CONSOLIDATE QUARTERLY REPORT

as at 30 September 2024

GRUPPO HERA

TABLE OF CONTENTS

DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

1.01 TRENDS AND CONTEXTS

World economy trends and projections

Global growth showed resilience in the third quarter of 2024, even though the latest available data indicates that the manufacturing sector has entered a slowdown. This signal, along with a monetary policy that remains restrictive, high geopolitical tensions and volatility in financial markets, suggests that factors adverse to global growth could intensify. According to the OECD's September estimates, global GDP growth will be just above 3% in 2024 and 2025, in line with last year's figure, but below the average recorded in the decade before the pandemic.

Over the period covered by the projection, inflation in the main advanced and emerging economies is expected to gradually decline. In the United States, the Federal Reserve cut its key interest rates (by 50 basis points) in September, for the first time since March 2020. The Bank of England, which had cut rates in August, kept them unchanged in September. In Japan, the Central Bank raised its key interest rates at the end of July, after which the expectation of further increases, in conjunction with the publication of disappointing data on the US economy, triggered high tensions in international financial markets in early August, which have since largely subsided. To support growth in economic activity, the Chinese Central Bank launched a package of extraordinary expansionary measures in September, in addition to the cut in interest rates in July.

Focus on the Eurozone

On the basis of an updated assessment of the inflation outlook, the Governing Council considered it appropriate to take a further step to moderate the degree of monetary policy tightening. According to ECB experts, headline inflation should come to 2.5% on average in 2024, 2.2% in 2025 and 1.9% in 2026, alongside a rapid decline in core inflation, expected to go from 2.9% this year to 2.3% in 2025 and 2% in 2026.

In the eurozone, economic activity remained subdued in the third quarter of 2024 as well, reflecting weak private consumption and investment. According to the ECB experts' projections, the economy should grow at a rate of 0.8% in 2024, rising to 1.3% in 2025 and 1.5% in 2026.

Current situation and national prospects

In Italy, growth during the summer was moderate; the return of expansion in services was accompanied by persistent weakness in manufacturing. Although the rise in employment continued during the summer, some signs of weakening labour demand emerged: vacancies shrank and hours of work decreased. Inflation fell again, affected by the further decline in energy prices. The Bank of Italy's projections confirm for 2024 the previously formulated assessments of GDP growth at 0.6%, forecasting an acceleration in the following two years, in which this figure should expand cumulatively by more than 2%. Consumption and exports, indeed, should gain momentum as of next year, boosted by the recovery in household purchasing power and international trade. Investment is expected to still be affected by financing costs that remains high and the downsizing of incentives related to the construction sector, the effects of which will, however, be mitigated by the stimulus measures envisaged in the NRRP. Consumer inflation is expected to remain low, at 1.1% in 2024 and 1.6% in both 2025 and 2026.

Changes in monetary policy

The normalisation of inflation prompted Central Banks to initiate a monetary policy with interest rate easing, while maintaining a cautious and data-dependent approach. At its last meeting in September, the ECB made a second interest rate cut of 25 basis points, after the one in June, followed by the Fed, which lowered its benchmark rates by 50 basis points for the first time since 2020. These cuts had an immediate effect on the interest rate curve. More specifically, compared to the previous year, short-term Euribor rates fell by approximately 70 basis points, and medium/long-term Euro swap rates fell even more, by approximately 120 basis points, reaching roughly 2.3% on average. Eurozone sovereign spreads were also lower than the previous year, due to positive market expectations on future monetary policies and overall economic performance. Specifically, in Italy the ten-year Btp-Bund spread narrowed to approximately 130 basis points, as against 194 basis points at the end of September 2023.

Business

Crude oil and fuel prices showed a volatile trend throughout 2024, due to the intensification of an international context characterised by an unstable geopolitical scenario. Even though energy prices for the first nine months of the year remained below the figures reached during the previous year, a slight increase was seen from the third quarter onwards, influenced by persistent gas supply problems and high temperatures. In the first nine months of 2024, the Energy day-ahead market (MGP) showed prices dropping by 20% compared to the same period of 2023. According to data compiled by the national grid transmission company (Terna), electricity consumption in the first nine months of the year showed a slight increase compared to the same period of the previous year (+2%), going from 231 TWh to 235.8

TWh. During the same period, 84.3% of demand was met by domestic production, which increased slightly compared to the same period of 2023, up 1.8% and coming to 198.8 TWh, while the foreign balance stood at 37 TWh.

In the first nine months of 2024, net domestic production from renewable sources accounted for 46% of total net production and amounted to a volume of 91.4 TWh, higher than the 74.4 TWh produced in the same period of 2023. The portion of consumption met by renewables came to 38.7%, up from 32.2% in 2023, due to the increase seen in hydro (+43.6%), photovoltaic (+16.6%) and wind (+1.4%) power. Lastly, a significant reduction occurred in thermoelectric generation, down 13.5 TWh.

The price index for natural gas at the Dutch hub (TTF), taken as a reference for European short-term spot market prices, showed a 23% decrease over the first nine months of 2024 compared to the same period in 2023. The information released by the national gas transmission network operator (Snam Rete Gas) for the same period also indicates a 5.5% decrease in natural gas consumption compared to the same period of the previous year, going from 45.1 to 42.6 billion cubic metres. The most significant decrease in absolute terms concerned thermoelectric demand, which settled at 14.9 billion cubic metres, down 5.6% compared to the same period of the previous year, and consumption in the civil sector, albeit to a lesser extent, with volumes reaching 17.9 billion cubic metres and a 1.4% decrease. Demand from the industrial sector, instead, increased slightly, albeit with lesser volumes (standing at 8.9 billion cubic metres, up 1.8%). Exports halved (-57% compared to the same period in 2023), with volumes standing at 1.1 billion cubic metres. During 2024, 95.2% of demand was met, in terms of feed-in, by imports (net of exports and storage requirements) and 4.8% by domestic production.

Regulated businesses

Turning to legislative and regulatory factors, the most significant interventions for the Group, issued during the first nine months of 2024, include:

- urgent measures concerning critical raw materials having strategic interest **(DL "Critical Raw Materials")**, transposing the provisions of Regulation (EU) 2024/1252, which established a framework to ensure a secure and sustainable supply of critical raw materials. To this end, a governance system is put in place by strengthening the supply chains in question and facilitating the development of strategic projects through simplified authorisation procedures;
- measures aimed at promoting the country's energy security **(DL "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 regionally-based prices defined according to trends in the wholesale electricity market, thus eliminating the prices indexed to the Single national price (PUN);
- **Legislative Decree 147/2024** transposing the reform of the directive governing greenhouse gas emission allowance trading (Emission Trading System, ETS), which will also be extended to the buildings, road transport and other industrial sectors as of 2027;
- the following measures adopted by the Regulatory Authority for Energy Networks and the Environment (ARERA):
  - **resolution 10/2024**, with which ARERA integrated the tariff concessions in favour of the residents most affected by the flooding events seen in 2023, introducing a number of amendments in order to reduce the overall charges imposed on operators and managers;
  - **resolution 7/2024/R/rif**, which repealed the waste treatment tariff method for the 2022-23 two-year period, postponing its effective date to 2024 and applying for the years 2022-23 the systems used prior to the national regulation, in order to comply with the rulings of the State Council cancelling the criteria for identifying minimum treatment plants. ARERA essentially confirmed the institution of "minimum" cycle closure facilities, even though this will take effect as of 2024-2025. Therefore, the methodological reference framework concerning tariffs for access to plants that will be subject to tariff regulation remains unchanged, even while waiting for the reorganisation of the matter by the state legislature, which has been recognised as having exclusive competence in the field of environmental protection and competition;
  - **resolutions 37 and 39/2024/R/idr** initiating the procedure for quantitative evaluations of the incentive mechanisms (rewards and penalties) for the contractual and technical quality of the water service. Also in the area of technical quality, note **resolution 26/2024/R/Idr** initiating proceedings to complete the determination of the macro-indicator M0-Water resilience;
  - **resolution 119/2024/R/eel** approving the procedures for awarding and indications for providing the Gradual protection service for small enterprises during the period from 1 July 2024 to 31 March 2027;

- **resolution 388/2024/R/eel** regulating the competitive procedures for the assignment of the safeguarded electricity service for the 2025-2026 two-year period;
- **resolution 315/2024/R/com**, which revised the structure and content of 2.0 bills for energy end customers in order to increase their transparency and readability;
- **resolution 173/2024/R/gas**, with which ARERA re-determined upward the rate of change of the deflator of gross fixed investments for gas distribution tariffs for 2024 (set at 5.3%), in order to recognise, on a non-recurring basis, the effects deriving from revisions of ISTAT data;
- **resolution 134/2024/R/gas**, which redetermined the operating costs recognised to Gas distributors for the years 2020-2022 in order to take into account the correction of the calculation error detected by the Regional Administrative Tribunal during the appeals against Resolution 570/2019/R/GAS. This Resolution does not exhaust the effects of the State Council's rulings on the disputes against resolution no. 570, which required ARERA to revise the entire methodological framework;
- **resolution 296/2024/R/gas** approving the Integrated text of measures for gas distribution tenders, which unifies the provisions on the VIR-RAB variance assessment procedures and tender documentation analyses, in order to simplify and speed up the procedures both for ongoing procedures and for procedures that will be initiated in the future;
- **resolution 131/2024/R/gas**, which approved Snam Rete Gas' procedures for updating the information needed to map transportation capacity and estimate biomethane production capacity, as well as identifying solutions to optimise the connection of biomethane plants;
- **resolution 325/2024/R/eel** defining the initial rules for the reform of the electricity settlement method as of 2026 and updating the Integrated settlement text (TIS) for 2025 concerning the implementation of quarter-hourly settlement, in implementation of the content of article 53 of Regulation (EU) 2017/2195 and the Integrated text for electricity dispatch (TIDE);
- **resolution 304/2024/R/eel**, which ratifies the elimination of the Single national price (PUN) and amends the Integrated text for electricity dispatch: ARERA confirmed the start of the TIDE as of 1 January 2025 and, as of the same date, established the beginning of the transitional phase for the elimination of the PUN, in which a reference price (the PUN Index Gme) will remain, calculated in a manner entirely similar to today's PUN but with an equalisation mechanism with respect to regional prices.

1.02 OVERVIEW OF OPERATING AND FINANCIAL TRENDS

Alternative performance measures (APMs)

The Hera Group uses alternative performance measures (APMs) to convey 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 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 in external documents (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 / 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 operational 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 calculated as 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; 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€)	Sept 24	Sept 23	Abs. change	% change
Revenues	**8,187.4**	**10,955.0**	**(2,767.6)**	**(25.3)%**
Adjusted Ebitda	**1,037.6**	**1,006.8**	**30.8**	**+3.1%**
Adjusted Ebitda/revenues	12.7%	9.2%	+3.5 p.p.	+0.0%
Adjusted Ebit	**522.5**	**504.6**	**17.9**	**+3.5%**
Adjusted Ebit/revenues	6.4%	4.6%	+1.8 p.p.	+0.0%
Adjusted net profit	**312.1**	**267.1**	**45.0**	**+16.8%**
Adjusted net profit/revenues	3.8%	2.4%	+1.4 p.p.	+0.0%
Net investments	**535.8**	**515.9**	**19.9**	**+3.9%**

Financial APMs (mn€)	Sept 24	Dec 23	Abs. change	% change
Net non-current assets	8,346.5	8,119.2	227.3	+2.8%
Net working capital	341.7	166.0	175.7	+105.8%
Provisions	(726.0)	(705.9)	(20.1)	+2.8%
Net invested capital	7,962.2	7,579.3	382.9	+5.1%
Net debt	**(4,175.0)**	**(3,827.7)**	**(347.3)**	**+9.1%**

Special items and managerial adjustments / IFRS balance sheet reconciliation

As described in detail in the Consolidated financial report at 31 December 2023, which may be consulted for a complete discussion, starting from the 2022 financial year, 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.

Already at the end of the first quarter of 2023 and for all subsequent periods, including the current reporting period, the valuation differential was fully recovered, thus affecting the change in inventories as per the income statement for the three quarters of 2023, but not the value of inventories recorded in the balance sheet. The latter, in particular, reflects a write-down resulting from a book value higher than the managerial value, due to the residual gas in the inventory, whose average cost was still affected by the purchases made in the year 2022, within a scenario of extremely high prices compared to the current ones.

Therefore, to summarise, the statutory and managerial valuations of inventories at 30 September 2024 are aligned, while the operating period under comparison reflects the offsetting of the misalignment that arose in the 2022 financial year (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.

	Sept 24			Sept 23		
mn€	Published statement	Managerial adjustments	Managerial statement	Published statement	Managerial adjustments	Managerial statement
Revenues	8,187.4		8,187.4	10,955.0		10,955.0
Other operating revenues	389.7		389.7	441.4		441.4
Raw and other materials	(4,357.9)		(4,357.9)	(7,387.9)	(93.0)	(7,480.9)
Service costs	(2,681.6)		(2,681.6)	(2,421.9)		(2,421.9)
Personnel costs	(494.1)		(494.1)	(477.6)		(477.6)
Other operating expenses	(63.6)		(63.6)	(58.2)		(58.2)
Capitalised costs	57.7		57.7	49.0		49.0
Ebitda	**1,037.6**	**-**	**1,037.6***	**1,099.8**	**(93.0)**	**1,006.8***
Amortization, depreciation and provisions	(515.1)		(515.1)	(502.2)		(502.2)
Ebit	**522.5**	**-**	**522.5***	**597.6**	**(93.0)**	**504.6***
Financial operations	(89.0)		(89.0)	(139.7)		(139.7)
Pre-tax result	**433.5**	**-**	**433.5***	**457.9**	**(93.0)**	**364.9***
Taxes	(121.4)		(121.4)	(124.6)	26.8	(97.8)
Net result	**312.1**	**-**	**312.1***	**333.3**	**(66.2)**	**267.1***
Attributable to:						
Parent company shareholders	282.9		282.9*	301.7	(66.2)	235.5*
Minority shareholders	29.2		29.2	31.6		31.6

* Adjusted results, as described above

1.02.01 Operating results and investments

Growth in operating results and investments

In September 2024, the Hera Group achieved growth in its operating results and investments compared to the previous year. Adjusted Ebitda amounted to 1,037.6 million euro, up 3.1% compared to 2023, adjusted Ebit grew by 3.5% and adjusted net profit increased by 16.8%. As regards investments as well, significant growth occurred in operating investments, up 9.2% compared to September 2023, reflecting the Group's ongoing focus on growth, enhancing the value and resilience of the assets under management.

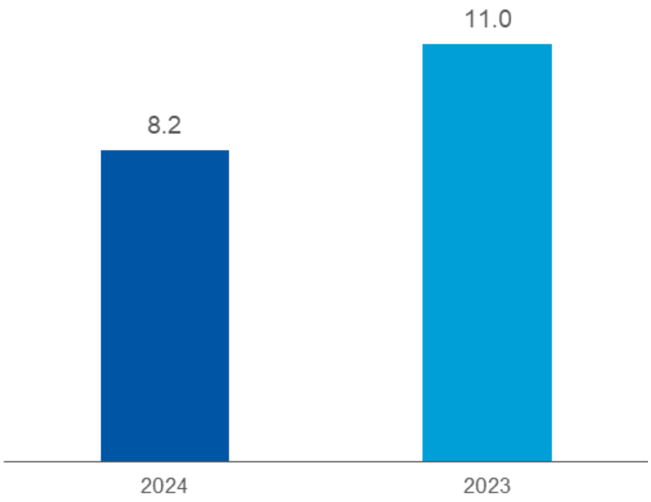
The results for the first nine months of 2024 must be seen within an external scenario that showed less volatility in energy commodity prices, allowing the Hera Group to operate once again in a more stable market environment than the previous year, albeit still not in a situation comparable to prior to the crisis.

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

Income statement (mn€)	Sept 24	% inc.	Sept 23	% inc.	Abs. change	% change
Revenues	8,187.4	0.0%	10,955.0	0.0%	(2,767.6)	(25.3)%
Other operating revenues	389.7	4.8%	441.4	4.0%	(51.7)	(11.7)%
Raw and other materials	(4,357.9)	(53.2)%	(7,480.9)	(68.3)%	(3,123.0)	(41.7)%
Service costs	(2,681.6)	(32.8)%	(2,421.9)	(22.1)%	259.7	10.7%
Other operating expenses	(63.6)	(0.8)%	(58.2)	(0.5)%	5.4	9.3%
Personnel costs	(494.1)	(6.0)%	(477.6)	(4.4)%	16.5	3.5%
Capitalised costs	57.7	0.7%	49.0	0.4%	8.7	17.8%
Ebitda*	**1,037.6**	**12.7%**	**1,006.8**	**9.2%**	**30.8**	**3.1%**
Amortization, depreciation and provisions	(515.1)	(6.3)%	(502.2)	(4.6)%	12.9	2.6%
Ebit*	**522.5**	**6.4%**	**504.6**	**4.6%**	**17.9**	**3.5%**
Financial operations	(89.0)	(1.1)%	(139.7)	(1.3)%	(50.7)	(36.3)%
Pre-tax result*	**433.5**	**5.3%**	**364.9**	**3.3%**	**68.6**	**18.8%**
Taxes	(121.4)	(1.5)%	(97.8)	(0.9)%	23.6	24.1%
Net result*	**312.1**	**3.8%**	**267.1**	**2.4%**	**45.0**	**16.8%**
Attributable to:						
Parent company shareholders*	**282.9**	**3.5%**	**235.5**	**2.2%**	**47.4**	**20.1%**
Minority shareholders	29.2	0.4%	31.6	0.3%	(2.4)	(7.6)%

* Adjusted results, as described in paragraph 1.02

REVENUES (bn€)



Revenues at September 2024 decreased by 2,767.6 million euro compared to the equivalent period in 2023. The energy segments showed a 2,335 million euro drop, mainly due to lower energy commodity prices and lower gas volumes sold due to both higher average temperatures in the early months of the year and lower consumption by the customer base, as a result of increasingly widespread energy-saving measures in line with climate emissions reduction targets. This decrease was partially offset by the higher volumes of electricity sold, thanks to significant commercial development initiated by the Group.

In addition, a reduction occurred in incentivised activities on Energy saving services in residential buildings, as the main consequence of the essential termination of the 110% super-bonus, and a slight decrease in value-added services for customers. Taken as a whole, these factors caused revenues to drop by approximately 541 million euro.

Lastly, note the higher tariff revenues in network services as a result of the Authority's resolutions, which defined new performance benchmarks for all regulated businesses, whose effects are described in paragraph 1.03, Analysis by business area. Also note the higher revenues for connections and services to customers. The aforementioned increases were only partially offset by lower revenues in the District heating business, due to the application of the transitional tariff method that provides for a tariff regulation based on the avoided cost criterion.

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

Other operating revenues in September 2024 decreased by 51.7 million euro compared to the equivalent period in 2023. This drop was mainly due to the recognition in 2023 of grants to reimburse costs incurred to manage the flood emergency that affected Emilia-Romagna and some neighbouring regions in May 2023, and the termination of the Gas and Electricity grants provided by the government to address the high energy price emergency. This decrease was only partially offset by higher revenues from orders on assets under concession, mainly in the water cycle.

Raw material costs linked to trend in revenues

Costs for raw and other materials decreased by a total of 3,123.0 million euro compared to September 2023. This decline was mainly caused by the performance of energy revenues, linked to the decrease in raw material prices for energy, due to more stable markets.

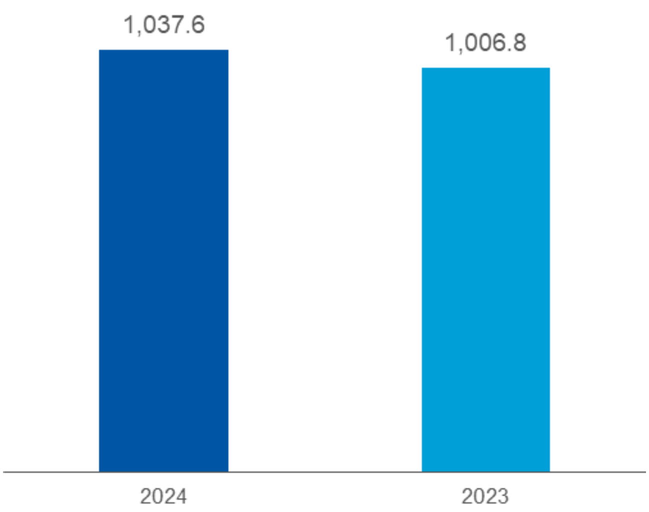
Other operating expenses increased by 265.1 million euro (with a 259.7 million euro rise in service costs and a 5.4 million euro increase in operating expenses). A total rise of roughly 677 million euro was seen in costs related mainly to system charges for the electricity and gas businesses, following the conclusion of the exceptional regulatory interventions in previous years to face the energy crisis. Energy services for energy efficiency and value added services recorded lower costs for works coming to 458.7 million euro, mainly due to the end of the incentives described under revenues. Finally, higher costs were related to orders on goods under concession and third-party works amounting to approximately 24 million euro.

+3.5% personnel costs

Personnel costs increased by 3.5%, or 16.5 million euro, compared to September 2023. This rise was mainly due to salary increases pursuant to the national collective labour agreement and a higher average attendance during the reporting period, even considering the changes in the scope of operations.

Capitalised costs amounted to 57.7 million euro at September 2024, up year-on-year due to higher investments on Group-owned assets.

EBITDA * (mn€)



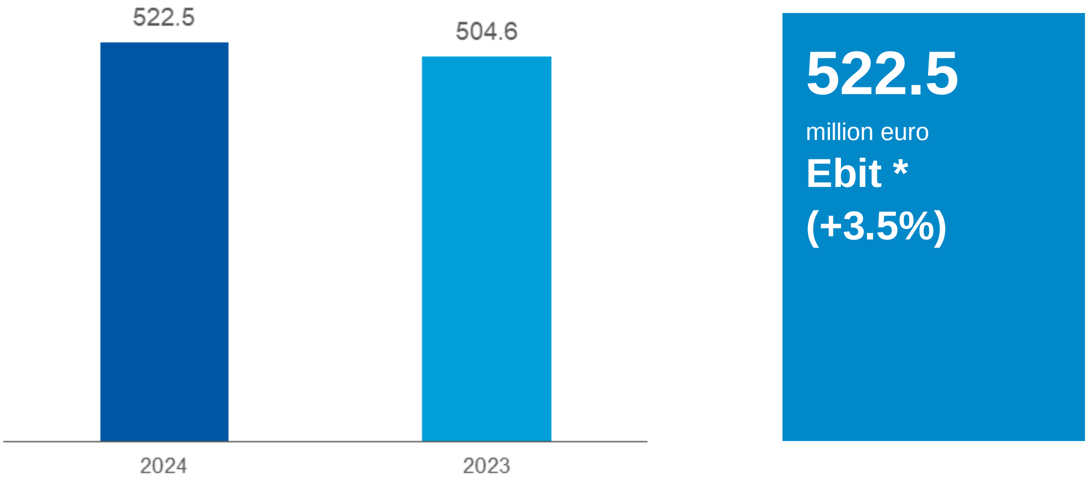
1,037.6
million euro
Ebitda *
(+3.1%)

Adjusted Ebitda increased by 30.8 million euro compared to September 2023, up 3.1%. This performance is due to the contribution coming from the water cycle, amounting to 25.2 million euro, the good performance of the waste management area, up 13.6 million euro, and the contribution coming from Other services, amounting to 4.0 million euro. These trends fully offset the drop in the energy areas, totalling 12.0 million.

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

Amortisation, depreciation and provisions at 30 September 2024 increased by 12.9 million euro, or 2.6%, compared to the previous year. Higher amortisation was mainly due to new operating investments in particular in the regulated and treatment segments and due to an increase in activities for the acquisition of new customers. Overall, provision for bad accounts decreased, mainly in sales companies, due to lower energy commodity prices in all markets and reduced volumes in last resort markets.

EBIT * (mn€)



Adjusted Ebit amounted to 522.5 million euro, up 3.5%; the increase resulting from growth in Ebitda was partially reduced by higher amortisation, as described above.

Sharp improvement in financial operations

Financial operations amounted to 89.0 million euro, with a 50.7 million euro improvement compared to the same period of the previous year. The income generated by discounting the value of tax credits related to incentivised works in 2023, in addition to lower valuation expenses on 2024 incentivised works, contributed approximately 47.9 million euro to the reduction in financial operations. Also confirmed was the significant reduction of 13.4 million euro in charges related to debt for financing, due to the efficiencies gained from the rationalisation of the financial structure. The aforementioned benefits, along with higher dividends from investee companies amounting to about 4 million euro, offset the lower income from late payment indemnities and higher IAS charges from discounting.

The adjusted pre-tax result showed growth coming to 18.8% compared to September 2023; the growth in Ebit was indeed accompanied by a favourable performance of financial operations.

Tax rate at 28.0%

Taxes for the first nine months of the year amounted to 121.4 million euro, as against 97.8 million euro in the same period of 2023. At 28%, the tax rate increased from the 26.8% seen in the same period of 2023, mainly as a result of lower tax benefits, only partially offset by certain transactions involving the redemption of controlling interests. The tax benefits no longer recognised as of 2024 include tax credits for purchasing electricity and gas, which are not relevant for tax purposes, as well as aid for economic growth (ACE).

+16.8% net profit *

As a result of all the events described above, adjusted net profit increased by 45.0 million euro compared to the figure seen in September 2023.

In the third quarter of 2024, the Group's net investments amounted to 535.8 million euro, up 19.9 million euro compared to the previous year. This increase was mainly due to higher operating investments, which were also affected by the previous year's slowdown in the completion of works required by the flooding events that occurred in Emilia-Romagna in May 2023. Investments in financial holding decreased by 25.1 million euro, due to the acquisitions totalling 24.0 million euro made in the previous year of Asco TLC and F.lli Franchini Srl, which entered the Group's scope of consolidation during the previous year.

Net investments amount to 535.8 million euro

At 534.8 million euro, net operating investments were up by 45.0 million euro compared to the previous year. Including capital grants, the Group's operating investments stood at 561.1 million euro, up 47.1 million euro over the previous year.

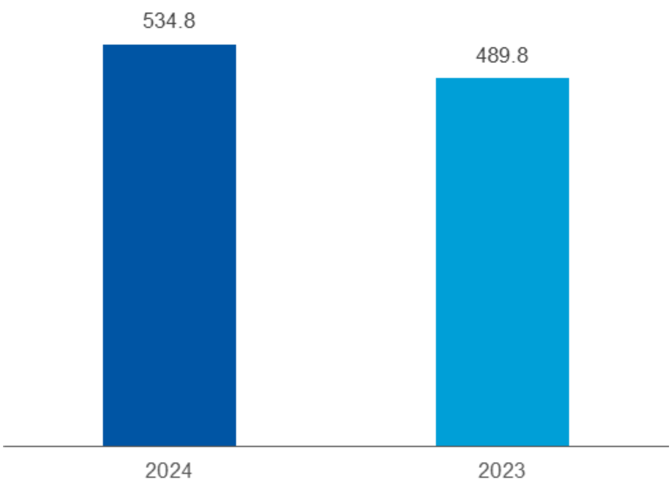
Capital grants amounted to 26.3 million euro, of which 16.8 million euro in FoNI investments, as foreseen by the tariff method for the integrated water service, and were up by 2.1 million euro compared to the previous year.

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

Total investments (mn€)	Sept 24	Sept 23*	Abs. change	% change
Gas area	126.2	138.1	(11.9)	(8.6)%
Electricity area	85.9	82.7	3.2	+3.9%
Integrated water cycle area	174.9	142.0	32.9	+23.2%
Waste management area	93.8	83.7	10.1	+12.1%
Other services area	8.0	6.0	2.0	+33.3%
Headquarters	72.3	61.5	10.8	+17.6%
Total gross operating investments	**561.1**	**514.0**	**47.1**	**+9.2%**
Capital grants	26.3	24.2	2.1	+8.7%
of which FoNi (New Investments Fund)	16.8	14.2	2.6	+18.3%
Total net operating investments	**534.8**	**489.8**	**45.0**	**+9.2%**
Financial investments	1.0	26.1	(25.1)	(96.2)%
Total net investments	**535.8**	**515.9**	**19.9**	**+3.9%**

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

TOTAL NET OPERATING INVESTMENTS (mn€)



534.8
million euro
net operating investments

The Group's operating investments mainly involved work on plants, networks and infrastructures. In addition to these, regulatory adjustments mainly concerned gas distribution, with a large-scale meter replacement, and the purification and sewerage area.

Comments on investments in the individual areas are provided in the analyses 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, investments in structures amounted to 72.3 million euro, up 10.8 million euro on the previous year, mainly due to investments in IT systems and work on Group facilities.

1.02.02 Financial structure and adjusted net debt

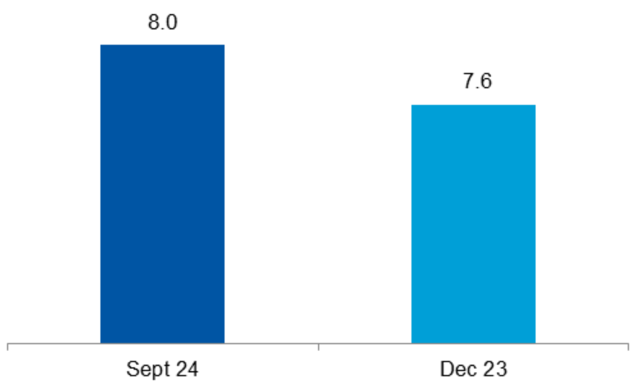
What follows in an analysis of trends in the Group's net invested capital and sources of financing at 30 September 2024.

Invested capital and sources of financing (mn€)	Sept 24	% inc.	Dec 23	% inc.	Abs. change	% change
Net non-current assets	8,346.5	+104.8%	8,119.2	+107.1%	227.3	+2.8%
Net working capital	341.7	+4.3%	166.0	+2.2%	175.7	+105.8%
(Provisions)	(726.0)	(9.1)%	(705.9)	(9.3)%	(20.1)	(2.8)%
Net invested capital	**7,962.2**	**+100.0%**	**7,579.3**	**+100.0%**	**382.9**	**+5.1%**
Equity	(3,787.2)	+47.6%	(3,751.6)	+49.5%	(35.6)	(0.9)%
Long-term borrowings	(4,382.7)	+55.0%	(4,315.4)	+56.9%	(67.3)	(1.6)%
Net current financial debt	207.7	(2.6)%	487.7	(6.4)%	(280.0)	(57.4)%
Net debt	(4,175.0)	+52.4%	(3,827.7)	+50.5%	(347.3)	(9.1)%
Total sources of financing	**(7,962.2)**	**(100.0)%**	**(7,579.3)**	**+100.0%**	**(382.9)**	**(5.1)%**

Group solidity confirmed

At 7,962.2 million euro, net invested capital (NIC) increased compared to 31 December 2023. This change was caused by an increase in net working capital, mainly due to the change in tax receivables and payables compared to December 2023, and an increase in net fixed assets due to significant investments in both development and maintenance and the corporate transactions carried out during the period, above all the acquisition of 70% of T.R.S. Ecology Srl, a company that manages a multifunctional platform for special waste treatment .

NET INVESTED CAPITAL (bn€)



8.0

billion euro

net invested capital

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

mn€		Sept 24	Dec 23
A	Cash holdings	858.2	1,332.8
B	Cash equivalents	-	-
C	Other current financial assets	66.0	90.9
D	**Liquidity (A+B+C)**	**924.2**	**1,423.7**
E	Current financial debt	(245.5)	(411.9)
F	Current portion of non-current financial debt	(471.0)	(524.1)
G	**Current financial indebtedness (E+F)**	**(716.5)**	**(936.0)**
H	**Net current financial indebtedness (G+D)**	**207.7**	**487.7**
I	Non-current financial debt	(751.4)	(703.9)
J	Debt instruments	(3,394.2)	(3,391.2)
K	Non-current trade and other payables	-	-
L	**Non-current financial indebtedness (I+J+K)**	**(4,145.6)**	**(4,095.1)**
M	**Total financial indebtedness (H+L)**	**(3,937.9)**	**(3,607.4)**
	Non-current financial receivables	155.5	162.8
	Net financial debt (excluding put option)	**(3,782.4)**	**(3,444.6)**
	Nominal amount - fair value put option	(353.3)	(337.2)
	Net financial debt with adjusted put option	**(4,135.7)**	**(3,781.8)**
	Portion of future dividends - fair value put option	(39.3)	(45.9)
	Net financial debt (Net debt)	**(4,175.0)**	**(3,827.7)**

Total net financial debt amounted to 4,175.0 million euro, up by roughly 347.3 million euro compared to the previous year.

The financial structure showed current financial indebtedness coming to 716.5 million euro, with a 219.5 million euro drop compared to December 2023. Note in particular that 154.1 million euro of this reduction was caused by the reclassification from financial debt to trade payables of advances received related the gas settlement process.

Current financial debt amounted to 245.5 million and was related to bank and other payables. In particular, the latter involved bank utilisations and accrued interest expenses on financial debt.

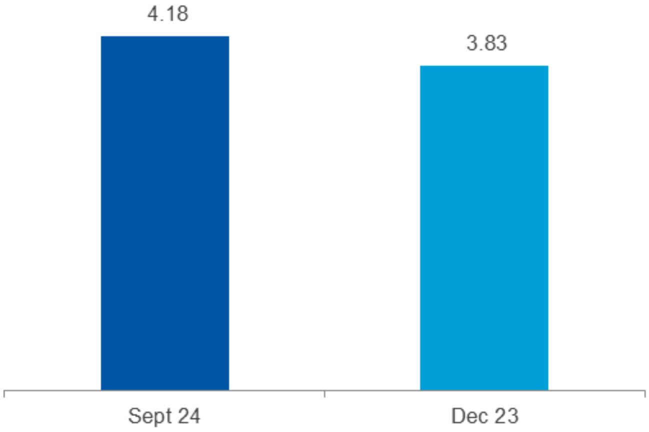
The current portion of non-current financial debt, which came to 471.0 million euro, included 375 million euro of bonds maturing in early August 2025 and therefore reclassified from long to short term. Also included are the 15 million euro of a residual bond named "Private Placement 32", maturing in May 2025, and 22.8 million euro in current liabilities for leasing contracts.

Non-current financial indebtedness amounted to 4,145.6 and was in line with the previous period.
In July and August, 438 million euro of maturing bonds ("Green Bond", 288 million euro, and "Aflac", 150 million euro) were repaid, and the disbursement of the 460 million euro EIB credit line, stipulated in July 2023, was requested in September.

Cash holdings decreased from 1,332.8 million euro in 2023 to 858.2 million euro at 30 September 2024.

At 30 September 2024, 74% of medium-/long-term debt consisted of bonds with repayment at maturity. Total medium/long-term debt, 97% of which is fixed-rate, has an average residual maturity of approximately five years and five months, with 44% of the debt maturing after more than five years.

NET FINANCIAL DEBT (NET DEBT) (bn€)



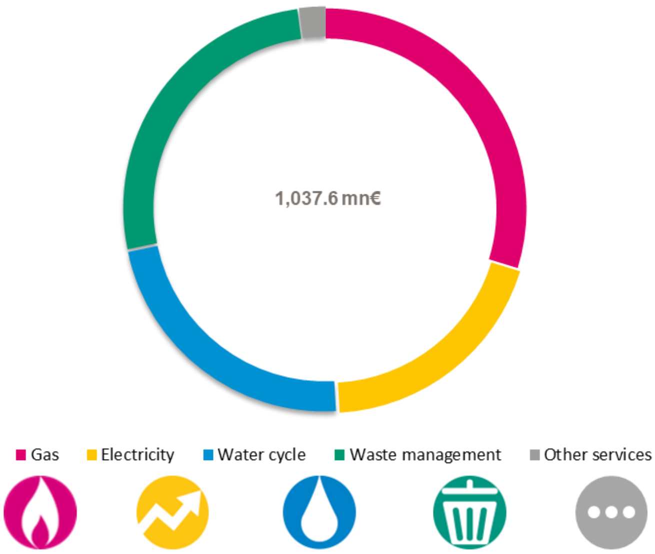
4.18
billion euro
net financial debt

1.03 ANALYSIS BY BUSINESS AREA

A multi-business strategy

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 includes electricity generation, distribution and sales services 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 includes telecommunications and other minor services.
Note that as of 2024, in order to achieve 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 SEPTEMBER 2024



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

The following analyses of each 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, waste collection services and public lighting services.

The amount of adjusted 2023 Ebitda, broken down by strategic business areas, reflects the adjustment to the valuation of stored gas described in the introduction to paragraph 1.02, while for the first nine months of 2024, this valuation is aligned. For a detailed identification of the effects of this adjustment, the amounts of adjusted Ebitda and Ebitda are provided below:

	Sept 24	Sept 23	
(mn€)	Ebitda	Ebitda *	Ebitda
Gas area	308.7	334.1	427.1
Electricity area	200.7	187.3	187.3
Integrated water cycle area	234.5	209.3	209.3
Waste management area	271.6	258.0	258.0
Other services area	22.1	18.1	18.1
Total	**1,037.6**	**1,006.8**	**1,099.8**

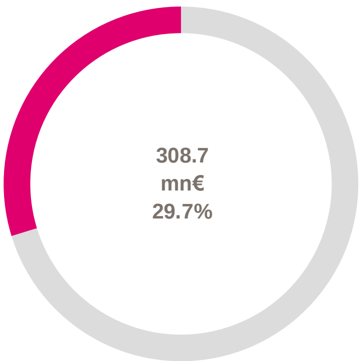
* Adjusted results, as described in paragraph 1.02, and the reclassification of Public Lighting from Other Services to Electricity.

1.03.01 Gas

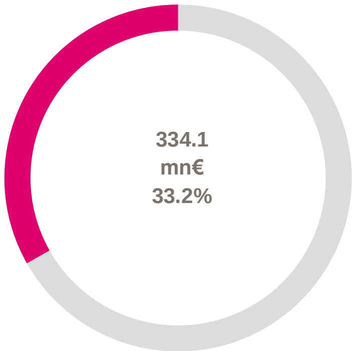
The results for September 2024 showed a downward trend compared to the same period in 2023, due to changes in the legislation related to the 110% super-bonus incentive linked to energy-saving measures, which reduced the number of beneficiaries, mild weather in the early months of the year, and the reduction of average energy commodity prices by about 23% compared to the previous year.
The Group continued to perform well in last resort markets and in supplies to public administrations, thanks to the tenders awarded in the following lots nationwide to Hera Comm Spa:

- eight of the nine lots as last resort gas service supplier (for customers providing public services or without a supplier) for the period from 1 October 2023 - 30 September 2025, in: Valle d'Aosta, Piedmont, Liguria, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Apulia, 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 A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, Lazio, Campania, Sicily and Calabria. In the previous tender as well, Hera Comm was awarded nine out of nine lots;
- three of the twelve lots of the Consip GAS15bis tender for supplying natural gas to public administrations in 2023-24: the two lots in Lombardy were confirmed, and a new lot was awarded covering Emilia-Romagna and Friuli-Venezia Giulia.

EBITDA GAS AREA 2024



EBITDA * GAS AREA 2023

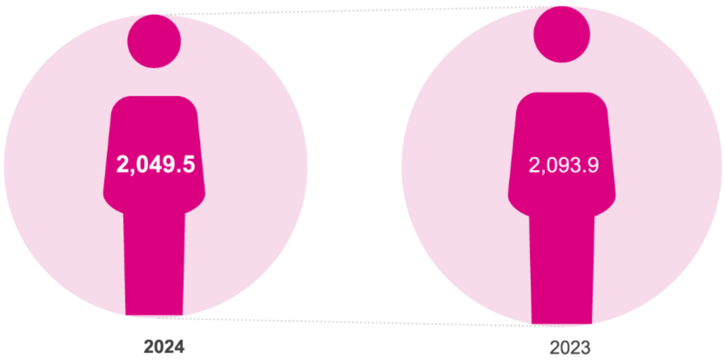


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Sept 24	Sept 23	Abs. change	% change
Area Ebitda*	**308.7**	**334.1**	**(25.4)**	**(7.6)%**
Group Ebitda*	1,037.6	1,006.8	30.8	+3.1%
Percentage weight	29.7%	33.2%	(3.5) p.p.	

* Adjusted results, as described in paragraph 1.02

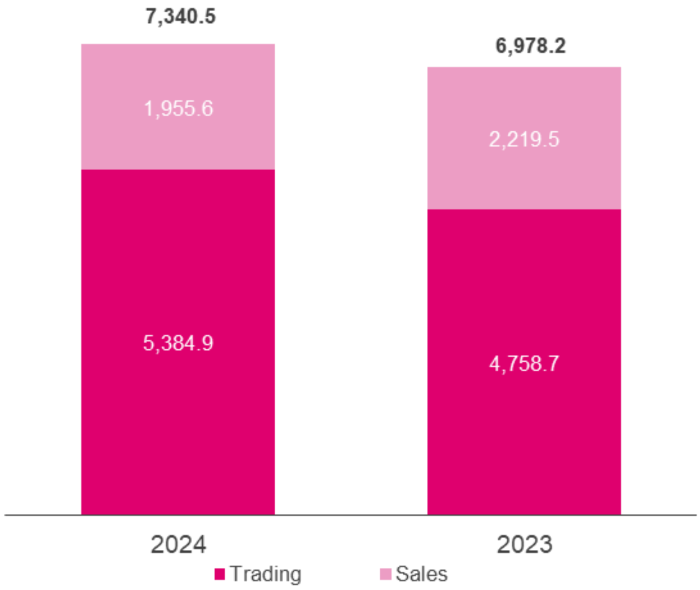
CUSTOMERS (k)



2.0
million
gas customers
(-2.1%)

The total number of gas customers decreased compared to the same period in the previous year, down 44.4 thousand, mainly in traditional markets, which fell by 56.9 thousand, offset by last resort markets, up 12.5 thousand.

VOLUMES SOLD (mn m^3)



7.3
billion
m^3 sold
(+5.2%)

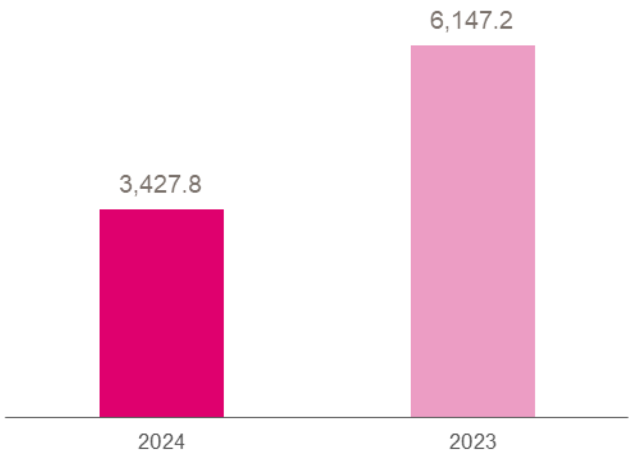
Total volumes of gas sold increased by 362.3 million m^3 (+5.2%), due to a rise in trading amounting to 626.2 million m^3. Volumes sold to end customers dropped, down 263.9 million m^3 (-11.9%), due to both last resort markets, amounting to 153.3 million m^3 (-42.9%) and traditional markets, down 110.6 million m^3 (-6.0%). This trend was mainly affected by the aforementioned higher average temperatures in 2024 and the drop in the customer base, but also by the behaviour shown by customers regarding energy efficiency.

The following table summarises operating results for the gas area:

Income statement (mn€)	Sept 24	% inc.	Sept 23	% inc.	Abs. change	% change
Revenues	3,427.8		6,147.2		(2,719.4)	(44.2)%
Operating costs	(3,045.3)	(88.8)%	(5,734.7)	(93.3)%	(2,689.4)	(46.9)%
Personnel costs	(88.8)	(2.6)%	(90.0)	(1.5)%	(1.2)	(1.3)%
Capitalised costs	15.0	+0.4%	11.7	0.2%	3.3	+28.3%
Ebitda*	**308.7**	**9.0%**	**334.1**	**5.4%**	**(25.4)**	**(7.6)%**

* Adjusted results, as described in paragraph 1.02

REVENUES (mn€)



3.4
billion euro
revenues
(-44.2%)

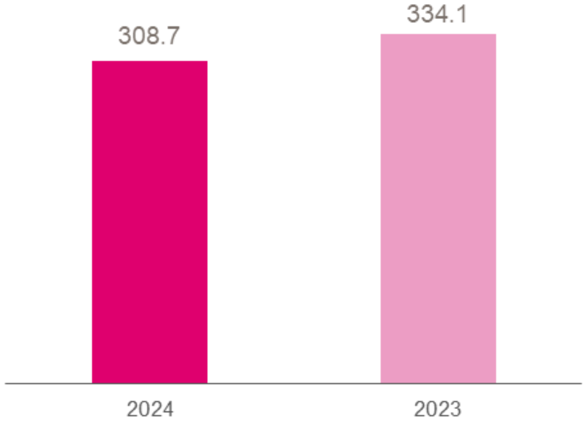
Revenues decreased by 2,719.4 million euro compared to the same period during the previous year. The main reasons for this include lower raw material prices, higher average temperatures and lower consumption by the customer base, despite the increase in system charges and higher trading volumes, which as a whole affected sales and trading activities by 2,137 million euro. In addition, there was a 548 million euro drop in revenues from energy efficiency activities as a result of the aforementioned changes in legislation.

In addition, a decrease was seen in district heating revenues coming to roughly 22 million euro, due to Resolution 638/2023/R/tlr introducing the District heating tariff method (Mtl-T) for 2024.
Lastly, a 29 million euro reduction occurred in other revenues, mainly due to IFRIC 12 concession assets and activities in Bulgaria.

Regulated revenues rose by 19 million euro. From a regulatory point of view, through Resolution 556/2023/R/com, published in late 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 decline in revenues was proportionally reflected in operating expenses, which showed an overall decrease of 2,689.4 million euro. This trend was mainly due to the decrease in raw material prices and the lower energy efficiency activities ensuing from the changed legislation on the 110% super-bonus incentives, as mentioned above.

EBITDA * (mn€)

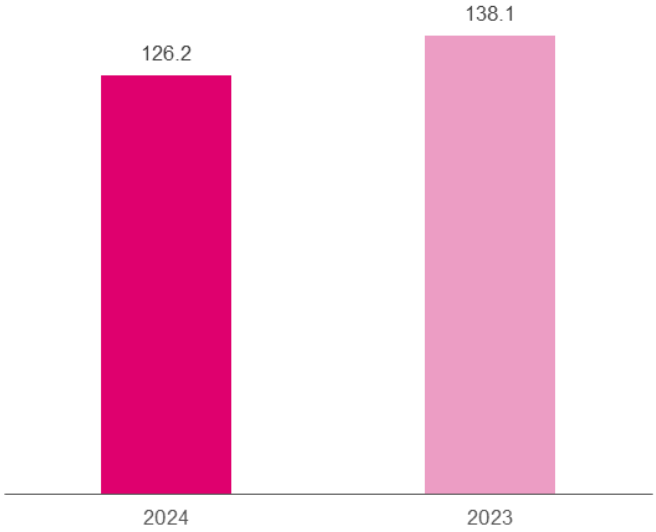


308.7
million euro
Ebitda *
(-7.6%)

* Adjusted results, as described in paragraph 1.02

Adjusted Ebitda decreased by 25.4 million euro, down 7.6 per cent, due to variations in government incentives for energy efficiency activities, lower margins from trading and last resort markets. This drop was offset by the positive performance of traditional sales markets and regulated distribution revenues, due to the effect of the recovery of higher inflation and WACC.

NET INVESTMENTS GAS (mn€)



126.2
million euro
net investments gas

In the third quarter of 2024, net investments in the gas area amounted to 126.2 million euro, down 11.9 million euro compared to the previous year. The reduction in gas distribution was mainly due to the 12.1 million euro non-recurring investment made in 2023 linked to the redemption value for plants and networks in complementary municipalities, awarded through a tender by the Udine2 ATEM 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 decreased by 2 million euro due to activities related to the acquisition of new customers.
In district heating and energy services, investments increased overall by 5.1 million euro compared to the previous year, and both the activities of the company Hera Servizi Energia Spa and work on district heating networks and plants increased. Requests for new connections in the gas area, instead, decreased compared to the previous year.

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

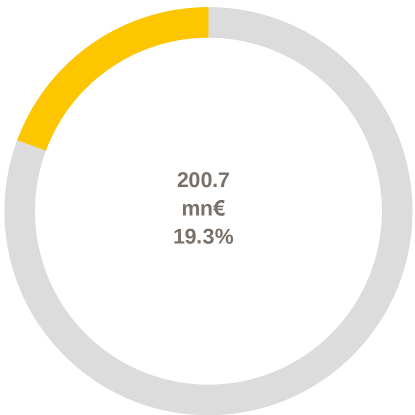
Gas (mn€)	Sept 24	Sept 23	Abs. change	% change
Networks and plants	81.1	96.1	(15.0)	(15.6)%
Acquisition gas customers	19.7	21.7	(2.0)	(9.2)%
DH/Energy services	25.4	20.3	5.1	+25.1%
Total gas gross	**126.2**	**138.1**	**(11.9)**	**(8.6)%**
Capital grants	-	-	-	+0.0%
Total gas net	**126.2**	**138.1**	**(11.9)**	**(8.6)%**

1.03.02 Electricity

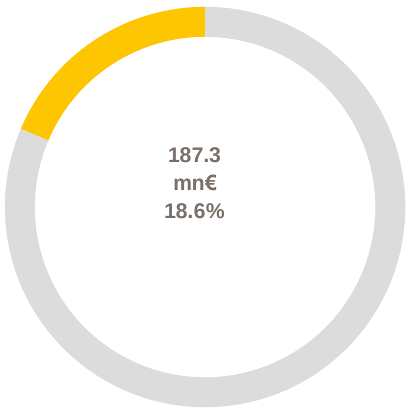
The results at September 2024 showed growth compared to the previous year, both in volumes sold to end customers, due to commercial development especially in the free market, and in Ebitda, due to the reduction in modulation costs resulting from the drop in PUN prices (-21% on average).
As of 1 July 2024, with the definitive end of the greater protection regime, the Group acquired almost 1 million customers (+80%), after being awarded 7 lots (the maximum allowed out of the total 26) in the tender for the Gradual protection service (GPS) for household customers in 37 Italian provinces, strengthening its presence in several of the country's regions (Emilia-Romagna, Veneto, Friuli-Venezia Giulia, Marche, Tuscany, Abruzzo, Lazio, Umbria, Liguria, Piedmont, Lombardy and Campania) and consolidating its position as the third largest operator nationwide. This was also made possible by the award to Hera Comm of:

- four of the 17 lots of 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 SMEs 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 safeguarded service lots for the years 2023 and 2024, in: Campania, Abruzzo, Umbria and Calabria, one more lot than in the previous two-year period;
- one of the 12 lots of 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 the provinces of Belluno, Venice and Verona.

EBITDA ELECTRICITY AREA 2024



EBITDA ELECTRICITY AREA 2023

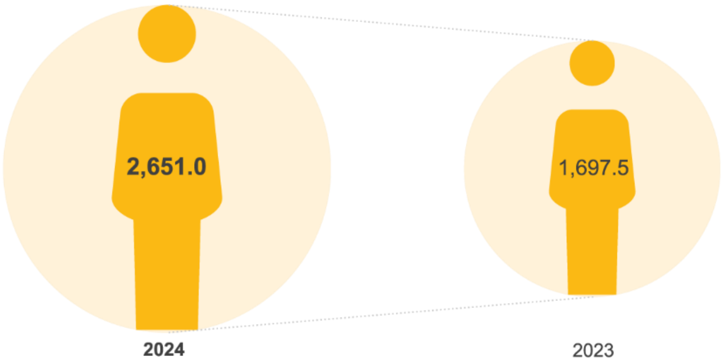


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Sept 24	Sept 23 **	Abs. change	% change
Area Ebitda	**200.7**	**187.3**	**13.4**	**7.2%**
Group Ebitda*	1,037.6	1,006.8	30.8	3.1%
Percentage weight	19.3%	18.6%	0.7 p.p.	

* Adjusted results, as described in paragraph 1.02
** This data has been restated, following the reclassification of the Public Lighting segment from Other Services to Electricity

CUSTOMERS (k)

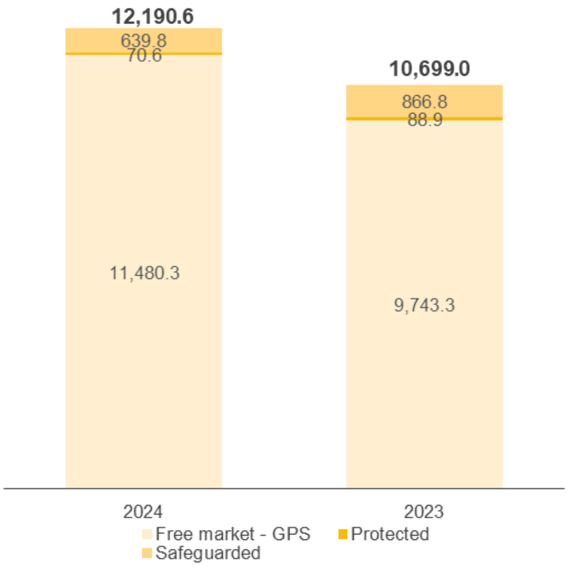


2.7
million
electricity customers (+56.2%)

In September 2024, the Group's electricity sales customers reached 2,651 thousand, up 953.5 thousand (+56.2%) compared to the same period in 2023. The growth of approximately 1,004.2 thousand customers (+62.8%) was particularly significant due to the contribution of the positive outcome of the previously mentioned GPS tender, which contributed with approximately 910 thousand customers. The remaining increase confirms the positive contribution deriving from the strengthened commercial action implemented. This effect largely offset the drop in the protected market, down by approximately 43.7 thousand customers (-62.7%), and in the Safeguarded market, down by 7.0 thousand (-25.0%).

Customer approval and loyalty due to the value-added services offered by the Group was confirmed, with approximately 63,000 customers having requested them as of September 2024.

VOLUMES SOLD (GWh)



12.2
TWh
sold (+13.9%)

The volumes of electricity sold increased by 1,491.6 GWh, up 13.9% compared to the same period of the previous year. This trend was caused by an increase in free market volumes coming to 1,737.0 GWh (17.8%), mainly driven by the contribution of the commercial reinforcement, along with the positive effects of the first three months of the new gradual protection service (which started in July 2024) and the Consip tenders. These effects were partially offset by a drop in volumes in the safeguarded service, which recorded a drop of 227.1 GWh, or 26.2%, and the protected service, which decreased by 18.3 GWh, or 20.6%.

The main indicators for public lighting are as follows:

Quantity	Sept 24	Sept 23	Abs. change	% change
Public lighting				
Lighting points (k)	629.2	645.1	(15.9)	(2.5)%
of which LED	48.7%	38.6%	+10.1 p.p.	+0.0%
Municipalities served	218	208	+10	+4.8%

In the first nine months of 2024, the Hera Group acquired approximately 25.6 thousand lighting points in 15 new municipalities. In geographical terms, the most significant acquisitions were made in Tuscany, with approximately 7.5 thousand lighting points, Umbria, with approximately 4.4 thousand lighting points, Emilia-Romagna, with approximately 3.4 thousand lighting points, Liguria, with approximately 3.3 thousand lighting points, and Lombardy, with approximately 1.5 thousand lighting points. Lastly, note the acquisitions made in other regions, mainly in central Italy, amounting to roughly 5.5 thousand lighting points. The increases seen during the period only partially offset the loss of approximately 41.5 thousand lighting points and 5 municipalities, mainly in the Triveneto region.

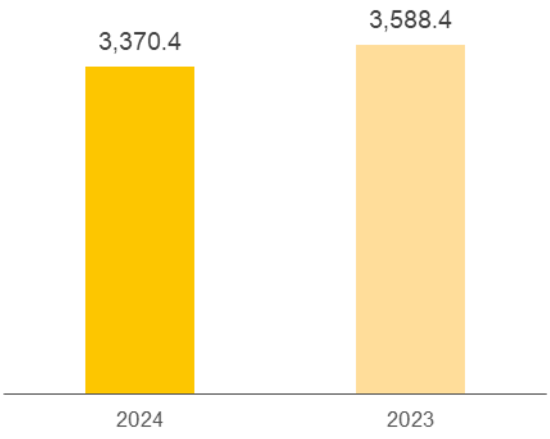
The percentage of lighting points managed using LED lamps increased to 48.7%, up 10.1 percentage points. This trend highlights the Group's constant focus on an increasingly efficient and sustainable management of public lighting.

The following table summarises operating results for the electricity area:

Income statement (mn€)	Sept 24	% inc.	Sept 23 *	% inc.	Abs. change	% change
Revenues	3,370.4		3,588.4		(218.0)	(6.1)%
Operating costs	(3,134.2)	(93.0)%	(3,368.0)	(93.9)%	(233.8)	(6.9)%
Personnel costs	(54.6)	(1.6)%	(51.3)	(1.4)%	3.3	6.4%
Capitalised costs	19.2	0.6%	18.2	0.5%	1.0	5.5%
Ebitda	**200.7**	**6.0%**	**187.3**	**5.2%**	**13.4**	**7.2%**

* This data has been restated, following the reclassification of the Public Lighting segment from Other Services to Electricity

REVENUES (mn€)



3.4
billion euro
revenues
(-6.1%)

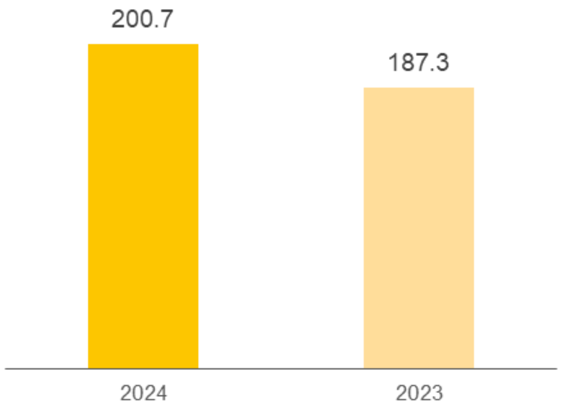
Revenues decreased by 218 million euro compared to the same period of the previous year. This was due to lower revenues from sales, trading and generation, which fell by a total of 228.0 million euro, mainly due to the decline in energy prices. The aforementioned effect was partly offset by an increase in volumes sold and system charges.

Lower revenues were also seen for value-added services for customers, amounting to 12 million euro, as a result of changes in government incentives, offset by higher revenues for IFRIC 12 concession goods and energy efficiency certificates, which increased by roughly 4 million euro overall, and by public lighting services, which increased by 3 million euro, mainly due to the progress made in energy upgrading work sites.

Regulated revenues increased by 13 million euro, partially as a result of Resolution 497/2023/R/com, which introduced regulation by expenditure and service objectives (ROSS), in order to incentivise efficiency and transparency in investments and recognised costs. In addition, with Resolution 556/2023/R/com, published in late 2023, Arera adjusted the 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 by operating expenses, which fell by 233.8 million euro. This trend was mainly due to a drop in raw material prices, thanks to greater stability in energy markets, which impacted sales and production activities.

EBITDA (mn€)



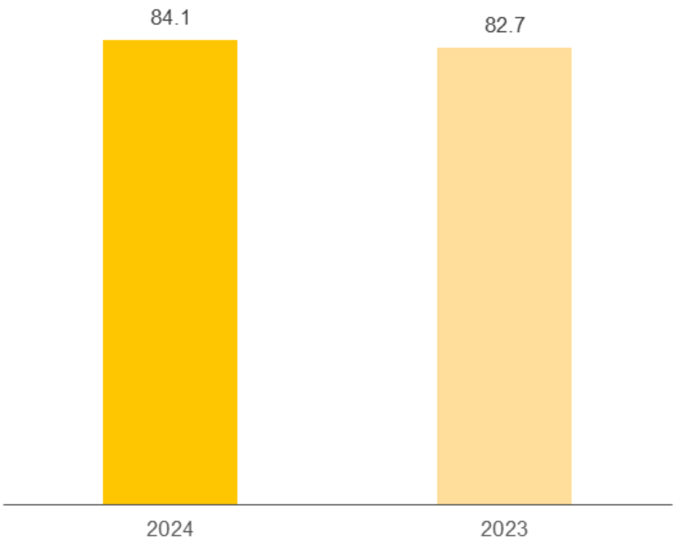
200.7
million euro
Ebitda
(+7.2%)

Ebitda increased by 13.4 million euro compared to the same period in 2023. This improvement was due to sales activities, which benefited from lower modulation charges and higher volumes sold, thanks to the development of the customer base in the free market. Distribution was also up, thanks to the application of the ROSS regulatory criterion, inflation recovery and the increased WACC.

In the electricity area, investments in the third quarter of 2024 amounted to 84.1 million euro, up 1.4 million euro year-on-year.

In the electricity distribution sector, work mainly involved the non-recurring maintenance and upgrading of 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 more modern 2G meters, and work to improve the resilience of the network, increasing by 7.4 million euro compared to the previous year.
In energy sales, investments in activities related to the acquisition of new customers decreased by 4.7 million euro, and increased by 0.5 million euro in public lighting.
Requests for new connections in the electricity area were also up on the previous year.

NET INVESTMENTS ELECTRICITY (mn€)



84.1
million euro
net investments electricity

Operating investments in the electricity area were as follows:

Electricity (mn€)	Sept 24	Sept 23 *	Abs. change	% change
Networks and plants	49.1	41.7	7.4	+17.7%
Acquisition electricity customers and other sales	34.9	39.6	(4.7)	(11.9)%
Public lighting and traffic lights	1.9	1.4	0.5	+35.7%
Total electricity gross	**85.9**	**82.7**	**3.2**	**+3.9%**
Capital grants	1.8	-	1.8	+100.0%
Total electricity net	**84.1**	**82.7**	**1.4**	**+1.7%**

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

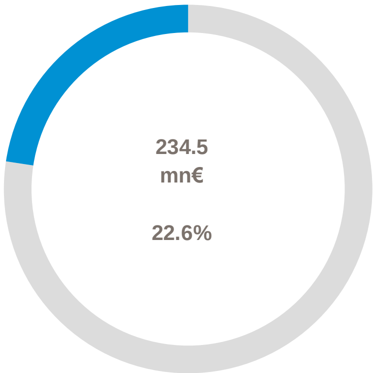
1.03.03 Integrated water cycle

Growth in results for 2024

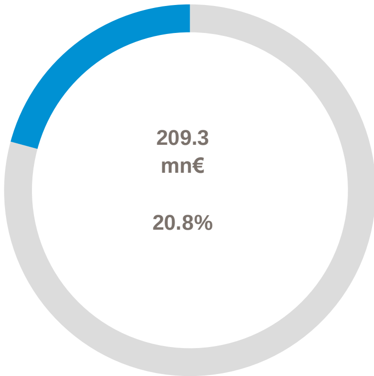
In the first nine months of 2024, the integrated war cycle area showed growth in results compared to the previous year, with Ebitda amounting to 234.5 million euro.

From a regulatory perspective, 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. MTI-4 will have a six-year duration, with WACC increasing from 4.8% under MTI-3 to the 6.13% foreseen for 2024. Its new elements include an update of the component covering the cost of electricity, which has been subject to strong fluctuations in recent years. Each operator is granted a revenue (VRG) determined on the basis of operating and capital costs, according to the investments made, with a view to increasing cost efficiency, as well as measures aimed at promoting and enhancing interventions for sustainability and resilience.

EBITDA WATER CYCLE AREA 2024



EBITDA WATER CYCLE AREA 2023

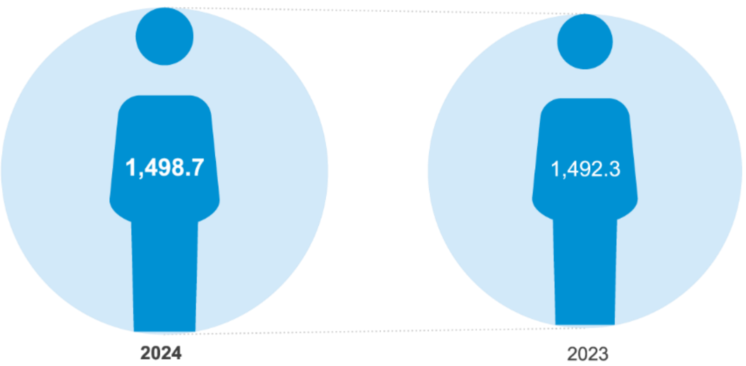


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Sept 24	Sept 23	Abs. change	% change
Area Ebitda	**234.5**	**209.3**	**25.2**	**+12.1%**
Group Ebitda*	1,037.6	1,006.8	30.8	+3.1%
Percentage weight	22.6%	20.8%	+1.8 p.p.	

* Adjusted results, as described in paragraph 1.02

CUSTOMERS (k)

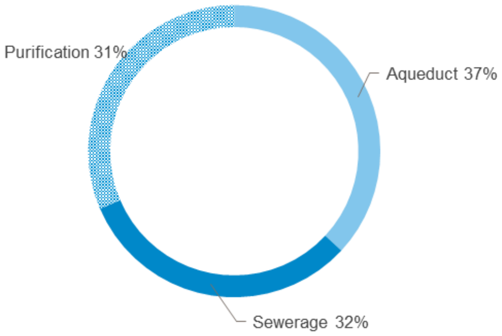


1.5
million
customers integrated water cycle (+0.4%)

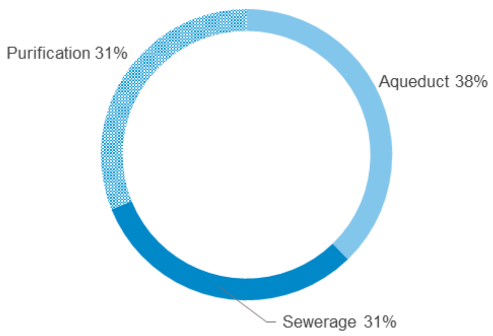
The number of water customers increased compared to September 2023 by 6.4 thousand, up 0.4%, confirming the moderate trend of internal growth seen in the areas served by the Group. This growth mainly occurred in the Emilia-Romagna area served by Hera Spa.

Below are the main quantitative indicators of the area:

QUANTITIES MANAGED 2024 (mn m^3)



QUANTITIES MANAGED 2023 (mn m^3)



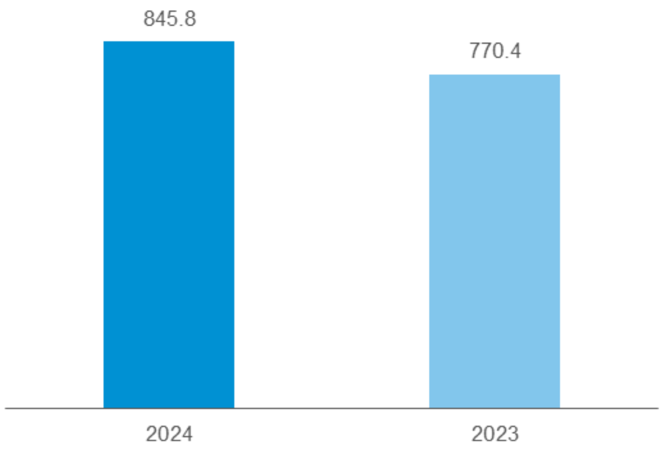
215.7 million cubic metres: quantity managed in the aqueduct

The volumes supplied through the aqueduct settled at 215.7 million cubic metres, decreasing by 1.6% compared to September 2023, down 3.5 million cubic metres.
In September 2024, the quantities managed related to sewerage amounted to 184.9 million cubic metres, up 2.4% compared to the previous year, while those related to purification stood at 183.7 million cubic metres, up 1.7% compared to September 2023. The volumes supplied, following the Authority's resolution 639/2023, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation due to regulations that provide for the recognition of a regulated revenue independently of the volumes distributed.

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

Income statement (mn€)	Sept 24	% inc.	Sept 23	% inc.	Abs. change	% change
Revenues	845.8		770.4		75.4	+9.8%
Operating costs	(466.3)	(55.1%)	(420.6)	(54.6%)	45.7	+10.9%
Personnel costs	(148.3)	(17.5%)	(144.1)	(18.7%)	4.2	+2.9%
Capitalised costs	3.3	+0.4%	3.6	+0.5%	(0.3)	(8.3%)
Ebitda	**234.5**	**27.7%**	**209.3**	**27.2%**	**25.2**	**+12.1%**

REVENUES (mn€)

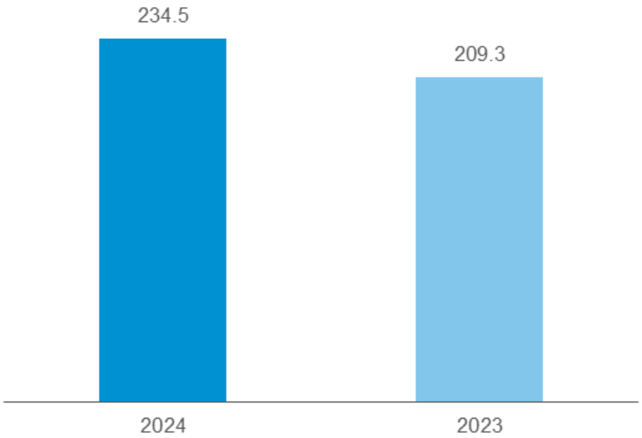


845.8
million euro
revenues
(+9.8%)

Revenues from the water cycle area increased by 9.8% compared to the same period in the previous year, going from 770.4 million euro in September 2023 to 845.8 million euro in September 2024.
The lower revenues derived from the equalisation of energy components were more than offset by the higher regulated revenues as a result of the adjustments deriving from the application of the "MTI-4" tariff

method pursuant to ARERA's resolution 639/2023/R/idr. Overall, these factors produced an approximately 49 million euro increase in revenues, mainly for higher WACC and inflation recovery. Finally, higher revenues amounting to roughly 26 million euro were recorded, mainly related to orders completed in the first nine months of 2024 and connections.
The increase in operating costs in September 2024 was mainly caused by rising costs for third-party works and higher costs related to the increase in prices for all major material supplies and, in particular, chemical products and services.
This factor was only partially offset by lower procurement costs for energy components, resulting from an energy scenario with lower raw material prices than the previous year.

EBITDA (mn€)

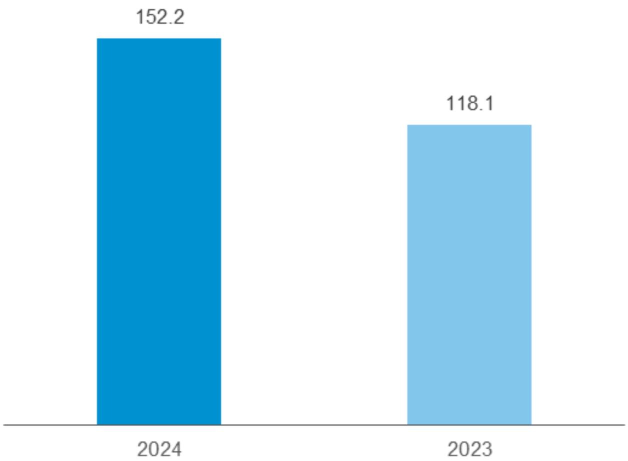


234.5
million euro
Ebitda
(+12.1%)

Ebitda increased by 25.2 million euro, up 12.1%, going from 209.3 million euro in September 2023 to 234.5 million euro in the same period of 2024.
The higher revenues resulting from the application of the MTI-4 tariff method were partially offset by higher operating costs also resulting from the higher prices for all major supplies.

In the third quarter of 2024, net investments in the integrated water cycle area amounted to 152.2 million euro, as against 34.1 million euro in the previous year.
Capital grants amounted to 22.8 million euro and included 16.8 million euro coming from the tariff component of the tariff method for the Fondo Nuovi Investimenti (FoNI).
Including the capital grants received, the investments made amounted to 174.9 million euro, up 32.9 million euro over the same period of the previous year.
The investments mainly involved extensions, reclamation and upgrading on networks and plants, as well as regulatory adjustments mainly in the purification and sewerage area, and amounted to 107.9 million euro in the aqueduct, 39.8 million euro in the sewerage area, and 27.2 million euro in the purification area.

NET INVESTMENTS WATER CYCLE (mn€)



152.2
million euro
net investments water cycle

The main interventions include: in the aqueduct, ongoing reclamation activities on networks and connections related to Arera Resolution 917/2017 on the regulation of the technical quality of the integrated water service, as well as non-recurring maintenance on networks and plants, a major renovation on a steel water adduction network in the municipality of San Pietro in Casale and 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 section and the extension of the Modena bypass.
In the sewerage sector, in addition to the ongoing implementation of the Rimini seawater protection plan (PSBO), note the maintenance intended 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 sewage works involved in the extension of the Forlì and Modena bypasses.
In the area of purification, note the construction of the new "Power to Gas" plant at the IDAR purifier in Bologna, an intervention that has access to PNRR financing, and the upgrading and expansion of the Lugo and Ravenna purification plants.
Requests for new water and sewerage connections were also up compared to the previous year.

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

Integrated water cycle (mn€)	Sept 24	Sept 23	Abs. change	% change
Aqueduct	107.9	89.0	18.9	+21.2%
Purification	27.2	18.4	8.8	+47.8%
Sewerage	39.8	34.6	5.2	+15.0%
Total integrated water cycle gross	**174.9**	**142.0**	**32.9**	**+23.2%**
Capital grants	22.8	23.8	(1.0)	(4.2)%
of which FoNI (New Investments Fund)	16.8	14.2	2.6	+18.3%
Total integrated water cycle net	**152.2**	**118.1**	**34.1**	**+28.9%**

1.03.04 Waste management

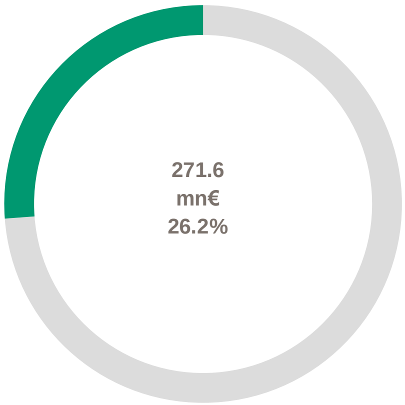
Ebitda rises

In the first nine months of 2024, the waste management area accounted for 26.2% of the Hera Group's overall Ebitda, with area Ebitda rising by 13.6 million euro over the same period in the previous year. The Group thus continued along its path of growth in this business area, through the diversification of its offer, the wide nature of its customer portfolio and its responsiveness in providing services despite a complex macroeconomic context with repercussions in the markets covered as well.

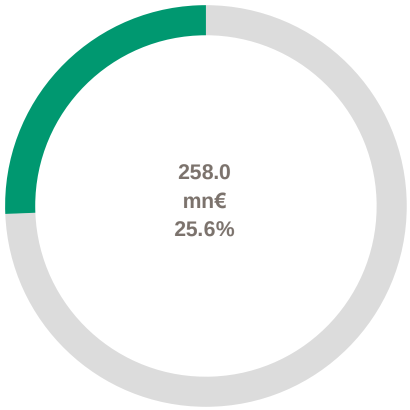
Herambiente Spa's leadership was consolidated, particularly in the Industrial market, with the acquisition, finalised in the third quarter of 2024, of 70% of the company TRS Ecology Srl, expanding the Group's scope of action, reinforcing the growth prospects of an established local company and launching the Caorso platform renovation project, with a view to additional environmental protection and growth in material recovery.

Protecting environmental resources remained, in the first nine months of 2024 as well, a priority objective, as did the maximisation of their reuse. This is demonstrated by the special attention dedicated to growth in sorted waste collection, which, thanks to the strong commitment that the Group has shown in all areas managed, increased by more than two percentage points compared to the 2023 figures.

EBITDA WASTE MANAGEMENT AREA 2024



EBITDA WASTE MANAGEMENT AREA 2023



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

(mn€)	Sept 24	Sept 23	Abs. change	% change
Area Ebitda	**271.6**	**258.0**	**13.6**	**+5.3%**
Group Ebitda*	1,037.6	1,006.8	30.8	+3.1%
Percentage weight	26.2%	25.6%	+0.6 p.p.	

* Adjusted results, as described in paragraph 1.02

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

Quantity (k tons)	Sept 24	Sept 23 *	Abs. change	% change
Municipal waste	1,679.6	1,772.8	(93.2)	(5.3%)
Market waste	2,500.5	2,243.8	256.7	+11.4%
Waste commercialised	**4,180.1**	**4,016.6**	**163.5**	**+4.1%**
Plant by-products	2,029.1	2,035.1	(6.0)	(0.3%)
Waste treated by type	**6,209.3**	**6,051.8**	**157.5**	**+2.6%**

* The amount of waste treated in the first nine months of 2023 has been updated to include the amount of waste of the company ACR in the item "Market waste" in line with the amount seen in the same period of 2024.

An analysis of the quantitative data shows an increase in waste commercialised, mainly due to an increase in market waste. With regard to municipal waste, a 5.3% decrease was seen in the first nine months of 2024 compared to the same period in the previous year, when extraordinary waste deliveries were seen following the flood in 2023.

Market volumes, instead, were up by 11.4% compared to the same period in 2023, due to the consolidation of existing business relationships, development of the customer portfolio in the industry market, and changes in the scope of operations due to recent acquisitions.

Lastly, plant by-products showed volumes essentially in line with the previous year.

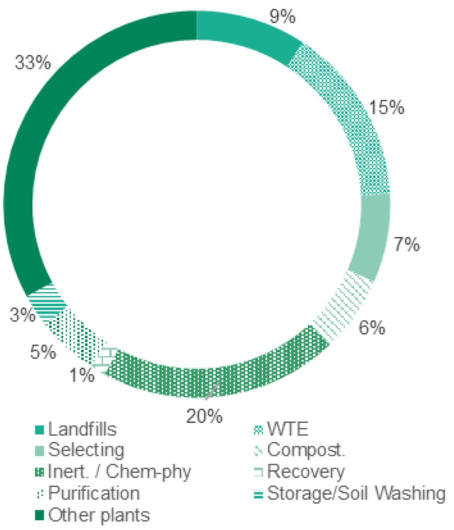
SORTED WASTE (%)

+2.5
percentage points
sorted waste

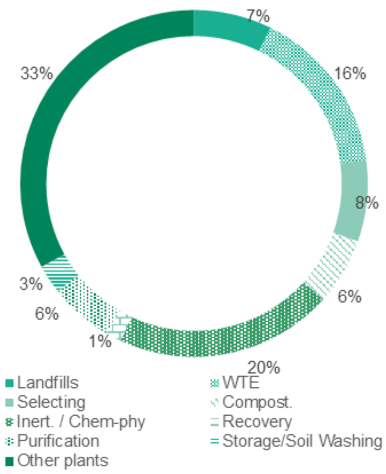
As mentioned above, municipal sorted waste collection stood at 73.9%, up +2.5 percentage points over the previous year, thanks to the development of numerous projects in the areas managed by the Group.

The Hera Group operates in the entire waste cycle, with 102 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 the Group's set of plants has always been a distinctive element of its propensity for excellence, and operations are ongoing to provide plants with the best available technologies.

WASTE TREATED AND RECOVERED BY TYPE OF PLANT 2024



WASTE TREATED AND RECOVERED BY TYPE OF PLANT 2023



Quantity (k tons)	Sept 24	Sept 23 *	Abs. change	% change
Landfills	573.4	440.2	133.2	+30.3%
WTE	926.5	943.2	(16.7)	(1.8%)
Selecting plants and other	458.5	457.5	1.0	+0.2%
Composting and stabilisation plants	397.7	378.0	19.7	+5.2%
Inertisation and chemical-physical plants	1,239.9	1,227.5	12.4	+1.0%
Recovery plants	81.0	88.9	(7.9)	(8.9%)
Purifiers	319.7	358.1	(38.4)	(10.7%)
Storage/Soil Washing	170.8	163.0	7.8	+4.8%
Other plants	2,041.8	1,995.3	46.5	+2.3%

Waste treated by plant	**6,209.3**	**6,051.8**	**+157.5**	**+2.6%**
Plastic recycled by Aliplast	**61.0**	**62.1**	**(1.1)**	**(1.8%)**

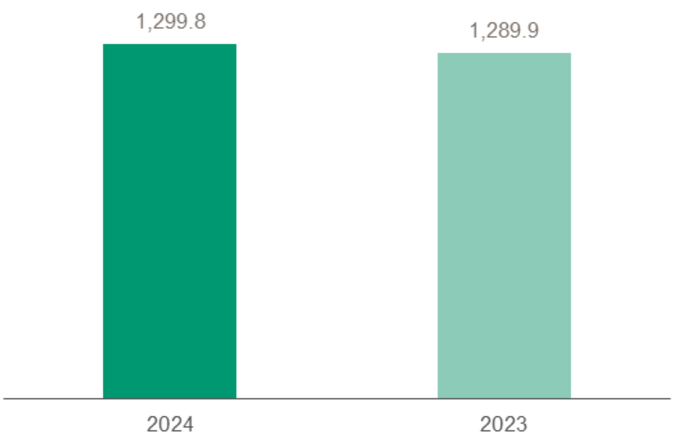
* The amount of waste treated in the first nine months of 2023 has been updated to include the amount of waste of the company ACR in the item "Other plants" in line with the amount seen in the same period of 2024.

Waste treatment showed an overall increase, up 2.6% compared to the same period in 2023. Analysing the individual sectors, a rise was seen in quantities in landfills mainly due to the effect of the resumed conferrals to the Tre Monti (BO) area in the second half of 2023 while, as regards waste-to-energy plants, the downward trend, partially offset by resumed conferrals in the Ravenna F3 plant, was mainly due to lower volumes treated both in the Rimini plant, due to an accidental event that occurred in January, and in the Modena plant due to the halt linked to maintenance works.
Quantities in sorting plants were essentially in line with the same period of the previous year.
In composting and stabilisation plants, volumes were up mainly due to greater amounts treated in the Tremonti stabilisation plant and the Cesena digester, while in inertisation and chemical-physical plants, the decreased quantities were mainly due to lower volumes of liquid waste treated, partially owing to the higher amount of rainfall seen in the most recent period.
In recovery plants, the decreasing volumes were affected by competition in the virgin plastic market.
A decrease was seen in waste treated at purification plants, while in the Storage/Soil Washing segment, the increase in volumes was mainly due to the change in the scope of consolidation due to recent acquisitions in the industrial market. Lastly, in Other plants, the quantities traded at third-party plants increased slightly compared to the same period of the previous year.

The following table summarises operating results for the waste management area:

Income statement (mn€)	Sept 24	% inc.	Sept 23	% inc.	Abs. change	% change
Revenues	1,299.8		1,289.9		9.9	+0.8%
Operating costs	(854.1)	(65.7%)	(862.6)	(66.9%)	(8.5)	(1.0%)
Personnel costs	(192.3)	(14.8%)	(183.0)	(14.2%)	9.3	+5.1%
Capitalised costs	18.2	1.4%	13.7	1.1%	4.5	+32.8%
Ebitda	**271.6**	**20.9%**	**258.0**	**20.0%**	**13.6**	**+5.3%**

REVENUES (mn€)

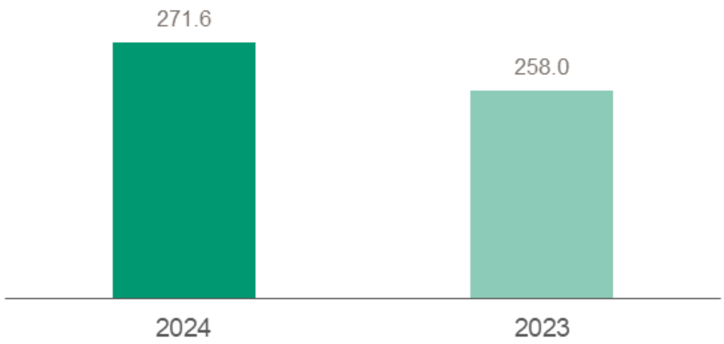


1,299.8
million euro
revenues
(+0.8%)

In the first nine months of 2024, revenues rose slightly compared to the previous year, up 0.8%. Note the 6.7 million euro decrease in revenues from energy production, mainly due to the drop in market prices and the reduction in volumes from WTE caused by two major shutdowns at the Rimini and Modena plants. This change was amply offset, mainly by higher activities in the industry market, due to an increase in volumes and prices.

Operating costs in the first quarter of 2024 dropped by 1%. Lower costs were seen mainly due to a drop in costs for purchasing raw materials as a result of lower commodity prices, and in the treatment market in particular due to lower disposal and transport costs for by-products. These positive effects were partially offset by an increase in costs due to the change in the scope of consolidation for recent acquisitions in the industrial market.
With regard to municipal waste collection, increased activities were seen in connection with the development of new sorted waste collection projects.

EBITDA (mn€)



271.6
million euro
Ebitda
(+5.3%)

Ebitda increased by 13.6 million euro compared to the same period of the previous year. The positive effect of the increase in volumes and prices for waste treated in the industry market in particular was partially offset by the negative change in energy management.

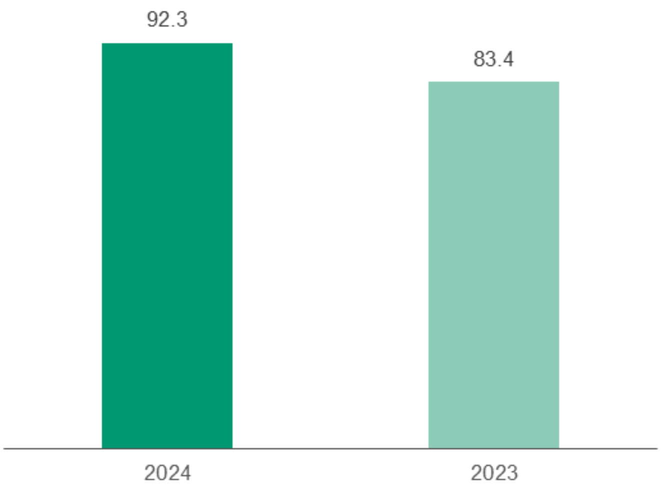
Net investments in the waste management area involved the maintenance and upgrading of waste treatment and recovery plants, and amounted to 92.3 million euro, up 8.9 million euro compared to the previous year.

The composting/digestor plants sector showed investments falling by 4.1 million euro compared to the previous year, due to the more substantial work done during the first half of 2023 on the Cesena plant and by the company Biorg, while investments on landfills decreased by 4.5 million euro compared to the previous year, mainly due to the work done in 2023 on plants owned by the company Marche Multiservizi.

The WTE sector showed a 12.7 million euro increase in investments, mainly involving the work done by the company Hestambiente on line 4 of the Padua plant and the non-recurring maintenance planned on the Modena, Forlì and Rimini plants, while in the industrial waste plant sector the 6.5 million euro reduction was mainly due to the revamping of the F3 plant in Ravenna, completed in 2023.

The collection areas and equipment sector showed investments rising by 2.3 million euro, while in the sorting and recovery plant sector there was an increase coming to 10.3 million euro due to the work done by the companies HEA and Vallortigara for the extension of the Torrebelvicino plant, in addition to construction of the rigid plastics processing plant by the company Aliplast Spa, which received NRRP financing.

NET INVESTMENTS WASTE MANAGEMENT (mn€)



92.3
million euro
net investments waste management

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

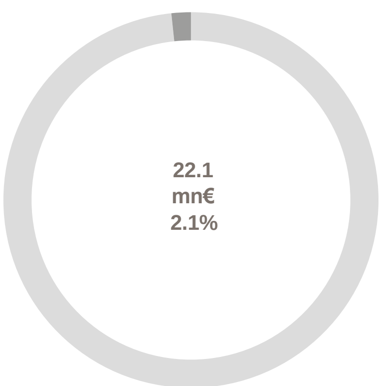
Waste management (mn€)	Sept 24	Sept 23	Abs. change	% change
Composters/digesters	3.6	7.7	(4.1)	(53.2)%
Landfills	12.1	16.6	(4.5)	(27.1)%
WTE	25.4	12.7	12.7	+100.0%
SW plants	1.9	8.4	(6.5)	(77.4)%
Collection areas and equipment	14.1	11.8	2.3	+19.5%
Transshipment, selecting and other plants	36.7	26.4	10.3	+39.0%
Total waste management gross	**93.8**	**83.7**	**10.1**	**+12.1%**
Capital grants	1.4	0.3	1.1	+366.7%
Total waste management net	**92.3**	**83.4**	**8.9**	**+10.7%**

1.03.05 Other services

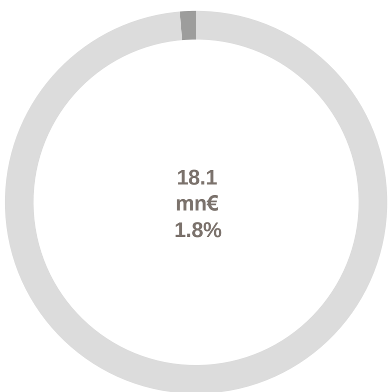
Ebitda rises

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, and cemetery services, the latter only found in the municipality of Trieste, with ten cemeteries managed overall. In September 2024, results from the other services area stood at 22.1 million euro, up by 4.0 million euro compared to the previous year.

EBITDA OTHER SERVICES 2024



EBITDA OTHER SERVICES 2023



The changes occurred in terms of Ebitda are as follows:

(mn€)	Sept 24	Sept 23 **	Abs. change	% change
Area Ebitda	**22.1**	**18.1**	**4.0**	**+22.1%**
Group Ebitda*	1,037.6	1,006.8	30.8	+3.1%
Percentage weight	2.1%	1.8%	+0.3 p.p.	

* Adjusted results, as described in paragraph 1.02
** This data has been restated, following the reclassification of the Public Lighting segment from Other Services to Electricity

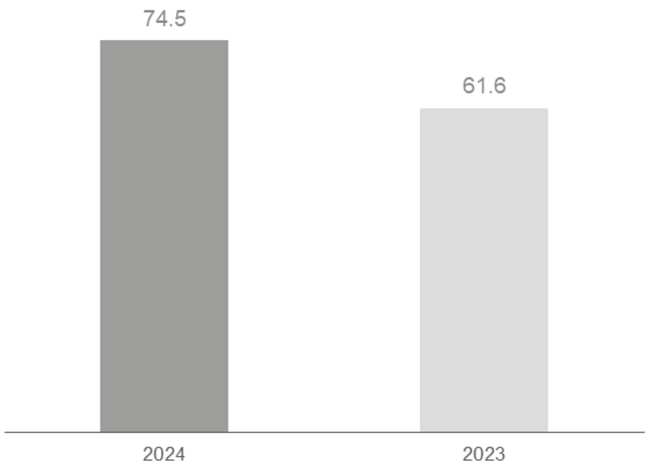
The quantitative indicators in the other services area include the 6,760 km of ultra-wideband fibre optic network owned by the Hera Group through its digital company, Acantho Spa.
This network serves the main cities in Emilia-Romagna, as well as Padua and Trieste, and provides companies and individuals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

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

Income statement (mn€)	Sept 24	% inc.	Sept 23 *	% inc.	Abs. change	% change
Revenues	74.5		61.6		12.9	+20.9%
Operating costs	(44.4)	(59.5)%	(36.1)	(58.7)%	8.3	+23.0%
Personnel costs	(10.1)	(13.5)%	(9.1)	(14.8)%	1.0	+11.0%
Capitalised costs	2.1	2.8%	1.7	2.8%	0.4	+22.9%
Ebitda	**22.1**	**29.7%**	**18.1**	**29.4%**	**4.0**	**+22.1%**

* This data has been restated, following the reclassification of the Public Lighting segment from Other Services to Electricity

REVENUES (mn€)

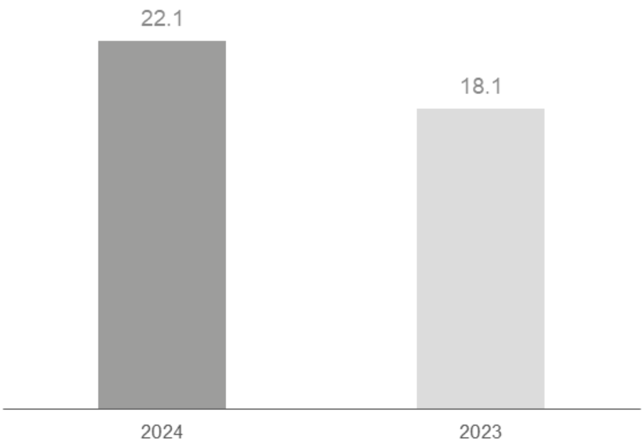


74.5
million euro
revenues
(+20.9%)

In September 2024, revenues amounted to 74.5 million euro, up 12.9 million euro mainly thanks to the telecommunications business. This result was supported by both the increased activities in telephone and connectivity services and the acquisition of Asco TLC Spa. The latter transaction brought significant growth to the telecommunications business in terms of resources, customers and operating capacity.

The above-mentioned increase in business volumes, driven by the acquisition of Asco TLC Spa, also caused an increase in operating costs due to various factors, including the integration of business systems, an increase in personnel and the implementation of new processes, but also enabled significant synergies to be achieved.

EBITDA (mnۥ)



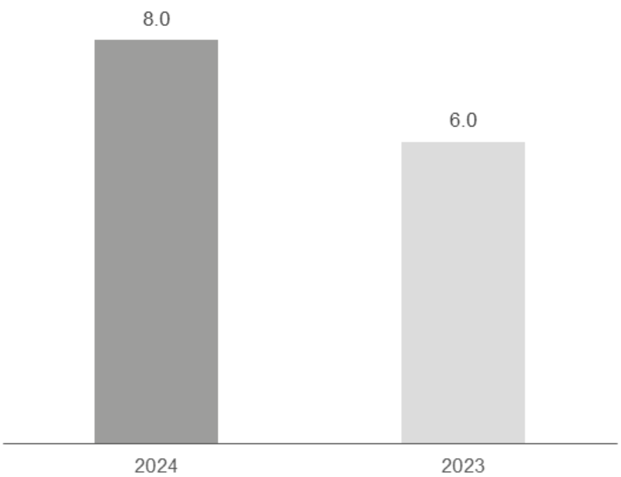
22.1
million euro
Ebitda
(+22.1%)

Ebitda for the other services business as a whole increased by 22.1%, up by 4 million euro, going from 18.1 million euro in September 2023 to 22.1 million euro in the same period of 2024, thanks above all 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 third quarter of 2024, net investments in the other services area amounted to 8 million euro, up by 2 million euro year-on-year.

Investments were made in the telecommunications service for network operations and in TLC services, a sector that saw the expansion of the geographical area and customer base served, with the integration with the company Asco TLC, operating in the Veneto region and incorporated into the company Acantho Spa in 2023.

NET INVESTMENTS OTHER SERVICES (mn€)



8.0
million euro
net investments other services

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

Other services (mn€)	Sept 24	Sept 23 *	Abs. change	% change
TLC	8.0	6.0	2.0	+33.3%
Total other services gross	**8.0**	**6.0**	**2.0**	**+33.3%**
Capital grants	-	-	-	+0.0%
Total other services net	**8.0**	**6.0**	**2.0**	**+33.3%**

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

1.04 SHARE PERFORMANCE AND INVESTOR RELATIONS

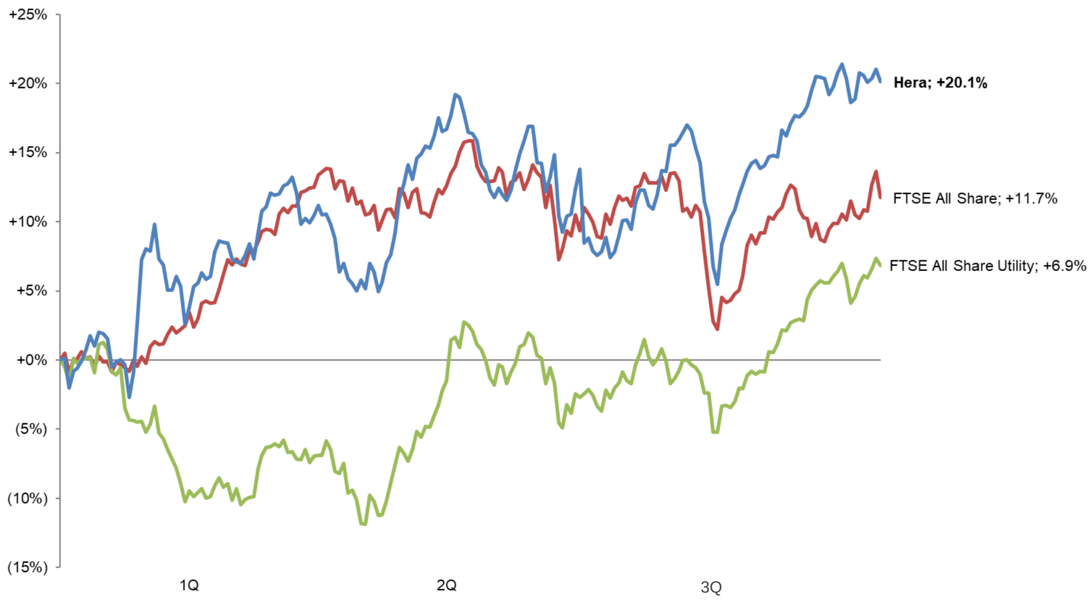
Stock markets positive in the first nine month

In the first nine months of 2024, all major global stock exchanges performed positively, driven by positive macroeconomic data and the publication of robust financial results in both the financial and technology sectors, the latter also benefitting from investors' increasing focus on companies operating in the artificial intelligence sector.
The Italian FTSE All Share index rose by +11.7% during the quarter, driven by the banking sector, while the utilities sector showed a more moderate positive performance (+6.9%), with greater momentum as of the third quarter, when central banks, due to normalising inflation levels, started to cut interest rates.

Hera +20.1%, in contrast to the sector trend

Against this backdrop, Hera succeeded in recording a performance of +20.1% compared to the beginning of the year, far outperforming the benchmark index, thanks to the market's positive reception of the new Business plan to 2027, which was focused on creating value and clear shareholder return commitments. The performance shown by the stock, which fully recovered the dividend payment, was also reinforced by the road show that took the Group's top management to in the main financial centres and by participation in sector conferences, which provided an opportunity to illustrate in person Hera's five-year growth strategies to the portfolio managers of the world's main institutional funds.

3Q 2024 HERA STOCK, ITALIAN UTILITIES 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 submit to the Shareholders Meeting a proposal for a dividend per share coming to 14 cents, up 12% and in line with the indications set out in the Business plan. Following the approval coming from shareholders at 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 allowed it to distribute constant and increasing dividends since its listing.

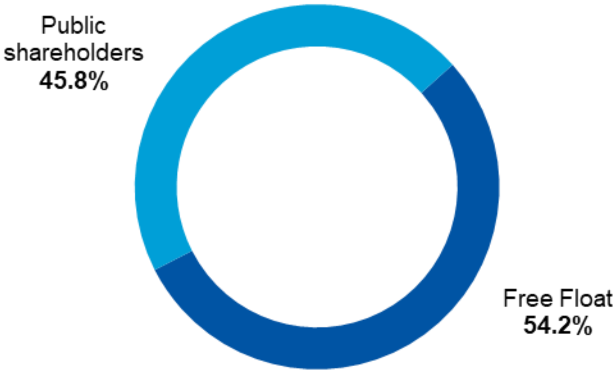
The joint effect of continuously remunerating shareholders through dividends and the rise in the price of the stock over the years allowed the total shareholders return accumulated since listing to remain consistently positive and to stand at over +339.8% at the end of the reporting period.

+304%: 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 positive recommendations, with a target price that came to 3.92 euro and showed an upside potential of 9.7%.

3.92 euro: consensus target price

SHAREHOLDER BREAKDOWN AT 30 SEPTEMBER 2024



At 30 September 2024, the shareholding structure 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 a high number of public shareholders (111 municipalities, the largest of which hold less than 10%) and a significant number of private institutional and retail shareholders.

45.8% share capital pertaining to the public shareholders’ agreement

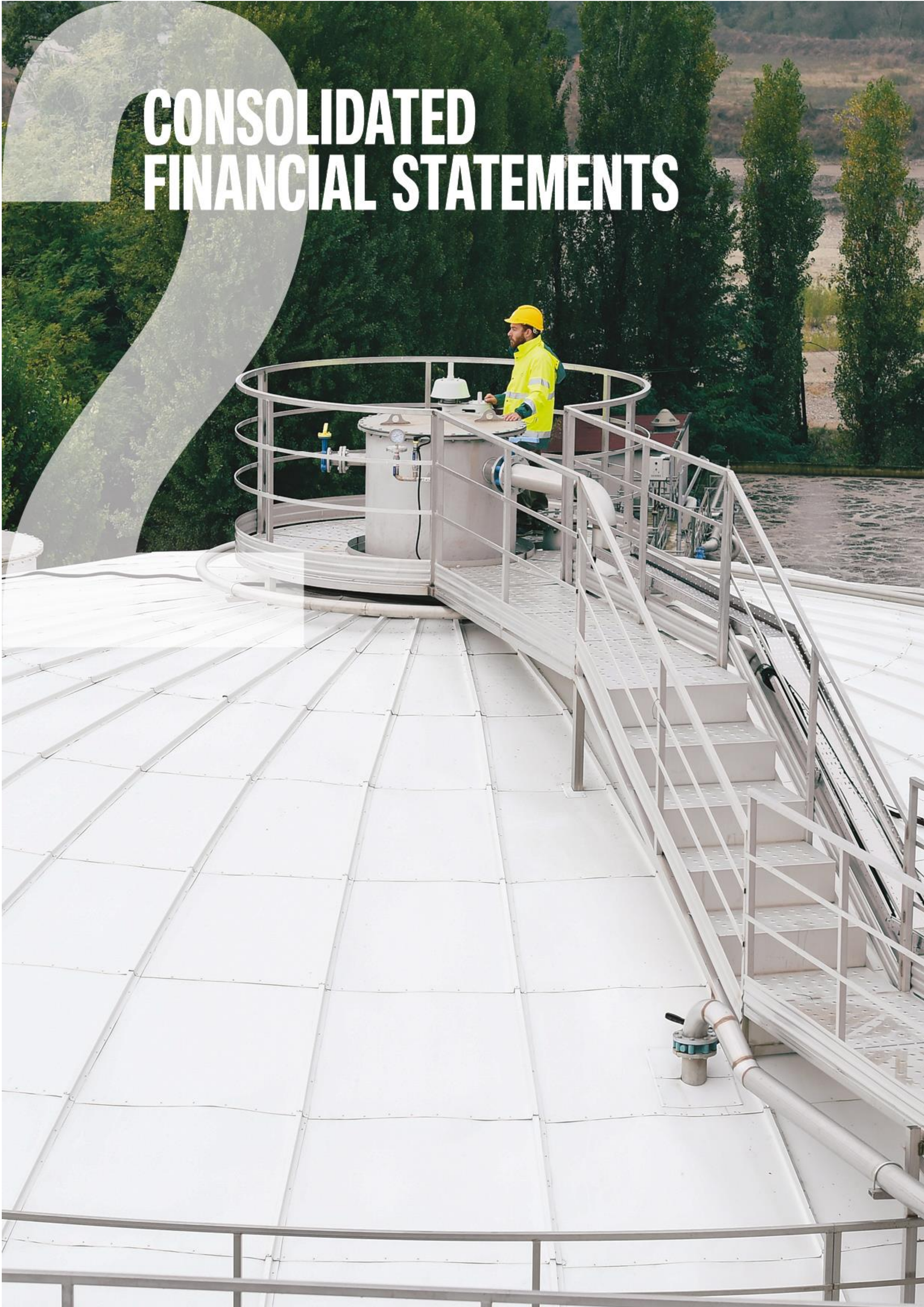
Since 2006, Hera has adopted a share buyback plan, most recently renewed by the Shareholders Meeting held on 30 April 2024 for a further 18 months, for an overall maximum amount of 240 million euro. This plan is aimed at financing M&A opportunities involving smaller companies, and smoothing out any abnormal market price fluctuations vis-à-vis those of the main comparable Italian companies. At 30 September 2024, Hera held 48.3 million treasury shares.

Treasury share plan approved

Intense communications with financial market players continued in 2024 as well. After the road show for the Business plan carried out in the first quarter, the Group’s top management took part in numerous conferences organised by brokers in Italy and abroad, in which investors were updated on the progress made on the projects included in the plan. The intensity of the Group’s commitment to dialogue with investors contributes to strengthening its market reputation and represents an intangible asset benefiting Hera stock and stakeholders.

Ongoing communications with the market in 2024 as well

2 CONSOLIDATED FINANCIAL STATEMENTS



2.01 FINANCIAL STATEMENT FORMATS

2.01.01 Income statement

mn€	30-Sept-2024 (9 months)	30-Sept-2023 (9 months)
Revenues	8,187.4	10,955.0
Other operating revenues	389.7	441.4
Raw and other materials	(4,357.9)	(7,387.9)
Service costs	(2,681.6)	(2,421.9)
Personnel costs	(494.1)	(477.6)
Other operating expenses	(63.6)	(58.2)
Capitalised costs	57.7	49.0
Amortisation, provisions, and depreciation	(515.1)	(502.2)
Operating revenues	**522.5**	**597.6**
Share of profits (losses) pertaining to joint ventures and associated companies	9.9	8.1
Financial income	115.5	109.9
Financial expenses	(214.4)	(257.7)
Financial operations	**(89.0)**	**(139.7)**
Earnings before taxes	**433.5**	**457.9**
Taxes	(121.4)	(124.6)
Net revenues for the period	**312.1**	**333.3**
Attributable to:		
parent company shareholders	282.9	301.7
non-controlling interests	29.2	31.6
Earnings per share		
basic	0.196	0.209
diluted	0.196	0.209

2.01.02 Statement of financial position

mn€	30-Sept-24	31-Dec-23
ASSETS		
Non-current assets		
Tangible assets	2,100.2	2,059.3
Rights of use	81.6	90.6
Intangible assets	4,873.1	4,719.6
Goodwill	922.0	908.7
Shareholdings	208.8	195.6
Non-current financial assets	155.5	162.8
Deferred tax assets	320.3	302.3
Derivative instruments	0.1	0.3
Total non-current assets	**8,661.6**	**8,439.2**
Current assets		
Inventories	608.8	631.6
Trade receivables	2,081.8	3,586.8
Current financial assets	66.0	90.9
Current tax assets	85.4	11.4
Other current assets	1,187.0	509.3
Derivative instruments	166.1	478.0
Cash and cash equivalents	858.2	1,332.8
Total current assets	**5,053.3**	**6,640.8**
TOTAL ASSETS	**13,714.9**	**15,080.0**

mn€	30-Sept-24	31-Dec-23
NET EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	1,440.5	1,443.0
Reserves	1,759.7	1,553.8
Profit (loss) for the period	282.9	441.4
Group net equity	**3,483.1**	**3,438.2**
Non-controlling interests	304.1	313.4
Total net equity	**3,787.2**	**3,751.6**
Non-current liabilities		
Non-current financial liabilities	4,484.5	4,421.7
Non-current lease liabilities	53.7	56.8
Post-employment and other benefits	78.6	88.1
Provisions for risks and charges	647.4	617.8
Deferred tax liabilities	159.6	156.9
Total non-current liabilities	**5,423.8**	**5,341.3**
Current liabilities		
Current financial liabilities	693.7	890.8
Current lease liabilities	22.8	24.5
Commercial payables	1,833.3	2,637.2
Current tax liabilities	121.7	110.2
Other current liabilities	1,658.8	1,866.8
Derivative instruments	173.6	457.6
Total current liabilities	**4,503.9**	**5,987.1**
TOTAL LIABILITIES	**9,927.7**	**11,328.4**
TOTAL NET EQUITY AND LIABILITIES	**13,714.9**	**15,080.0**

2.01.03 Cash flow statement

mn€	notes	30-Sept-24	30-Sept-23
Earnings before taxes		**433.5**	**457.9**
Adjustments to reconcile net profit to the cashflow from operating activities			
Amortisation and impairment of assets		407.7	374.0
Allocation to provisions		107.4	128.2
Effects from valuation using the net equity method		(9.9)	(8.1)
Financial (income) expenses		98.9	147.8
(Capital gains) losses and other non-monetary elements		(23.5)	(66.4)
Change in provision for risks and charges		(24.7)	(20.6)
Change in provision for employee benefits		(6.9)	(8.8)
Total cash flow before changes in net working capital		**982.5**	**1,004.0**
(Increase) decrease in inventories		23.1	(165.0)
(Increase) decrease in commercial receivables		358.7	1,258.0
Increase (decrease) in commercial payables		(958.0)	(1,281.5)
Increase/decrease in other current assets/liabilities		210.7	194.2
Changes in working capital		**(365.5)**	**5.7**
Dividends collected		12.8	9.1
Interest income and other financial income collected		32.3	65.4
Interest expenses. net charges on derivatives and other paid financial charges		(157.3)	(172.5)
Paid taxes		(189.3)	(50.8)
Cash flow from operating activities (a)		**315.5**	**860.9**
Investments in tangible assets		(178.2)	(137.2)
Investments in intangible assets		(382.9)	(376.8)
Investments in subsidiary companies and business units net of cash holdings		(23.7)	(57.3)
Other equity investments		(1.0)	(26.1)
Sale price of tangible and intangible assets		5.1	1.7
(Increase) decrease in other investment activities		67.1	62.8
Cash flow from (for) investing activities (b)		**(513.6)**	**(532.9)**
New issue of long-term bonds		-	614.9
Repayments of non-current financial liabilities		(7.9)	(750.0)
Repayments and other net changes in financial liabilities		(4.2)	(763.4)
Repayments of lease liabilities		(15.3)	(15.4)
Acquisition of interests in consolidated companies		(1,3)	-
Minority share capital increase		1.3	1.9
Dividends paid out to Hera shareholders and non-controlling interests		(241.5)	(223.1)
Changes in treasury shares		(7.6)	(16.4)
Cash flow from (for) financing activities (c)		**(276,5)**	**(1,151.5)**
Increase (decrease) in cash holdings (a+b+c)		**(474,6)**	**(823,5)**
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		858.2	1,118.9

2.01.04 Statement of changes in net equity

mn€	Share capital	Reserves	Reserves derivatives valued at fair value	Reserves actuarial income (losses) employee benefits	Reserves shares valued at fair valued	Revenues for the period	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**
Revenues for the period						301.7	301.7	31.6	333.3
Other components of comprehensive income:									
fair value of derivatives, change for the period			(201.0)				(201.0)	3.4	(197.6)
Actuarial income (losses) employee benefits				0.8			0.8	0.1	0.9
fair value of shareholdings, change for the period					(4.6)		(4.6)		(4.6)
Overall revenues for the period	**--**	**--**	**(201.0)**	**0.8**	**(4.6)**	**301.7**	**96.9**	**35.1**	**132.0**
change in treasury shares	(6.1)	(10.3)					(16.4)		(16.4)
payments of non-controlling shares							--	1.9	1.9
change in equity investments		0.8					0.8	(0.8)	--
changes in the scope of consolidation							--	32.7	32.7
other movements		4.9					4.9	(4.9)	--
Allocation of revenues:									
dividends paid out						(180.9)	(180.9)	(35.8)	(216.7)
allocation to reserves		74.3				(74.3)	--		--
Balance at 30 September 2023	**1,444.2**	**1,555.5**	**55.6**	**(31.0)**	**(22.3)**	**301.7**	**3,303.7**	**274.5**	**3,578.2**
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**
Revenues for the period						282.9	282.9	29.2	312.1
Other components of comprehensive income:									
fair value of derivatives, change for the period			(36.0)				(36.0)	(6.2)	(42.2)
Actuarial income (losses) employee benefits				5.1			5.1	0.4	5.5
fair value of shareholdings, change for the period					7.2		7.2		7.2
Overall revenues for the period	**--**	**--**	**(36.0)**	**5.1**	**7.2**	**282.9**	**259.2**	**23.4**	**282.6**
change in treasury shares	(2.5)	(5.1)					(7.6)		(7.6)
payments of non-controlling shares							--	0.3	0.3
change in equity investments		(0.2)					(0.2)	(1.1)	(1.3)
other movements		(4.6)					(4.6)	5.6	1.0
Allocation of revenues:									
dividends paid out						(201.9)	(201.9)	(37.4)	(239.3)
allocation to reserves		239.5				(239.5)	--		--
Balance at 30 September 2024	**1,440.5**	**1,778.9**	**8.5**	**(28.0)**	**0.3**	**282.9**	**3,483.1**	**304.1**	**3,787.2**

2.02 ACCOUNTING POLICIES

As set forth in article 82-ter "Informazioni finanziarie periodiche aggiuntive" (additional periodic financial information) of the Issuers' Regulation, the Hera Group has voluntarily decided to publish the consolidated three-month report at 30 September 2024.

This report was not prepared in accordance with what is outlined in the accounting principle regarding the sub-annual financial statement (IAS 34 "Interim Financial Reporting") even though it was prepared in accordance with accounting standards in relation to the consolidated financial statements at 31 December 2023.

The preparation of this three-month report required estimates and assumptions to be made that affect the reported amounts of revenues, expenses, assets, and liabilities as of the reporting date. If, in the future, such estimates and assumptions, which are based on the management's best judgment, should differ from actual events, they will be adjusted accordingly to provide an accurate representation of management operations. It is also noted that certain valuation processes, specifically the more complex ones such as establishing any impairment of non-current assets, are generally carried out in full only for the preparation of the annual financial statements, except in cases where there are impairment indicators that require an immediate impairment test.

The data included in this consolidated three-month report are comparable to the same data of the previous periods, taking into account what is described in the following section "Scope of consolidation".

The financial statement formats are expressed in millions of euro to one decimal point.

Scope of consolidation

The consolidated financial statements at 30 September 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 determine the financial and operational policies of a company, by way of currently valid rights, in such a way as to obtain benefits from the company's activity. 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 companies, as well as the 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.

The lists of the companies included in the scope of consolidation are shown at the end of these notes.

Changes in the scope of consolidation

The table below shows changes in the scope of consolidation introduced during the first 9 months of the 2024 financial year as compared to the consolidated financial statement at 31 December 2023:

Acquisition of controlling	Company/business unit
	T.R.S. Ecology Srl
	Triveneta Luce scarl*

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

* On 10 September 2024, Hera Luce Srl acquired 30% of the share capital of Triveneta Luce Scarl, a company operating in the management of public lighting systems through the award of Consip lots. The agreements call for the step purchase of the remaining 70% by Hera Luce Srl and give it full control of corporate governance from the moment the first tranche of capital is acquired. As a result, the company is controlled by the Hera Group. As at 30 September 2024, since the company is not operational, it is temporarily excluded from the scope of consolidation and the transaction is recognised under other equity investments.
** On 10 June 2024, the liquidation process of Atlas Utilities Ead was completed 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.

Earnings per share

The following is a statement of earnings per share, calculated in relation to profit or loss attributable to holders of ordinary shares of the parent company.

	30-Sept-2024 (9 months)	30-Sept-2023 (9 months)
Profit or loss for the period attributable to holders of ordinary shares of the parent entity (A)	282.9	301.7
Weighted average number of shares outstanding for the purposes of calculating earnings (loss) per share		
basic (B)	1,441,334,028	1,446,865,451
diluted (C)	1,441,334,028	1,446,865,451
Earnings (loss) per share (in euro)		
basic (A/B)	**0.196**	**0.209**
diluted (A/C)	**0.196**	**0.209**

At the date on which this Consolidated quarterly report was drafted, the share capital of the parent company Hera Spa consisted of 1,489,538,745 ordinary shares, unchanged from 31 December 2023, used to calculate basic and diluted earnings per share.

Other information

This consolidated three-month financial statement at 30 September 2024 was drawn up by the Board of Directors and approved by the same at the meeting held on 13 November 2024.

2.03 LIST OF CONSOLIDATED COMPANIES

Subsidiaries

Registered name	Registered office	Share capital (Euro) (*)	Consolidated percentage		Total interest
			direct	indirect	
A.C.R. di Reggiani Albertino Spa	Mirandola (Mo)	390,000		45.00%	45.00%
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	1,000,000		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%
TRS Ecology Srl	Caorso (PC)	1,000,000		52.50%	52.50%
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%
Hea 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.

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Share capital i.v. € 1.489.538.745,00
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