.3)%
Total net investments	**328.0**	**330.3**	**(2.3)**	**(0.7)%**

* The 2023 data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

TOTAL NET OPERATING INVESTMENTS (mn€)



327.7
million euro
net operating investments

The Group's operating investments were mainly related to works on plants, networks and infrastructures. In addition, regulatory upgrading was done, especially in the gas distribution sector for the large-scale metre replacement, and in the purification and sewage sector.
Comments on investments in the individual areas are provided in the analysis by business area.

At Group headquarters, investments concerned interventions on corporate buildings, IT systems and the vehicle fleet, as well as laboratories and remote control structures.

Overall, structural investments amounted to 40.8 million euro, up by 6.3 million euro compared to the previous year, mainly due to work done on company facilities and investments in IT systems.

1.02.02 Financial structure and adjusted net debt

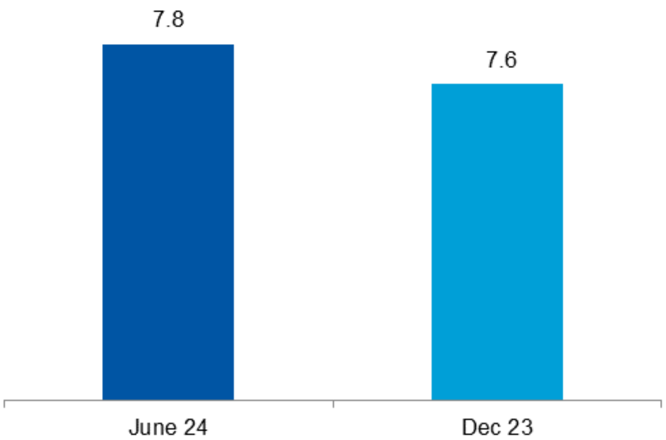
What follows is an analysis of trends in the Group's net invested capital and sources of financing at 30 June 2024.

Invested capital and sources of financing (mn€)	June 24	% Inc.	Dec 23	% Inc.	Abs. change	% change
Net non-current assets	8,218.2	+105.5%	8,119.2	+107.1%	99.0	+1.2%
Net working capital	285.1	+3.7%	166.0	+2.2%	119.1	+71.7%
(Provisions)	(716.0)	(9.2)%	(705.9)	(9.3)%	(10.1)	(1.4)%
Net invested capital	**7,787.3**	**+100.0%**	**7,579.3**	**+100.0%**	**208.0**	**+2.7%**
Equity	(3,723.8)	+47.8%	(3,751.6)	+49.5%	27.8	+0.7%
Long-term borrowings	(4,273.8)	+54.9%	(4,315.4)	+56.9%	41.6	+1.0%
Net current financial debt	210.3	(2.7)%	487.7	(6.4)%	(277.4)	(56.9)%
Net financial debt	(4,063.5)	+52.2%	(3,827.7)	+50.5%	(235.8)	(6.2)%
Total sources of financing	**(7,787.3)**	**(100.0)%**	**(7,579.3)**	**+100.0%**	**(208.0)**	**(2.7)%**

Net invested capital came to 7,787.3 million euro, increasing compared to 31 December 2023. This change was determined by an increase in net working capital, mainly due to the reduction in trade payables for the payment of incentivised works carried out in late 2023, and the increase in net non-current assets due to the significant investment activity in both development and maintenance.

Group solidity confirmed

NET INVESTED CAPITAL (bn€)



7.8

billion euro

net invested capital

An analysis of adjusted net financial debt is shown in the following table:

mn€	30 June 24	31 Dec 23
Cash holdings	818.5	1,332.8
Cash equivalents	-	-
Other current financial assets	128.3	90.9
Liquidity	**946.8**	**1,423.7**
Current financial debt	(201.3)	(411.9)
Current portion of non-current financial debt	(535.2)	(524.1)
Current financial indebtedness	**(736.5)**	**(936.0)**
Net current financial indebtedness	**210.3**	**487.7**
Non-current financial debt	(665.3)	(703.9)
Debt instruments	(3,387.2)	(3,391.2)
Non-current trade and other payables	-	-
Non-current financial indebtedness	**(4,052.5)**	**(4,095.1)**
Total financial indebtedness (excluding put options)	**(3,842.2)**	**(3,607.4)**
Non-current financial receivables	157.3	162.8
Net financial debt (excluding put options)	**(3,684.9)**	**(3,444.6)**
Nominal amount - fair value put option	(340.9)	(337.2)
Net financial debt with adjusted put option	**(4,025.8)**	**(3,781.8)**
Portion of future dividends - fair value put option	(37.7)	(45.9)
Net financial debt (Net debt)*	**(4,063.5)**	**(3,827.7)**

*This amount is determined pursuant to ESMA Guidelines 32-382-1138 with the addition of the amounts of non-current financial assets.

Total net financial debt amounted to 4,063.5 million euro, with an increase coming to roughly 235.8 million euro compared to the previous year.

The financial structure showed total current indebtedness coming to 736.5 million euro, down 199.5 million euro from December 2023. Note in particular that 154.1 million euro of this reduction is due to the reclassification from financial debt to trade debt of advances received related to the gas settlement process, as described in more detail in the explanatory notes to the Consolidated Financial Statements.

With a view to rebalancing net working capital, given the still uncertain dynamics of commodity prices, the Group continued, on a routine basis during the half-year, to reschedule trade payables through letters of credit, amounting to 280.9 million euro overall. At the end of the half-year, the amount of outstanding transactions, exclusively through letters of credit, amounted to 60.8 million euro. Through these transactions, the Group optimised its payment terms, while keeping the same amount recorded under trade payables, since this is part of its typical working capital management. In fact, it should be noted that the Group has trade payables with different payment terms, based on the contractual agreements defined with the individual counterparties of the various businesses in which it operates, ranging from 7 days to 60 days from the date of invoice issuance.

The portion of current financial debt, amounting to 201.3 million euro, refers to bank loans and other payables. In particular, 65.7 million euro referred to bank utilisations and 37.8 million euro to accrued interest expenses on financial debt.

The current portion of non-current financial debt, amounting to 535.2 million euro, remained in line with the 2023 values and included 438.1 million euro of bonds maturing in 2024, of which 288.3 million euro maturing on 4 July 2024 and referring to the residual amount of the first Green Bond issued in Italy in 2014, and 149.8 million euro referring to the Aflac private placement maturing on August 5, 2024. Also included are 22.7 million euros in current payables for leasing contracts.

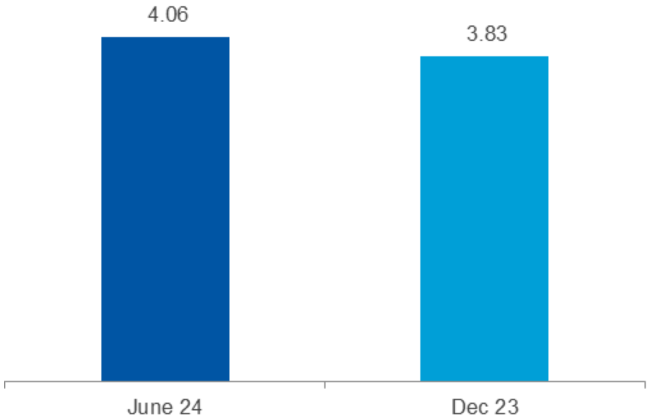
Non-current financial indebtedness amounted to 4,052.5 and remained in line with the previous period.

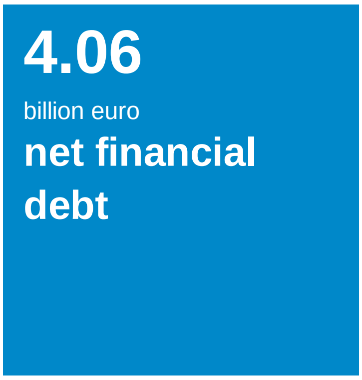
Note that in order to guarantee any extraordinary liquidity requirements, the Group has a sustainable revolving line amounting to 450 million euro, maturing in 2028, stipulated with a pool of leading banks, and an EIB financing line totalling 460 million euro, usable within September 2026 and having a 16-year term. These lines were still undrawn at 30 June 2024.

Cash holdings decreased from 1,332.8 million euro in 2023 to 818.5 million euro at 30 June 2024.

At 30 June 2024, 84% of medium/long-term debt consisted of bonds with repayment at maturity. Total medium/long-term debt, 97% of which is fixed-rate, had an average residual maturity coming to approximately four years and seven months, with 36% of debt maturing after more than five years.

NET FINANCIAL DEBT (NET DEBT) (bn€)





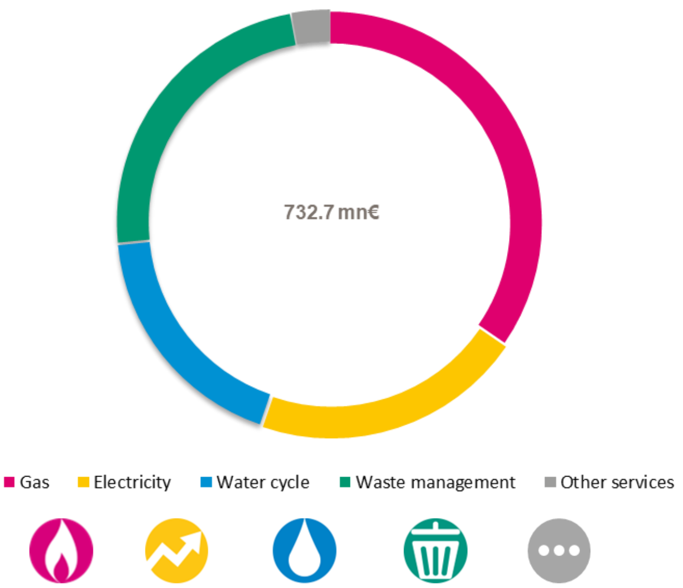
1.03 ANALYSIS BY BUSINESS AREA

An analysis of the operating results achieved in the Group's business areas is provided below, including: the gas area, which covers services in natural gas distribution and sales, district heating and energy services; the electricity area, which covers services in generation, distribution and sales and public lighting services; the integrated water cycle area, which covers aqueduct, purification and sewerage services; the waste management area, which covers services in waste collection, treatment and recovery; the other services area, which covers services in telecommunications, as well as other minor services.

A multi-business strategy multibusiness

Note that as of 2024, in order to provide a better representation, public lighting services have been included within the Electricity Area and no longer in Other Services; therefore, the 2023 figures have been restated consistently with this reclassification.

EBITDA JUNE 2024



The Group's income statements include corporate headquarter costs and account for intercompany transactions at arm's length.

The following analyses of each single business area take into account all increased revenues and costs, having no impact on adjusted Ebitda, related to the application of IFRIC 12. The business areas affected by this accounting standard are: natural gas distribution services, electricity distribution services, all integrated water cycle services, the waste collection service and public lighting services.

The value of adjusted Ebitda for the first half of 2023, broken down by strategic business areas, reflects the adjustment to the valuation of gas storage described in the introduction to paragraph 1.02. For the first half of 2024, this valuation is aligned. For a detailed identification of the effects of this adjustment, the values of Adjusted Ebitda and Ebitda are provided below:

	June 24	June 23	
(mn€)	**Ebitda**	**Ebitda ***	**Ebitda**
Gas Area	256.5	293.1	386.1
Electricity Area	144.2	122.0	122.0
Integrated water cycle Area	146.2	128.6	128.6
Waste management Area	171.5	162.9	162.9
Other services Area	14.3	11.8	11.8
Total	**732.7**	**718.3**	**811.2**

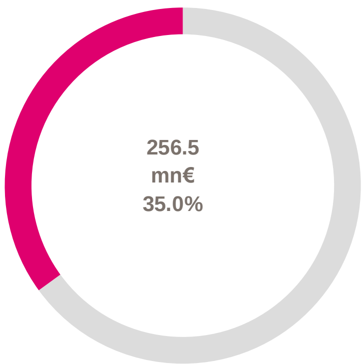
* adjusted results, as described in paragraph 1.02, and the reclassification of Public Lighting from Other Services to Electricity

1.03.01 Gas

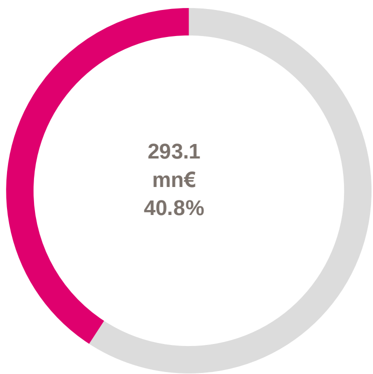
The first half of 2024 showed a downward trend compared to the same period in 2023, due to the changed legislation concerning the 110% super-bonus incentive linked to energy saving measures, whose number of beneficiaries was significantly reduced. Activities in gas sales, trading and distribution, instead, showed growth; the early months of the year saw mild weather and a roughly 35% reduction in average energy commodity prices compared to the previous year.
As of January 2024, an end was put to the protected service for non-vulnerable (due to age, economic hardship or disability) household customers, who were given the possibility of choosing the offer on the free market that best suits their needs, following the path established by the Regulatory Authority for Energy, Networks and the Environment.
The Group's good performances in Last resort markets and in supplies to public administrations continued, thanks to the tenders awarded to Hera Comm Spa in the following lots in Italy:

- eight of the nine lots of the Last resort gas service (for customers involved in public services or without a supplier) for the period from 1 October 2023 - 30 September 2025 in: Valle d'Aosta, Piedmont, Liguria, Trentino Alto Adige, Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, Lazio and Campania. In the previous tender, Hera Comm was awarded six out of nine lots;
- all nine lots of the default gas distribution service (for customers in arrears), for the period from 1 October 2023 - 30 September 2025 in: Valle d'Aosta, Piedmont, Liguria, Lombardy, Trentino Alto Adige, Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, Lazio, Campania, Sicily and Calabria. In the previous tender, Hera Comm was also awarded nine out of nine lots;
- three of the 12 lots of the Consip GAS15bis tender for supplying natural gas to public administrations in 2023-24: the 2 lots in Lombardy were confirmed and a new lot, including Emilia Romagna and Friuli Venezia Giulia, was awarded.

EBITDA GAS AREA 2024



EBITDA* GAS AREA 2023

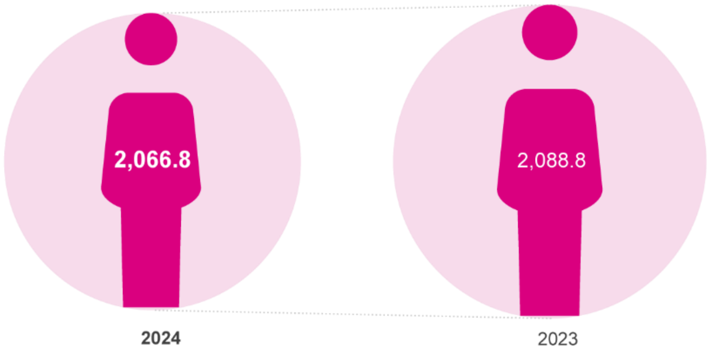


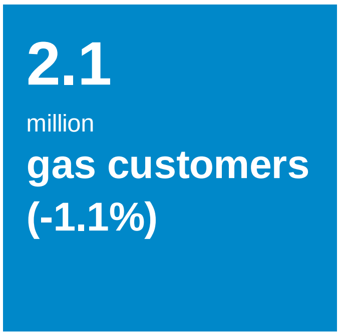
The following table shows the changes occurred in terms of Ebitda:

(mn€)	June 24	June 23	Abs. change	% change
Area Ebitda*	**256.5**	**293.1**	**(36.6)**	**(12.5)%**
Group Ebitda*	732.7	718.3	14.4	+2.0%
Percentage weight	35.0%	40.8%	(5.8) p.p.	

* adjusted results, as described in paragraph 1.02

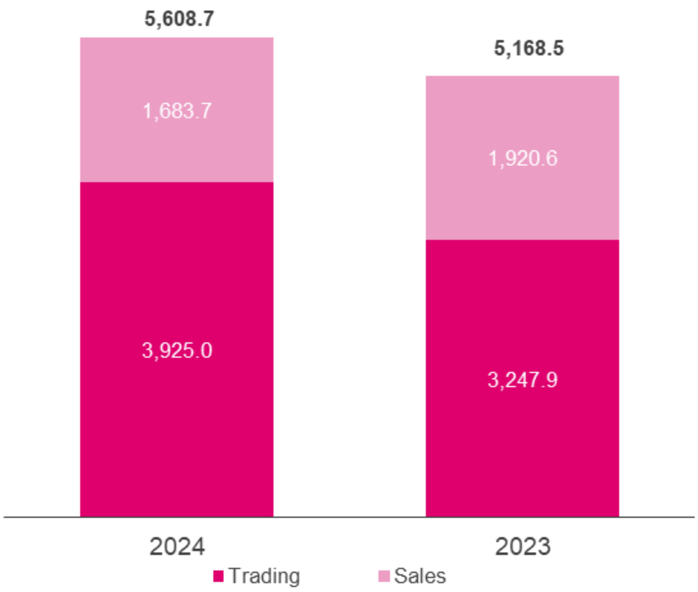
CUSTOMERS (k)

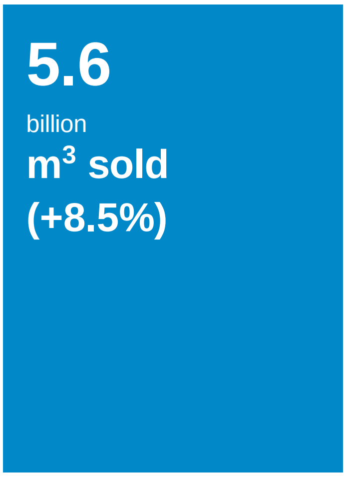




The total number of gas customers was slightly lower than in the same period of the previous year, showing a 20.4 thousand decrease in traditional markets and a 1.6 thousand drop in last resort markets.

VOLUMES SOLD (mn m^3)





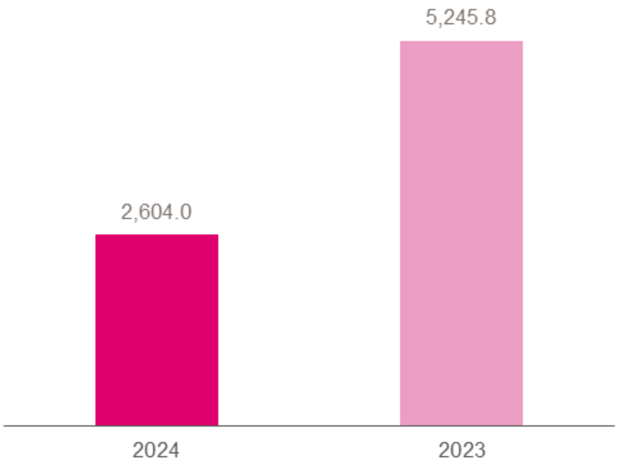
Total volumes of gas sold increased by 440.2 million cubic metres (+8.5%), mainly due to increased intermediation, amounting to 677.1 million m^3. Volumes sold to end customers fell by 236.9 million m^3 (-12.3%); this decrease mainly occurred in last resort markets, down 147.6 million m^3 (-44.1%), while the remainder was seen in traditional markets, down 89.3 million m^3 (-5.6%). This trend was due to both the increase in average temperatures recorded in the early months of the year and the lower consumption shown by the customer base.

The following table summarises operating results for the gas area:

Income statement (mn€)	June 24	% Inc.	June 23	% Inc.	Abs. change	% change
Revenues	2,604.0		5,245.8		(2,641.8)	(50.4)%
Operating costs	(2,290.8)	(88.0)%	(4,891.6)	(93.2)%	(2,600.8)	(53.2)%
Personnel costs	(64.3)	(2.5)%	(67.9)	(1.3)%	(3.6)	(5.3)%
Capitalised costs	7.5	+0.3%	6.8	0.1%	0.7	+10.3%
Ebitda*	**256.5**	**9.8%**	**293.1**	**5.6%**	**(36.6)**	**(12.5)%**

* adjusted results, as described in paragraph 1.02

REVENUES (mn€)

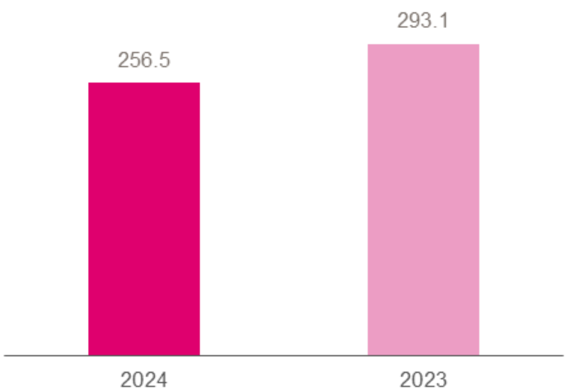


2.6
billion euro
revenues
(-50.4%)

Revenues decreased by 2,641.8 million euro compared to the same period of the previous year. The reasons for this are mainly found in the lower price of raw materials, the aforementioned weather conditions and the lower consumption shown by the customer base, despite the increase in system charges, with an equal effect on costs, and higher intermediation volumes, which impacted sales and intermediation activities, totalling 2,237 million euro. This was accompanied by a 370 million euro drop in revenues from energy efficiency activities, as a result of the aforementioned legislative changes.
In addition, there was a decrease in district heating revenues, following Resolution 638/2023/R/tlr, which introduced the District heating tariff method (MTL-T) for 2024, as well as IFRIC 12 concession assets and activities in Bulgaria, which decreased by approximately 48 million euro overall.
Regulated revenues were up by 12 million euro. From a regulatory point of view, with Resolution 556/2023/R/com, published at the end of 2023, ARERA adjusted the criteria for determining and updating the rate of return on invested capital (WACC) recognised for gas distribution activities, increasing it from 5.6% in 2023 to 6.5% in 2024.

The drop in revenues was proportionally reflected in operating costs, which showed an overall decrease coming to 2,600.8 million euro. This trend was mainly related to the drop in raw material prices and lower energy efficiency activities related to the changed 110% super-bonus incentive legislation, as mentioned above.

EBITDA* (mn€)

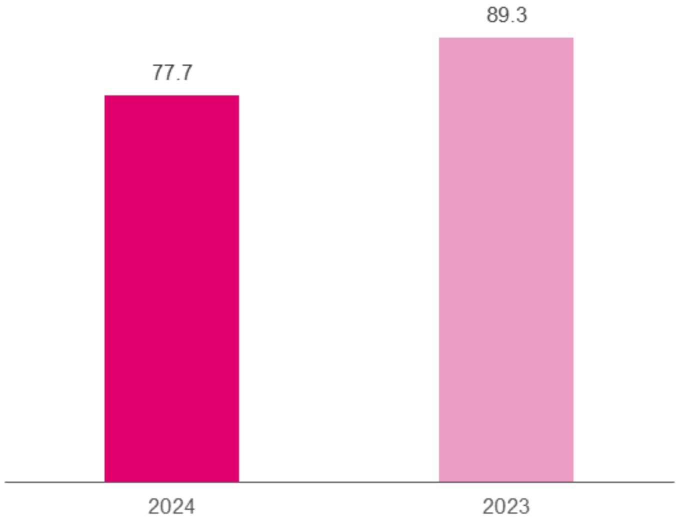


256.5
million euro
Ebitda*
(-12.5%)

* adjusted results, as described in paragraph 1.02

Adjusted Ebitda decreased by 36.6 million euro, or 12.5%, due to the changes introduced in government incentives for energy efficiency activities, as well as lower margins from intermediation activities and last resort markets. This was offset by the good performance of traditional sales markets and regulated distribution revenues, thanks to the effect of recovery of higher inflation and WACC.

NET INVESTMENTS GAS (mn€)



77.7
million euro
net investments gas

In the first half of 2024, net investments in the gas area amounted to 77.7 million euro, down 11.6 million euro compared to the previous year. The drop in gas distribution was mainly due to the 12.1 million euro investment relating to the redemption value for plants and networks in the complementary municipalities awarded through tender for Atem Udine2 in the first quarter of 2023, and a reduction in the replacement of metering units for remote management, pursuant to Del. 631/2013/R/GAS. Non-recurring maintenance on networks and plants was essentially in line with the previous year.
In gas sales, investments increased by 1.5 million euro, involving activities related to the acquisition of new customers.
In district heating and energy services, investments fell slightly, down 0.6 million euro compared to the previous year. In this cluster, lower activities by Hera Servizi Energia Spa were offset by increased work on district heating networks and plants. Requests for new connections in the gas area were essentially in line with the first half of the previous year.

Details of operating investments in the gas area are as follows:

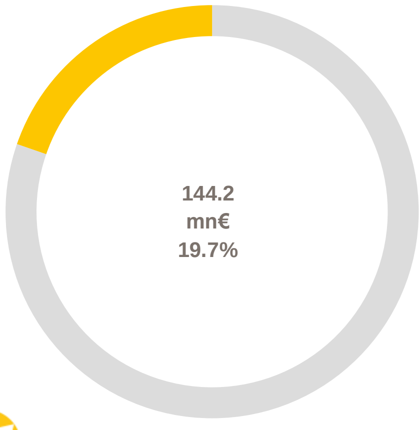
Gas (mn€)	June 24	June 23	Abs. change	% change
Networks and plants	50.9	64.6	(13.7)	(21.2)%
Acquisition gas customers	14.5	13.0	1.5	+11.5%
DH/Energy services	12.3	11.7	0.6	+5.1%
Total gas gross	**77.7**	**89.3**	**(11.6)**	**(13.0)%**
Capital grants	-	-	-	+0.0%
Total gas net	**77.7**	**89.3**	**(11.6)**	**(13.0)%**

1.03.02 Electricity

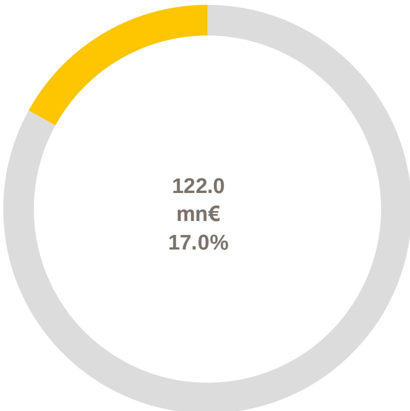
The first half of 2024 showed growth over the previous year, both in terms of volumes sold to end customers, thanks to significant commercial development, mainly in the free market, and in terms of margins, due to the lower cost of modulation activities resulting from the drop in raw material prices (average PUN down by 31%).
Following the 7 lots awarded (the maximum that can be acquired) in the tender for the gradual protection service for household customers, Hera Comm has begun preparatory activities for managing the significant increase in the customer base expected as of July.
Opportunities remain in the safeguarded and public administration supply sectors, thanks to the tenders awarded to Hera Comm Spa in the following lots in Italy:

- four of the 17 lots in the Consip EE21 tender for supplying electricity to public administrations in 2024 in: the Province of Rome, Lazio, Campania and Calabria, confirming the number of lots awarded in the previous tender;
- three of the nine lots of the gradual protection service for supplying electricity to small and medium enterprises for the period from 1 July 2021 to 30 June 2024, in Campania, Marche, Umbria, Abruzzo, Molise, Basilicata, Calabria, Sicily and Sardinia;
- two of the nine lots for the safeguarded service for 2023 and 2024 in: Campania, Abruzzo, Umbria and Calabria, with one additional lot awarded compared to the previous two-year period;
- one of the 12 lots in the gradual protection service for supplying electricity to micro-businesses for the period from 1 April 2023 to 31 March 2027 in: Friuli-Venezia Giulia, Trentino-Alto Adige and in the Provinces of Belluno, Venezia and Verona.

EBITDA ELECTRICITY AREA 2024



EBITDA ELECTRICITY AREA 2023



The following table shows the changes occurred in terms of Ebitda:

(mn€)	June 24	June 23 **	Abs. change	% change
Area Ebitda	**144.2**	**122.0**	**22.2**	**18.3%**
Group Ebitda*	732.7	718.3	14.4	2.0%
Percentage weight	19.7%	17.0%	2.7 p.p.	

* adjusted results, as described in paragraph 1.02
** this data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

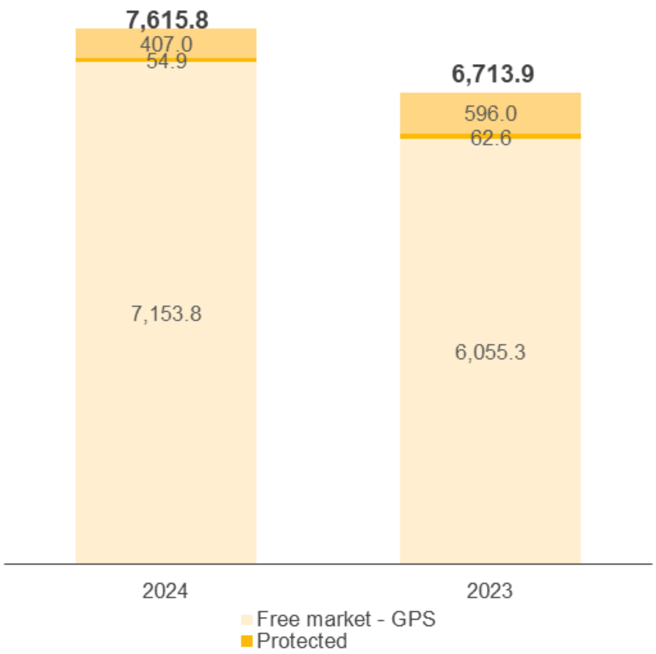
CUSTOMERS (k)

1.8
million
electricity customers (+9.0%)

The number of electricity customers in the first half of 2024 rose by 147.4 thousand, corresponding to a 9% increase compared to the same period of 2023. This growth occurred mainly in the free market, with about 166.6 thousand customers (+10.9%, equivalent to +10.2% of the total) both as a result of the reinforced commercial actions implemented and the positive contribution coming from the Consip tenders. This largely offset the drop in the protected market, down by about 10.9 thousand customers (-15.1%, equivalent to -0.7% of the total) and in the safeguarded market, which dropped by 8.3 thousand customers (-28.4%, equivalent to -0.5% of the total).

Customer satisfaction and loyalty for the value-added services offered by the Group was confirmed, with roughly 47,000 customers requesting them during the first six months of 2024 (+5.8%).

VOLUMES SOLD (GWh)



7.6
TWh
sold (+13.4%)

Volumes of electricity sold increased by 901.9 GWh, up 13.4% compared to the same period of the previous year. This trend is due to an increase in volumes sold in the free market coming to 1,098.5 GWh (16.4% of the total), driven by the contribution coming from both reinforced commercial actions and Consip tenders. These effects were partially offset by the decrease in volumes on the safeguarded market, which saw a drop of 189 GWh, equivalent to 2.8% of the total, and on the protected market, down by 7.7 GWh, equivalent to 0.2% of the total.

The main indicators for public lighting activities are as follows:

Quantity	June 24	June 23	Abs. change	% change
Public lighting				
Lighting points (k)	650.1	626.0	+24.1	+3.8%
of which LED	47.3%	39.8%	+7.5 p.p.	
Municipalities served	218	207	+11	+5.3%

In the first half of 2024, the Hera Group acquired approximately 42.7 thousand lighting points in 16 new municipalities. Geographically, the most significant acquisitions were made in Tuscany with approximately 24.5 thousand lighting points, in Umbria with approximately 4.3 thousand lighting points, in Emilia-Romagna with approximately 3.4 thousand lighting points, in Liguria with approximately 3.3 thousand lighting points and in the Triveneto region with approximately 2.5 thousand lighting points. Lastly, note the acquisitions made in other regions, mainly in central Italy, amounting to roughly 4.7 thousand lighting points. The increases in the period fully offset the loss of approximately 18.6 thousand lighting points and 5 municipalities, mainly in the Triveneto region.

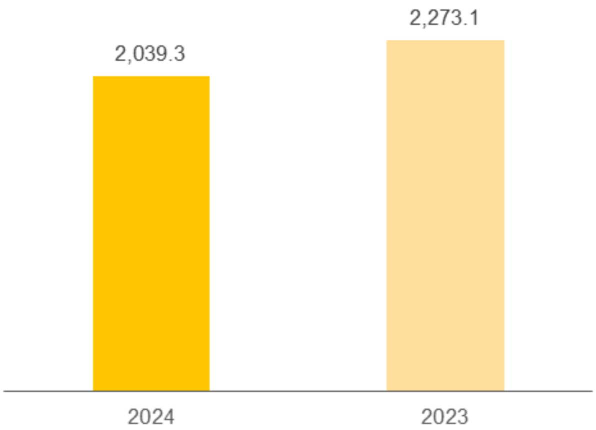
The percentage of lighting points managed that use LED lamps also rose, reaching 47.3% and up 7.5 percentage points. This trend highlights the Group's constant focus on an increasingly efficient and sustainable management of public lighting.

The area's operating results are provided in the table below:

Income statement (mn€)	June 24	% Inc.	June 23 *	% inc.	Abs. change	% change
Revenues	2,039.3		2,273.1		(233.8)	(10.3)%
Operating costs	(1,870.2)	(91.7)%	(2,130.1)	(93.7)%	(259.9)	(12.2)%
Personnel costs	(35.7)	(1.8)%	(32.2)	(1.4)%	3.5	10.9%
Capitalised costs	10.9	0.5%	11.2	0.5%	(0.3)	(2.7)%
Ebitda	**144.2**	**7.1%**	**122.0**	**5.4%**	**22.2**	**18.3%**

* this data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

REVENUES (mn€)



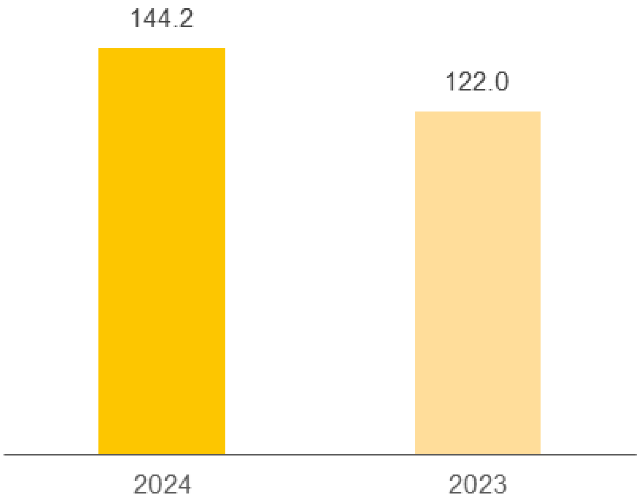
2.0
billion euro
revenues
(-10.3%)

Revenues decreased by 233.8 million euro compared to the same period of the previous year. This performance was due to lower revenues from sales, trading and generation, which fell by a total of 241 million euro, mainly due to the drop in energy prices compared to the previous year. The aforementioned effect was partially offset by higher revenues related to the increase in volumes sold and system charges, the latter having an equal effect on costs.
Lower revenues were also seen from value-added services for customers, amounting to 10 million euro, following the changes in government incentives, offset by higher revenues from IFRIC 12 concession

goods and energy efficiency certificates, which increased by roughly 6 million euro in total, and from public lighting services, which were up by 2 million euro.
Regulated revenues were up by 9.2 million euro, partially as a result of Resolution 497/2023/R/com, which introduced a regulation by expenditure and service objectives (ROSS), in order to incentivise efficiency and transparency in investments and in recognised costs. Moreover, with Resolution 556/2023/R/com, published in late 2023, Arera adjusted its criteria for determining and updating the rate of return on invested capital (WACC) recognised for electricity distribution activities, increasing it from 5.2% in 2023 to 6.0% in 2024.

The drop in revenues was more than proportionally reflected in operating expenses, which decreased by 259.9 million euro. This trend was mainly due to a decrease in raw material prices, thanks to more stable energy markets, which impacted sales and generation activities.

EBITDA (mn€)

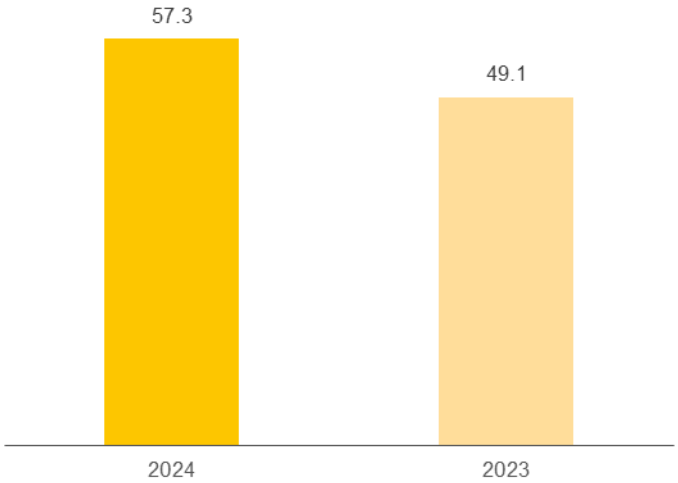


Ebitda increased by 22.2 million euro compared to the same period of 2023, mainly due to sales activities, which benefited from the lower impact of modulation charges and higher volumes sold resulting from growth in the free market customer base. Distribution also increased, thanks to the application of the ROSS regulatory criterion, inflation recovery and the increased WACC.

In the electricity area, investments in the first half of 2024 amounted to 57.3 million euro, up 8.2 million euro compared to the previous year.

In electricity distribution, work mainly involved non-recurring maintenance and upgrading on plants and distribution networks in the Modena, Imola, Trieste, and Gorizia areas, as well as the ongoing large-scale replacement of old-generation meters with the most modern 2G meters and interventions to improve the resilience of the network, increasing by 7.5 million euro compared to the previous year.
In energy sales, investments in activities related to the acquisition of new customers were up by 2 million euro. Requests for new connections were also up on the first half of the previous year.

NET INVESTMENTS ELECTRICITY (mn€)



57.3
million euro
net investments electricity

Operating investments in the electricity area are as follows:

Electricity (mn€)	June 24	June 23*	Abs. change	% change
Networks and plants	32.7	25.2	7.5	+29.8%
Acquisition electricity customers and other sales	25.2	23.2	2.0	+8.6%
Public lighting and traffic lights	1.2	0.8	0.4	+50.0%
Total electricity gross	**59.1**	**49.1**	**10.0**	**+20.4%**
Capital grants	1.8	-	1.8	+100.0%
Total electricity net	**57.3**	**49.1**	**8.2**	**+16.7%**

* the 2023 data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

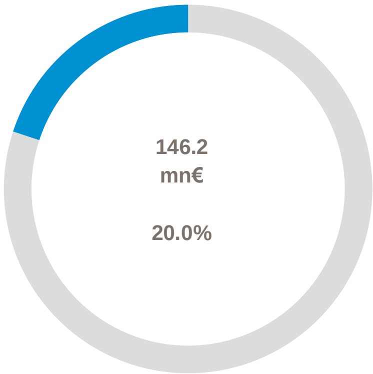
1.03.03 Integrated water cycle

Growth in results in 2024

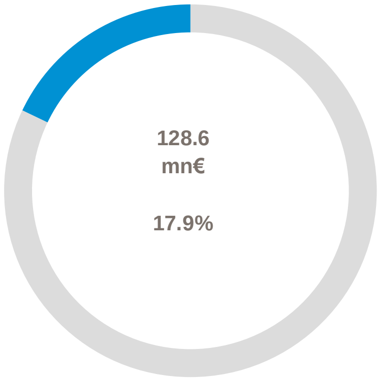
In the first half of 2024, the integrated water cycle area showed increased results compared to the same period of the previous year, with Ebitda coming to 146.2 million.

As regards regulations, note that 2024 is the first year in which the tariff method defined by the Authority for the fourth regulatory period (MTI-4), 2024-2029 (resolution 639/2023/R/idr), is applied. The MTI-4 will cover 6 years, and foresees an increase compared to the WACC for MTI-3, from 4.8% to the 6.13% expected for 2024. Among its new elements, it provides for an update of the component covering the cost of electricity, which has been subject to noticeable fluctuations in recent years. A revenue (VRG) is assigned to each operator, defined on the basis of operating costs and capital costs, according to the investments made, with a view to increasing efficiency in costs, in addition to measures intended to promote and valorise interventions for sustainability and resilience.

EBITDA WATER CYCLE AREA 2024



EBITDA WATER CYCLE AREA 2023

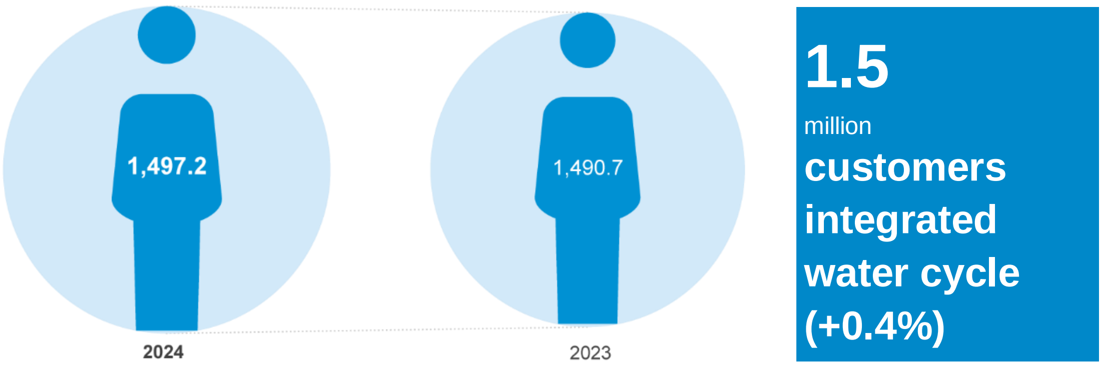


The following table shows the changes occurred in terms of Ebitda:

(mn€)	June 24	June 23	Abs. change	% change
Area Ebitda	**146.2**	**128.6**	**17.6**	**+13.7%**
Group Ebitda*	732.7	718.3	14.4	+2.0%
Percentage weight	20.0%	17.9%	+2.1 p.p.	

* adjusted results, as described in paragraph 1.02

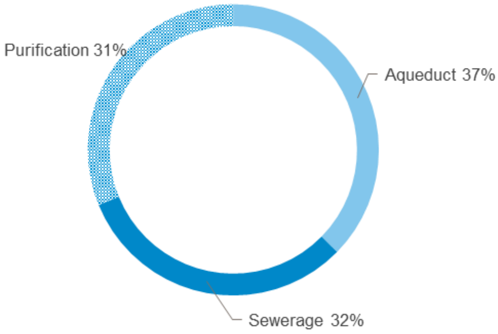
CUSTOMERS (k)



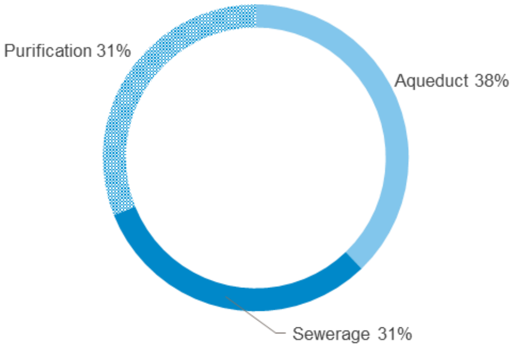
The number of water customers increased by 6.5 thousand, up 0.4% compared to June 2023, confirming the moderate trend of internal growth in the Group's reference areas. This growth was mainly seen in the Emilia-Romagna area managed by the parent company Hera Spa.

The main indicators for the area are as follows:

QUANTITY MANAGED 2024 (mn m³)



QUANTITY MANAGED 2023 (mn m³)



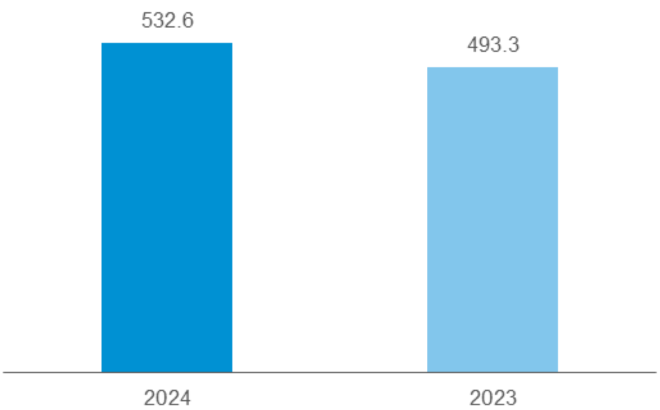
Volumes supplied through the aqueduct reached 141 million m^3, up 1.4% or 1.9 million m^3 compared to June 2023.
In June 2024, the volumes managed related to sewerage amounted to 118.7 million m^3, up 3.8% compared to the previous year, while those related to purification amounted to 117.7 million m^3, up 3% compared to June 2023. Following the Authority's Resolution 639/2023, the volumes distributed are an indicator of activity in the areas in which the Group operates, and regulations provide for the recognition of a regulated revenue independent of the volumes distributed.

141 million m^3: quantity managed in the aqueduct

The following table summarises operating results for the water cycle area:

Income statement (mn€)	June 24	% Inc.	June 23	% Inc.	Abs. change	% change
Revenues	532.6		493.3		39.3	+8.0%
Operating costs	(286.3)	(53.8)%	(267.5)	(54.2)%	18.8	+7.0%
Personnel costs	(102.0)	(19.2)%	(99.4)	(20.2)%	2.6	+2.6%
Capitalised costs	1.9	0.4%	2.1	0.4%	(0.2)	(9.4%)
Ebitda	**146.2**	**27.4%**	**128.6**	**26.1%**	**17.6**	**+13.7%**

REVENUES (mn€)



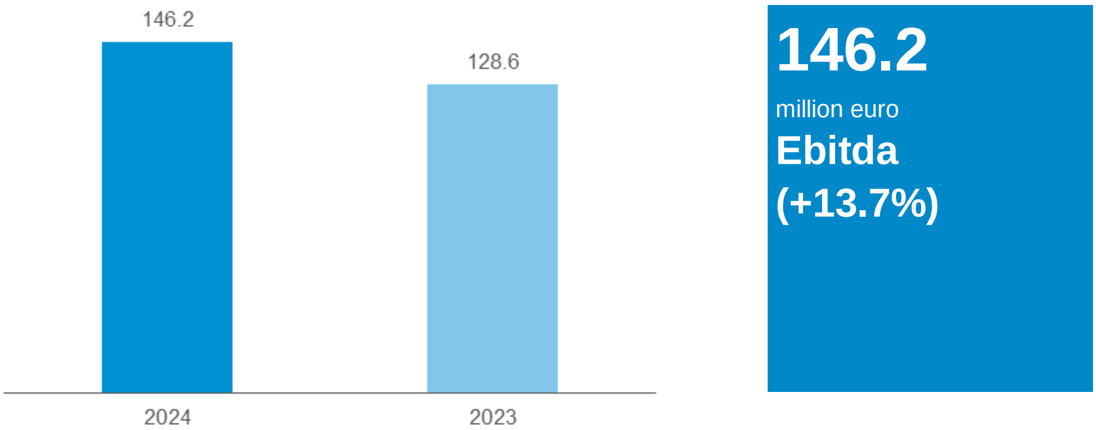
532.6
million euro
revenues
(+8.0%)

Revenues for the water cycle area increased by 8% compared to the previous year, going from 493.3 million euro in June 2023 to 532.6 million euro in June 2024.

Lower revenues were seen for equalisations of energy components, which were more than offset by higher regulated revenues due to the adjustments resulting from the application of the "MTI-4" tariff method, as per ARERA Resolution 639/2023/R/idr. Overall, these effects reflect higher revenues amounting to roughly 25.6 million euro, mainly due to the WACC increase and inflation recovery. Lastly, higher revenues coming to approximately 14 million euro were mainly related to orders completed in the first half of 2024 and connections.

The increased operating expenses seen at June 2024 are mainly due to rising costs for subcontracted work and higher costs related to price increases for all major material supplies and, in particular, chemicals and services.
This effect was only partly offset by lower procurement costs for energy components, resulting from an energy scenario with falling commodity prices compared to the ones recorded during the previous year.

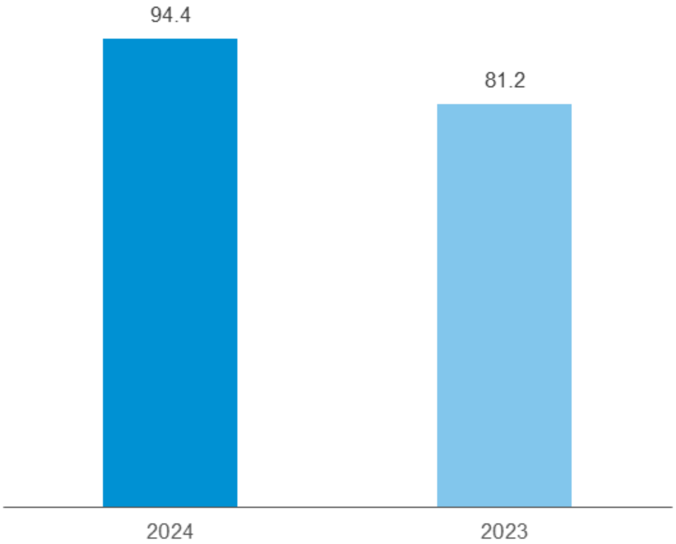
EBITDA (mn€)



Ebitda increased by 17.6 million euro, or 13.7%, going from 128.6 million euro in June 2023 to 146.2 million euro in the same period of 2024.
The higher revenues arising from the application of the MTI-4 tariff method were partially offset by higher operating costs resulting from factors including the rise in the price lists of all main supplies.

In the first half of 2024, net investments in the integrated water cycle area amounted to 94.4 million euro, compared to 81.2 million euro during the previous year.
Capital grants amounted to 13.2 million euro and included 10.3 million euro from the tariff component of the Fondo Nuovi Investimenti (FoNI) tariff method.
Including the capital grants received, the investments made amounted to 107.6 million euro, up 14.7 million euro compared to the same period of the previous year.
The investments mainly involved extensions, reclamations and upgrades of networks and plants, as well as regulatory adjustments mainly in the purification and sewerage sectors, and amounted to 67.1 million euro in the aqueduct, 25.2 million euro in sewerage, and 15.3 million euro in purification.

NET INVESTMENTS WATER CYCLE (mn€)



94.4
million euro
net investments water cycle

The main interventions include: in the aqueduct, ongoing reclamation activities on networks and connections linked to ARERA resolution 917/2017 on the regulation of the technical quality of the integrated water service, in addition to non-recurring maintenance on networks and plants, the development of the new Castel Bolognese supply system, the significant renewal of a steel adduction water network in the municipality of San Pietro in Casale, and the interventions to resolve the interference of the aqueduct with the works for the construction of the fourth lane of the A14 highway in the Imola area.
In sewerage, in addition to ongoing construction for the Rimini seawater protection plan (PSBO), note the maintenance works to upgrade the sewerage network in other areas served, works to adapt discharges to Dgr 201/2016, the construction of a first rainwater basin in the municipality of Cattolica and the sewerage works linked to the extension of the Forlì bypass.
In the field of purification, note the construction of the new "Power to Gas" plant at the IDAR purifier in Bologna, an intervention that will access PNRR funding, and the adaptation and expansion of the Lugo and Ravenna purification plants.
Requests for new water and sewerage connections decreased compared to the first half of the previous year.

Details of operating investments in the water cycle area are as follows:

Integrated water cycle (mn€)	June 24	June 23	Abs. change	% change
Aqueduct	67.1	58.8	8.3	+14.1%
Purification	15.3	10.5	4.8	+45.7%
Sewerage	25.2	23.7	1.5	+6.3%
Total integrated water cycle gross	**107.6**	**92.9**	**14.7**	**+15.8%**
Capital grants	13.2	11.8	1.4	+11.9%
of which FoNi (New Investments Fund)	10.3	9.4	0.9	+9.6%
Total integrated water cycle net	**94.4**	**81.2**	**13.2**	**+16.3%**

1.03.04 Waste management

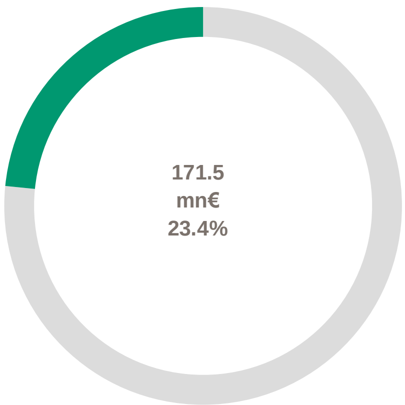
Ebitda rises

In the first half of 2024, the waste management area accounted for 23.4% of the Hera Group's overall Ebitda, with this area's Ebitda up by 8.6 million euro compared to the same period during the previous year. The Group thus continued along its path of growth in this business area, through a diversification of offers, a broad customer portfolio and responsiveness in supplying the services provided, despite a complex macroeconomic environment which also had repercussions in the markets in which it operates.

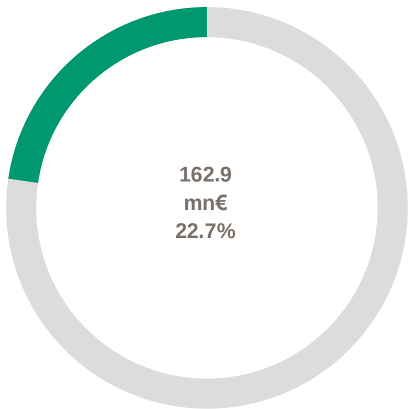
In the first half of 2024 as well, work on all main circular economy initiatives went towards achieving environmental sustainability goals and creating value.
In this regard, note the Memorandum of Understanding signed between the Hera Group and Fincantieri, one of the world's leading groups in the highly complex shipbuilding industry, to launch a partnership aimed at optimising the management of the waste cycle and creating value in Fincantieri's shipyards throughout Italy, in line with the principles and objectives of the circular economy. The Memorandum foresees the establishment of a newco - owned by Fincantieri and the Hera Group - charged with creating an integrated and efficient waste management system, starting from the Monfalcone (GO) shipyard, identified as the project's first area of intervention. This new company will be responsible for the operational management of the plant, the management of waste disposal and the valorisation of residues and recoverable waste.
This partnership confirms the Hera Group as a strategic partner for the green transition of the Italian industrial fabric.

Protecting environmental resources was, in the first six months of 2024 as well, a priority objective, as was the maximisation of their reuse. This is demonstrated by the special attention devoted to increasing sorted waste collection, which, thanks to the strong commitment that the Group has deployed in all the areas served, increased by almost four percentage points compared to the figures seen in 2023.

WASTE MANAGEMENT EBITDA 2024



WASTE MANAGEMENT EBITDA 2023



The following table shows the changes occurred in terms of Ebitda:

(mn€)	June 24	June 23	Abs. change	% change
Area Ebitda	**171.5**	**162.9**	**8.6**	**+5.3%**
Group Ebitda*	732.7	718.3	14.4	+2.0%
Percentage weight	23.4%	22.7%	+0.7 p.p.	

* adjusted results, as described in paragraph 1.02

Volumes marketed and treated by the Group in the first six months of 2024 are as follows:

Quantity (k tons)	June 24	June 23 *	Abs. change	% change
Municipal waste	1,087.8	1,166.6	(78.8)	(6.8%)
Market waste	1,696.9	1,526.2	170.7	+11.2%
Waste commercialised	**2,784.7**	**2,692.7**	**92.0**	**+3.4%**
Plant by-products	1,325.7	1,486.9	(161.2)	(10.8%)
Waste treated by type	**4,110.4**	**4,179.7**	**(69.3)**	**(1.7%)**

* The amount of waste treated in the first half of 2023 has been updated to include the quantity of waste of the company ACR under the entry "Market waste", consistently with the amount recorded in the first half of 2024.

An analysis of the quantitative data shows an increase in waste commercialised, mainly due to the increase in market waste. As regards municipal waste, a 6.8% decrease occurred in the first half of 2024 compared to the previous year, due to the extraordinary waste deliveries caused by the flood in 2023.

Volumes of market waste, instead, increased by 11.2% compared to the same period in 2023, thanks to the consolidation of existing business relations and the development of the customer portfolio, particularly in the Industrial market.

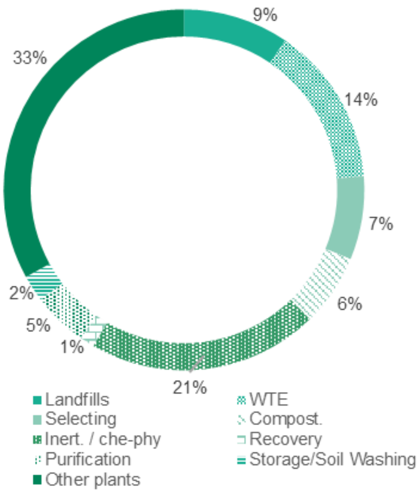
Lastly, plant by-products decreased by 10.8% compared to the same period in the previous year, mainly due to a decrease in liquid waste as a result of lower rainfall compared to the same period in 2023.

SORTED WASTE (%)

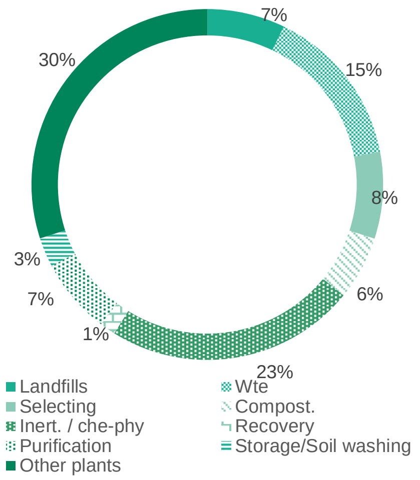
As previously mentioned, sorted municipal waste collection stood at 74.3%, up 3.9 percentage points over the previous year, thanks to the development of numerous projects in the areas managed by the Group.

The Hera Group operates in the entire waste cycle, with 101 plants for treating municipal and special waste and regenerating plastic materials. The main plants include: 9 waste-to-energy plants, 13 composting/digestion plants and 17 selecting plants.
The close attention paid to this set of plants has always been a distinctive element of the Group's propensity for excellence: operations are indeed ongoing to provide plants with the best available technologies.

WASTE TREATED BY TYPE OF PLANT 2024



WASTE TREATED BY TYPE OF PLANT 2023



Quantity (k tons)	June 24	June 23 *	Abs. change	% change
Landfills	390.2	299.7	90.5	+30.2%
WTE	588.2	621.1	(32.9)	(5.3%)
Selecting plants and other	307.1	308.7	(1.6)	(0.5%)
Composting and stabilisation plants	264.6	246.9	17.7	+7.2%
Inertisation and chemical-physical plants	849.3	919.2	(69.9)	(7.6%)
Recovery plants	54.2	60.5	(6.3)	(10.4%)
Purification plants	201.4	271.2	(69.8)	(25.7%)
Storage/Soil Washing	98.5	113.3	(14.8)	(13.1%)
Other plants	1,356.8	1,339.1	17.7	+1.3%
Waste treated by plant	**4,110.4**	**4,179.7**	**(69.3)**	**(1.7%)**
Plastic recycled by Aliplast	**42.0**	**43.3**	**(1.3)**	**(3.0%)**

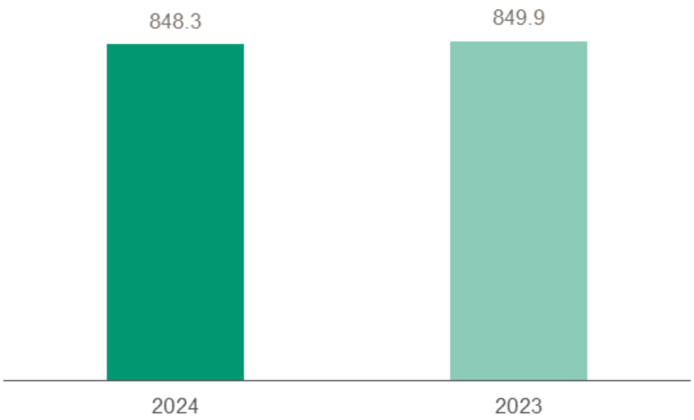
* The amount of waste treated in the first half of 2023 has been updated to include in the items "Market waste" and "Other plants/third parties" the quantities of waste produced at the construction sites of the newly acquired company ACR and delivered to third-party plants amounting to 129 thousand tonnes, consistent with the amounts reported in the first half of 2024.

Waste treatment decreased by 1.7% overall compared to the same period in 2023. An analysis by type of plant shows increased quantities in landfills, mainly due to the resumed conferrals in Tre Monti (BO) that took place in the second half of 2023, while in WTE plants the decreasing trend, partially offset by the resumed conferrals in the F3 plant in Ravenna, was mainly due to lower volumes treated both in the Rimini plant, due to an accidental event that took place in January, and the shutdown of the Modena plant, which was not carried out in the first half of 2023.
Quantities in selecting plants were essentially in line with the same period of the previous year.
In composting and stabilization plants, volumes were up mainly due to higher quantities treated in the stabilization plants at Tre Monti (BO) and the digester in Cesena, while in the inertisation and chemical-physical plants the decreasing quantities were mainly caused by lower volumes of liquid waste treated.
In recovery plants, the decreasing volumes were due to competition in the virgin plastic market.
In addition, a decrease in waste treated at depurators occurred, due to lower liquid by-products. In the Storage/Soil Washing chain, the decrease was mainly caused by lower volumes treated at Soil Washing plants, while in Other plants the quantities intermediated at third-party plants were up slightly compared to the same period during the previous year.

The following table summarises operating results for the area:

Income statement (mn€)	June 24	% Inc.	June 23	% Inc.	Abs. change	% change
Revenues	848.3		849.9		(1.6)	(0.2%)
Operating costs	(553.5)	(65.3)%	(571.8)	(67.3)%	(18.3)	(3.2%)
Personnel costs	(132.1)	(15.6)%	(124.4)	(14.6)%	7.7	+6.2%
Capitalised costs	8.8	1.0%	9.2	1.1%	(0.4)	(4.3%)
Ebitda	**171.5**	**20.2%**	**162.9**	**19.2%**	**8.6**	**+5.3%**

REVENUES (mn€)

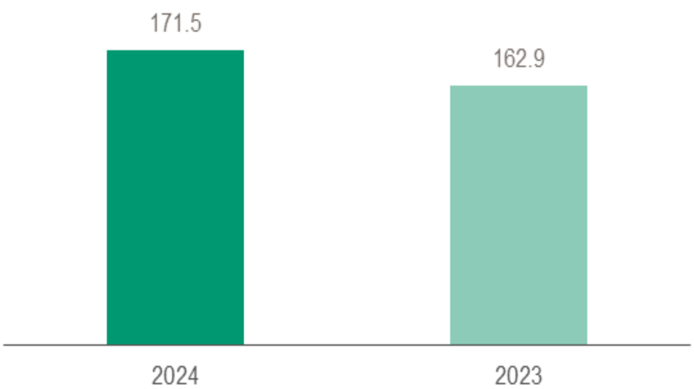


848.3
million euro
revenues
(-0.2%)

In the first half of 2024, revenues were essentially in line with the previous year (-0.2%). Note the 7.6 million euro decrease in revenues from energy production, mainly due to the decrease in market prices and the reduction in volumes from WTEs due to the two major shutdowns at the Rimini and Modena plants. This trend was offset by higher revenues from waste treatment due to increased volumes and prices and, in municipal waste, tariff adjustments deriving from the application of the MTR-2 tariff method, mainly related to inflation recovery.

Operating costs in the first half of 2024 decreased by 3.2%. Lower costs were seen mainly due to lower raw material procurement costs as a result of the drop in commodity prices and, in the treatment market, in particular due to lower disposal and transport costs for by-products.
As far as municipal waste is concerned, increased activities were related to growth in new sorted waste collection projects.

EBITDA (mn€)



171.5
million euro
Ebitda
(+5.3%)

Ebitda increased by 8.6 million euro compared to the first half of the previous year. The positive performance resulting from increased volumes and prices for waste treated, as well as lower operating costs, was partially offset by the negative trend in energy management.

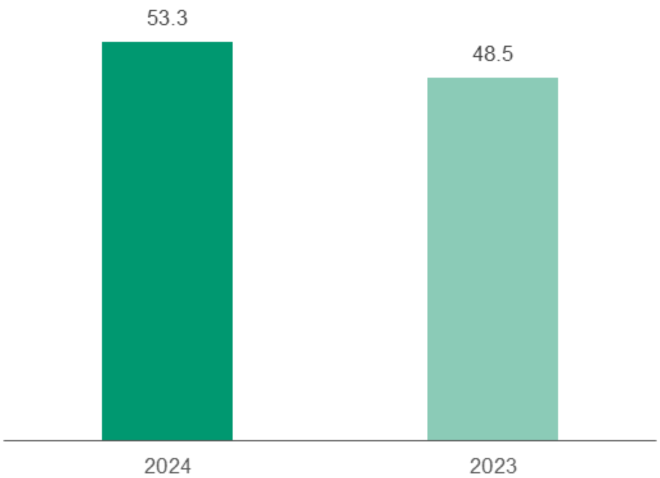
Net investments in the waste management area were related to maintenance and upgrading of waste treatment and recovery plants and amounted to 53.3 million euro, up 4.8 million euro over the previous year.

The composting/digester sector saw investments decrease by 1.7 million euro compared to the previous year, due to the greater amount of work done in the first half of 2023 on the Cesena plant and by the company Biorg Srl. Investments in landfills decreased by 4.3 million euro compared to the previous year, mainly due to the work carried out on the plants owned by the company Marche Multiservizi Spa in the first half of 2023.

The WTE sector saw an 8.6 million euro increase in investments, mainly involving work done by the company Hestambiente Srl on line 4 of the Padua plant and the non-recurring maintenance planned on the Modena and Forlì plants. In the industrial waste plants sector, the 4.4 million euro reduction was mainly due to revamping on the F3 plant in Ravenna, completed in 2023.

Investments in the collection areas and equipment sector increased by 1.1 million euro, while in the selecting and recovery plants sector the overall increase came to 6.4 million euro, due to the work done by the companies Hea Spa and Vallortigara Servizi Ambientali Spa for the expansion of the Torrebelvicino plant, as well as the construction of a rigid plastics processing plant by the company Aliplast Spa, an intervention that had access to PNRR funding.

NET INVESTMENTS WASTE MANAGEMENT (mn€)



Details of operating investments in the waste management area are as follows:

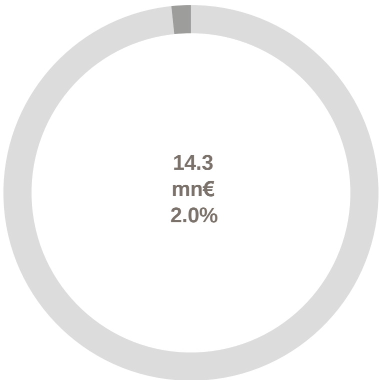
Waste management (mn€)	June 24	June 23	Abs. change	% change
Composters/digesters	2.4	4.1	(1.7)	(41.5)%
Landfills	6.1	10.4	(4.3)	(41.3)%
WTE	15.6	7.0	8.6	+122.9%
SW plants	1.0	5.4	(4.4)	(81.5)%
Collection areas and equipment	8.9	7.8	1.1	+14.1%
Transshipment, selecting and other plants	20.6	14.2	6.4	+45.1%
Total waste management gross	**54.8**	**48.8**	**6.0**	**+12.3%**
Capital grants	1.4	0.3	1.1	+366.7%
Total waste management net	**53.3**	**48.5**	**4.8**	**+9.9%**

1.03.05 Other services

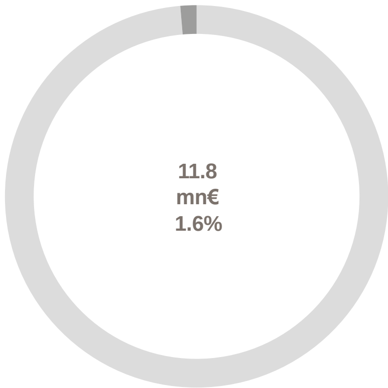
Ebitda rises

The Other services area covers all minor businesses managed by the Group, including telecommunications, in which the Group offers connectivity for private customers and companies, telephone and data centre services through its own digital company, and cemetery services, the latter only in the Municipality of Trieste, where a total of ten cemeteries are managed. In June 2024, results in the other services area stood at 14.3 million euro, up 2.5 million euro over the previous year.

EBITDA OTHER SERVICES 2024



EBITDA OTHER SERVICES 2023



The changes occurred in terms of Ebitda are as follows:

(mn€)	June 24	June 23**	Abs. change	% change
Area Ebitda	**14.3**	**11.8**	**2.5**	**+21.2%**
Group Ebitda*	732.7	718.3	14.4	+2.0%
Percentage weight	2.0%	1.6%	+0.4 p.p.	

* adjusted results, as described in paragraph 1.02
** this data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

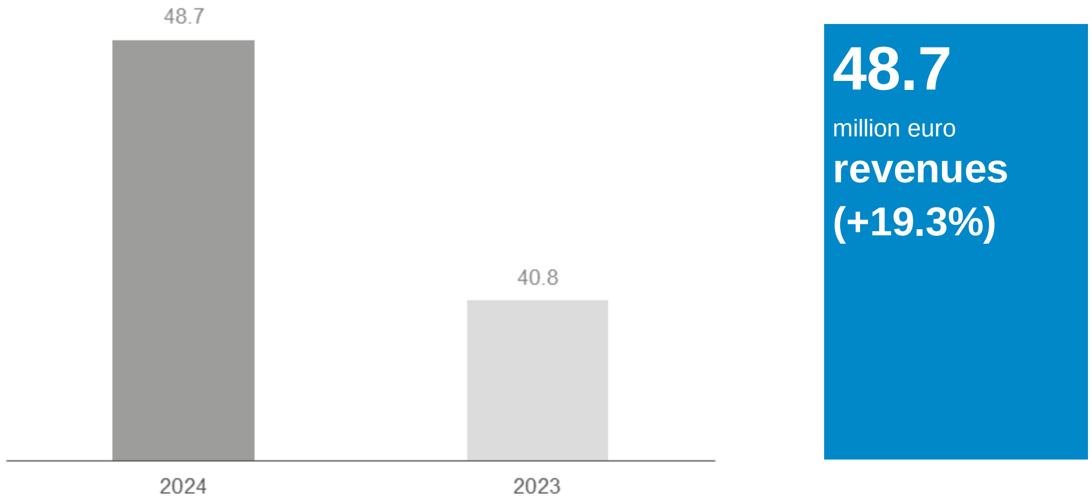
Quantitative indicators in the Other services area include the 6,760 km of proprietary ultra-wideband fibre optic network that the Hera Group owns through its digital company, Acantho Spa. This network serves the main cities in Emilia-Romagna, Padua and Trieste, and provides companies and individuals with high-performance connectivity, high reliability and maximum security for systems, data and service continuity. The network infrastructure became even more extensive in 2023 thanks to the acquisition of Asco TLC Spa, later merged into Acantho Spa. This merger represents a strategic step in the evolution of the Group's business portfolio and its offer of efficient, innovative and competitive solutions, both in terms of cost and sustainability.

The area's operating results are provided in the table below:

Income statement (mn€)	June 24	% Inc.	June 23*	% Inc.	Abs. change	% change
Revenues	48.7		40.8		7.9	+19.3%
Operating costs	(28.6)	(58.8)%	(23.8)	(58.3)%	4.8	+20.2%
Personnel costs	(7.2)	(14.8)%	(6.4)	(15.7)%	0.8	+12.5%
Capitalised costs	1.4	2.9%	1.1	2.8%	0.3	+26.4%
Ebitda	**14.3**	**29.4%**	**11.8**	**28.8%**	**2.5**	**+21.2%**

* this data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

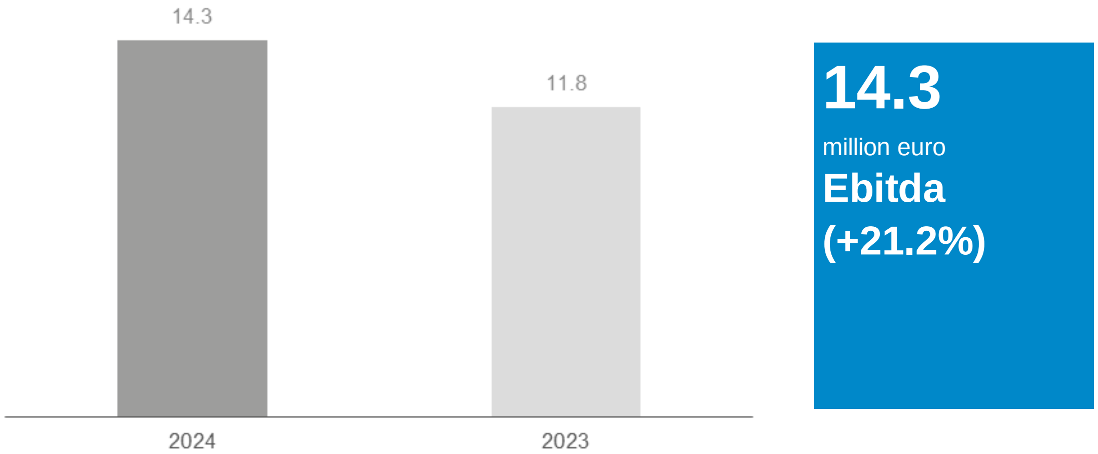
REVENUES (mn€)



In June 2024, revenues amounted to 48.7 million euro, up 7.9 million euro mainly thanks to the telecommunications business. Increased activities in telephone and connectivity services and the acquisition of Asco TLC Spa both contributed to this result. The latter transaction brought significant growth to the telecommunications business in terms of resources, customers, and operating capacity.

The growth in business volumes mentioned above, driven by the acquisition of Asco TLC Spa, also resulted in increased operating costs due to various factors, including the integration of corporate systems, an increase in personnel and the implementation of new processes, but also created significant synergies.

EBITDA (mn€)

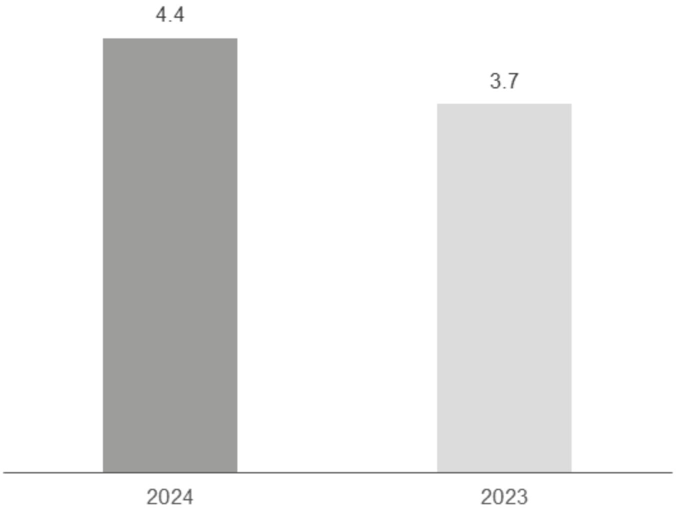


Ebitda for the other services business as a whole increased by 21.2%, up 2.5 million euro, going from 11.8 million euro in the first half of 2023 to 14.3 million euro in the same period of 2024, thanks to the contribution coming from telecommunications, mainly due to the increased activities in telephone and connectivity services partially driven by the acquisition of Asco TLC Spa.

In the first half of 2024, net investments in the other services area amounted to 4.4 million euro, up 0.7 million euro year-on-year.

Investments in the telecommunications service involved network operations and in TLC services, a sector that saw expansion in its reference geographical area and the in customer base served with the integration of the company Asco TLC, as of 1 October 2023.

NET INVESTMENTS OTHER SERVICES (mn€)



4.4
million euro
net investments other services

Details of operating investments in the other services area are as follows:

Other services (mn€)	June 24	June 23*	Abs. change	% change
TLC	4.4	3.7	0.7	+18.9%
Total other services gross	**4.4**	**3.7**	**0.7**	**+18.9%**
Capital grants	-	-	-	+0.0%
Total other services net	**4.4**	**3.7**	**0.7**	**+18.9%**

* the 2023 data has been restated, reclassifying the Public Lighting segment from Other Services to Electricity

1.04 SHARE PERFORMANCE AND INVESTOR RELATIONS

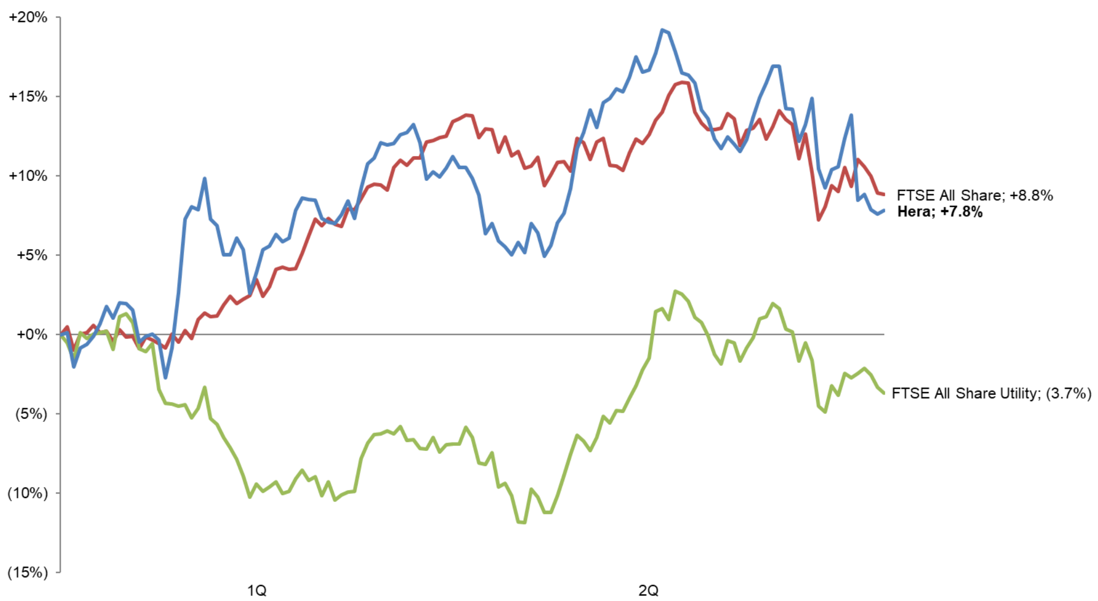
Stock markets positive in the first half-year

In the first half of 2024, all major global stock markets showed positive performances, driven by positive macroeconomic data and the publication of strong economic results in both the financial and technology sectors, which also benefitted from investors' increasing focus on companies operating in the artificial intelligence sector.
Italy's FTSE All Share index rose by 8.8% over the half-year, driven by the banking sector, while the utilities sector performed negatively, since lower energy prices affected power generation companies and resilient inflation reduced expectations as to the number of rate cuts by central banks. Indeed, while the ECB made its first cut in June without indicating when the next ones would take place, the Fed held rates steady, waiting for more encouraging data on the slowdown in price increases.

Hera +7.8%, in contrast to the sector

Against this backdrop, Hera achieved a performance coming to +7.8%, far outperforming the benchmark index, thanks to the market's positive reception of the new Business Plan to 2027, which is focused on creating value and contains clear commitments as regards shareholder return. The stock's performance was also supported by the road show visiting the main European and American financial centres, in which the Group's top management took part, and which provided an opportunity to illustrate the five-year growth strategies in person to the portfolio managers of the world's main institutional funds.

1H 2024 HERA STOCK, LOCAL UTILITY SECTOR AND ITALIAN MARKET PERFORMANCE COMPARISON



Dividend rises to 14 cents per share

Hera's Board of Directors, which met on 26 March 2024 to approve the year-end results for 2023, decided to propose to the Shareholders Meeting a dividend per share coming to 14 euro cents, up 12% and consistent with the indications contained in the business plan. Following the approval given by shareholders during the meeting held on 30 April 2024, the ex-dividend date was set at 24 June, with payment on 26 June. Hera thus confirmed its ability to remunerate shareholders thanks to the resilience of its business portfolio, which has enabled it to pay steady and growing dividends since its listing on the stock exchange.

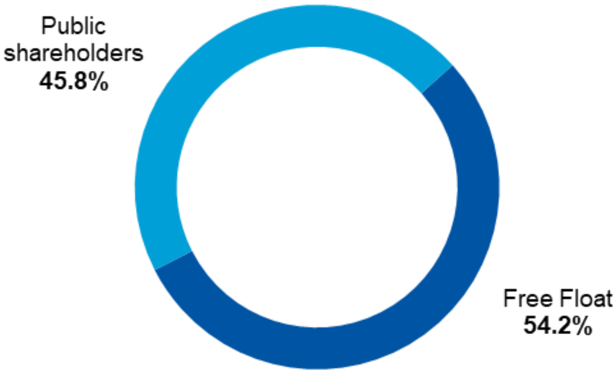
The joint effect of continuously remunerating shareholders through dividends and a rise in the price of the stock over the years allowed the total shareholders return accumulated since the IPO to remain consistently positive and to stand at over +310.5% at the end of the reporting period.

+310.5%: total shareholders' return since the IPO

The financial analysts covering the stock (Banca Akros, Equita Sim, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux and Mediobanca) almost unanimously expressed a positive opinion, with a target price that continues to show significant upside potential.
At the end of the half-year, the consensus target price came to 3.9 euro and showed a 22.1% upside potential.

Consensus target price: 3.9 euro

SHAREHOLDER BREAKDOWN AT 30 JUNE 2024



At 30 June 2024, the shareholder breakdown showed its usual stability and balance, with 45.8% of shares belonging to 111 public shareholders located across the areas served and brought together by a stockholders agreement, and a 54.2% free float. The shareholding structure includes high number of public shareholders (111 municipalities, the largest of which holds shares amounting to less than 10% of the total) and a large number of private institutional and retail shareholders.

45.8% share capital pertaining to the public stockholders agreement

Since 2006, Hera has adopted a share buyback program, most recently renewed by the Shareholders Meeting held on 30 April 2024 for 18 further months, with an overall maximum amount of 240 million euro. The purpose of this program is to finance M&A opportunities involving smaller companies, and to smooth out any abnormal market price fluctuations vis-à-vis those of the main comparable Italian companies. At 30 June 2024, Hera held 47.6 million treasury shares.

Treasury share plan approved

Intense communications with financial market players are expected for 2024 as well. After the road show to present the business plan in the first quarter, the Group's top management participated in conferences organised by Italian and international brokers, in which investors were updated on the progress made by the projects included in the plan. The intensity of the Group's commitment to dialogue with investors contributes to strengthening its reputation on the markets and constitutes an intangible asset to the benefit of Hera's stock and stakeholders.

Ongoing communication with the market in 2024 as well

CONSOLIDATED FINANCIAL STATEMENTS

2.01 FINANCIAL STATEMENT FORMATS

2.01.01 Income statement

mn€	notes	1H 2024	1H 2023
Revenues	1	5,536.8	8,297.5
Other operating revenues	2	247.9	299.3
Raw and other materials	3	(2,973.2)	(5,868.0)
Service costs	4	(1,727.6)	(1,576.2)
Personnel costs	5	(341.2)	(330.4)
Other operating expenses	6	(40.5)	(41.5)
Capitalised costs		30.5	30.6
Amortisation, provisions and depreciation	7	(347.6)	(343.6)
Operating profit		**385.1**	**467.7**
Share of profits (losses) pertaining to joint ventures and associated companies	8	6.4	5.9
Financial income	9	79.2	68.9
Financial expenses	10	(141.1)	(165.3)
Financial operations		**(55.5)**	**(90.5)**
Earnings before taxes		**329.6**	**377.2**
Taxes	11	(92.3)	(103.0)
Net profit for the period		**237.3**	**274.2**
Attributable to:			
parent company shareholders		218.4	253.9
non-controlling interests		18.9	20.3
Earnings per share			
basic	16	0.152	0.175
Diluted	16	0.152	0.175

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate income statement outlined in paragraph 2.03.01 of this consolidated financial statement.

2.01.02 Statement of comprehensive income

mn€	notes	1H 2024	1H 2023
Net profit (loss) for the period		**237.3**	**274.2**
Items reclassifiable to the income statement			
Fair value of derivatives, change for the period	25	(37.0)	(191.8)
Tax effect related to reclassifiable items		10.6	55.1
Items not reclassifiable to the income statement			
Actuarial income (losses) employee and post-employment benefits	26	5.6	1.8
Shareholdings valued at fair value	23	0.3	(0.5)
Tax effect related to not reclassifiable items		-	-
Total comprehensive profit (loss) for the period		**216.8**	**138.8**
Attributable to:			
parent company shareholders		201.0	114.3
non-controlling interests		15.8	24.5

2.01.03 Statement of financial position

mn€	notes	30 June 24	31 Dec 23
ASSETS			
Non-current assets			
Tangible assets	20	2,067.7	2,059.3
Rights of use	21	83.9	90.6
Intangible assets	22	4,794.3	4,719.6
Goodwill		908.7	908.7
Shareholdings	23	197.7	195.6
Non-current financial assets	17	157.3	162.8
Deferred tax assets	13	320.0	302.3
Derivative instruments	25	0.1	0.3
Total non-current assets		**8,529.7**	**8,439.2**
Current assets			
Inventories	28	642.2	631.6
Trade receivables	29	2,102.3	3,586.8
Current financial assets	17	128.3	90.9
Current tax assets	12	15.9	11.4
Other current assets	31	1,311.3	509.3
Derivative instruments	25	252.7	478.0
Cash and cash equivalents	17	818.5	1,332.8
Total current assets		**5,271.2**	**6,640.8**
TOTAL ASSETS		**13,800.9**	**15,080.0**

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate statement of financial position outlined in paragraph 2.03.02 of this consolidated financial statement.

mn€	notes	30 June 24	31 Dec 23
NET EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	1,441.2	1,443.0
Reserves	14	1,772.9	1,553.8
Profit (loss) for the period	14	218.4	441.4
Group net equity		**3,432.5**	**3,438.2**
Non-controlling interests	15	291.3	313.4
Total net equity		**3,723.8**	**3,751.6**
Non-current liabilities			
Non-current financial liabilities	18	4,378.9	4,421.7
Non-current lease liabilities	21	52.2	56.8
Post-employment and other benefits	26	79.5	88.1
Provisions for risks and charges	27	636.5	617.8
Deferred tax liabilities	13	154.1	156.9
Total non-current liabilities		**5,301.2**	**5,341.3**
Current liabilities			
Current financial liabilities	18	680.2	890.8
Current lease liabilities	21	22.7	24.5
Trade payables	30	1,844.8	2,637.2
Current tax liabilities	12	214.3	110.2
Other current liabilities	32	1,744.1	1,866.8
Derivative instruments	25	269.8	457.6
Total current liabilities		**4,775.9**	**5,987.1**
TOTAL LIABILITIES		**10,077.1**	**11,328.4**
TOTAL NET EQUITY AND LIABILITIES		**13,800.9**	**15,080.0**

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate statement of financial position outlined in paragraph 2.03.02 of this consolidated financial statement.

2.01.04 Cash flow statement

mn€	notes	30 June 24	30 June 23
Earnings before taxes		**329.6**	**377.2**
Adjustments to reconcile net profit to cash flow from operating activities			
Amortisation and impairment of assets	7	266.4	246.2
Allocation to provisions	7	81.2	97.4
Effects from valuation using the net equity method	8	(6.4)	(5.9)
Financial (income) expenses	9, 10	61.9	96.4
(Capital gains) losses and other non-monetary elements		(25.2)	(49.4)
Change in provision for risks and charges	27	(19.0)	(17.6)
Change in provision for employee and post-employment benefits	26	(4.9)	(5.4)
Total cash flow before changes in net working capital		**683.6**	**738.9**
(Increase) decrease in inventories	33	(10.4)	(126.7)
(Increase) decrease in trade receivables	33	366.6	1,309.7
Increase (decrease) in trade payables	33	(946.4)	(1,333.8)
Increase/decrease in other current assets/liabilities	33	182.2	208.0
Changes in working capital		**(408.0)**	**57.2**
Dividends collected	33	11.4	6.6
Interest income and other financial income collected	33	25.8	31.2
Interest expenses, net charges on derivatives and other financial charges paid	33	(164.9)	(124.4)
Taxes paid	33	(2.5)	(31.7)
Cash flow from operating activities (a)		**145.4**	**677.8**
Investments in tangible assets	20	(98.9)	(79.0)
Investments in intangible assets	22	(245.5)	(239.4)
Investments in subsidiary companies and business units net of cash holdings		-	(56.1)
Other equity investments		(0.4)	(24.0)
Sale price of tangible and intangible assets		2.5	1.5
(Increase) decrease in other investment activities	24	(18.1)	54.2
Cash flow from (for) investing activities (b)		**(360.4)**	**(342.8)**
New issue of long-term bonds		-	614.9
Repayments of non-current financial liabilities	19	(7.9)	(600.0)
Repayments and other net changes in financial liabilities	19	(54.7)	(804.0)
Repayments of leasing liabilities	19	(9.9)	(10.5)
Acquisition of interests in consolidated companies		(1.3)	-
Increase in minority share capital		1.3	-
Dividends paid out to Hera shareholders and non-controlling interests	19	(221.5)	(213.2)
Changes in treasury shares	14	(5.3)	(9.8)
Cash flow from (for) financing activities (c)		**(299.3)**	**(1,022.6)**
Increase (decrease) in cash holdings (a+b+c)		**(514.3)**	**(687.6)**
Cash and cash equivalents at the beginning of the period		1,332.8	1,942.4
Cash and cash equivalents at the end of the period		818.5	1,254.8

Pursuant to Consob Resolution no. 15519 of 27 July 2006, the effects of relationships with related parties are accounted for in the appropriate cash flow statement outlined in paragraph 2.03.03 of this consolidated financial statement.

2.01.05 Statement of changes in net equity

mn€	Share capital	Reserves	Reserves derivatives valued at fair value	Reserves actuarial income (losses) employee benefits	Reserves share-holdings valued at fair value	Profit for the period	Net equity	Non-controlling interests	Total
Balance at 31 December 2022	**1,450.3**	**1,485.8**	**256.6**	**(31.8)**	**(17.7)**	**255.2**	**3,398.4**	**246.3**	**3,644.7**
Profit for the period						253.9	253.9	20.3	274.2
Other components of comprehensive income:									
fair value of derivatives, change for the period			(140.6)				(140.6)	3.9	(136.7)
actuarial income (losses) employee and post-employment benefits				1.5			1.5	0.3	1.8
fair value of shareholdings, change for the period					(0.5)		(0.5)		(0.5)
Overall profit for the period	**-**	**-**	**(140.6)**	**1.5**	**(0.5)**	**253.9**	**114.3**	**24.5**	**138.8**
change in treasury shares	(3.7)	(6.1)					(9.8)		(9.8)
change in equity investments		0.9					0.9	(0.9)	-
changes in scope of consolidation							-	32.7	32.7
other movements		(0.1)					(0.1)		(0.1)
Allocation of revenues:									
dividends paid out						(180.9)	(180.9)	(35.8)	(216.7)
allocation to reserves		74.3				(74.3)	-		-
Balance at 30 June 2023	**1,446.6**	**1,554.8**	**116.0**	**(30.3)**	**(18.2)**	**253.9**	**3,322.8**	**266.8**	**3,589.6**
Balance at 31 December 2023	**1,443.0**	**1,549.3**	**44.5**	**(33.1)**	**(6.9)**	**441.4**	**3,438.2**	**313.4**	**3,751.6**
Profit for the period						218.4	218.4	18.9	237.3
Other components of comprehensive income:									
fair value of derivatives, change for the period			(22.9)				(22.9)	(3.5)	(26.4)
actuarial income (losses) employee and post-employment benefits				5.1			5.1	0.5	5.6
fair value of shareholdings, change for the period					0.3		0.3		0.3
Overall profit for the period	**-**	**-**	**(22.9)**	**5.1**	**0.3**	**218.4**	**200.9**	**15.9**	**216.8**
change in treasury shares	(1.8)	(3.5)					(5.3)		(5.3)
minority share payments							-	0.3	0.3
change in equity investments		(0.2)					(0.2)	(1.1)	(1.3)
other movements		0.8					0.8	0.3	1.1
Allocation of revenues:									
dividends paid out						(201.9)	(201.9)	(37.4)	(239.3)
allocation to reserves		239.5				(239.5)	-		-
Balance at 30 June 2024	**1,441.2**	**1,785.9**	**21.6**	**(28.0)**	**(6.6)**	**218.4**	**3,432.5**	**291.3**	**3,723.8**

2.02 EXPLANATORY NOTES

2.02.01 Introduction

This abbreviated consolidated financial statement at 30 June 2024 was prepared in compliance with Article 154-ter of Legislative Decree No. 58 of February 24, 1998 (Consolidated Law on Finance - TUF), including subsequent amendments and additions, and in application of IAS 34. It does not include all the information required by IFRS standards in the preparation of annual financial statements and should therefore be read in conjunction with the Group's consolidated financial statements at 31 December 2023.

In particular, this abbreviated consolidated financial statement was prepared in compliance with Regulation (EC) No. 1606/2002 of 19 July 2002, observing the International Accounting Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) and endorsed by the European Commission, as well as the provisions enacted in implementing Article 9 of Italian Legislative Decree no. 38/2005. IFRSs also include the International Accounting Standards (IAS) currently in force, the interpretative documents issued by the International Financial Reporting Standards Interpretation Committee (IFRS IC) and the previous Standing Interpretation Committee (SIC).

The directors considered the applicability of the assumed going concern in drafting this consolidated financial statement, and decided that such assumption is appropriate since it has been verified that there are no financial, managerial or other indicators that could indicate critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular over the next 12 months.

The general principle adopted in preparing this abbreviated half-year consolidated financial statement is the cost principle, except for assets and liabilities (including derivative instruments), which were measured at fair value.

The figures in this abbreviated consolidated half-year financial statement are comparable with the same data of the previous reporting period, unless indicated otherwise in the notes commenting on the individual items. In comparing the single items of the income statement and statement of financial position, any change in the scope of consolidation outlined in the specific paragraph must also be taken into account. Note that, in the abbreviated consolidated half-year financial statements at 30 June 2024, a reclassification was made from "current financial liabilities" to "trade payables" of the amounts received as advances at the end of the previous year and related to the gas settlement process. Based on the analyses carried out, the effects of this reclassification were not considered significant, pursuant to the content of paragraph 5 of IAS 8. Consequently, the reclassification was made in the abbreviated half-year consolidated financial statements at 30 June 2024, without changing the information under comparison, in application of paragraphs 41 and 42 of IAS 8.

This abbreviated consolidated half-year financial statement at 30 June 2024 was drawn up by the Board of Directors and approved by the same at the meeting held on 31 July 2024. This financial statement underwent limited auditing by KPMG Spa.

Financial statement content and format

This abbreviated consolidated half-year financial statement comprises:

- primary reporting formats; they are the same as those used for the consolidated financial statements for the year ended 31 December 2023 and have the following features:
  - the income statement includes individual items analysed by type. We believe that this type of presentation, which is also used by our major competitors and is in line with international practice, best represents company results;
  - the statement of comprehensive income is presented in a separate document and distinguishes items that may and may not be reclassified subsequently to profit and loss;
  - the statement of financial position makes the distinction between current and non-current assets and liabilities, with a description in the commentary notes for each asset and liability item of the

amounts expected to be recovered or settled within or beyond 12 months after the date of the financial statements;
  - the consolidated cash flow statement presents cash flows from operating, investment and financing activities. Cash flows from operating activities are presented through the indirect method, whereby the result for the period is adjusted by the effects of non-monetary transactions, any deferrals or reserves of prior or future operating cash receipts or payments, and revenue items linked to cash flows from investment or financing activities;
  - the statement of changes in net equity reports, in addition to the items of the comprehensive income statement, the transactions carried out with shareholders;
- explanatory notes.

In the financial statements, any non-recurring costs and revenues are indicated separately. Moreover, with reference to Consob resolution 15519 of 27 July 2006 on financial statements, specific supplementary formats of income statement, statement of financial position and cash flow statement have been included, highlighting the most significant balances with related parties, in order to avoid altering the overall clarity of the financial statements.

The financial statement formats and the information included in the explanatory notes are expressed in millions of euro, unless otherwise indicated.

Scope of consolidation

The consolidated financial statements at 30 June 2024 include the financial statements of the Parent Company Hera Spa and those of its subsidiaries. Control is obtained when the parent company has the power to influence the performance of the subsidiary, i.e. when, by means of currently valid rights, it has the power to direct the significant activities of the subsidiary. Jointly controlled assets (joint operations), in the form of corporate vehicles, are recognised in proportion to the Group’s shareholding. Equity investments in joint ventures in which the Hera Group exercises joint control with other shareholders, and companies over which the Group exercises significant control, are consolidated with the equity method. Small-scale subsidiaries and associated companies are excluded from overall consolidation and valued at fair value. These companies are reported in note 23, in the item “Other shareholdings”.

The main exchange rates used to convert the value of foreign companies into euro are as follows:

	1H 2024	30 June 24	31 Dec 23	31 Dec 23	1H 2023	30 June 23
	Average	Specific	Average	Specific	Average	Specific
Bulgarian Lev	1.9558	1.9558	1.9558	1.9558	1.9558	1.9558
Polish Zloty	4.3169	4.3090	4.5420	4.3395	4.5601	4.4388

Changes in the scope of consolidation

The table below shows changes in the scope of consolidation introduced during the first half of 2024 as compared to the consolidated financial statement at 31 December 2023:

Exiting the scope of consolidation	Company / business unit
	Atlas Utilities Ead*

* On 10 June 2024, the liquidation process of Atlas Utilities Ead was concluded by deleting the company from the Bulgarian Company Register.

Change in equity investments

On 15 April 2024, a minority shareholding amounting to 3% of the share capital of the company Uniflotte Srl was acquired by the parent company Hera Spa, which therefore became the sole shareholder.

The difference between the amount adjusting the minority shareholding and the fair value of the consideration paid was reported directly in net equity and attributed to the shareholders of the parent company.

Significant estimates and evaluations

Preparation of the consolidated financial statements and related notes requires the use of estimates and valuations by the directors, with effects on the balance sheet figures, based on historical data and on the forecasts of specific events that are reasonably likely to occur on the basis of currently available information. These estimates, by definition, are an approximation of the final figures. Hence the main areas characterised by valuations and assumptions that could give rise to variations in the values of assets and liabilities within 12 months are set forth below.

Recognition of revenues
Revenues for the sale of electricity, gas and water are recognised and accounted for at supply only if the consideration is expected to be collected. They include the allocation for services rendered between the date of the last reading and the end of the half-year, but not yet billed. This allocation is based on estimates of the customer's daily consumption, based on their historic profile and adjusted to reflect the weather conditions or other factors which might affect the consumption under evaluation.

Provisions for risks
These provisions were made adopting the same procedures as in previous years, with reference to reports by the legal advisors and consultants that are following the cases, and on the basis of developments in the relevant legal proceedings as well as of the updates of the hypotheses concerning future expenses for post-mortem costs of the landfills, following the revision of the estimated costs identified by external consultants.

Depreciation
Depreciation of tangible fixed assets is calculated on the basis of the useful life of an asset. The useful life is determined by management at the time the asset is recognized in the balance sheet; valuations of the duration of useful life are based on historical experience, market conditions and the expectation of future events that could affect the useful life itself, including technological changes. Therefore, the actual useful life might differ from the estimated useful life.

Deferred tax assets
Accounting for prepaid tax assets takes place on the basis of expectations of taxable income in future years. The evaluation of the taxable income expected for the purposes of accounting for deferred tax assets depends on factors that may vary over time and significantly affect the recoverability of deferred tax assets.

Fair value assessment and evaluation process
The fair value of financial instruments, both on interest rates and foreign exchange rates, derives from market prices. In the absence of prices quoted in active markets, the method of discounting back future cash flows is used, taking the parameters observed on the market as reference. The fair value of contracts on commodities are determined using directly observable market inputs, where available. The methodology for calculating the fair value of these instruments includes an assessment of the non-performance risk, where relevant. All derivative contracts entered into by the Group are with leading institutional counterparties.

Fair Value Hierarchy
Financial instruments measured at fair value are classified through a three-level hierarchy based on the way the fair value was determined, i.e., with reference to the factors used in determining the value:

- level 1, financial instruments the fair value of which is determined on the basis of quoted prices in active markets;
- level 2, financial instruments the fair value of which is determined using valuation techniques that employ parameters that are directly or indirectly observable on the market. Instruments valued on the basis of the market forward curve and short term differential contracts are classified in this category;
- level 3, financial instruments the fair value of which is determined using valuation techniques that employ parameters that cannot be observed on the market, using internal estimates exclusively.

Also note that certain valuation processes, specifically the more complex ones such as establishing any impairment of non-current assets, are generally carried out fully only for the preparation of the annual financial statements, except in cases where there are impairment indicators that require an immediate impairment test.

Events following the interim financial statements

Note that the Hera Group was awarded the tender called by the Single Purchaser in 37 Italian provinces, linked to the elimination of the protected electricity market. More specifically, as of 1 July 2024, Group subsidiary Hera Comm Spa will be the new manager of the Gradual Protection Electricity Service for non-vulnerable household customers, covering over 1 million new electricity customers. The operating and financial effects of this significant increase in the customer base will therefore appear as of the second half of 2024.

2.02.02 Operational and financial performance

Paragraphs 1.02 and 1.03 of the Directors' Report contain an analysis of the operating performance for the period, including by business area, to which reference is made for a specific analysis of the changes in the main items of operating revenues and costs, as well as financial management as a whole.

A breakdown of the most important economic items by business segment is provided in the section 'Operating Segment Reporting' in paragraph 2.02.10 'Other Information'.

1 Revenues

	1H 2024	1H 2023	change
Revenues from sales and services	5,532.0	7,899.7	(2,367.7)
Changes in work in progress and semi-finished products	4.8	397.8	(393.0)
Total	**5,536.8**	**8,297.5**	**(2,760.7)**

Revenues are mainly generated in Italy, with the exception of natural gas wholesaling activities with an international dimension. Note in particular that out of the total value of revenues, 540.9 million euro refer to counterparties operating on the Dutch TTF market (1,575 million euro at 30 June 2023).

In "Revenues from sales and services", the decrease was mainly due to the drop in energy commodity prices, the decrease in gas volumes sold to end customers and the reduction in operations of the business related to the energy efficiency of residential buildings, partially offset by the higher volumes generated in the electricity sales business and higher revenues from network managed services and urban hygiene. In particular, the change in volumes of gas sold to end customers was influenced by the milder climate trend and the lower consumption choices of customers, also as a result of widespread energy saving measures in line with climate-changing emission reduction targets.

In "Changes in work in progress and semi-finished goods", the change compared to the period under comparison mainly reflects the reduction in incentivised activities on services for energy saving in residential buildings, typically condominiums, following the substantial termination of the 110% super-bonus and, more generally, the regulatory restrictions introduced by the Government in relation to incentives for energy efficiency measures in homes.
Revenues from related parties are illustrated in section 2.03.01 "Income Statement as per Consob Resolution 15519/2006".

2 Other operating revenues

	1H 2024	1H 2023	change
Long-term contracts	179.7	171.8	7.9
Operating grants	6.9	41.9	(35.0)
Grants related to plants	6.8	6.4	0.4
Gains from asset disposals	1.5	0.7	0.8
Other revenues	53.0	78.5	(25.5)
Total	**247.9**	**299.3**	**(51.4)**

In "Long-term contracts", the change compared to the same period of the previous year was mainly due to the greater investments made in infrastructures under concession, particularly in the water cycle business, only partially offset by the decrease in investments in the natural gas distribution business.

In "Operating grants", the significant decrease compared to the period under comparison was due to the end of the gas and electricity subsidies given in the form of tax credits by the Government's aid decrees from 2022 onwards to address the high energy price emergency, amounting to 39.9 million euro at 30 June 2023.

"Other revenues" mainly consist of insurance reimbursements, expense recoveries and white certificates. The latter represent revenues calculated on the basis of the energy efficiency targets set by the GSE and settled with the Cassa per i Servizi Energetici e Ambientali, amounting to 20.1 million euro (16.9 million euro at 30 June 2023). The decrease compared to the period under comparison was mainly due to the recognition in this item in the first half of 2023, in the presence of a still uncertain regulatory framework, of the reimbursement of costs incurred for the management of the flood emergency that hit Emilia-Romagna and some neighbouring regions in May 2023, amounting to 19.5 million euro, which were subsequently defined as grants.

3 Raw and other materials

	1H 2024	1H 2023	Change
Raw materials earmarked for sale	2,768.7	5,813.7	(3,045.0)
Environmental certificates	40.8	54.9	(14.1)
Plastic materials	29.9	40,.3	(10.4)
Materials for industrial use	19.7	31.4	(11.7)
Charges and revenues from derivatives	(7.2)	(185.3)	178.1
Maintenance and other materials	121.3	113.0	8.3
Total	**2,973.2**	**5,868.0**	**(2,894.8)**

"Raw materials earmarked for sale", net of changes in inventories and allocated write-downs, include supplies of natural gas, electricity and water. Natural gas brokerage activities on the TTF market generated costs of 512.7 million euro in the first half of 2024 (1,452 million euro at 30 June 2023). The decrease in the period, similarly to that illustrated in Note 1 'Revenues', was due to the reduction in energy commodity procurement prices and lower gas volumes sold, partially offset by the increase in volumes sold to electricity end customers.

In “Environmental certificates”, the decrease compared to the same period of the previous year was mainly related to the lower number of grey certificate transactions in the trading portfolio.

In “Plastic materials”, the change in costs is consistent with the decrease in sales revenues as a result of the trend in the plastics market. On this matter, the downward price trend that had already started in 2023 after the highs reached in 2022 was confirmed.

In “Materials for industrial use”, the decrease in the period was due to lower electricity costs mainly as a result of lower market prices.

For “Charges and revenues from derivatives”, see Note 25 “Derivative Instruments” for an analysis on nature and performance.

4 Service costs

	1H 2024	1H 2023	Change
Transport and storage	908.2	452.4	455.8
Waste transportation, disposal and collection	277.7	288.4	(10.7)
Work and maintenance expenses	246.0	567.6	(321.6)
Technical services	54.8	54.0	0.8
IT and data processing services	45.8	40.4	5.4
Professional services	33.9	24.8	9.1
Fees paid to local authorities	32.7	31.7	1.0
Other service costs	128.5	116.9	11.6
Total	**1,727.6**	**1,576.2**	**151.4**

In “Transport and storage”, the change from the same period of the previous year was mainly due to:
- higher system charges in the electricity and natural gas businesses (which remain pass-through, for the Group), following the termination of the effects of regulatory provisions that in previous years, in response to the energy crisis, had resulted in their reduction or cancellation;
- lower methane gas storage and transportation costs due to lower volumes handled directly on Remi substations, without resorting to procurement contracts, as a result of the reduction in the final consumption of methane gas by the Group’s customers;
- higher distribution costs of the electricity commodity due to increased volumes sold.

In “Waste transportation, disposal and collection”, the change compared to the same period of the previous year was mainly due to:
- costs incurred in the first half of the 2023 financial year for waste transport, storage and treatment activities following the flood emergency that affected part of the areas in which the Group is the manager of public utilities;
- lower transport and waste treatment costs related to the brokerage activity due to both lower volumes and the different mix of waste handled;
- lower costs for the management of by-products and surpluses due to the reduction of quantities destined for plants not owned by the Group.

In “Work and maintenance expenses”, the change compared to the same period of the previous year was mainly due to the reduction in activities related to the energy efficiency of condominiums as a result of regulatory changes introduced by the Government, which effectively eliminated the possibility of discounting in the invoice or assigning credit. Also note that the entry at 30 June 2023 was affected by costs related to the emergency that affected part of the areas in which the Group is a utility operator.

In "Professional services", the change compared to the same period of the previous year was mainly due to increased costs for the document management of receivables arising from the application of the invoice discount for the energy efficiency business of apartment buildings, in connection with the completion in the first half of 2024 of the administrative paperwork for the works.

"Other service costs" mainly include commissions and other costs related to agents and bank fees. In addition, it should be noted that the item "Costs for miscellaneous services" includes short-term and low-value leasing fees, the amount of which in the first half of 2024 is not significant.

5 Personnel costs

	1H 2024	1H 2023	Change
Salaries and wages	244.9	236.7	8.2
Social security costs	77.5	75.3	2.2
Other costs	18.8	18.4	0.4
Total	**341.2**	**330.4**	**10.8**

The increase over the same period of the previous year was mainly attributable to:
- the salary changes provided for in the national collective labour agreements;
- the increase in the number of employees in the period.

The average and exact number of employees per period, broken down by category, was as follows:

	Average			Exact		
	1H 2024	1H 2023	Change	1H 2024	1H 2023	Change
Managers	156	157	(1)	153	155	(2)
Middle managers	592	592	-	590	588	2
Clerks	5,697	5,559	138	5,718	5,582	136
Blue-collar workers	3,648	3,613	35	3,671	3,613	58
Total	**10,093**	**9,921**	**172**	**10,132**	**9,938**	**194**

The average labour costs per capita in the first half of 2024 compared to the same period in 2023 are as follows:

thousand euro	1H 2024	1H 2023	Change
Average cost of labour per capita	33.8	33.3	0.5

6 Other operating expenses

	1H 2024	1H 2023	Change
Taxation other than income taxes	13.3	11.3	2.0
Fees paid to Institutional Authorities	7.6	7.5	0.1
Losses on the sale and disposal of assets	4.7	4.1	0.6
Minor charges	14.9	18.6	(3.7)
Total	**40.5**	**41.5**	**(1.0)**

"Taxation other than income taxes" mainly refers to taxes on buildings, stamp duties and registration taxes, single property tax, waste tax, excise duties and taxes related to managed landfills, the latter increasing due to the higher tonnage contributed by the Group in the first half of 2024 compared to the period under comparison.

In "Minor charges", the change from the period under comparison was mainly due to the costs charged in the first half of 2023 for the management of the flood emergency in the same year that affected part of the areas in which the Group is a utility operator.

7 Amortisation, provisions and depreciation

	1H 2024	1H 2023	Change
Amortisation, depreciation and write-downs	266.4	246.2	20.2
Net provisions	81.2	97.4	(16.2)
Total	**347.6**	**343.6**	**4.0**

Depreciation, amortisation and write-downs are detailed below:

	notes	1H 2024	1H 2023	Change
Depreciation	20, 21, 22	266.4	246.1	20.3
Write-downs	20, 21, 22	-	0.1	(0.1)
Total		**266.4**	**246.2**	**20.2**

Below is a breakdown of Net Provisions:

	notes	1H 2024	1H 2023	Change
Provisions to the bad debts fund	29	53.7	69.3	(15.6)
Provisions to risks and charges funds	27	28.1	29.1	(1.0)
De-provisioning	27, 29	(0.6)	(1.0)	0.4
Total		**81.2**	**97.4**	**(16.2)**

De-provisioning includes reversals of provisions due to the disappearance of the underlying risk.

8 Share of profits (losses) pertaining to joint ventures and associated companies

	1H 2024	1H 2023	Change
Joint venture share of net profits	1.0	0.9	0.1
Associated company share of net profits	5.4	5.0	0.4
Total	**6.4**	**5.9**	**0.5**

The portions of profits and losses of joint ventures and associated companies include the effects generated by the valuation using the equity method of companies within the scope of consolidation, details of which are provided in Note 23 "Shareholdings".

9 Financial income

	1H 2024	1H 2023	Change
Customers	17.5	26.1	(8.6)
Discounting of energy efficiency receivables	17.4	-	17.4
Bank interest	15.7	15.2	0.5
Income from valuation at fair value of financial assets and liabilities	12.7	16.3	(3.6)
Income from derivatives	2.9	3.2	(0.3)
Other financial income	13.0	8.1	4.9
Total	**79.2**	**68.9**	**10.3**

"Customers", mainly include interest on arrears attributable to the gas and electricity sales business in all reference markets.

"Discounting of energy efficiency receivables", represents the effect of the valuation at amortised cost of tax credits arising from the application of the discount on invoices for condominium redevelopment activities intended for offsetting within the Group through the use of its tax capacity. At 30 June 2023, all loans in the portfolio were due to be sold to the banking system in the months immediately thereafter and, consequently, the corresponding amortised cost valuation gains had not been recognised.

"Income from valuation at fair value of financial assets and liabilities" and "Income from derivatives" are commented on in Note 25, "Derivative Instruments".

The item "Other financial income" includes the following:

	notes	1H 2024	1H 2023	Change
Dividends		7.9	3.8	4.1
Non-current financial receivables	17	2.9	2.1	0.8
Loans	17	0.9	0.9	-
Other		1.3	1.3	-
Total		**13.0**	**8.1**	**4.9**

Dividends represent the portion of profits distributed by companies classified as "Other equity investments", and in particular refer to the equity investment in Ascopiave Spa, Calenia Energia Spa and Veneta Sanitaria Spa (to which the main increase for the period refers).

10 Financial expenses

	1H 2024	1H 2023	Change
Expenses from bonds and loans	60.3	70.7	(10.4)
Expenses from the disposal of tax credits	35.7	1.2	34.5
Expenses from disposals of trade receivables and other operating receivables	26.6	23.4	3.2
Expenses from derivatives	17.7	21.6	(3.9)
Valuation at amortized cost of financial liabilities	16.2	17.2	(1.0)
Discounting of provisions	10.9	5.7	5.2
Discounting of options and consideration on equity investments	5.7	8.8	(3.1)
Expenses from valuation at fair value of financial assets and liabilities	(35.8)	13.5	(49.3)
Other financial expenses	3.8	3.2	0.6
Total	**141.1**	**165.3**	**(24.2)**

In “Expenses from bonds and loans”, the reduction related to the lower financing requirements, since already in 2023, the good performance of net working capital and the greater stability in the energy markets allowed for the early repayment of short and medium-term financial liabilities that had been taken out in 2022, in a context of rising rates, in order to meet the cash requirements determined by the extremely volatile macroeconomic environment.

In “Expenses from the disposal of tax credits”, the increase reflects the significant assignments made to the banking system in the first half of 2024, compared to a small number of assignments in the first half of the previous year. These charges, which are recognised following the formalisation of transactions with counterparties, must, however, be related to the fair value measurement of these receivables carried out at the end of the previous year. Therefore, for the overall effect of these transactions on the result for the period, see the comments on the item “Losses from fair value measurement of financial assets and liabilities”.

“Expenses from derivatives” include the effects of both the valuation and generation of interest and exchange rate derivatives, as detailed in Note 25 “Derivative Instruments”.

The item “Discounting of provisions” consists of the following:

	notes	1H 2024	1H 2023	Change
Post-closure landfills	27	7.0	2.7	4.3
Restoration of third-party assets	27	2.4	2.8	(0.4)
Post-employment and other employee benefits	26	1.4	0.1	1.3
Plant dismantling	27	0.1	0.1	-
Total		**10.9**	**5.7**	**5.2**

For an analysis of the change in charges from discounting of provisions compared to the comparison period, where significant, see the notes to the respective balance sheet items.

“Expenses from valuation at fair value of financial assets and liabilities” represent the reversal of the valuation position opened in the previous year, which occurred as a result of the transactions for the assignment of tax credits carried out in the first half of 2024, the final charges for which are instead classified in the item “Expenses from the disposal of tax credits”, thus generating a substantially offsetting effect on the results for the period. In addition, during the first half of 2024, the invoice discount receivables subject to valuation were of a limited amount compared to the comparison period due to the regulations issued by the Government, which limited the aforementioned facilitation mechanism to entirely residual cases, thus resulting in a net contraction of works subject to the application of the discount directly in invoices.

The item “Other financial expenses”, of a residual nature, consists of the following:

	notes	1H 2024	1H 2023	Change
Leases	21	1.4	1.3	0.1
Other expenses		2.4	1.9	0.5
Total		**3.8**	**3.2**	**0.6**

2.02.03 Taxation

11 Taxes

The breakdown of this item by nature is as follows:

	1H 2024	1H 2023	Change
IRES and substitute tax	71.7	79.4	(7.7)
IRAP	20.6	23.6	(3.0)
Total	**92.3**	**103.0**	**(10.7)**
Earnings before taxes	**329.6**	**377.2**	
Tax rate	**28.0%**	**27.3%**	

The increase in the tax rate was mainly due to lower tax benefits (including tax credits given for the purchase of electricity and gas not relevant for tax purposes, in addition to aid for economic growth), which had positively impacted the first half of 2023.

During the first half of the year, the following exemptions occurred, which benefited the tax burden for the period:
- higher values arising from the acquisition of controlling interests in ACR Spa and Fratelli Franchini Srl pursuant to paragraphs 10-bis and 10-ter of article 15 of Legislative Decree 185/2008;
- higher values arising from the demerger of part of the assets of Herambiente Servizi Ambientali Srl into ACR Spa pursuant to paragraph 10 of article 15 of Legislative Decree 185/2008;
- higher values arising from the merger by incorporation of Asco TLC Spa into Acantho Spa, pursuant to paragraph 10 of article 15 of Legislative Decree No. 185/2008.

12 Current tax assets and liabilities

	30 Jun 24	31 Dec 23	Change
Income tax receivables	14.8	10.3	4.5
IRES refund receivables	1.1	1.1	-
Total current tax assets	**15.9**	**11.4**	**4.5**
Income tax payables	214.3	110.2	104.1
Total current tax liabilities	**214.3**	**110.2**	**104.1**

"Receivables for income taxes" refer to the excess of IRES and IRAP balances for direct taxes for the previous year that have not yet been used for offsetting purposes and the advances paid in the period for direct taxes with respect to the accrued liability for some companies not included in the tax consolidation.

"Income tax payables" mainly include IRES and IRAP taxes accrued by Group companies on income produced in the first half of the current year, in addition to the previous year's tax liability still to be paid to the tax authorities.

13 Deferred tax assets and liabilities

	30 Jun 24	31 Dec 23	Change
Pre-paid tax assets	447.2	448.2	(1.0)
Offsetting of deferred tax liabilities	(128.7)	(146.1)	17.4
Substitute tax credit	1.5	0.2	1.3

Total net deferred tax assets	**320.0**	**302.3**	**17.7**
Deferred tax liabilities	282.8	303.0	(20.2)
Offsetting of deferred tax liabilities	(128.7)	(146.1)	17.4
Total net deferred tax liabilities	**154.1**	**156.9**	**(2.8)**

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against the corresponding current tax liabilities.

The decrease in deferred tax liabilities was mainly due to the change in the fair value of commodity derivatives designated as cash flow hedges, which led to a decrease in liabilities with a balancing entry in the statement of comprehensive income.

2.02.04 Equity and financial structure

Net equity

14 Group net equity

	30 Jun 24	31 Dec 23	Change
Share capital (nominal value)	1,489.5	1,489.5	-
Treasury share reserve	(47.6)	(45.8)	(1.8)
Share capital increase costs	(0.7)	(0.7)	-
Share capital	**1,441.2**	**1,443.0**	**(1.8)**
Legal reserve	146.1	133.9	12.2
Other reserves	1,699.3	1,471.4	227.9
Components of comprehensive income (OCI)	(13.0)	4.5	(17.5)
Reserve for treasury share transactions	(59.5)	(56.0)	(3.5)
Reserves	**1,772.9**	**1,553.8**	**219.1**
Profit (loss) for the period	**218.4**	**441.4**	**(223.0)**
Total	**3,432.5**	**3,438.2**	**(5.7)**

The share capital at 30 June 2024 consists of 1,489,538,745 ordinary shares with a nominal value of 1 euro each and is fully paid up. The number of treasury shares held by the Group at 30 June 2024 was 47,612,438 (45,830,208 at 31 December 2023).

The item Legal reserve of the parent company Hera Spa increased as a result of the allocation of the legally required portion of the previous year's profit, as resolved by the Shareholders' Meeting upon approval of the financial statements as of 31 December 2023.

Compared to 31 December 2023, the Group's net equity showed an overall decrease, mainly due to:

- 218.4 million euro as the Group's profit for the period;
- the payment of dividends amounting to 201.9 million euro;
- the negative change in components of comprehensive income, mainly determined by the change in cash flow hedge reserves related to hedges of planned gas and electricity commodity transactions amounting to 17.5 million euro.

15 Non-controlling interests

	30 Jun 24	31 Dec 23	Change
Share capital and reserves	270.6	266.8	3.8
Components of other comprehensive income (OCI)	1.8	4.8	(3.0)
Profit (loss) for the period	18.9	41.8	(22.9)
Total	**291.3**	**313.4**	**(22.1)**

This item consists mainly of the shares of minority shareholders in the Herambiente Group, the Marche Multiservizi Group and Acantho Spa.

Reconciliation statement

The following is a reconciliation between the Parent Company's separate financial statements and the consolidated financial statements.

	Net result	Net assets
Balances as per parent company's financial statements	265.9	2,646.3
Excess of shareholders' equity (including the result of the period) over the carrying amounts of investments in consolidated companies	(48.7)	646.3
Consolidation adjustments:		
net equity valuation of companies recognised in the separate financial statements at cost	0.5	44.4
difference between purchase price and corresponding net book equity	(11.4)	96.4
elimination of intra-group transaction effects	12.1	(0.9)
Total	**218.4**	**3,432.5**
Allocation of third-party holdings	18.9	291.3
Balances as per consolidated financial statement	**237.3**	**3,723.8**

16 Earnings per share

	1H 2024	1H 2023
Profit or loss for the period attributable to holders of ordinary shares of the parent company (A)	218.4	253.9
Weighted average number of shares outstanding for the purposes of calculation of earnings (loss) per share		
basic (B)	1,441,403,645	1,447,851,952
diluted (C)	1,441,403,645	1,447,851,952
Earnings (loss) per share (in euro)		
basic (A/B)	**0.152**	**0.175**
diluted (A/C)	**0.152**	**0.175**

Basic earnings per share is calculated with respect to the profit or loss attributable to holders of ordinary equity instruments of the parent entity. The diluted earnings per share are equal to the basic earnings per share as there are no classes of shares other than ordinary shares and there are no instruments convertible into shares.

Net financial debt

Below is the financial debt prepared in accordance with Guideline 39, issued on 4 March 2021 by ESMA, as implemented by Consob in its Communication 5/2021 of 29 April 2021. The Group also monitors its financial performance by means of the Net financial debt indicator, which adds non-current financial receivables to the regulatory statement.

		30 Jun 24	31 Dec 23
A	Cash holdings	818.5	1,332.8
B	Cash equivalents	-	-
C	Other current financial assets	128.3	90.9
D	**Liquidity (A+B+C)**	**946.8**	**1,423.7**
E	Current financial debt	(201.3)	(411.9)
F	Current portion of non-current financial debt	(535.2)	(524.1)
G	**Current financial indebtedness (E+F)**	**(736.5)**	**(936.0)**
H	**Net current financial indebtedness (G+D)**	**210.3**	**487.7**
I	Non-current financial debt	(1,043.9)	(1,087.0)
J	Debt instruments	(3,387.2)	(3,391.2)
K	Non-current trade and other payables	-	-
L	**Non-current financial indebtedness (I+J+K)**	**(4,431.1)**	**(4,478.2)**
M	**Total financial indebtedness (H+L) ESMA guidelines 32 - 382 - 1138**	**(4,220.8)**	**(3,990.5)**
	Non-current financial receivables	157.3	162.8
	Net financial debt (NetDebt)*	**(4,063.5)**	**(3,827.7)**

*This is an alternative performance measure, as defined in paragraph 1.02 of the Directors’ report.

For a better understanding of the dynamics relating to financial exposure in the first half of 2024, see the cash flow statement, as well as the comments in the Directors’ report in paragraph 1.02.02 “Financial structure and adjusted net debt”.

For the statement of net financial debt with related parties, see paragraph 2.03.04.

The following is an analysis of the balance sheet items included in the determination of net financial debt, with the exception of financial assets and liabilities related to interest rate derivative financial instruments, which are detailed in Note 29 “Derivative Instruments”, and lease liabilities, which are shown in Note 22 “Rights of Use and Leasing Liabilities”.

17 Financial assets, cash holdings and cash equivalents

	30 June 24	31 Dec 23	Change
Loan receivables	17.6	19.6	(2.0)
Receivables for construction services	99.7	100.3	(0.6)
Portfolio securities	2.0	2.0	-
Other financial receivables	38.0	40.9	(2.9)
Total non-current financial assets	**157.3**	**162.8**	**(5.5)**
Loan receivables	4.6	6.3	(1.7)
Portfolio securities	2.0	1.6	0.4

Other financial receivables	121.7	83.0	38.7
Total current financial assets	**128.3**	**90.9**	**37.4**
Total cash holdings	**818.5**	**1,332.8**	**(514.3)**
Total financial assets and cash holdings	**1,104.1**	**1,586.5**	**(482.4)**

"Loan receivables" comprises the loans, regulated at market rate, made to the following companies:

	30 June 24			31 Dec 23		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Aloe SpA	4.2	0.8	5.0	4.6	0.8	5.4
Set Spa	7.2	3.4	10.6	8.9	5.2	14.1
Other minor companies	6.2	0.4	6.6	6.1	0.3	6.4
Total	**17.6**	**4.6**	**22.2**	**19.6**	**6.3**	**25.9**

The loans to the companies Set Spa and Tamarete Energia Srl (the latter already fully written down in previous financial years), vehicles through which the Group holds production shares in electricity generation plants, in the absence of trigger events (the latter having occurred with reference to the first half of 2024) undergo impairment tests at the end of the financial year.

"Other financial receivables" include the following counterparties:

	30 June 24			31 Dec 23		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Collinare Consortium	13.4	-	13.4	13.3	-	13.3
Acosea Impianti	12.7	-	12.7	12.7	-	12.7
Municipality of Padua	9.0	1.6	10.6	10.6	1.5	12.1
Cato and Veneto Region	-	5.4	5.4	-	6.1	6.1
ex-CMV municipalities	2.8	-	2.8	3.9	-	3.9
Data market exchange	-	1.9	1.9	-	10.8	10.8
Other financial receivables	0.1	112.8	112.9	0.4	64.6	65.0
Total	**38.0**	**121.7**	**159.7**	**40.9**	**83.0**	**123.9**

Note the following, in particular:

- in Data market exchange, the change compared to the previous year in advance payments relating to electricity and gas exchange contracts is due both to the dynamics of energy commodity prices which returned to normal during the first half of 2024, continuing the trend of the previous year, and to the performance of part of the contracts that were in place at 31 December 2023;
- in ex-CMV municipalities (Vigarano, Goro and Castello d'Argile), the change compared to the previous year is due to the end of the assignment of the methane gas distribution networks in the municipality of Vigarano, with the related collection of the relative share of the compensation due to the Group as outgoing operator in the amount of 1.1 million euro;
- Other financial receivables mainly include:
  - an advance paid at the end of June 2024 for the purchase of tax credits from a financial institution, amounting to 79.3 million euro. This transaction was finalised and became effective during the month of July upon acceptance of the credits in the tax boxes of Group companies;
  - advances paid to counterparties in relation to corporate acquisition transactions, the closing of which is expected in the second half of the 2024 financial year, relating to the company TRS Ecology Srl and the Soelia business unit, for a total of 11.2 million euro;
  - interest income relating to the transactions for the use of liquid assets that will be collected in the second half of the current financial year, amounting to approximately 12 million euro.

Finally, note that during the month of January, 43.6 million euro were collected, recorded as financial receivables at 31 December 2023 and relating to transactions for the transfer of tax credits for energy efficiency.

"Cash and cash equivalents" consisted solely of bank and postal deposits amounting to 818.5 million euro at 30 June 2024 (1,332.8 million euro at 31 December 2023).

18 Financial liabilities

	30 June 24	31 Dec 23	Change
Bonds and loans	4,033.3	4,072.2	(38.9)
Minority shareholders' put option	324.4	327.8	(3.4)
Payables to acquire controlling shareholdings and potential consideration	20.2	20.1	0.1
Other financial liabilities	1.0	1.6	(0.6)
Total non-current financial liabilities	**4,378.9**	**4,421.7**	**(42.8)**
Bonds and loans	479.3	479.2	0.1
Overdrafts and interest liabilities	103.5	92.6	10.9
Payables to acquire controlling shareholdings and potential consideration	13.8	13.8	-
Other financial liabilities	83.6	305.2	(221.6)
Total current financial liabilities	**680.2**	**890.8**	**(210.6)**
Total financial liabilities	**5,059.1**	**5,312.5**	**(253.4)**

The non-current portion of "Bonds and loans" changed mainly due to the effect of the following:
- a classification in the current portion of a bond with a total residual nominal value of 15 million euro, maturing in August 2025;
- an early repayment of debts underwritten with financial institutions for a total of 7.9 million euro.

This item also includes the value of the put option, amounting to 54.2 million euro, related to Ascopiave Spa's 3% minority shareholding in Hera Comm Spa which, as a result of the contractual provisions, is classified as a loan and valued according to the depreciated cost method. This debt, with a nominal value of 54 million euro, increased due to the financial evaluation component and decreased due to dividends paid out:

	Opening value	Financial expenses	Flows paid out	Terminal balance
1 H 2023	54.8	1.6	(2.7)	53.7
1 H 2024	55.3	1.6	(2.7)	54.2

The main conditions of the bonds outstanding at 30 June 2024 are as follows:

Bonds	Duration (years)	Maturity	Nominal value (mn)	Coupon	Annual rate
Sustainability linked bond	12.5	25 Apr 2034	500 EUR	Fixed, annual	1.00%
Sustainability linked bond	10	20 Apr 2033	600 EUR	Fixed, annual	4.25%
Green bond	10	04 Jul 2024	288.3 EUR	Fixed, annual	2.375%
Bond*	15	05 Aug 2024	20,000 JPY	Fixed, six-monthly	2.93%
Bond	12	22 May 25	15 EUR	Fixed, annual	3.5%
Green bond	7	25 May 2029	500 EUR	Fixed, annual	2.5%
Bond	10	14 Oct 2026	325.44 EUR	Fixed, annual	0.875%

Bond	10	03 Dec 2030	500 EUR	Fixed, annual	0.25%
Bond*	15/20	14 May 2027/2032	102.5 EUR	Fixed, annual	5.25%
Green bond	8	05 Jul 2027	357.2 EUR	Fixed, annual	0.875%
Bond	15	29 Jan 2028	599.02 EUR	Fixed, annual	5.20%

* Unlisted instrument

At 30 June 2024, the outstanding bonds had a face value of 3,937.2 million euro (unchanged compared to 31 December 2023), and recorded at discounted cost of 3,806.1 million euro (3,804.5 million euro at 31 December 2023) and a fair value of 3,650.2 million euro (3,737.7 at 31 December 2023) determined by market prices where available.
There are covenants on some loans that require compliance with the corporate rating limit, which must be rated, even only by a single rating agency, no lower than investment grade (BBB-). As of the balance sheet date this covenant has been complied with.

"Minority shareholders' put option" includes the fair value assessment of the put options granted, with specific contractual arrangements, to minority shareholders on their own shares. The most significant amount refers to the put option on the non-controlling shares in EstEnergy Spa, equal to 25% of the share capital, held by Ascopiave Spa.

The changes for the first half of 2024 are shown below, compared to the previous period:

	Opening value	Acquisitions	Financial expenses	Changes in assumptions	Flows paid out	Terminal balance
30 June 23						
Equity value	421.2	-	7.4	-	(1.6)	427.0
Future dividends	80.0	-	1.2	-	(20.3)	60.9
Total	**501.2**	**-**	**8.6**	**-**	**(21.9)**	**487.9**
30 June 24						
Equity value	281.9	-	4.8	-	-	286.8
Future dividends	45.9	-	0.8	-	(9.0)	37.7
Total	**327.8**	**-**	**5.6**	**-**	**(9.0)**	**324.4**

Regarding the changes occurring in the period:

- financial expenses include the notional effects of discounting the liability recognised at the previous balance sheet date. The decrease compared to the first half of 2023 is mainly due to the partial exercise (for a portion equal to 15% of the shares held), which occurred during the 2023 financial year, of the put option attributed to the minority shareholders of EstEnergy Spa, which consequently reduced the recorded value;
- the flows paid out include the amounts paid to the minority shareholders for the payment of the dividends pertaining to them that occurred in the first half of 2024, the reduction of which is once again related to the exercise of the previously mentioned option.

"Overdrafts and interest liabilities" mainly include debts for the underwriting of short-term monetary loans, in the form of hot money, in the amount of 60 million euro (10 million euro at 31 December 2023) and interest liabilities pertaining to the period not yet paid at 30 June 2024, in the amount of 37.8 million euro (71.9 million euro at 31 December 2023).

"Other financial payables" mainly refer to:

	30 June 24			31 Dec 23		
	Non-current portion	Current portion	Total	Non-current portion	Current portion	Total
Factoring	-	44.5	44.5	-	117.7	117.7
Fund for energy and waste management services (CSEA)	-	21.6	21.6	-	21.3	21.3
Municipal Pension Fund of the Municipality of Trieste	0.6	0.8	1.4	1.2	0.3	1.5
Settlements	-	-	-	-	154.1	154.1
Other minor items	0.4	16.7	17.1	0.4	11.8	12.2
Total	**1.0**	**83.6**	**84.6**	**1.6**	**305.2**	**306.8**

- Factoring mainly includes collections yet to be transferred to financial institutions at the end of the year, in relation to receivables subject to non-recourse assignments for which the Group has maintained collection activities on behalf of factor companies. The decrease compared to the previous financial year is linked to the lower volume of sales carried out in the half-year compared to the previous year;
- In Settlements, the amounts received as advances at the end of the previous financial year have been recorded under the item "Trade payables", as further specified in paragraph 2.02.01.

The financial liabilities broken down by nature as of 30 June 2024, with an indication of the maturity bands, are shown below:

Type	30 June 24	Portion due within the period	Portion due within 2nd year	Portion due within 5th year	Portion due beyond 5th year
Bonds	3,806.1	418.8	-	1,765.4	1,621.9
Loans	706.5	60.5	430.8	185.9	29.3
Minority shareholders' put option	324.4	-	1.5	322.9	-
Payables to acquire controlling shareholdings and potential consideration	34.0	13.8	18.5	1.7	-
Other financial liabilities	84.6	83.6	1.0	-	-
Overdrafts and interest liabilities	103.5	103.5	-	-	-
Total	**5,059.1**	**680.2**	**451.8**	**2,275.9**	**1,651.2**

19 Cash flows related to financing activities

Changes in financial liabilities

The following is a breakdown of information on changes in financial liabilities during the first half of 2024, differentiating between cash flows and non-cash flows.

Type	30 June 24	31 Dec 23	Change (a)	Non-cash flows				Cash flows (f)=(a)-[(b)+(c)+(d)+(e)]
				Acquisitions divestitures (b)	Economic valuation components (c)	Changes in fair value (d)	Other changes (e)	
Non-current financial liabilities	4,378.9	4,421.7	(42.8)	-	19.1		(54.0)	(7.9)
Current financial liabilities	680.2	890.8	(210.6)	-	2.8	(12.7)	(146.0)	(54.7)
Cash flows related to financial liabilities	**5,059.1**	**5,312.5**	**(253.4)**	**-**	**21.9**	**(12.7)**	**(200.0)**	**(62.6)**
of which								

New issue of long-term bonds								-
Repayments of non-current financial liabilities								(7.9)
Repayments and other net changes in financial liabilities								(54.7)
Lease liabilities	**74.9**	**81.3**	**(6.4)**	**-**	**-**	**-**	**3.5**	**(9.9)**
Financial liabilities generated by financing activities	**5,134.0**	**5,393.8**	**(259.8)**	**-**	**21.9**	**(12.7)**	**(196.5)**	**(72.5)**

"Economic valuation components" mainly refer to:
- charges from the amortised cost valuation of bonds and loans in the amount of 16.2 million euro, as reported in Note 10 "Financial expenses";
- discounting charges related to the put options of non-controlling shareholdings and earn-outs contracted as part of the acquisition of control over companies and business units, amounting to 5.7 million euros, as reported in Note 10 "Financial expenses",

"Fair value changes" include the adjustment made to the carrying amount of the foreign currency bond loan as a result of the fair value hedge relationship which resulted in the recognition of income of 12.7 million euro, as reported in note 25 "Derivative instruments".

"Other changes" include effects mainly due to:
- recording of the amounts relating to the gas settlement coming to 154.1 million euro in the item "Trade payables", as further specified in paragraph 2.02.01;
- interest payable pertaining to the previous financial year paid in the first half of 2024 net of interest payable pertaining to the first half of 2024 not yet paid, amounting to 34.1 million euro, since the cash flow of interest payable is included in the cash flows from operating activities.

Dividends paid out to Hera shareholders and non-controlling interests
The value refers to dividends paid during the first half of 2024 to:
- parent company's shareholders in the amount of 200.4 million euro;
- minority shareholders in the amount of 21.1 million euro, of which 9 million euro were paid to minority shareholders to whom the Group had recognized payables for put options in previous years.

Finally, it should be noted that there are no non-monetary flows due to exchange rate differences in the first half of 2024.

2.02.05 Investment activities

20 Tangible assets

	30 June 24	31 Dec 23	Change
Land and buildings	627.2	635.7	(8.5)
Plants and machinery	1,035.4	1,067.9	(32.5)
Other movable assets	105.0	107.7	(2.7)
Assets under construction	298.2	246.1	52.1
Total operating assets	**2,065.8**	**2,057.4**	**8.4**
Investment property	1.9	1.9	-
Total	**2,067.7**	**2,059.3**	**8.4**

Property, plant and equipment are disclosed net of accumulated depreciation. Their composition and changes in the period are as follows:

	Net opening balance	Investments	Disinvestments	Depreciation and amortisation	Changes in the scope of consolidation	Other changes	Net terminal value	of which gross terminal value	of which amortisation provision
30 June 23									
Land and buildings	620.4	0.9	-	(9.9)	0.6	4.1	616.1	913.8	(297.7)
Plants and machinery	1,089.5	9.1	(0.6)	(59.4)	5.1	8.5	1,052.2	3,092.7	(2,040.5)
Other movable assets	89.5	4.6	(0.3)	(11.6)	5.3	6.1	93.6	458.3	(364.7)
Assets under construction	183.0	64.4	-	-	-	(21.5)	225.9	225.9	-
Total	**1,982.4**	**79.0**	**(0.9)**	**(80.9)**	**11.0**	**(2.8)**	**1,987.8**	**4,690.7**	**(2,702.9)**
30 June 24									
Land and buildings	635.7	1.6	(0.5)	(10.5)	-	0.9	627.2	957.3	(330.1)
Plants and machinery	1,067.9	8.1	(1.8)	(63.5)	-	24.7	1,035.4	3,178.2	(2,142.8)
Other movable assets	107.7	5.4	(0.2)	(12.4)	-	4.5	105.0	487.2	(382.2)
Assets under construction	246.1	83.8	-	-	-	(31.7)	298.2	298.2	-
Total	**2,057.4**	**98.9**	**(2.5)**	**(86.4)**	**-**	**(1.6)**	**2,065.8**	**4,920.9**	**(2,855.1)**

The composition and main changes within each category are commented on below. For a detailed commentary on the investments made during the period, please refer to paragraph 1.03 "Analysis by strategic business area" of the Directors' report. Fixed assets acquired through business combinations, where present, are reported separately under activity and classified as "Changes in the scope of consolidation".

"Land and buildings" consists of 126.8 million euro in land and 500.4 million euro in buildings. These are mainly company-owned properties on which the majority of the sites and production plants stand.

"Plants and machinery" are made up mainly of distribution networks and plants relating to business not falling within the scope of the concession system such as district heating, electricity in the Modena area, waste disposal and waste treatment as well as plastic production plants. The main investments in the financial year relate to waste treatment plants for an amount of 6.5 million euro.

"Other movable assets" mainly include, regarding business areas that have not yet gone out to tender for service concessions, waste collection equipment and bins amounting to 63.9 million euro and motor vehicles amounting to 41.1 million euro.

"Assets under construction" mainly consist of investments aimed at the construction of waste treatment plants, management of the electricity distribution network and district heating, in addition to expansions and extraordinary maintenance of the Group's operating offices. The increase in investments during the period compared to the first half of the previous year is mainly due to the construction of the rigid plastics recovery plant in the Modena area, the construction of the logistics platform in the "Ponticelle" area in Ravenna, the construction of the fourth line of the waste-to-energy plant in Padua, and expansion works on the Torrebelvicino plant and the Finale Emilia landfill.

"Other changes" covers the reclassification of assets under construction to the specific categories for assets brought into operation during the financial year, as well as the reclassification from tangible assets to intangible assets, especially when goods used in activities under concession are involved.

21 Rights of use and lease liabilities

The following tables show the breakdown of rights of use (reported net of the associated amortisation provision) and lease liabilities at the transition date and the related movements. Contracts taken over as part of business combinations are separately reported in movements and classified as "Changes in the scope of consolidation".

	30 June 24	31 Dec 23	Change
Rights of use land and buildings	56.0	59.1	(3.1)
Rights of use plants and machinery	5.7	6.4	(0.7)
Rights of use other movable assets	22.2	25.1	(2.9)
Total	**83.9**	**90.6**	**(6.7)**

	Net opening balance	New contracts and contractual changes	Decreases	Depreciation and amortisation	Changes in the scope of consolidation	Other changes	Net terminal value	of which gross terminal value	of which amortis-ation provision
30 June 23									
Rights of use land and buildings	50.7	2.4	-	(3.9)	-	-	49.2	95.6	(46.4)
Rights of use plants and machinery	7.1	0.6	-	(0.6)	-	-	7.1	12.7	(5.6)
Rights of use other movable assets	26.4	1.2	-	(5.0)	-	(0.3)	22.3	46.0	(23.7)
Total	**84.2**	**4.2**	**-**	**(9.5)**	**-**	**(0.3)**	**78.6**	**154.3**	**(75.7)**
30 June 24									
Rights of use land and buildings	59.1	1.2	-	(4.3)	-	-	56.0	104.6	(48.6)
Rights of use plants and machinery	6.4	-	-	(0.6)	-	(0.1)	5.7	12.3	(6.6)
Rights of use other movable assets	25.1	2.4	-	(4.9)	-	(0.4)	22.2	43.1	(20.9)
Total	**90.6**	**3.6**	**-**	**(9.8)**	**-**	**(0.5)**	**83.9**	**160.0**	**(76.1)**

"Rights of use land and buildings" consists of 48 million euro in rights of use related to buildings and 8 million euro in rights of use related to land. The rights of use for buildings refers mainly to contracts concerning the real estate structures used for headquarters, offices and customer service desk.

"Rights of use plants and machinery" refers mainly to contracts regarding purification and composting plants.

"Rights of use other movable assets" refers mainly to contracts underwritten for the use of IT infrastructures (especially data centres), operational vehicles and cars.

Financial liabilities show the following composition and change compared with the same period of the previous financial year:

	Net opening balance	New contracts and contractual changes	Decreases	Financial expenses	Changes in the scope of consolidation	Other changes	Net terminal value
30 June 23							
Lease liabilities	**76.4**	**4.2**	**(11.7)**	**1.2**	**-**	**-**	**70.1**
of which							
non-current liabilities	55.1						50.0
current liabilities	21.3						20.1
30 June 24							
Lease liabilities	**81.3**	**3.5**	**(11.3)**	**1.4**	**-**	**-**	**74.9**
of which							
non-current liabilities	56.8						52.2
current liabilities	24.5						22.7

The table below shows the lease liabilities broken down according to their expiration date range:

Type	Total	Portion due within the period	Portion due within 2nd year	Portion due within 5th year	Portion due beyond 5th year
1H 2023	70.1	20.1	16.2	22.3	11.5
1H 2024	74.9	22.7	13.4	22.4	16.4

22 Intangible assets

	30 June 24	31 Dec 23	Change
IT applications	100.2	105.3	(5.1)
Concessions and other rights	94.0	100.7	(6.7)
Public services under concession	3,313.8	3,315.7	(1.9)
Customer lists	584.1	605.6	(21.5)
Other intangible assets	135.4	119.4	16.0
Intangible assets ongoing, public services under concession	461.1	380.3	80.8
Intangible assets ongoing	105.7	92.6	13.1
Total	**4,794.3**	**4,719.6**	**74.7**

Intangible assets are stated net of their accumulated amortisation and are broken down below with details of the changes during the year:

	Net opening balance	Investments	Disinvestments	Depreciation and amortisation	Changes in the scope of consolidation	Other changes	Net terminal value	of which gross terminal value	of which amortis-ation provision
30 June 23									
IT applications	82.5	0.7	-	(18.5)	-	18.6	83.3	584.9	(501.6)
Concessions and other rights	110.8	0.3	-	(7.2)	-	1.6	105.5	485.4	(379.9)
Public services under concession	3,184.5	3.2	(0.1)	(89.5)	-	14.4	3,112.5	5,609.7	(2,497.2)
Customer lists	581.1	-	-	(20.9)	57.1	-	617.3	798.9	(181.6)

Other intangible assets	92.9	36.5	-	(19.6)	0.1	1.2	111.1	307.5	(196.4)
Intangible assets ongoing, public services under concession	273.9	168.6	(0.1)	-	-	(12.5)	429.9	429.9	-
Intangible assets ongoing	91.7	30.1	-	-	-	(20.5)	101.3	101.3	-
Total	**4,417.4**	**239.4**	**(0.2)**	**(155.7)**	**57.2**	**2.8**	**4,560.9**	**8,317.6**	**(3,756.7)**
30 June 24									
IT applications	105.3	2.5	-	(21.3)	-	13.7	100.2	653.3	(553.1)
Concessions and other rights	100.7	0.1	-	(6.9)	-	0.1	94.0	486.0	(392.0)
Public services under concession	3,315.7	22.4	(2.7)	(96.7)	-	75.1	3,313.8	5,993.0	(2,679.2)
Customer lists	605.6	-	-	(21.5)	-	-	584.1	808.9	(224.8)
Other intangible assets	119.4	39.8	-	(23.8)	-	-	135.4	368.3	(232.9)
Intangible assets ongoing, public services under concession	380.3	154.6	-	-	-	(73.8)	461.1	461.1	-
Intangible assets ongoing	92.6	26.1	-	-	-	(13.0)	105.7	105.7	-
Total	**4,719.6**	**245.5**	**(2.7)**	**(170.2)**	**-**	**2.1**	**4,794.3**	**8,876.3**	**(4,082.0)**

The composition and main changes within each category are commented on below. For a detailed commentary on the investments made during the period, please refer to paragraph 1.03 “Analysis by strategic business area” of the management report. Intangible assets acquired in the course of business combinations, where present, are reported separately under activity and classified as “Changes in the scope of consolidation”.

“Concessions and other rights” mainly include:

- concessions, amounting to 29.2 million euro, primarily involving the rights relating to the activities of gas distribution and integrated water cycle, classified as intangible assets even before the IFRIC 12 interpretation “Service concession arrangements” was first applied;
- the authorisation to operate the Serravalle Pistoiese landfill, amounting to 47.5 million euro, an asset recorded as part of a business combination operation carried out in previous periods and amortised on the basis of the number of tons consigned.

“Public services under concession” includes assets relating to gas distribution, electricity distribution (Imola area), the integrated water cycle and public lighting activities (except for the latter, as specified in Note 17 “Current financial assets, cash holdings and cash equivalents”) provided through contracts awarded by the respective public bodies.

“Intangible assets ongoing and public services under concession”, includes investments related to concessions that are still to be completed at the end of the period and mainly refers to water networks in the amount of 290.8 million euro and to gas distribution networks in the amount of 107.2 million euro.

“Intangible assets ongoing” essentially comprises IT projects that have not yet been completed.

“Other intangible assets” mainly include incremental costs for obtaining new contracts, represented exclusively by commissions, which increased by 39.6 million euro (34.8 million euro for the same period in 2023) due to the commercial development strategy implemented and the increase in amortisation can be attributed to them.

“Other changes” include reclassifications of tangible assets ongoing to their respective categories, specific to assets that became operational during the year and reclassifications from/to tangible fixed assets, especially in the presence of assets under concession.

2.02.06 Shareholdings

23 Shareholdings

	30 June 2024	31 Dec 2023	Change
Shareholdings valued using the equity method	148.5	147.0	1.5
Other shareholdings	49.2	48.6	0.6
Total	**197.7**	**195.6**	**2.1**

The changes in joint ventures and associated companies as compared to 31 December 2023 take into account the pro-quota losses and profits reported by the respective companies (including the other components of the comprehensive income statement) as well as the possible reduction of the value for any dividends that were distributed and for depreciations following impairment tests.
Changes in consolidated shareholdings using the net equity method are as follows:

	Opening value	Investments and disinvestments	Result for the period	Dividends paid out	Changes in the scope of consolidation	Write-downs and other changes	Terminal value
30 June 2023							
Joint ventures							
Enomondo Srl	18.8	-	0.9	(2.2)	-	-	17.5
Total joint ventures	**18.8**	**-**	**0.9**	**(2.2)**	**-**	**-**	**17.5**
Associated companies							
Aimag Spa	51.2	-	1.0	-	-	-	52.2
Set Spa	27.9	-	0.5	-	-	-	28.4
Sgr Servizi Spa	25.5	-	2.3	(2.1)	-	-	25.7
ASM SET Srl	18.9	-	0.5	(1.3)	-	-	18.1
SEA - Servizi Ecologici Ambientali Srl	9.1	-	0.7	(1.4)	-	-	8.4
Total associated companies	**132.6**	**-**	**5.0**	**(4.8)**	**-**	**-**	**132.8**
Total	**151.4**	**-**	**5.9**	**(7.0)**	**-**	**-**	**150.3**
30 June 2024							
Joint ventures							
Enomondo Srl	18.6	-	1.0	(1.4)	-	-	18.2
Total joint ventures	**18.6**	**-**	**1.0**	**(1.4)**	**-**	**-**	**18.2**
Associated companies							
Aimag Spa	50.9	-	1.2	-	-	-	52.1
Set Spa	22.6	-	0.1	-	-	-	22.7
Sgr Servizi Spa	26.8	-	2.8	(2.2)	-	-	27.4
ASM SET Srl	19.1	-	0.7	(1.3)	-	-	18.5

SEA - Servizi Ecologici Ambientali Srl	9.0	-	0.6	-	-	-	9.6
Total associated companies	**128.4**	**-**	**5.4**	**(3.5)**	**-**	**-**	**130.3**
Total	**147.0**	**-**	**6.4**	**(4.9)**	**-**	**-**	**148.5**

Over the period, there were no impairment losses or reversals for the companies included in the scope of consolidation.

Investments in companies not included in the scope of consolidation mainly involved Ascopiave Spa, amounting to 26.1 million euro (25.9 million euro at 31 December 2023), and Calenia Energia Spa, amounting to 14.4 million euro (unchanged compared to 31 December 2023).
In the case of shareholdings with a level 1 fair value hierarchy, the value adjustment, recorded in the components of the comprehensive income statement, makes it possible to align the book value of the shares with the market prices at the end of the year. In the case of investments with a level 3 hierarchy, also in light of the non-significant value of portfolio investments, the change in the fair value was not noteworthy at 30 June 2024.

24 Cash flows related to investment activities

Increase/decrease in other investment activities
The following is a breakdown of information on changes in other investment activities during the first half of 2024, differentiating between cash flows and non-cash flows.

Type	30 June 2024	31 Dec 2023	Change (a)	Non-cash flows				Cash flows (f)=[(b)+(c)+(d)+(e)]-(a)
				Acquisitions divestitures (b)	Economic valuation components (c)	Changes in fair value (d)	Other changes (e)	
Current and non-current financial assets	285.6	253.7	31.9	-	2.9	-	10.9	(18.1)

"Other changes" mainly comprises the reclassification related to accruals on interest income, amounting to 9.6 million euro, which was not yet collected at the date of the financial statement, net of interest for the previous year collected during the first half of 2024, insofar as the cash flow concerning interest income is shown within the cash flows of the operating activities.

2.02.07 Derivatives and related instruments

25 Derivative instruments

The derivative instruments used by the Group are divided into two types, based on the underlying assets hedged: interest and exchange rates in the case of financing transactions, and commodities in the case of the commercial purchase and sale of gas and electricity. All commodity derivatives are classified as current assets and liabilities as a result of the high level of liquidity and the operational timespan that characterise these instruments.

	30 June 2024			31 Dec 2023			
Interest/exchange rate derivatives	Fair value assets	Fair value liabilities	Net effect	Fair value assets	Fair value liabilities	Net effect	Change in net effect
Loans	0.1	-	0.1	0.3	-	0.3	(0.2)
Foreign currency loans	0.3	33.9	(33.6)	0.9	21.6	(20.7)	(12.9)

Total interest/exchange rate derivatives	**0.4**	**33.9**	**(33.5)**	**1.2**	**21.6**	**(20.4)**	**(13.1)**
Commodity derivatives							
Commercial portfolio	222.8	187.0	35.8	409.5	336.9	72.6	(36.8)
Trading portfolio	29.6	48.9	(19.3)	67.6	99.1	(31.5)	12.2
Total commodity derivatives	**252.4**	**235.9**	**16.5**	**477.1**	**436.0**	**41.1**	**(24.6)**
Total derivatives	**252.8**	**269.8**	**(17.0)**	**478.3**	**457.6**	**20.7**	**(37.7)**
of which non-current	0.1	-		0.3	-		
of which current	252.7	269.8		478.0	457.6		

At 30 June 2024, net exposure in terms of fair value concerning current and non-current interest and exchange rate derivatives, in the form of interest rate swaps (IRS) and cross currency swaps (CCS), was negative and the change from the previous year was mainly due to the significant depreciation of the yen against the euro, only partially offset by the cashflows generated during the period.

At 30 June 2024, commodity derivatives, which are separately classified within either commercial or trading portfolios, showed a significantly lower net positive exposure compared to the previous year, mainly due to lower market volatility compared to previous periods and lower volumes of contracts with electricity formulas.

Interest rate derivatives

Interest rate and foreign exchange derivative instruments held at 30 June 2024, subscribed in order to hedge loans, can be classed into the following categories:

		30 June 2024			31 Dec 2023		
Type	**Fair value hierarchy**	**Notional**	**Fair value assets**	**Fair value liabilities**	**Notional**	**Fair value assets**	**Fair value liabilities**
Cash flow hedges	2	1.0 mn€	0.1	-	5.9 mn€	0.3	-
Fair value hedges	2	149.8 mn€	0.3	33.9	149.8 mn€	0.9	21.6
Total fair value			**0.4**	**33.9**		**1.2**	**21.6**

		30 June 2024			30 June 2023		
Type	**Fair value hierarchy**	**Income**	**Expenses**	**Net effect**	**Income**	**Expenses**	**Net effect**
Cash flow hedges	2	0.3	-	0.3	0.1	-	0.1
Fair value hedges	2	2.6	(17.7)	(15.1)	3.1	(21.6)	(18.5)
Total income (expenses)		**2.9**	**(17.7)**	**(14.8)**	**3.2**	**(21.6)**	**(18.4)**

Derivatives designated as hedges of interest rate and exchange rate risks and of the fair value of foreign currency financial liabilities (fair value hedges), in the form of interest rate swaps (IRS) and cross currency swaps (CCS), are related to a bond denominated in Japanese yen, maturing in August 2024, with a remaining notional amount of 20 billion yen equal to 149.8 million euro (converted at the original exchange rate being hedged).

The table below provides a breakdown of financial income and expenses associated with derivatives designated as fair value hedges and related underlying liabilities, as adjusted for the income and losses attributable to the hedged risk:

Fair value hedges	30 June 2024			30 June 2023		
	Income	Expenses	Net effect	Income	Expenses	Net effect
Assessment of derivatives	-	(12.7)	(12.7)	0.8	(17.1)	(16.3)
Accrued interest	-	(0.2)	(0.2)	0.3	(0.4)	(0.1)
Realised cash flows	2.6	(4.8)	(2.2)	2.0	(4.1)	(2.1)
Economic effect of fair value hedge derivatives	**2.6**	**(17.7)**	**(15.1)**	**3.1**	**(21.6)**	**(18.5)**

Underlying amounts hedged	30 June 2024			30 June 2023		
	Income	Expenses	Net effect	Income	Expenses	Net effect
Assessment of financial liabilities	12.7	-	12.7	16.3	-	16.3

Commodity derivatives

Commercial portfolio

The commercial portfolio includes commodity derivative instruments, both financial and physical, entered into to hedge mismatches between purchase and sale formulas, which are classed into the following categories:

Type		30 June 2024			31 Dec 2023		
	Fair value hierarchy	Notional	Fair value assets	Fair value liabilities	Notional	Fair value assets	Fair value liabilities
Gas formulas	3	18,975,039 MWh	127.0		13,984,372 MWh	210.0	
Electricity formulas	2	2,027,249 MWh	95.3		2,690,293 MWh	199.2	
Other commodities	3	3,816 Ton	0.4		7,649 Ton	0.3	
Exchange	2	13,524,000 Usd	0.1		935,000 Usd	0.0	
Gas formulas	3	19,601,309 MWh		124.6	13,108,766 MWh		189.2
Electricity formulas	2	2,141,516 MWh		62.4	3,186,649 MWh		147.4
Other commodities	3	7,284 Ton		0.0	-		-
Exchange	2	3,691,000 Usd		0.0	19,620,000 Usd		0.3
Total fair value			**222.8**	**187.0**		**409.5**	**336.9**

Net effect on the income statement	30 June 2024			30 June 2023			Change in net effect
	Physical contracts treated as derivatives	Financial derivative contracts	Overall effect	Physical contracts treated as derivatives	Financial derivative contracts	Overall effect	
Assessment of derivatives	-	-	-	-	-	-	-
Realised cash flows	28.2	3.7	31.9	122.9	134.9	257.8	(225.9)
Economic effect of derivatives	**28.2**	**3.7**	**31.9**	**122.9**	**134.9**	**257.8**	**(225.9)**

The significant decrease in net fair value is due both to a decrease in the price of natural gas during the first half of 2024 and the same trend in the PUN, the latter being closely correlated to the trend in gas prices, and to the decrease in notional amounts outstanding at the end of the period of contracts with electricity formulas.

The overall effect of these instruments on the statement of comprehensive income is broken down as follows:

Commodity derivatives commercial portfolio	30 June 2024	31 Dec 2023	Change
Changes to expected cash flows	(4.9)	47.2	(52.1)
Reserve transferred to the income statement	(31.9)	(336.1)	304.3
Derivatives effect on statement of comprehensive income from cash flow hedges	**(36.8)**	**(288.9)**	**252.2**

The components recognised in the statement of comprehensive income will be transferred back to the income statement at the maturity dates of the corresponding hedged items.

The effect on the income statement of derivative or similar contracts, whether physical or financial, can be broken down as follows:

Realisation of commercial portfolio	Physical contracts treated as derivatives	Financial derivative contracts	Overall effect
Sales revenues	541.7	-	541.7
Purchasing costs*	(513.5)	3.7	(509.8)
Effect of realising derivative cash flow hedges	**28.2**	**3.7**	**31.9**

* The amount includes income and expenses arising from derivatives of a financial nature

Trading portfolio

The trading portfolio includes derivatives or similar instruments that are not intended to cover the Group's needs and are entered into for speculative purpose. These instruments can be broken down into the following types:

Type		30 June 2024			31 Dec 2023		
	Fair value hierarchy	Notional	Fair value assets	Fair value liabilities	Notional	Fair value assets	Fair value liabilities
Electricity formulas	2	2,582,894 MWh	29.6		3,311,730 MWh	67.6	
Electricity formulas	2	2,575,883 MWh		48.9	4,507,848 MWh		99.1
Total fair value			**29.6**	**48.9**		**67.6**	**99.1**

Net effect on the income statement	30 June 2024			30 June 2023			Change in net effect
	Physical contracts treated as derivatives	Financial derivative contracts	Overall effect	Physical contracts treated as derivatives	Financial derivative contracts	Overall effect	
Assessment of derivatives	11.6	0.6	12.2	-	(1.7)	(1.7)	13.9
Realised cash flows	14.6	(8.7)	5.9	(21.8)	52.1	30.3	(24.4)
Economic effect of derivatives	**26.2**	**(8.1)**	**18.1**	**(21.8)**	**50.4**	**28.6**	**(10.5)**

The effect on the income statement of exchanges realised on derivative or similar contracts, whether physical or financial, can be broken down as follows:

Realisation of trading portfolio	Physical contracts treated as derivatives	Financial derivative contracts	Overall effect
Sales revenues	14.3	-	14.3
Purchasing costs*	0.3	(8.7)	(8.4)
Effect of realising derivatives	**14.6**	**(8.7)**	**5.9**

* The amount includes income and expenses arising from derivatives of a financial nature

2.02.08 Provisions and contingent liabilities

26 Post-employment and other benefits

	Opening value	Service cost	Financial expenses	Actuarial profit (losses)	Uses	Other movements	Changes in the scope of consolidation	Terminal value
30 June 2023								
Post-employment	79.4	0.5	0.1	(2.4)	(4.7)	-	0.3	73.2
Other benefits	12.6	-	-	0.6	(0.7)	-	-	12.5
Total	**92.0**	**0.5**	**0.1**	**(1.8)**	**(5.4)**	**-**	**0.3**	**85.7**
30 June 2024								
Post-employment	75.8	0.5	1.2	(4.9)	(4.4)	-	-	68.2
Other benefits	12.3	-	0.2	(0.7)	(0.5)	-	-	11.3
Total	**88.1**	**0.5**	**1.4**	**(5.6)**	**(4.9)**	**-**	**-**	**79.5**

"Other benefits" mainly comprises the following:

- the item gas discount, which represents annual indemnities provided to Federgasacqua employees, hired prior to January 1980, which may be transferred to their heirs;
- premungas, a supplementary pension fund for employee members of Federgasacqua hired prior to January 1980. This fund, closed with effect from January 1997, undergoes changes on a quarterly basis solely to settle payments made to eligible retirees;
- the item tariff reduction, set up to cover the charges deriving from the acknowledgement to retired staff of the electricity business unit of tariff concessions for electricity consumption.

27 Provisions for risks and charges

	Opening value	Provisions	Financial expenses	Uses	Other movements	Changes in the scope of consolidation	Terminal value
30 June 2023							
Provision for third-party asset restoration	217.9	3.2	2.8	-	-	-	223.9
Provision for closure and post-closure landfill expenses	186.3	1.4	2.7	(6.7)	-	-	183.7
Provision for personnel legal cases and disputes	10.9	1.9	-	(0.8)	(0.7)	-	11.3
Provisions for waste disposal	9.7	7.1	-	(8.9)	-	-	7.9

Provision for plants dismantling	6.1	-	0.1	-	-	-	6.2
Other provisions for risks and charges	134.7	15.5	-	(1.2)	0.3	0.1	149.4
Total	**565.6**	**29.1**	**5.6**	**(17.6)**	**(0.4)**	**0.1**	**582.4**
30 June 2024							
Provision for third-party asset restoration	228.8	3.2	2.4	-	-	-	234.4
Provision for closure and post-closure landfill expenses	185.1	1.4	7.0	(4.8)	(0.1)	-	188.6
Provision for personnel legal cases and disputes	15.0	1.2	-	(2.4)	(0.1)	-	13.7
Provisions for waste disposal	8.5	6.6	-	(7.9)	-	-	7.2
Provision for plants dismantling	6.3	-	0.1	-	-	-	6.4
Other provisions for risks and charges	174.1	15.7	-	(3.9)	0.3	-	186.2
Total	**617.8**	**28.1**	**9.5**	**(19.0)**	**0.1**	**-**	**636.5**

As regards to "Provision for closure and post-closure landfill expenses", financial expenses decreased significantly compared to the previous year, mainly due to updates in the parameters used to reflect current market conditions (WACC) and to the revised assumptions on the distribution over time of future disbursements.

"Other provisions for risks and charges" comprises provisions made against sundry risks. A description of the main items is provided below:

Liabilities	Type	Amount (mn€)
Risks arising from the activity of energy efficiency upgrading of buildings carried out on behalf of end customers, particularly apartment buildings	Likely	23.6
The amount of WTE and cogeneration plant green certificates, calculated according to the difference between auxiliary services resulting from total self-consumption and services estimated on the basis of the benchmark percentage, was not recognised	Likely	14.0
Outstanding bonds (guarantee on financial exposure given by AcegasApsAmga Spa) in case of abandonment of the operations run by the foreign subsidiary AresGas (Bulgaria)	Contingent	11.3
The higher cost of the electricity used in the water service provision was not recognised, due to the volatility of the energy market, which resulted in price values for 2022 that were higher than the allowed maximum limit provided for by the tariff system	Likely	9.3
Risk of non-reimbursement by some provincial offices of the Customs Agency, relating to surcharges on electricity reimbursed to end users following the ruling of the Court of Cassation in line with European Directive 2008/118/EC	Likely	9.0
Higher expenses that may be incurred in connection with extraordinary maintenance on the Ponte San Nicolò (Padua) landfill	Contingent	5.0
Reimbursement of a portion of the sewerage and purification tariffs for the water service	Likely	4.7
Potential litigations arising from the risk of disputes in relation to the gas distribution unit of the Veneto and Friuli Venezia-Giulia regions, sold at the end of 2019	Likely	3.5

The liabilities classified as contingent were recognised as part of the business combination in the year in which it occurred.

2.02.09 Operating working capital

28 Inventories

	30 June 2024	31 Dec 2023	Change
Contract work in progress	436.1	433.1	3.0
Gas stocks	122.0	114.6	7.4
Raw materials and stocks	68.9	70.2	(1.3)
Materials earmarked for sale and finished products	15.2	13.7	1.5
Total	**642.2**	**631.6**	**10.6**

The item "Contract work in progress" includes long-term contracts for plant construction work, mainly in relation to the following businesses:

	30 June 2024	31 Dec 2023	Change
Energy services and building upgrading	335.0	364.1	(29.1)
Public lighting	37.3	21.1	16.2
Treatment and disposal	31.8	23.7	8.1
Water services	26.2	22.5	3.7
Other minor items	5.8	1.7	4.1
Total	**436.1**	**433.1**	**3.0**

The item Energy services and building upgrading mainly includes activities for increasing the energy efficiency of buildings, especially apartment buildings. The reduction compared to the previous period is due to the drop in business activity as a result of legislative changes that effectively eliminated the possibility of applying discounts to customers directly in the invoice, even if the works, having the required characteristics, started during the previous year and benefiting from this incentive, remain outstanding in the portfolio of the first half of 2024.

"Gas stocks", already shown net of the relative depreciation provision and amounting to 27.4 million euro, represent the stocks of natural gas held for sale.

29 Trade receivables

	30 June 2024	31 Dec 2023	Change
Receivables from customers	2,035.1	3,066.5	(1,031.4)
Receivables from customers for bills and invoices not yet issued	738.7	1.147.0	(408.3)
Provision for bad debts	(671.5)	(626.7)	(44.8)
Total	**2,102.3**	**3,586.8**	**(1,484.5)**

Trade receivables comprise estimated consumption, for the portion pertaining to the period, relating to bills and invoices which will be issued after 30 June 2024, as well as receivables for revenues coming due during the period, referring to the water sector which will be billed in the upcoming months, in accordance with the billing methods for final customers established by the Authority.

The change in the stock of receivables managed compared to the previous year is due to various phenomena:

- a decrease in invoices issued involving energy efficiency services provided to apartment buildings. At the end of 2023, in particular, the Group proceeded to invoice the progress of the works, almost entirely completed, for the works falling under the 110% super-bonus, in order to guarantee, as required by tax regulations, the benefit consisting in a deduction of the works at the rate originally foreseen. These trade receivables, measured at fair value at the time of their initial recognition, will be recognized as tax credits once the submission of the necessary documentation to the Revenue Agency is completed in early 2024, since the mechanism that included discounts directly in invoices was used in the contractual relationship with the customer.
- a decrease in sales yet to be invoiced at the end of the period due to the seasonality of energy business and to the reduction of commodity market prices, in particular gas.

The value of trade receivables reported in the financial statements at 30 June 2024 represents the Group's maximum exposure to credit risk. Changes in the provision for bad debts is as follows:

	Opening balance	Provisions	Changes in the scope of consolidation	Uses and other movements	Closing balance
1st half of 2023	552.0	69.3	-	(21.2)	600.1
1st half of 2024	626.7	53.7	-	(8.9)	671.5

The change in the provision compared to the same period in the previous year is mainly due to receivables relating to the energy sector. In particular, during the first half of 2023, the higher provisions reflected the higher nominal value of receivables generated under the high-price scenario of 2022. Furthermore, the change in utilisations and other movements compared to the same period in the previous year is mainly due to the negative conclusion, in the first half of 2023, of the procedures for recovering past credits related to the environmental tariff.

30 Trade payables

	30 June 2024	31 Dec 2023	Change
Payables to suppliers	652,7	935.2	(282.5)
Payables to suppliers for invoices not yet received	1,192.1	1,702.0	(509.9)
Total	**1,844.8**	**2,637.2**	**(792.4)**

Changes in trade payables compared to the previous year mainly involve the following factors:

- a decrease in the wholesale prices of gas and electricity commodities, which led to a decrease in costs for purchasing raw materials and an ensuing lower exposure to suppliers, particularly with regard to the trading transactions on wholesale markets carried out during the period;
- a decrease in the volume of energy efficiency upgrading of buildings carried out on behalf of end customers, particularly apartment buildings, which led to a subsequent decrease in payables to suppliers and professionals carrying out the works.

31 Other current assets

	30 June 2024	31 Dec 2023	Change
Tax credits and benefits	937.1	97.3	839.8
Fund for energy and waste management services for equalisation and continuity income	102.2	85.3	16.9
Prepaid costs	63.0	34.7	28.3
Energy efficiency certificates and emission trading	54.2	64.3	(10.1)
Security deposits	34.1	39.8	(5.7)
VAT, excise and additional taxes	10.4	75.7	(65.3)
Other receivables	110.3	112.2	(1.9)
Total	**1,311.3**	**509.3**	**802.0**

"Tax credits and benefits" mainly include:

- tax credits arising from the application of the discount applied directly in the invoice to end customers, valued at amortised cost, in relation to subsidised energy efficiency measures carried out mainly on apartment buildings and amounting to 922.6 million euro (88.3 million euro at 31 December 2023). The significant increase with respect to the previous year is due to the choice to retain such receivables in tax boxes of Group companies and use them as offsetting, whereas during 2023 such receivables were mainly transferred to the banking system;

- credits for investments in capital goods, including those related to Industry 4.0, totalling 7.2 million euro (9 million euro at 31 December 2023), which will be used to offset taxes and contributions in subsequent periods on the basis of the expected annual limits.

"Fund for energy and waste management services for equalisation and continuity income" consisted of continuity income amounting to 27.6 million euro (30.3 million euro at 31 December 2023) and equalisation credits amounting to 74.6 million euro (55 million euro at 31 December 2023).
The increase in equalisation receivables, amounting to 19.6 million euro, is due to both a decrease in volumes invoiced and an increase in revenues coming from regulated markets.

"Prepaid costs" mainly comprise future accruals (including for the second half of 2024) relating to outsourced services and processing, costs incurred for insurance, bank sureties and commissions, in addition to licence costs, fees payable and network concession fees, and personnel costs for the portion not accrued of the 14th monthly pay check, paid in June.

"Energy efficiency certificates and emissions trading", includes the following:

	30 June 2024	31 Dec 2023	Change
White certificates	40.6	51.5	(10.9)
Grey certificates	8.5	7.6	0.9
Green certificates	5.1	5.1	-
Total	**54.2**	**64.3**	**(10.1)**

The portfolio of white certificates includes the valuation of both the certificates calculated on the basis of the energy efficiency targets set by the GSE for gas and electricity distribution companies, net of the disposals that took place in the period, amounting to 38.8 million euro (49.7 million euro at 31 December 2023), and the certificates originating from the energy efficiency measures implemented by the Group, amounting to 1.7 million euro (1.8 million euro at 31 December 2023). This decrease, with essentially the same valuation of the contribution compared to the previous year, is due to optimisation operations of net working capital achieved in the first half, only partially offset by the valuation of the accruals for the period of the targets assigned to the Group for the year of obligation 2024.

"Security deposits" mainly include deposits paid to guarantee participation in foreign platforms for trading commodity contracts and auctions in the electricity market, as well as to guarantee operations in the wholesale electricity and gas markets, amounting to 23.5 million euro (29.2 million euro at 31 December 2023). The decrease with respect to the previous year is mainly due to lower prices and less volatility in energy commodities, to which the amount of deposits required to operate in these markets is directly related.

"VAT, excise and additional taxes" includes payables for VAT amounting to 8.9 million euro (10.6 million euro at 31 December 2023), and excise and additional taxes amounting to 1.5 million euro (65.1 million euro at 31 December 2023). With regard to excise duties and additional taxes, the procedures governing financial relations with the tax authorities should be taken into account: advance payments made during the period are indeed calculated on the basis of the quantities of gas and electricity billed in the previous year, while the actual debt is generated on the volumes sold in the period.
The decrease in credits for excises and additional taxes, amounting to 63.6 million euro, was mainly caused by the seasonal nature of natural gas sales, which generally has a debit exposure in June, when billing is complete for the previous winter season, albeit partially offset in the current half-year by a reduction in volumes sold.
For a better understanding of the Group's net exposure in relation to value added tax, see the comment included under Note 32 "Other current liabilities".

32 Other current liabilities

	30 June 2024	31 Dec 2023	Change
Payables for advances to the fund for energy and waste management services	415.6	422.8	(7.2)
Plant investment grants	270.4	262.5	7.9
Advances for works	270.0	365.1	(95.1)
Security deposits from customers	167.6	199.9	(32.3)
Fund for energy and waste management service components and equalisation	129.5	119.0	10.5
VAT, excise and additional tax payables	98.2	118.4	(20.2)
Personnel and employee withholding	96.7	89.8	6.9
Payables to social security institutions	81.9	78.9	3.0
Energy efficiency certificates and emissions trading payables	37.5	49.5	(12.0)
Prepaid revenues and other expenses	26.9	29.7	(2.8)
Other payables	149.8	131.2	18.6
Total	**1,744.1**	**1,866.8**	**(122.7)**

"Payables for advances to the fund for energy and waste management services", consisting of non-interest-bearing advances granted by Cassa per i Servizi Energetici e Ambientali, mainly to compensate the higher charges incurred for the management of the service under the safeguarded and last-resort systems in the natural gas sector (FUI, FTD and FDD), the free electricity market and the gradual protection service (disconnectable customers).

"Plant investment grants" decrease in proportion to the amount of depreciation calculated on the fixed assets in question and increases as a result of new investments subject to grants.

"Advances for works" include advances received from municipalities and apartment buildings for works in progress relating to public lighting and energy efficiency upgrades of buildings, respectively, which will be completed in the following years. The significant decrease reflects, on the one hand, the decrease in energy efficiency works carried out by the Group, as reported in Note 1 "Revenues", and, on the other hand, the completion of part of the works outstanding at 31 December 2023.

"Security deposits from customers" include the amounts requested from customers for gas, water and electricity provision contracts. The decrease compared to the previous year is due to both the decrease in deposits relating to the last-resort market for natural gas and to lower energy commodity prices, which led to a reduction in the nominal value of deposits relating to free-market customer supplies.

"Fund for energy and waste management service components and equalisation", reflects the payables towards the Cassa per i Servizi Energetici e Ambientali for certain system components of the gas, electricity and water services, amounting to 123.1 million euro (111.3 million euro at 31 December 2023) and for equalisation of the electricity sales service amounting to 6.4 million euro (7.7 million euro at 31 December 2023).

'VAT, excise and additional taxes', includes payables for VAT in the amount of 16.5 million euro (71.7 million euro at 31 December 2023), and excise and additional taxes in the amount of 81.7 million euro (46.7 million euro at 31 December 2023). As outlined in Note 31, "Other current assets", this increase must be understood taking into account the factors that regulate financial relations with the tax authorities, which can generate credit/debit positions with differences that can be significant even between one financial period and another. With regard to value-added tax, last year, based on the historical calculation, no advance payment was made in relation to the VAT Group, consequently the debit balance of 31 December 2023 was paid in full in the first half of 2024.
With regard to excise duties and surcharges, the advance payment made during the first half of 2024 was made, as required by the regulations in force, on the basis of volumes invoiced in the previous year, while the accrued debt was generated on the basis of the volumes invoiced in the first half of 2024. For

the change with respect to the previous year, see the comment included under Note 31 "Other current assets".

"Energy efficiency and emission trading certificates" include the following:

	30 June 2024	31 Dec 2023	Change
White certificates	23.0	27.1	(4.1)
Guarantee of origin certificates	10.0	12.7	(2.7)
Grey certificate	4.5	9.7	(5.2)
Total	**37.5**	**49.5**	**(12.0)**

- White certificates include the valuation of the exposure in relation to the redelivery obligations towards the respective Authorities for energy efficiency certificates not yet in the portfolio. The change with respect to 31 December 2023, in a market context that showed a slight increase in prices, is mainly due to the lower number of certificates still to be annulled and referring to the years for which the Group has not yet completely fulfilled its assigned obligation;
- Guarantee of origin (GO) certificates relate to the obligation to certify electricity generated from renewable energy sources against sales made to customers whose contracts require this type of procurement;
- Grey certificates reflect the valuation of both the obligation to redeliver certificates calculated on the basis of current regulations, amounting to 4.2 million euro (8.7 million euro at 31 December 2023) and the forward sales contracts for greenhouse gas emission quotas, amounting to 0.3 million euro (1 million euro at 31 December 2023). The decrease compared to the previous year is due to both the decrease in reference market prices and the lower volume of forward contracts, as well as the lower redelivery obligation of the six-month period 2024, compared to the fulfilment of the obligation of the previous year.

The item "Other payables" mainly comprises the following:

	30 June 2024	31 Dec 2023	Change
Dividend payables	26.8	-	26.8
Arrears payments for electricity gas and other sectors	21.0	27.4	(6.4)
Flood contributions	9.5	10.0	(0.5)
Insurance deductibles	8.7	8.7	-
Tariff concessions to users	2.5	3.5	(1.0)
Other minor items	81.3	81.6	(0.3)
Total	**149.8**	**131.2**	**18.6**

The main change from the previous year is due to dividends not yet paid as at 30 June 2024 to shareholders of the parent company in the amount of 1.5 million euro and to minority shareholders in the amount of 25.3 million euro.

33 Cash flows of operating activities

Changes in net working capital

The following is a breakdown of information on changes in net working capital during the first half of 2024, differentiating between cash flows and non-cash flows.

Type	30 June 2024	31 Dec 2023	Change (a)	Non-cash flows				Cash flows
				Acquisitions divestitures (b)	Economic valuation components (c)	Changes in fair value (d)	Other changes (e)	(f)=[(b)+(c)+(d)+(e)]-(a)
Inventories	642.2	631.6	10.6	-	-	-	0.2	(10.4)
Trade receivables	2,102.3	3,586.8	(1,484.5)	-	(53.7)	(0.1)	(1,064.1)	366.6
Trade payables	(1,844.8)	(2,637.2)	792.4	-	-	-	(154.1)	(946.5)
Other current assets/liabilities	(432.8)	(1,357.5)	924.7	-	23.8	44.5	1,038.7	182.2
Changes in working capital	**466.9**	**223.7**	**243.2**	**-**	**(30.1)**	**44.4**	**(179.3)**	**(408.0)**

'Economic valuation components' mainly includes:

- the provision for bad debts for a negative 53.7 million euro;
- income related to the discounting process of tax receivables from invoice discounting for a positive amount of 17.4 million euro, as reported in Note 9 "Financial income";
- the portions pertaining to the period of plant-related grants, the total amount of which was collected in previous years, totalling a positive amount of 6.8 million euro, as stated in Note 2 "Other operating revenues".

"Changes in fair value" mainly include:

- the reversal of the fair value assessment of receivables related to the application of the discount included in invoices linked to energy efficiency measures for end customers amounting to 35.8 million euro, as reported in Note 10 "Financial expenses";
- the valuation of environmental certificates and greenhouse gas emission obligations assigned to the Group, as well as the valuation of forward contracts for the purchase and sale of greenhouse gas emission allowances, for a total positive amount of 8.7 million euro, as illustrated in Note 31 "Other current assets" and 32 "Other current payables".

"Other changes" mainly comprises offsets within net working capital of transactions involving the gross recognition of assets and liabilities. The item was also affected by the recognition of amounts related to the gas settlement, amounting to 154.1 million euro, classified as of 31 December 2023 under "Financial liabilities", as specific in paragraph 2.02.01.

Dividends collected

During the first half of 2024, dividends amounting to 3.5 million euro were received from companies consolidated according to the equity method and 7.9 million euro from shareholdings held in other companies. For further details, see Note 9 "Financial income" and 23 "Shareholdings".

Net interest paid

The following is a reconciliation of the balance sheet values of financial income and expenses and the related net cash flows for the year.

Type	30/06/2024 (a)	Non-cash flows		Other changes (d)	Cash flows (e)=(a)-[(b)+(c)+(d)]
		Economic valuation components (b)	Changes in fair value (c)		
Financial income	79.2	20.3	12.7	20.4	25.8
Financial expenses	(141.1)	(33.2)	22.9	34.1	(164.9)
Total	**(61.9)**	**(12.9)**	**35.6**	**54.5**	**(139.1)**

"Economic valuation components" includes income and expenses arising from both the assessment at amortised cost and the discounting of receivables and liabilities characterised by monetary outlays to be carried out in the medium to long term, as illustrated in Note 9 "Financial income" and Note 10 "Financial expenses".

"Changes in fair value" include assessments at current market value of financial assets and liabilities, mainly related to:

- a reversal of valuation due to the assignment of tax receivables related to the application of the discount included in invoices linked to subsidised energy efficiency interventions carried out on behalf of end customers amounting to a negative 35.8 million euro, as reported in Note 10 "Financial expenses";
- an adjustment made to the book value of a bond issued in foreign currency as a result of the fair value hedge, which led to the recognition of income amounting to a positive 12.7 million euro;
- hedging derivatives that resulted in the recognition of net valuation losses amounting to a negative 12.9 million euro.

"Other changes" mainly include the adjustment of interest income and interest expense recognised on an accrual basis in order to show the actual cash flows realised during the first half of 2024 in the amount of 43.7 million euro.

Taxes paid

Income taxes, relating to IRES and IRAP balances for the year 2023 and advance payments due for the year 2024, were paid by the main Group companies in July 2024.

2.02.10 Other information

Changes to the accounting standards

Accounting standards, amendments and interpretations applicable from 1 January 2024

With reference to the areas pertaining to the Group, the following accounting standards and amendments to accounting standards issued by the International Accounting Standards Board (IASB) and transposed by the European Union through an EU Regulation are mandatory as of 1 January 2024:

Amendments to IAS 1 – Presentation of financial statements: reporting liabilities as current or non-current. Document issued by IASB on 23 January 2020 and updated on 15 July 2020, applicable from 1 January 2024 with early application allowed. The amendments clarify the requirements to be considered in determining whether payables and other liabilities with uncertain settlement date should be classified as current or non-current in the statement of financial position (including payables that can be settled by conversion into equity instruments).

Amendments to IFRS 16 – Lease Liabilities in a Sale and Leaseback Transaction. Document issued by IASB on 22 September 2022, applicable from 1 January 2024 with early application allowed. The amendments provide that in the valuation of lease liabilities in a sale and leaseback transaction, the seller-lessee shall determine the lease payments in such a way as not to recognise any amount of gain or loss related to the right of use retained.

Amendments to IAS 1 – Presentation of financial statements: non-current liabilities subject to covenant. Document issued by IASB on 31 October 2022, applicable from 1 January 2024 with early application permitted. The amendments aim to improve the information disclosed by an entity when the right to defer settlement of a liability for at least 12 months is subject to compliance with certain parameters.

Amendments to IAS 7 – Statement of cashflows and **IFRS 7 -** Financial instruments: Financing arrangements with suppliers and disclosures in the explanatory notes. Document issued by IASB on 25 May 2023, applicable from 1 January 2024 with early application permitted. The amendments require an entity to provide additional disclosures on reverse factoring arrangements that enable users of financial statements to evaluate how financing arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk.

These amendments clarify, correct or remove redundant statements or formulations in the text of the relevant standards.

With reference to the application of these amendments, there were no observable effects on the Group's financial statements.

Accounting standards, amendments and interpretations that have not yet been endorsed by the European Union

The following standards, amendments and updates of IFRS (already approved by IASB) and interpretations that are relevant for the Group are currently being endorsed by the respective bodies of the European Union:

Amendments to IAS 21– Effects of changes in foreign exchange rates: lack of convertibility. Document issued by the IASB on 15 August 2023 and applicable from 1 January 2025 with early application allowed. The amendments require an entity to apply a methodology consistently over time to determine whether one currency can be converted into another and, when this is not possible, to define the method of determining the exchange rate to be used and the disclosures to be made in the explanatory notes.

IFRS 18 – Presentation and disclosure of financial statements Document issued by the IASB on 9 April 2024 and applicable from 1 January 2027 with early application allowed. The new standard, which will replace IAS 1 **"**Presentation of Financial Statements**"**, improves the disclosure of corporate performance in terms of comparability, transparency and usefulness of published information, and introduces substantial changes in the structure of financial statements with particular reference to the income statement and, to a lesser extent, the cash flow statement. In particular:

- some classifications of income and expenses are revised, introducing the distinction between the operating section, investment section and financial section, as well as confirmation of the already existing tax and discontinued operations categories;
- two new sub-totals are introduced (operating results and results before financial items and income taxes);
- the use of the operating results is required as the starting point for the presentation of the cash flow statement drafted using the indirect method;
- the elimination of certain alternative classification options of currently permissible items in the cash flow statement, such as interest received and paid and dividends received and paid, is foreseen.

Entities are also required to identify and disclose non-IFRS performance indicators used by management to comment on economic and financial performance, justifying them and reconciling them with the items in the IFRS financial statements**.**

Finally, the standard introduces new criteria for the aggregation and disaggregation of information within the notes.

Amendments to IFRS 9 and IFRS 7 – Changes in the classification and measurement of financial instruments. Document issued by the IASB on 30 May 2024 and applicable from 1 January 2026 with early application allowed. The amendments concern in particular:

- the accounting elimination of a financial liability through electronic payment systems. It is clarified that the settlement date of an electronic payment liability is the date on which the liability ceases to exist. However, under certain specific criteria introduced by the amendment, derecognition may be recognised before the settlement date;
- the classification of certain financial assets, including those with features related to environmental, social and corporate governance (ESG) factors, which may now meet the IFRS 9 criterion of Solely payments for principle and interest (SSPI), provided that their cash flows are not materially different from those of an identical financial asset without such a feature;
- financial statement disclosures in relation to investments in equity investments that are irrevocably measured at fair value through other comprehensive income, for which separate disclosure is required of the income and expenses for the period realised on the disposal of assets from those arising from the measurement at the end of the period;

- financial statement disclosures in relation to financial instruments with particular characteristics that are not directly related to the risks and costs of financing.

On 18 June 2024, the IASB published its "Annual Improvements to International Financial Reporting Standards - Volume 11". These improvements include eight amendments to five existing international accounting standards, which are outlined below:
- **IFRS 1** - First-time Adoption of International Financial Reporting Standards. The improvement resolves a potential source of error due to inconsistency in the text of IFRS 1 with the requirements for hedge accounting under IFRS 9 "Financial Instruments";
- **IFRS 7** - Financial Instruments: Disclosures. The IASB introduced three changes:
  - gains or losses recognised on derecognition. This improvement resolves a potential source of confusion in relation to accounting for gains or losses on derecognition as IFRS 7 had a reference to a paragraph deleted from the accounting standard when IFRS 13 "Fair Value Measurement" was issued;
  - disclosure of differences between fair value and transaction price. The improvement corrects an inconsistency between IFRS 7 and its implementation guidance;
  - introduction and disclosure of credit risk in the financial statements. The improvement resolves a potential source of confusion by clarifying that the implementation guidance does not necessarily explain all of the requirements set out in the reference paragraphs of IFRS 7, and also simplifies some explanations.
- **IFRS 9** - Financial Instruments. The IASB introduced two changes:
  - derecognition by the lessor of a lease liability. The improvement addresses a potential lack of clarity in the application of the requirements within IFRS 9 in relation to the lessee's accounting for early discharge of a lease liability;
  - transaction price. This improvement resolves a source of potential confusion arising from a reference within Appendix A of IFRS 9 to the definition of "transaction price" found in IFRS 15 "Revenue from Contracts with Customers", as the term "transaction price" is used in various places in IFRS 9 with a meaning that is not necessarily consistent with the definition found within IFRS 15;
- **IFRS 10** - Consolidated Financial Statements. This improvement resolves a source of potential confusion caused by an inconsistency between the text of IFRS 10 regarding the investor's identification of a "de facto" agent;
- **IAS 7** - Statement of Cash Flows. This improvement resolves a potential source of error in the application of IAS 7 arising from the use of the term "cost method", which is no longer defined within the International financial reporting standards.

With reference to the new standards and the new amendments outlined above, the directors are currently evaluating what possible effects introducing them might have on the Group's consolidated financial statements.

Reporting by operating sector

Reporting by operational sector is based on the approach management uses to monitor the performance of the Group by homogeneous business areas. The net costs and assets for business support functions, in keeping with the internal control model, are entirely associated to operational businesses.
Note that management, starting from 2024, to achieve a more consistent representation of the results with respect to market dynamics, has presented the results of the public lighting business within the Electricity sector, instead of the previous classification in the Other services sector, and has also restated the entries of the comparison periods.

At 30 June 2024, the Hera Group was organized into the following business lines:
- **Gas**: includes services in distributing and selling natural gas as well as district heating and energy services;
- **Electricity**: includes generating, distributing and selling electricity as well as public lighting;
- **Water cycle**: includes aqueduct, purification and sewage services;
- **Waste management**: includes waste collection, treatment, recycling and disposal services;
- **Other services**: includes telecommunications and other minor services.

The following are assets and liabilities by business line for the first half of 2024 and for 2023:

30 June 2024	Gas	Electricity	Water cycle	Waste management	Other services	Total
Current reporting period						
Assets (tangible and intangible)	2,065.6	813.4	2,515.1	1,452.2	99.5	6,945.8
Goodwill	493.5	91.2	42.7	260.6	20.7	908.7
Shareholdings	97.6	42.6	16.6	40.9	-	197.7
Not attributed fixed assets						165.8
Net non-current assets	**2,656.7**	**947.2**	**2,574.4**	**1,753.7**	**120.2**	**8,218.0**
Attributed net working capital	423.5	26.4	(70.7)	98.8	(11.2)	466.8
Non attributed net working capital						(181.8)
Net working capital	**423.5**	**26.4**	**(70.7)**	**98.8**	**(11.2)**	**285.0**
Other provisions	(223.8)	(49.7)	(152.7)	(286.1)	(3.7)	(716.0)
Net invested capital	**2,856.4**	**923.9**	**2,351.0**	**1,566.4**	**105.3**	**7,787.0**

31 Dec 2023	Gas	Electricity	Water cycle	Waste management	Other services	Total
Previous year						
Assets (tangible and intangible)	2,043.2	792.1	2,466.6	1,464.7	103.0	6,869.6
Goodwill	493.5	91.2	42.7	260.6	20.7	908.7
Shareholdings	96.6	42.4	16.0	40.5	-	195.5
Not attributed fixed assets						145.3
Net non-current assets	**2,633.3**	**925.7**	**2,525.3**	**1,765.8**	**123.7**	**8,119.1**
Attributed net working capital	460.9	(172.5)	(56.4)	14.7	(23.0)	223.7
Non attributed net working capital						(57.7)
Net working capital	**460.9**	**(172.5)**	**(56.4)**	**14.7**	**(23.0)**	**166.0**
Other provisions	(216.7)	(43.0)	(153.3)	(289.1)	(3.8)	(705.9)
Net invested capital	**2,877.5**	**710.2**	**2,315.6**	**1,491.4**	**96.9**	**7,579.2**

* The 2023 data has been restated, reclassifying the Public Lighting business from Other Services to Electricity

The main performance measures by operating segment for 30 June 2024 and the corresponding period of the previous year are shown below:

1H 2024	Gas	Electricity	Water cycle	Waste management	Other services	Structure	Total
Current reporting period							
Direct revenues	2,542.3	1,917.4	498.2	780.1	24.3	22.4	5,784.7
Infra-cycle revenues	55.6	119.3	4.0	51.7	24.3	33.4	288.2
Total direct revenues	**2,597.8**	**2,036.7**	**502.2**	**831.8**	**48.6**	**55.8**	**6,072.9**
Indirect revenues	6.2	2.6	30.4	16.5	0.1	(55.8)	-
Total revenues	**2,604.0**	**2,039.3**	**532.6**	**848.3**	**48.7**	**-**	**6,072.9**
Ebitda* Ebitda	**256.5**	**144.2**	**146.2**	**171.5**	**14.3**	**-**	**732.7**
Direct amortisations and provisions	98.9	47.3	57.1	85.6	8.3	50.3	347.6
Indirect amortisations and provisions	7.8	8.9	17.3	16.2	0.1	(50.3)	-
Total amortisations and provisions	**106.7**	**56.3**	**74.4**	**101.8**	**8.4**	**-**	**347.6**
Operating profit	**149.7**	**88.0**	**71.8**	**69.7**	**5.9**	**-**	**385.1**

1H 2023	Gas	Electricity*	Water cycle	Waste management	Other services*	Structure	Total
Previous year							
Direct revenues	5,165.2	2,140.1	462.3	788.0	16.6	24.5	8,596.8
Infra-cycle revenues	71.4	130.2	2.5	47.8	24.1	30.1	306.2
Total direct revenues	**5,236.6**	**2,270.4**	**464.8**	**835.8**	**40.8**	**54.6**	**8,903.0**
Indirect revenues	9.2	2.8	28.5	14.0	0.1	(54.6)	-
Total revenues	**5,245.8**	**2,273.1**	**493.3**	**849.9**	**40.8**	**-**	**8,903.0**
Ebitda* Ebitda	**386.1**	**122.0**	**128.6**	**162.9**	**11.8**	**-**	**811.2**
Direct amortisations and provisions	100.7	54.7	58.1	82.6	7.7	39.8	343.6
Indirect amortisations and provisions	5.5	2.4	16.7	15.2	0.1	(39.8)	-
Total amortisations and provisions	**106.2**	**57.1**	**74.7**	**97.8**	**7.7**	**-**	**343.6**
Operating profit	**279.9**	**64.9**	**53.8**	**65.0**	**4.0**	**-**	**467.7**

* The 2023 data has been restated, reclassifying the Public Lighting business from Other Services to Electricity

As extensively described in the Directors' Report, Ebitda for the gas segment at 30 June 2023 was adjusted for managerial purposes to comment on its performance for the period. The value containing the adjustment on gas inventory valuation is shown in chapter 1.03, "Analysis by Strategic Business Area", which provides a reference for understanding business dynamics.

2.03 FINANCIAL STATEMENT FORMATS AS PER CONSOB RESOLUTION 15519/2006

In accordance with the respective Group policies, the economic, equity and financial reports in effect at 30 June 2024 and the associated period of comparison with related parties are provided below.

The Procedure for operations with related parties is available on the website of the Hera Group at the following link:

https://www.gruppohera.it/gruppo/governance/sistema-di-governance/politiche-e-procedure

With regards to the disclosure on transactions of greater significance envisaged by Consob resolution no. 17221 of 12 March 2010 and subsequent amendments and additions, note that as of 1 January 2024 a new contract for the wholesale supply of drinking water for civil use to Hera Spa by Romagna Acque - Società delle fonti Spa came into force. The contract has a duration of 4 years and an estimated annual amount of 48.5 million euro is expected.

2.03.01 Income statement as per Consob resolution 15519/ 2006

	notes	1st half of 2024	of which related parties						1st half of 2023	of which related parties					
			A	B	C	D	Total	%		A	B	C	D	Total	%
Revenues	1	5,536.8	-	30.4	159.2	8.3	197.9	3.6%	8,297.5	-	51.2	149.9	6.8	207.9	2.5%
Other operating revenues	2	247.9	-	-	0.4	-	0.4	0.2%	299.3	-	0.2	0.1	-	0.3	0.1%
Raw and other materials	3	(2,973.2)	-	(14.3)	-	(21.8)	(36.1)	1.2%	(5,868.0)	-	(32.5)	-	(21.1)	(53.6)	0.9%
Service costs	4	(1,727.6)	-	(6.5)	(8.7)	(13.0)	(28.2)	1.6%	(1,576.2)	-	(7.7)	(9.2)	(12.0)	(28.9)	1.8%
Personnel costs	5	(341.2)	-	-	-	-	-		(330.4)	-	-	-	-	-	
Other operating expenses	6	(40.5)	-	-	(0.9)	(0.4)	(1.3)	3.2%	(41.5)	-	-	(0.6)	(0.4)	(1.0)	2.4%
Capitalised costs		30.5	-	-	-	-	-		30.6	-	-	-	-	-	
Amortisation. provisions and depreciation	7	(347.6)	-	-	-	-	-		(343.6)	-	-	-	-	-	
Operating profit		**385.1**	-	**9.6**	**150.0**	**(26.9)**	**132.7**		**467.7**	-	**11.2**	**140.2**	**(26.7)**	**124.7**	
Share of profits (losses) pertaining to joint ventures and associated companies	8	6.4	-	6.4	-	-	6.4	100.0%	5.9	-	5.9	-	-	5.9	100.0%
Financial income	9	79.2	-	0.6	0.3	1.6	2.5	3.2%	68.9	-	2.1	0.3	0.2	2.6	3.8%
Financial expenses	10	(141.1)	-	(0.1)	(0.1)	-	(0.2)	0.1%	(165.3)	-	-	(0.1)	-	(0.1)	0.1%
Financial operations		**(55.5)**	-	**6.9**	**0.2**	**1.6**	**8.7**		**(90.5)**	-	**8.0**	**0.2**	**0.2**	**8.4**	
Earnings before taxes		**329.6**	-	**16.5**	**150.2**	**(25.3)**	**141.4**		**377.2**	-	**19.2**	**140.4**	**(26.5)**	**133.1**	
Taxes	11	(92.3)	-	-	-	-	-		(103.0)	-	-	-	-	-	
Net profit for the period		**237.3**	-	**16.5**	**150.2**	**(25.3)**	**141.4**		**274.2**	-	**19.2**	**140.4**	**(26.5)**	**133.1**	
Attributable to:															
Parent company shareholders		218.4							253.9						
Non-controlling interests		18.9							20.3						
Earnings per share															
basic	16	0.152							0.175						
diluted	16	0.152							0.175						

Legend column header related parties: A non-consolidated subsidiaries. B Associated and jointly controlled companies. C Related companies with significant influence (Shareholders' associations). D Other related parties

2.03.02 Statement of financial position as per Consob resolution 15519/ 2006

	notes	30-Jun-24	of which related parties A	B	C	D	Total	%	31-dec-23	of which related parties A	B	C	D	Total	%
ASSETS															
Non-current assets															
Tangible assets	20	2,067.7	-	-	-	-	-		2,059.3	-	-	-	-	-	
Rights of use	21	83.9	-	-	-	-	-		90.6	-	-	-	-	-	
Intangible assets	22	4,794.3	-	-	-	-	-		4,719.6	-	-	-	-	-	
Goodwill		908.7	-	-	-	-	-		908.7	-	-	-	-	-	
Shareholdings	23	197.7	-	152.6	-	14.7	167.3	84.6%	195.6	-	150.7	-	14.7	165.4	84.6%
Non-current financial assets	17	157.3	-	9.4	9.0	20.9	39.3	25.0%	162.8	-	11.0	10.6	21.2	42.8	26.3%
Deferred tax assets	13	320.0	-	-	-	-	-		302.3	-	-	-	-	-	
Derivative financial instruments	25	0.1	-	-	-	-	-		0.3	-	-	-	-	-	
Total non-current assets		**8,529.7**	-	**162.0**	**9.0**	**35.6**	**206.6**		**8,439.2**	-	**161.7**	**10.6**	**35.9**	**208.2**	
Current assets															
Inventories	28	642.2	-	-	-	-	-		631.6	-	-	-	-	-	
Trade receivables	29	2,102.3	-	2.7	81.9	16.2	100.8	4.8%	3,586.8	-	10.3	81.8	18.9	111.0	3.1%
Current financial assets	17	128.3	-	3.4	3.5	1.3	8.2	6.4%	90.9	-	7.0	3.7	1.3	12.0	13.2%
Current tax assets	12	15.9	-	-	-	-	-		11.4	-	-	-	-	-	
Other current assets	31	1,311.3	-	3.3	7.6	4.8	15.7	1.2%	509.3	-	3.1	(3.9)	4.0	3.2	0.6%
Derivative financial instruments	25	252.7	-	-	-	-	-		478.0	-	-	-	-	-	
Cash and cash equivalents	17	818.5	-	-	-	-	-		1,332.8	-	-	-	-	-	
Total current assets		**5,271.2**	-	**9.4**	**93.0**	**22.3**	**124.7**		**6,640.8**	-	**20.4**	**81.6**	**24.2**	**126.2**	
TOTAL ASSETS		**13,800.9**	-	**171.4**	**102.0**	**57.9**	**331.3**		**15,080.0**	-	**182.1**	**92.2**	**60.1**	**334.4**	

Legend column header related parties: A non-consolidated subsidiaries. B Associated and jointly controlled companies. C Related companies with significant influence (Shareholders' associations). D Other related parties

	notes	30-Jun-24	of which related parties						31-dec-23	of which related parties					
			A	B	C	D	Total	%		A	B	C	D	Total	%
NET EQUITY AND LIABILITIES															
Share capital and reserves															
Share capital	14	1,441.2	-	-	-	-	-		1,443.0	-	-	-	-	-	
Reserves	14	1,772.9	-	-	-	-	-		1,553.8	-	-	-	-	-	
Profit (loss) for the period	14	218.4	-	-	-	-	-		441.4	-	-	-	-	-	
Group net equity		**3,432.5**	-	-	-	-	-		**3,438.2**	-	-	-	-	-	
Non-controlling interests	15	291.3	-	-	-	-	-		313.4	-	-	-	-	-	
Total net equity		**3,723.8**	-	-	-	-	-		**3,751.6**	-	-	-	-	-	
Non-current liabilities															
Non-current financial liabilities	18	4,378.9	-	-	0.6	-	0.6	0.0%	4,421.7	-	-	1.2	-	1.2	0.0%
Non-current lease liabilities	21	52.2	-	-	3.3	0.2	3.5	6.7%	56.8	-	-	2.7	0.2	2.9	5.1%
Post-employment and other benefits	26	79.5	-	-	-	-	-		88.1	-	-	-	-	-	
Provisions for risks and charges	27	636.5	-	1.2	-	-	1.2	0.2%	617.8	-	1.0	-	-	1.0	0.2%
Deferred tax liabilities	13	154.1	-	-	-	-	-		156.9	-	-	-	-	-	
Derivative financial instruments	25	-	-	-	-	-	-		-	-	-	-	-	-	
Total non-current liabilities		**5,301.2**	**-**	**1.2**	**3.9**	**0.2**	**5.3**		**5,341.3**	**-**	**1.0**	**3.9**	**0.2**	**5.1**	
Current liabilities															
Current financial liabilities	18	680.2	-	3.6	1.1	-	4.7	0.7%	890.8	-	0.1	0.8	-	0.9	0.1%
Current lease liabilities	21	22.7	-	-	0.7	0.1	0.8	3.5%	24.5	-	0.0	1.3	0.1	1.4	5.9%
Trade payables	30	1,844.8	-	7.3	16.2	23.7	47.2	2.6%	2,637.2	-	12.9	18.6	23.4	54.9	2.1%
Current tax liabilities	12	214.3	-	-	-	-	-		110.2	-	-	-	-	-	
Other current liabilities	32	1,744.1	-	0.3	4.1	0.3	4.7	0.3%	1,866.8	-	0.3	6.3	0.6	7.2	0.4%
Derivative financial instruments	25	269.8	-	-	-	-	-		457.6	-	-	-	-	-	
Total current liabilities		**4,775.9**	**-**	**11.2**	**22.1**	**24.1**	**57.4**		**5,987.1**	**-**	**13.3**	**27.0**	**24.1**	**64.4**	
TOTAL LIABILITIES		**10,077.1**	**-**	**12.4**	**26.0**	**24.3**	**62.7**		**11,328.4**	**-**	**14.3**	**30.9**	**24.3**	**69.5**	
TOTAL NET EQUITY AND LIABILITIES		**13,800.9**	**-**	**12.4**	**26.0**	**24.3**	**62.7**		**15,080.0**	**-**	**14.3**	**30.9**	**24.3**	**69.5**	

Legend column header related parties: A non-consolidated subsidiaries. B Associated and jointly controlled companies. C Related companies with significant influence (Shareholders' associations). D Other related parties

2.03.03 Cash flow statement as per Consob resolution 15519/ 2006

	30-Jun-24	of which related parties
Earnings before taxes	**329.6**	
Adjustments to reconcile net profit to the cashflow from operating activities		
Amortisation and impairment of assets	266.4	
Allocation to provisions	81.2	
Effects from valuation using the net equity method	(6.4)	
Financial (income) expenses	61.9	
(Capital gains) losses and other non-monetary elements	(25.2)	
Change in provision for risks and charges	(19.0)	
Change in provision for employee and post-employment benefits	(4.9)	
Total cash flow before changes in net working capital	**683.6**	
(Increase) decrease in inventories	(10.4)	
(Increase) decrease in trade receivables	366.6	10.2
Increase (decrease) in trade payables	(946.4)	(7.7)
Increase/decrease in other current assets/liabilities	182.2	(13.6)
Changes in working capital	**(408.0)**	
Dividends collected	11.4	5.0
Interest income and other financial income collected	25.8	0.7
Interest expenses. net charges on derivatives and other paid financial charges	(164.9)	(0.3)
Taxes paid	(2.5)	
Cash flow from operating activities (a)	**145.4**	
Investments in tangible assets	(98.9)	
Investments in intangible assets	(245.5)	
Investments in other interests	(0.4)	
Sale price of tangible and intangible assets	2.5	
(Increase) decrease in other investment activities	(18.1)	8.8
Cash flow from (for) investing activities (b)	**(360.4)**	
Repayments of non-current financial liabilities	(7.9)	
Repayments and other net changes in financial liabilities	(54.7)	3.3
Repayments of leasing liabilities	(9.9)	
Acquisition of Interests in consolidated companies	(1.3)	
Increase minority shareholding	1.3	
Dividends paid out to Hera shareholders and non-controlling interests	(221.5)	(79.5)
Changes in treasury shares	(5.3)	
Cash flow from (for) financing activities (c)	**(299.3)**	
Increase (decrease) in cash holdings (a+b+c)	**(514.3)**	
Cash and cash equivalents at the beginning of the period	1.332.8	
Cash and cash equivalents at the end of the period	818.5	

2.03.04 Net financial debt pursuant to Consob notice DEM/6064293 of 2006

		30-Jun-24					31-dec-23				
			A	B	C	D		A	B	C	D
A	Cash	818.5	-	-	-	-	1,332.8	-	-	-	-
B	Cash equivalents	-	-	-	-	-	-	-	-	-	-
C	Other current financial assets	128.3	-	3.4	3.5	1.3	90.9	-	7.0	3.7	1.3
D	**Liquidity (A+B+C)**	**946.8**					**1,423.7**				
	of which related parties		**-**	**3.4**	**3.5**	**1.3**		**-**	**7.0**	**3.7**	**1.3**
E	Current financial debt	(201.3)	-	(3.6)	(1.1)	-	(411.9)	-	(0.1)	(0.7)	-
F	Current portion of non-current financial debt	(535.2)	-	-	(0.7)	(0.1)	(524.1)	-	-	(1.4)	(0.1)
G	**Current financial indebtedness (E+F)**	**(736.5)**					**(936.0)**				
	of which related parties		**-**	**(3.6)**	**(1.8)**	**(0.1)**		**-**	**(0.1)**	**(2.1)**	**(0.1)**
H	**Net current financial indebtedness (G+D)**	**210.3**					**487.7**				
	of which related parties		**-**	**(0.2)**	**1.7**	**1.2**		**-**	**6.9**	**1.6**	**1.2**
I	Non-current financial debt	(1,043.9)	-	-	(3.9)	(0.2)	(1,087.0)	-	-	(3.9)	(0.2)
J	Debt instruments	(3,387.2)	-	-	-	-	(3,391.2)	-	-	-	-
K	Non-current trade and other payables	-	-	-	-	-	-	-	-	-	-
L	**Non-current financial indebtedness (I+J+K)**	**(4,431.1)**					**(4,478.2)**				
	of which related parties		**-**	**-**	**(3.9)**	**(0.2)**		**-**	**-**	**(3.9)**	**(0.2)**
M	**Total financial indebtedness (H+L) ESMA guidelines 32 - 382 - 1138**	**(4,220.8)**					**(3,990.5)**				
	of which related parties		**-**	**(0.2)**	**(2.2)**	**1.0**		**-**	**6.9**	**(2.3)**	**1.0**
	Non-current financial receivables	**157.3**					**162.8**				
	of which related parties		**-**	**9.4**	**9.0**	**20.9**		**-**	**11.0**	**10.6**	**21.2**
	Net financial debt	**(4,063.5)**					**(3,827.7)**				
	of which related parties		**-**	**9.2**	**6.8**	**21.9**		**-**	**17.9**	**8.3**	**22.2**

2.03.05 List of related parties

The values reported in the table at 30 June 2024 refer to the related parties listed below:

Group A - Non-consolidated subsidiaries

-

Group B - Affiliated and jointly controlled companies

Adria Link Srl
Aimag Spa
ASM SET Srl
Aurora Srl
Enomondo Srl
H.E.P.T. Co. Ltd
Natura Srl in liquidation
Oikothen Scarl in liquidation
SEA - Servizi Ecologici Ambientali Srl
Set Spa
Sgr Servizi Spa
Tamarete Energia Srl
Tre Monti Srl

Group C - Related parties with significant influence

Municipality of Bologna
Municipality of Casalecchio di Reno
Municipality of Cesena
Municipality of Ferrara
Municipality of Imola
Municipality of Modena
Municipality of Padua
Municipality of Ravenna
Municipality of Rimini
Municipality of Trieste
CON.AMI
Ferrara Tua Spa
Ravenna Holding Spa
Rimini Holding Spa

Group D - Other related parties

Acosea Impianti Srl
Dragone Impianti Spa Acqeduct
Aloe Spa
Amir Spa - Asset
Aspes Spa
Calenia Energia Spa
Fiorano Gestioni Patrimoniali Srl
Formigine Patrimonio Srl
Maranello Patrimonio Srl
Romagna Acque Spa
Sassuolo Gestioni Patrimoniali Srl
Serramazzoni Patrimonio Srl
Sis Spa asset
Te.Am Società Territorio Ambiente Srl
Team Srl - Assets
Unica Reti Spa - Asset

Statutory Auditors, directors, strategic managers, family members of strategic managers and entities linked to strategic managers

2.03.06 Explanatory notes to relations with related parties

Service management

In most of the areas it serves and in almost all shareholding municipalities in the provinces of Modena, Bologna, Ferrara, Forlì-Cesena, Ravenna, Rimini, Padua, Udine, Trieste, Gorizia and Pesaro, the Hera Group holds the concession for the local public services of economic interest (distribution of natural gas through local gas pipelines, integrated water service and environmental services, including sweeping. waste collection. transport. recovery and disposal). The electricity distribution service is carried out in the areas of Modena and Imola, and in the municipalities of Trieste and Gorizia. Other public utilities (including urban district heating, energy services and public lighting) are carried out in a free market regime or through specific agreements with the local authorities concerned. Through specific relations with the local authorities and/or local agencies, the Hera Group is also responsible for waste treatment and disposal services. not included in urban hygiene activities.

Water sector

The water services managed by the Hera Group in the Emilia-Romagna, Veneto, Friuli-Venezia Giulia and Marche regions. It is carried out on the basis of conventions with the relevant local agencies. with a variable duration. which is usually twenty years.

The Hera Group's mandate for managing integrated water services refers to activities of water collection and drinking water treatment and distribution for civil and industrial applications as well as sewerage and sewage treatment. The agreements signed with the local area authorities also require the operator to carry out the planning and construction of new networks and plants aimed at providing the service. The conventions regulate the economic aspects of the contractual agreement. as well as the modes of managing the service. and the performance and quality standards.

Regulating the water service is delegated to the national authority Arera, both for tariff and service quality aspects. The current regulatory period 2024-2029 (Arera resolution 639/2023/R/idr) is the fourth tariff period.

In order to ensure greater stability and development for the water cycle, the duration of the fourth regulatory period has been extended to six years, thus covering the period 2024-2029, with the introduction of some new elements such as the incentivisation of energy and environmental sustainability actions, additional technical quality objectives, and the expansion of the regulatory perimeter to include stormwater management. Each operator is granted a revenue (VRG) independently of the trends in volumes distributed, which is established on the basis of operating costs (efficient and exogenous) and capital costs in relation to the investments made, as well as, for the Rimini area, the outcome of the tender procedure that led to the new concession contract signed for the period 2022 -2039.

For the purpose of carrying out the service, the operator uses networks, facilities and other equipment owned by the company itself, municipalities and asset companies. These assets, part of the inaccessible water stores, or granted or leased to the provider, must be returned to the municipalities, asset companies or local area authorities at the end of the concession to be made available to the incoming provider. Any work carried out by the Hera Group for the water service must be returned to the above mentioned entities following payment or the residual value of the assets in question.

Hera's relations with users are regulated by provisioning regulations as well as Service Charters drafted on the basis of templates approved by local area authorities in compliance with provisions set out by ARERA regarding the quality of the service and the resource.

Waste management sector

The municipal waste service managed by the Hera Group in the area it serves is provided on the basis of agreements with local authorities and comprises the exclusive management of the collection, transportation, sweeping and cleaning of streets, preparations for waste recovery or disposal and other minor services. The agreements entered into with the relevant local authorities regulate the economic aspects of the contractual agreement, as well as the modes of organising and managing the service, and the performance and quality standards. Starting from 2020, responsibility for the regulation of the municipal waste service was given to ARERA, which defined an initial regulatory two-year period 2020-2021 concerning integrated waste management only (ARERA Resolution 443/2019) and a subsequent update for the period 2022-2025 starting from which the fees for access to treatment plants qualified as minimum plants by the regional authority was also regulated (ARERA Resolution 363/2021). Therefore, the annual fee for the management of this service was determined with reference to the aforementioned national regulation, taking into account, to supplement the results, the competitive procedures concluded for the recently assigned areas (Ravenna and Cesena. Bologna. Modena and Saccolongo).

Following the recent rulings of the State Council on administrative disputes concerning "minimum plants", the beginning of national regulation for this type of plant was postponed from 2022 to 2024 (ARERA Resolution 7/2024); the plants that have been defined as minimum plants refer to plants for the disposal and treatment of unsorted waste.

The municipal waste management service is billed by the Hera Group to the individual municipalities in the case of the TARI system or to the individual users in the case of the application of unit pricing.

In order to operate municipal waste treatment plants, the Hera Group is required to obtain provincial authorisations.

In accordance with the principle of continuity in public services, pursuant to the existing agreements, operators are required to continue providing the service even in those areas where the concession has already expired. until the start of the new assignments.

Energy sector

The duration of licenses for the distribution of natural gas via local gas pipelines, initially set for periods ranging between ten and thirty years by the original agreements stipulated with the municipalities, was revised by Italian decree 164/2000 (so-called Letta Decree, transposing Directive 98/30/EC) and by subsequent reforms of the energy market, Inrete Distribution Energy Spa, an Hera Group company that took over natural gas and electricity distribution from Hera Spa, takes advantage of longer residual terms established for operators that have promoted partial privatizations and mergers. The duration of distribution concessions is unchanged with respect to that foreseen in the company's stock exchange listing. The agreements associated with the distribution licenses regarding the distribution of natural gas or other similar gases for heating, domestic, handicraft and industry uses, and for other general uses, Rates for the distribution of gas are fixed under current regulations and by periodical resolutions issued by the agency in charge of this sector (Arera).
The area in which Inrete Distribuzione Energia Spa provides gas distribution services is divided into rate zones in which a uniform distribution rate is applied to different categories of customers. The rate regulations in force at the time these half-yearly financial statements were approved are ARERA resolution 631/2023/R/gas of 28 December 2023 (update of tariffs for gas distribution and metering services. for 2024). which replaced the 736/2022/R/gas of 29 December 2022 and which serve to approve the mandatory tariffs for natural gas distribution, metering and marketing services for 2024, as per Article 42 of the Rtdg.

The tariff rates valid as from 1 January 2024 are shown in Table 1 attached to the aforementioned resolution. The tariffs for the 2024 financial year are part of the so-called 2020-2025 tariff period. As of 1 January 2020, in fact, the Regulation of gas distribution and metering service tariffs for the period 2020-2025 (Rtdg 2020-2025), approved by resolution 570/2019/R/gas and updated by resolution 737/2022/R/gas, came into force.

Pursuant to Article 43 of the RTDG 2020-2025, the mandatory natural gas distribution and metering tariffs are broken down into different rate areas:

- northwest area, which includes the regions of Valle d'Aosta, Piedmont and Liguria;
- northeast area, comprising the regions: Lombardy, Trentino - Alto Adige, Veneto, Friuli - Venezia Giulia, and Emilia - Romagna;
- central area, comprising the regions of Tuscany, Umbria and the Marche;
- central-south-eastern area, including the regions of Abruzzo, Molise, Apulia and Basilicata;
- central-southwestern area, including the Lazio and Campania regions;

- southern area, including the regions of Calabria and Sicily;
- Sardinia area, including the region of Sardinia.

The value of the tariff components GS. RE. RS and UG1 referred to in paragraph 42,3, sections c), d), e), f) of the Rtdg 2020-2025 is subject to quarterly updating.

For 2024, starting from 1 January 2024, the values contained in tables 9, 10 and 11 of Resolution 633/2023/R/com, as later amended by Resolution 45/2024/R/com, were applied; from 1 April 2024, for the Gs, Rs, Ug1 and Re components, the value of the 1st quarter of 2024 was confirmed (tables 9 and 11 of Resolution 633/2023/R/com, as later amended by Resolution 45/2024/R/com), while for the Ug3 component, table 8 of Resolution 113/2024/R/com was applied.

With regard to electricity, the contracts (lasting thirty years and renewable pursuant to the current regulations) govern power distribution activities comprising, inter alia, the management of distribution networks and the operation of associated plants, ordinary and extraordinary maintenance, the planning and identification of development projects, and metering. The contract may be suspended or terminated, on the judgement of the national Authority, if defaults and violations occur on the part of the concessionary company that seriously affect the performance of the distribution and metering of electricity. The distribution company is obliged to apply to its customers (so called Distribution Users) the rates set by current regulations and resolutions adopted by the sector Authority. The rate regulations in effect at the time the annual financial statements were approved is that of the Authority's resolution 616/2023/R/Eel of 27 December 2023 (Rate regulations for electricity transmission. distribution and metering. for the regulatory period 2024-2027), which replaced the previous Authority resolution 616/2023/R/Eel of 27 December 2023 (Rate regulation of electricity transmission. distribution and metering services. for the regulatory period 2016-2023), in force until 31 December 2023.
With this resolution, the Authority issued the provisions on the tariff regulation of electricity distribution and metering services for the regulatory period 2024-2027, as well as the related Integrated Texts for distribution (TIT) metering (TIME) and connection service (TIC).

The tariffs for distribution and metering services cover the costs for the transport and metering of electricity on the distribution networks. They are applied to all customers and have a trinomial structure expressed in euro cents per withdrawal point per year (fixed quota), eurocents per KW per year (power quota) and euro cents per KWh consumed (energy component).

The tariffs for distribution and metering services are periodically updated by the national authority ARERA with an appropriate provision.

For 2024, the updating of the tariffs for the use of electricity distribution and metering services was determined by Resolution 630/2023/R/Eel of 28 December 2023 (an update, for the year 2024, of the tariffs for the use of infrastructure for electricity distribution and metering services for household and non-household customers and of the economic conditions for the provision of the connection service).

2.04 LIST OF CONSOLIDATED COMPANIES

Subsidiaries

Registered name	Registered office	Share capital (euro) (*)	Consolidated percentage direct	Consolidated percentage indirect	Total interest
A.C.R. di Reggiani Albertino Spa	Mirandola (MO)	390,000		60.00%	60.00%
Acantho Spa	Imola (BO)	27,094,468	70.16%		70.16%
AcegasApsAmga Spa	Trieste	284,677,324	100.00%		100.00%
Aliplast Spa	Istrana (TV)	5,000,000		75.00%	75.00%
Aliplast France Recyclage SAS	La Wantzenau (France)	1,025,000		75.00%	75.00%
Aliplast Iberia Slu	Calle Castilla -Leon (Spain)	815,000		75.00%	75.00%
Aliplast Polska Spzoo	Zgierz (Poland)	1,200,000 PLN		75.00%	75.00%
Aresenergy Eood	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
AresGas EAD	Sofia (Bulgaria)	22,572,241 Lev		100.00%	100.00%
Ares Trading EOOD	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
Asa Scpa	Castelmaggiore (BO)	1,820,000		38.25%	38.25%
Atlas Utilities Ead(**)	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
Biorg Srl	Bologna	5,629,210		75.00%	75.00%
Black Sea Gas Company Eood	Varna (Bulgaria)	5,000 Lev		100.00%	100.00%
EstEnergy Spa	Trieste	299,925,761		100.00%	100.00%
Etra Energia Srl	Cittadella (PD)	100,000		51.00%	51.00%
F.lli Franchini Srl	Rimini	1,100,000		100.00%	100.00%
Feronia Srl	Finale Emilia (MO)	100,000		75.00%	75.00%
Frullo Energia Ambiente Srl	Bologna	17,139,100		38.25%	38.25%
Green Factory Srl	Pesaro	500,000		46.70%	46.70%
Herambiente Spa	Bologna	271,648,000	75.00%		75.00%
Herambiente Servizi Industriali Srl	Bologna	5,000,000		75.00%	75.00%
Hera Comm Spa	Imola (BO)	53,595,899	100.00%		100.00%
Hera Comm Marche Srl	Urbino (PU)	1,977,332		100.00%	100.00%
Hera Luce Srl	Cesena	1,000,000		100.00%	100.00%
Hera Servizi Energia Spa	Udine	13,216,899		84.50%	84.50%
Heratech Srl	Bologna	2,000,000	100.00%		100.00%
Hera Trading Srl	Trieste	22,600,000	100.00%		100.00%
HestAmbiente Srl	Trieste	1,010,000		82.50%	82.50%
Horowatt Srl	Cesena	2,600,000	50.00%		50.00%
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00%		100.00%
Macero Maceratese Srl	Macerata (MC)	1,032,912		46.70%	46.70%
Marche Multiservizi Spa	Pesaro	16,388,535	46.70%		46.70%
Marche Multiservizi Falconara Srl	Falconara Marittima (AN)	100,000		46.70%	46.70%
Primagas Ad	Varna (Bulgaria)	1,149,860 Lev		97.34%	97.34%
Recycla Spa	Maniago (PN)	90,000		75.00%	75.00%

Tiepolo Srl	Bologna	1,305,000	100.00%		100.00%
Tri-Generazione Scarl	Padua	100,000		71.83%	71.83%
Uniflotte Srl	Bologna	2,254,177	100.00%		97.00%
Vallortigara Servizi Ambientali Spa	Torrebelvicino (VI)	330,000		75.00%	75.00%
Wolmann Spa	Bologna	400,000		100.00%	100.00%

(*) unless otherwise specified
(**) company liquidated on 10 June 2024

Jointly controlled entities

Registered name	Registered office	Share capital (Euro)	Percentage held		Total interest
			direct	indirect	
Enomondo Srl	Faenza (RA)	14,000,000		37.50%	37.50%
Hera Spa	Bologna	50,000		37.50%	37.50%

Associated companies

Registered name	Registered office	Share capital (euro) (*)	Percentage held		Total interest
			direct	indirect	
Aimag Spa*	Mirandola (MO)	78,027,681	25.00%		25.00%
ASM Servizi Energetici e Tecnologici-ASM SET Srl	Rovigo	200,000		49.00%	49.00%
SEA - Servizi Ecologici Ambientali Srl	Camerata Picena (AN)	100,000		23.25%	31.00%
Set Spa	Milan	120,000	39.00%		39.00%
Sgr Servizi Spa	Rimini	5,982,262		29.61%	29.61%
Tamarete Energia Srl	Ortona (CH)	3,600,000	40.00%		40.00%

*The share capital of these companies consists of 67,577,681 euro of ordinary shares and 10,450,000 euro of related shares.

2.05 DECLARATION ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF LEGISLATIVE DECREE NO. 58/98

1 - The undersigned Orazio Iacono, in his capacity as Chief Executive Officer, and Massimo Vai, in his capacity as Manager responsible for drafting Hera Spa's financial reports, hereby certify, taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the adequacy in relation to the company's characteristics and
- the effective application of the administrative and accounting procedures used in preparing the abbreviated half-year financial statements at 30 June 2024, during the first half of 2024.

2 - It is also certified that:

2.1 - the abbreviated half-year financial statements:

a. have been prepared in accordance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
b. correspond to the content of the accounting books and records;
c. provide a true and fair representation of the equity, economic and financial situation of the issuer and the group of consolidated companies as a whole.

2.2 - The interim report on operations includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the abbreviated half-year financial statements, together with a description of the main risks and uncertainties as regards the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the foremost transactions with related parties.

The Chief Executive Officer

Orazio Iacono

The Manager responsible for drafting the company's financial reports

Massimo Vai

Bologna, 31 July 2024

KPMG S.p.A.
Revisione e organizzazione contabile
Via Innocenzo Malvasia, 6
40131 BOLOGNA BO
Telefono +39 051 4392511
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the Shareholders of
Hera S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Hera Group comprising the income statement, statement of comprehensive income, statement of financial position, cash flow statement, statement of changes in net equity and explanatory notes thereto, as at and for the six months ended 30 June 2024. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Hera Group as at and for the six months ended 30 June 2024 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other Matter

The consolidated financial statements of the previous year and the condensed interim consolidated financial statements as at and for the six months ended 30 June 2023 have been respectively audited and reviewed by another auditor who, on 5 April 2024 expressed an unmodified opinion on the consolidated financial statements and, on 2 August 2023 an unmodified conclusion on the condensed interim consolidated financial statements.

Bologna, 5 August 2024

KPMG S.p.A.

(signed on the original)

Renato Naschi
Director of Audit

Hera Spa
Registered office: Viale C. Berti Pichat 2/4 - 40127
Bologna tel.: +39.051.28.71.11 fax: +39.051.28.75.25

www.gruppohera.it

Share capital i.v. € 1.489.538.745,00
C.F. / Reg. Imp. 04245520376
Gruppo Iva "Gruppo Hera" P. IVA 03819031208