CONSOLIDATE QUARTERLY REPORT

as at 31 March 2024

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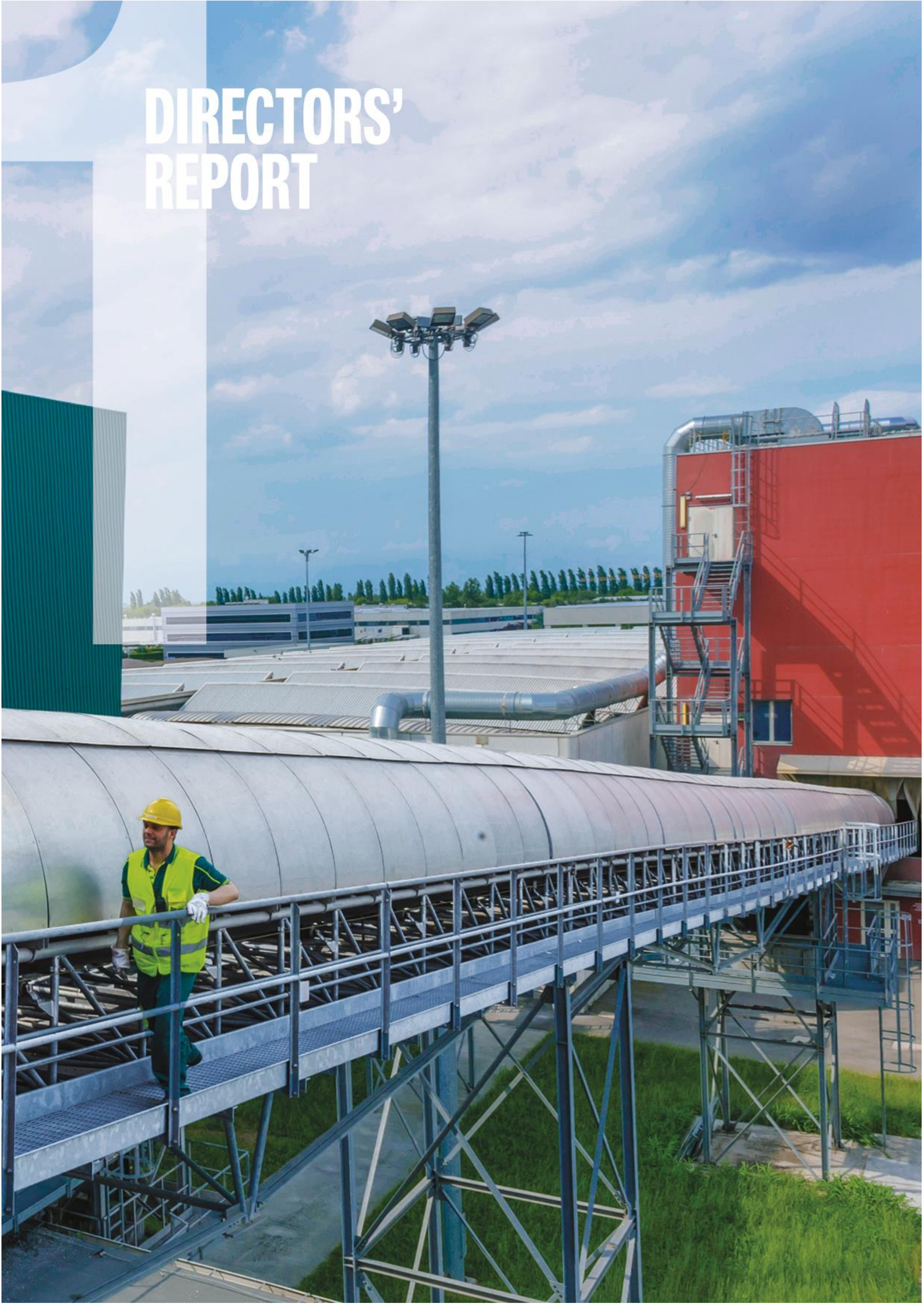
DIRECTORS' REPORT



1.01 TRENDS AND CONTEXTS

Global economic trends and forecasts

In the early months of 2024, the world economy showed signs of a moderate recovery, mainly thanks to higher consumption and employment, which increased more than expected, especially in the United States.
According to the most recent estimates provided by the International Monetary Fund (IMF), world GDP will continue to grow by just over 3% in 2024, despite restrictive monetary policies, the ongoing crisis in China's real estate sector and tensions in the Middle East, which thus far have had a limited impact on trade in goods, although downside risks remain possible for the global economy if the ongoing conflicts were to escalate.

Eurozone GDP, on the other hand, continued to stagnate due to weakness in industry, against signs of recovery in the service sector. Inflation in consumer goods, especially industrial non-energy and food, continued to decrease, while inflation in services remained high. According to the projections released by the ECB in March, inflation will fall to 2.3% this year, returning close to the 2% target set for 2025 and 2026.

The current situation in Italy

According to the estimates published by the Bank of Italy, economic activity in Italy increased only moderately during the first quarter of 2024, still held back by the downturn in manufacturing, against a recovery in services. Consumption only partly recovered from the decline seen at the end of last year, while a slight increase occurred in private investment, supported by self-financing, since the cost of credit remained high.
Employment, after rising strongly at the end of last year, especially in services and construction, remained stable during the first two months of 2024, while the portion involving open-ended contracts continued to rise. The unemployment rate remained at historically low levels.
GDP is forecast to grow by 0.6% in 2024, 1% in 2025 and 1.2% in 2026, benefiting from the recovery of real incomes and foreign demand. Inflation is expected to fall to 1.3%, mainly due to the negative effect of the energy component, and to rise to 1.7% in 2025 and 2026.
Risks to growth arise from the impact of monetary tightening, higher than expected, from the more pronounced effects of reduced stimulus in the construction sector and the possibility of weakness in world trade persisting for longer than estimated.

Financial markets

The first quarter of the year saw extremely positive results on global financial markets, even though they showed a high degree of volatility due to the persistent geopolitical tensions, the progress made in economic recovery and changing expectations concerning the monetary policies adopted by central banks. Macroeconomic data indicates that the ongoing disinflationary process, less positive than in late 2023, should lead to a recalculation of the size and timing of interest rate cuts by the ECB and the Fed during the year. The markets indeed expect a less substantial cut and the central banks themselves, during their meetings in the first part of 2024, insisted on the importance of implementing a restrictive monetary policy as long as inflation targets are not met. Short-term interest rates were thus unchanged, while medium- to long-term rates were more volatile and remained around 20 basis points higher than at the end of December. The 10-year BTP-Bund spread decreased to 138 basis points in March, thanks to the improved outlook on Italy's economic situation. The primary market also saw a positive moment and showed strong resilience to the particularly complex external context, recording significant volumes of bond issues, 16% higher than in the same quarter of last year, while on the side of demand investors took the opportunity to lock in consistent bond yields, taking advantage of the ample liquidity and the volatility witnessed on the markets.

Energy sector: prices, consumption and demand

Within an unstable national and international environment, characterised by the worsened geopolitical context, crude oil and fuel prices in the first quarter increased compared to the prices recorded in late 2023. In the first quarter of 2024, the Day-ahead energy market (MGP), while slightly rising on a monthly basis, showed a price decrease of 41.6% compared to the same quarter of 2023. According to the data compiled by the national grid transmission company (Terna), electricity consumption in the quarter rose slightly over the same period in the previous year, up 0.6% from 77.1 TWh to 77.7 TWh, with a 1.4% decrease in March alone of (compared to the same month in 2023). During the period under analysis, 78.6% of demand was met by domestic production, which decreased by 4.3% to 61.2 TWh compared to the same period in 2023, while the foreign balance stood at approximately 16.7 TWh.

In the first quarter of 2024, net domestic production from renewables accounted for 46.3% of total net production, amounting to 28.3 TWh, higher than the 22.9 TWh produced in the first quarter of 2023. The portion of consumption met by renewables came to 36.4%, up from same figure in 2023 due to the increase seen in hydroelectric (+75.6%), wind (+12.8%), geothermal (+2.7%) and photovoltaic (+5.7%) production. Renewables underwent a strong overall increase of 5.4TWh. Finally, a significant drop occurred in thermoelectric production compared to the same quarter during the previous year, down by 8.2 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 decrease in the first quarter of 2024 coming to 60.6% compared the same period in 2023. The information made available by the national gas transmission network operator (Snam Rete Gas) for the same quarter also shows a 3.5% decrease in natural gas consumption compared to the same quarter of the previous year, from 20.6 to 19.9 billion cubic metres. The most significant drop in consumption was due to both the demand for electricity generation, which stood at 5 billion cubic metres, down 5.7% on the previous year’s quarter, and, albeit to a lesser extent, demand for civil use, which stood at 11.4 billion cubic metres, down 1.1%. Exports also fell slightly, with volumes coming to 0.6 billion cubic metres. Consumption for industrial use, at 3 billion cubic metres, remained virtually unchanged compared to 2023, dropping by 0.3%. During the quarter, in terms of gas injected into the network, 75.3% of demand was met by gas imports, 21.2% by storage and the remainder by domestic production.

Regulated businesses

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

- 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);
- the following measures adopted by the Regulatory Authority for Energy Networks and the Environment (ARERA):
  - resolution no. 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 no. 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;
  - resolution no. 119/2024/R/eel, approving the procedures for awarding and the conditions for providing the Gradual protection service to small businesses for the period from 1 July 2024 to 31 March 2027;
  - ARERA’s final guidelines on the revision of ‘Bill 2.0’ in order to make it a tool that increasingly supports end-customer awareness and promotes competition.

1.02 OVERVIEW OF OPERATING AND FINANCIAL TRENDS

Alternative performance measures (APMs)

The Hera Group uses alternative performance measures (APMs) to convey as effectively as possible information concerning trends in the profitability of the businesses in which it operates, as well as its equity and financial situation. In accordance with the guidelines published on 4 March 2021 by the European securities and markets authority 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 operations (operational 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 management valuation criterion, if and when the latter facilitates the analysis of certain specific business trends. In light of the fact that the operational 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 operational 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 operational 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 operational 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 operational adjustments used to bring certain accounting valuation items back into line with operational 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.

Financial APMs

Net investments are calculated as the sum of investments in tangible fixed assets, intangible assets and equity investments net of capital grants.

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€)	31 Mar 24	31 Mar 23	Abs. change	% change
Revenues	**3,285.8**	**5,628.9**	**(2,343.1)**	**(41.6)%**
Adjusted Ebitda	**417.1**	**410.2**	**6.9**	**+1.7%**
Adjusted Ebitda/revenues	12.7%	7.3%	+5.4 p.p.	+0.0%
Adjusted Ebit	**245.9**	**236.1**	**9.8**	**+4.2%**
Adjusted Ebit/revenues	7.5%	4.2%	+3.3 p.p.	+0.0%
Adjusted net profit	**153.3**	**140.3**	**13.0**	**+9.3%**
Adjusted net profit/revenues	4.7%	2.5%	+2.2 p.p.	+0.0%
Net investments	**149.5**	**166.1**	**(16.6)**	**(10.0)%**

Financial APMs (mn€)	31 Mar 24	31 Dec 23	Abs. change	% change
Net non-current assets	8,150.8	8,119.2	31.6	+0.4%
Net working capital	429.0	166.0	263.0	+158.4%
Provisions	(709.1)	(705.9)	(3.2)	+0.5%
Net invested capital	7,870.7	7,579.3	291.4	+3.8%
Net debt	**3,986.6**	**3,827.7**	**158.9**	**+4.2%**

Special items and operational 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 quarters, including the current reporting period, the valuation differential was fully recovered, thus affecting the change in inventories as per the income statement for the 2023 financial year, 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 31 March 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 income statement referred to in the remarks on operations and the consolidated income statement drafted pursuant to accounting standards.

	31 Mar 24			31 Mar 23		
mn€	Published statement	Managerial adjustments	Operations statement	Published statement	Managerial adjustments	Operations statement
Revenues	3,285.8		3,285.8	5,628.9		5,628.9
Other operating revenues	113.2		113.2	121.2		121.2
Raw and other materials	(1,841.1)		(1,841.1)	(4,391.1)	(93.0)	(4,484.1)
Service costs	(965.9)		(965.9)	(684.7)		(684.7)
Personnel costs	(169.1)		(169.1)	(165.4)		(165.4)
Other operating expenses	(18.0)		(18.0)	(19.2)		(19.2)
Capitalised costs	12.2		12.2	13.5		13.5
Ebitda	**417.1**	-	**417.1**	**503.2**	**(93.0)**	**410.2***
Amortization, depreciation and provisions	(171.2)		(171.2)	(174.1)		(174.1)
Ebit	**245.9**	-	**245.9**	**329.1**	**(93.0)**	**236.1***
Financial operations	(33.0)		(33.0)	(44.4)		(44.4)
Pre-tax result	**212.9**	-	**212.9**	**284.7**	**(93.0)**	**191.7***
Taxes	(59.6)		(59.6)	(78.2)	26.8	(51.4)
Net result	**153.3**	-	**153.3**	**206.5**	**(66.2)**	**140.3***
Attributable to:						
Parent company shareholders, adjusted	143.1		143.1	194.4	(66.2)	128.2*
Minority shareholders	10.2		10.2	12.1		12.1

* Adjusted results, as described above

1.02.01 Operating results and investments

Operating results rise

The first quarter of 2024 closed for the Hera Group with growth in operating results compared to the previous year. Adjusted Ebitda amounted to 417.1 million euro, up 1.7% compared to 2023, adjusted Ebit rose by 4.2% and adjusted net profit increased by 9.3%.

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

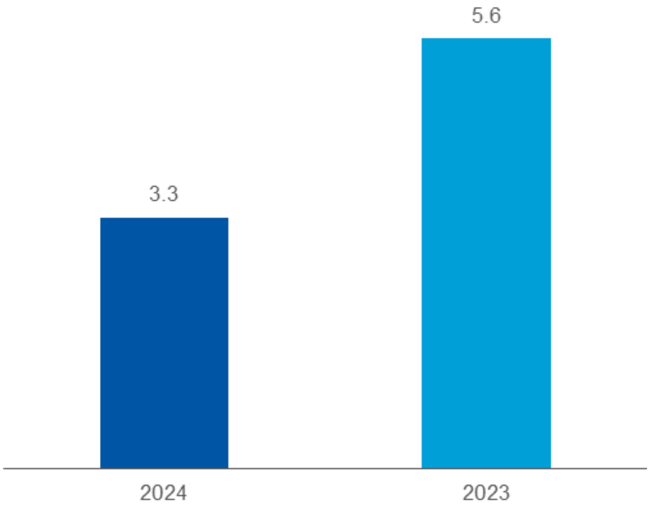
The Group's performance was driven by its multi-business strategy, balanced between regulated and freely competitive activities, with its usual focus on sustainability and the circular economy. The Hera Group pursues this model both through internal growth and the opportunities offered by the market for external development.

The following table shows operating results at 31 March 2024 and 2023:

Income statement (mn€)	Mar 24	% inc.	Mar 23	% inc.	Abs. change	% change
Revenues	3,285.8	0.0%	5,628.9	0.0%	(2,343.1)	(41.6)%
Other operating revenues	113.2	3.4%	121.2	2.2%	(8.0)	(6.6)%
Raw and other materials	(1,841.1)	(56.0)%	(4,484.1)	(79.7)%	(2,643.0)	(58.9)%
Service costs	(965.9)	(29.4)%	(684.7)	(12.2)%	281.2	41.1%
Other operating expenses	(18.0)	(0.5)%	(19.2)	(0.3)%	(1.2)	(6.3)%
Personnel costs	(169.1)	(5.1)%	(165.4)	(2.9)%	3.7	2.2%
Capitalised costs	12.2	0.4%	13.5	0.2%	(1.3)	(9.7)%
Ebitda*	**417.1**	**12.7%**	**410.2**	**7.3%**	**6.9**	**1.7%**
Amortization, depreciation and provisions	(171.2)	(5.2)%	(174.1)	(3.1)%	(2.9)	(1.7)%
Ebit*	**245.9**	**7.5%**	**236.1**	**4.2%**	**9.8**	**4.2%**
Financial operations	(33.0)	(1.0)%	(44.4)	(0.8)%	(11.4)%	(25.7)%
Pre-tax result*	**212.9**	**6.5%**	**191.7**	**3.4%**	**21.2**	**111%**
Taxes	(59.6)	(1.8)%	(51.4)	(0.9)%	8.2	16.0%
Net result*	**153.3**	**4.7%**	**140.3**	**2.5%**	**13.0**	**9.3%**
Attributable to:						
Parent company shareholders*	143.1	4.4%	128.2	2.3%	14.9	11.6%
Minority shareholders	10.2	0.3%	12.1	0.2%	(1.9)	(15.7)%

* Adjusted results, as described above

REVENUES (bn€)



3.3
billion euro
revenues
(- 41.6%)

Revenues in March 2024 were down by 2,343.1 million euro compared to the equivalent period in 2023. The energy segments showed a decrease coming to 2,164 million euro, mainly due to lower commodity prices and lower trading activities, as well as a reduction in incentivised activities on Energy saving services in residential buildings, amounting to approximately 173 million euro.
This drop was partially offset by the higher volumes of electricity sold, thanks to significant commercial development.

Lastly, revenues in the waste management sector decreased by 4.9 million euro, mainly due to lower revenues from energy production, a slight drop in the price of market waste and a reduction in the volumes delivered to waste-to-energy plants.

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

Other operating revenues decreased by 8 million euro in March 2024 compared to the equivalent period in 2023. Note the lower revenues from orders on assets under concession, totalling 7.9 million euro.

Costs for raw materials linked to the trend in revenues

The cost of raw and other materials decreased by 2,643 million euro compared to March 2023. This decrease was mainly related to the trend in energy revenues caused by the decrease in energy raw material prices, due to more stable markets.

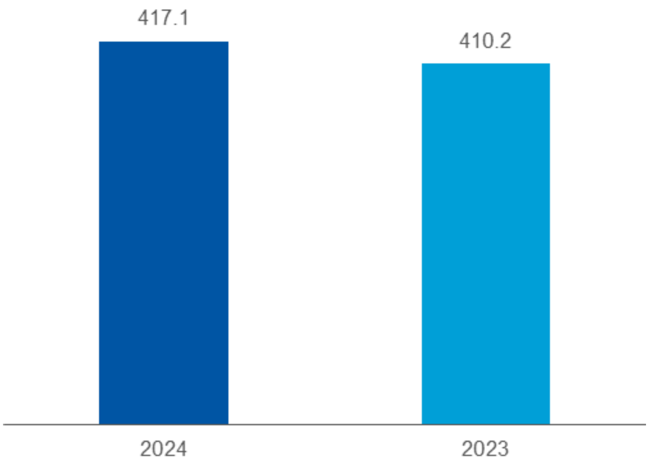
Other operating expenses increased by 280 million euro (281.2 million euro in higher service costs and 1.2 million euro in lower operating expenses). A total of approximately 425 million euro was seen for higher costs linked to gas transportation and storage and system charges, as further discussed in paragraphs 1.03.01 and 1.03.02. Energy efficiency and value-added services recorded lower costs for works coming to 145 million euro.

+2.2%: personnel costs

Personnel costs increased by 2.2% compared to March 2023, up 3.7 million euro. This increase was mainly caused by salary increases as per the national collective labour agreement and the higher average presence during the reporting period.

Capitalised costs decreased by 1.3 million euro, due to lower investments on Group-owned assets.

EBITDA* (mn€)



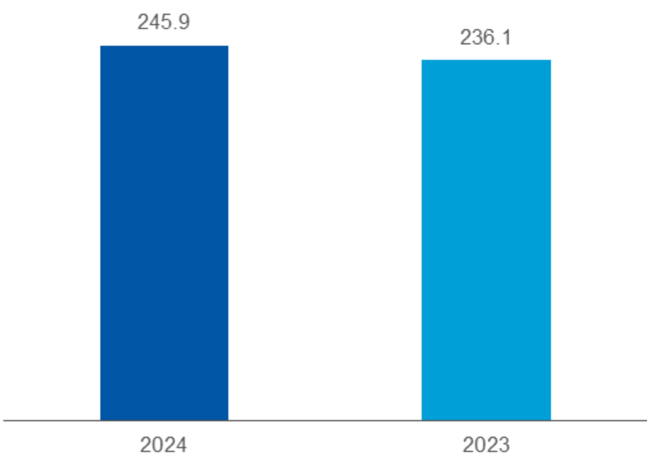
417.1
million euro
Ebitda *
(+1.7%)

Adjusted Ebitda increased by 6.9 million euro compared to March 2023, up 1.7%. This trend was due to the contribution coming from the water cycle, amounting to 9.8 million euro, the good performance of the waste management area, up by 2 million euro, and the contribution coming from other services, totalling 1.4 million euro. These trends fully offset the drop in the energy areas, amounting to 6.3 million euro overall.

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

Amortisation, depreciation and provisions at 31 March 2024 decreased by 2.9 million euro compared to the previous year, down 1.7%. Increased amortisation was mainly due to new operating investments in the regulated sectors and in treatment, in addition to the effect of an increase in commissions in commercial companies for sales companies. Overall, there was a decrease in provisions, mainly concerning bad debts, due to lower commodity prices and lower gas and electricity volumes in traditional markets.

EBIT* (mn€)



245.9
million euro
Ebit *
(+4.2%)

Adjusted Ebitda amounted to 245.9 million euro, up 4.2%; alongside this growth in Ebitda, lower depreciation, amortisation and provisions, as described above, were recorded.

Financial operations, which were negative and amounted to 33 million euro, improved by 11.4 million euro compared to the same period of the previous year. The optimisation of the financial structure carried out during 2023 allowed for a decrease in the cost of medium- and long-term debt. A positive contribution was also seen in income from cash holdings and income from discounting on tax bonus credits.

Financial operations increase

The adjusted pre-tax result showed growth coming to 11.1% compared to March 2023. The increased amount coming from Ebit rose additionally due to the performance of financial operations, as described above.

The taxes for the first quarter of 2024 appearing in the income statement amounted to 59.6 million euro, as against 51.4 million euro in the first quarter of 2023. The tax rate for the first quarter of 2024 settled at 28%, up mainly as a result of lower tax benefits (including tax credits recognised for the purchase of electricity and gas, which are not relevant for tax purposes), which had positively impacted the first quarter of 2023.

Tax rate at 28.0%

As a result of all the events described above, adjusted net profit increased by 13 million euro compared to the figure seen in March 2023.

+9.3% net profit*

In the first quarter of 2024, the Group's net investments amounted to 149.5 million euro, down 16.6 million euro compared to the previous year. This change is mainly due to the investment in financial holdings made in the first quarter of the previous year relating to the company Asco TLC, which during the same year became part of the Group's scope of consolidation.
Including capital grants, the Group's operating investments amounted to 156.8 million euro, up 1.1 million euro compared to the previous year.
Capital grants totalled 7.7 million euro, of which 4.7 million euro related to FoNI investments, as foreseen by the tariff method for the integrated water service, and increased by 3.1 million euro overall year-on-year.

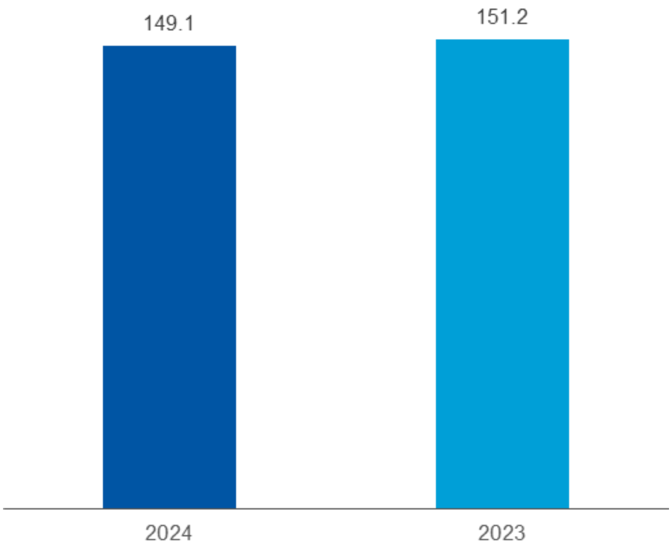
Net investments amount to 149.5 million euro

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

Total investments (mn€)	Mar 24	Mar 23*	Abs. change	% change
Gas area	37.4	49.3	(11.9)	(24.1)%
Electricity area	29.8	222	7.6	+34.2%
Integrated water cycle area	48.3	47.2	1.1	+2.3%
Waste management area	22.6	19.9	2.7	+13.6%
Other services area	2.1	2.0	0.1	+5.0%
Headquarters	16.7	15.2	1.5	+9.9%
Total gross operating investments	**156.8**	**155.7**	**1.1**	**+0.7%**
Capital grants	7.7	4.6	3.1	+67.4%
of which FoNi (New Investments Fund)	4.7	4.5	0.2	+4.4%
Total net operating investments	**149.1**	**151.2**	**(2.1)**	**(1.4)%**
Financial investments	0.4	14.9	(14.5)	(97.3)%
Total net investments	**149.5**	**166.1**	**(16.6)**	**(10.0)%**

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

TOTAL NET OPERATING INVESTMENTS (mn€)



149.1
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 16.7 million euro, up 1.5 million euro on the previous year, mainly due to renewals in the company's fleets and investments in Group facilities.

1.02.02 Financial structure and adjusted net debt

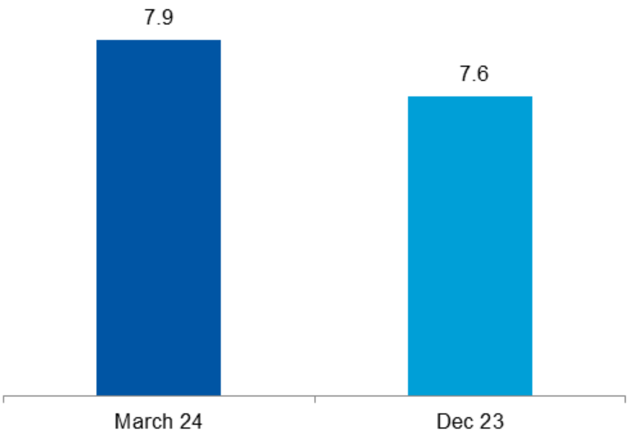
What follows in an analysis of trends in the Group's net invested capital and sources of financing at 31 March 2024.

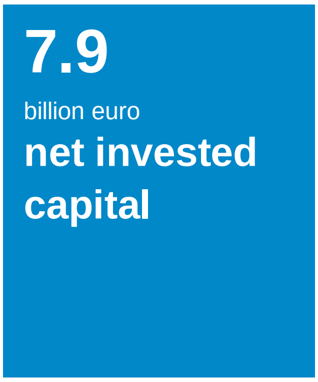
Invested capital and sources of financing (mn€)	Mar 24	% inc.	Dec 23	% inc.	Abs. change	% change
Net non-current assets	8,150.8	+103.6%	8,119.2	+107.1%	31.6	+0.4%
Net working capital	429.0	+5.5%	166.0	+2.2%	263.0	+158.4%
(Provisions)	(709.1)	(9.0)%	(705.9)	(9.3)%	(3.2)	(0.5)%
Net invested capital	**7,870.7**	**+100.0%**	**7,579.3**	**+100.0%**	**291.4**	**+3.8%**
Equity	(3,884.1)	+49.3%	(3,751.6)	+49.5%	(132.5)	(3.5)%
Long-term borrowings	(4,320.7)	+54.9%	(4,315.4)	+56.9%	(5.3)	(0.1)%
Net current financial debt	334.1	(4.2)%	487.7	(6.4)%	(153.6)	(31.5)%
Net debt	(3,986.6)	+50.7%	(3,827.7)	+50.5%	(158.9)	(4.2)%
Total sources of financing	**(7,870.7)**	**(100.0)%**	**(7,579.3)**	**+100.0%**	**(291.4)**	**(3.8)%**

Net invested capital (Cin), at 7,870.7 million euro, increased compared to 31 December 2023. This change was mainly due to an increase in working capital, due to the reduction in trade payables for the payment of incentivised works and the related tax credits not yet used for offsetting purposes.

Group solidity confirmed

NET INVESTED CAPITAL* (bn€)





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

mn€		31 Mar 24	31 Dec. 23
A	Cash	1,227.6	1,332.8
B	Cash equivalents	-	-
C	Other current financial assets	62.7	90.9
D	**Liquidity (A+B+C)**	**1,290.3**	**1,423.7**
E	Current financial debt	(432.3)	(411.9)
F	Current portion of non-current financial debt	(523.9)	(524.1)
G	**Current financial indebtedness (E+F)**	**(956.2)**	**(936.0)**
H	**Net current financial indebtedness (G+D)**	**334.1**	**487.7**
I	Non-current financial debt	(698.1)	(703.9)
J	Debt instruments	(3,398.0)	(3,391.2)
K	Non-current trade and other payables	-	-
L	**Non-current financial indebtedness (I+J+K)**	**(4,096.1)**	**(4,095.1)**
M	**Total financial indebtedness (H+L)**	**(3,762.0)**	**(3,607.4)**
	Non-current financial receivables	162.1	162.8
	Net financial debt (excluding put option)	**(3,599.9)**	**(3,444.6)**
	Nominal amount - fair value put option	(340.4)	(337.2)
	Net financial debt with adjusted put option	**(3,940.3)**	**(3,781.8)**
	Portion of future dividends - fair value put option	(46.3)	(45.9)
	Net financial debt (Net debt)	**(3,986.6)**	**(3,827.7)**

Total net financial debt amounted to 3,986.6 million euro, up by roughly 158.9 million euro compared to the previous year.

The financial structure showed total current indebtedness coming to 956.2 million, up 20.2 million euro compared to December 2023.

The current portion of financial debt amounted to 432.3 million and was related to bank and other payables, including accrued interest on loans coming to 65.9 million euro.

The current portion of non-current financial debt, which came to 523.9 million euro, remained in line with the amounts seen in 2023 and included 438 million euro of bonds maturing in 2024 (149.8 million euro

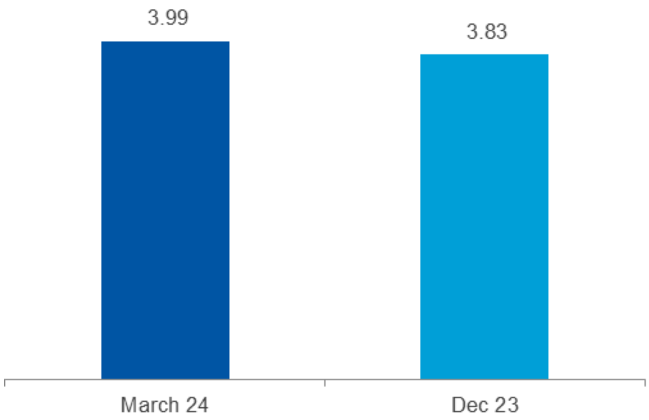
Aflac Bond and 288.3 million euro residual Green Bond). This also included 23.3 million euro in current debt for leasing contracts.

Non-current financial indebtedness amounted to 4,096.1 million euro and was in line with the previous period. Note that in order to guarantee any extraordinary liquidity requirements, a 450 million euro sustainable revolving line with a primary pool of banks and a term of five years, as well as a 460 million euro credit line with the EIB, with a term of sixteen years and an availability period up to July 2026, are available. These lines were still undrawn at 31 March 2024.

Cash and cash equivalents decreased from 1,332.8 million euro in 2023 to 1,227.6 million euro at 31 March 2024.

At 31 March 2024, 83% of medium-/long-term debt consisted of bonds with repayment at maturity. Total medium/long-term debt, 96% of which is fixed-rate, has an average residual maturity of approximately five years, with 46% of the debt maturing after more than five years.

NET FINANCIAL DEBT (NET DEBT) (bn€)



3.99
billion euro
net financial debt

1.03 ANALYSIS BY BUSINESS AREA

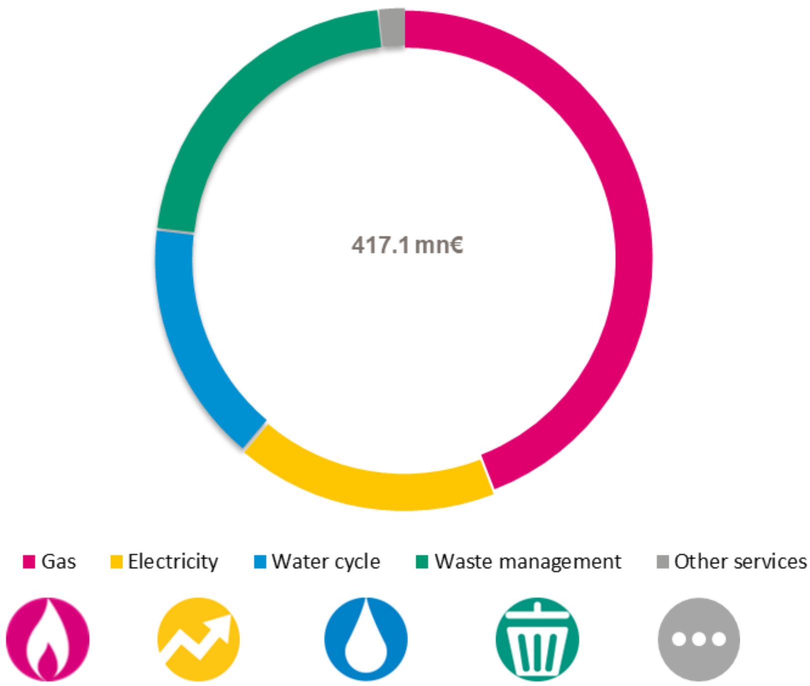
A multi-business strategy

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 MARCH 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 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:

	Mar 24	Mar 23	
(mn€)	**Ebitda**	**Ebitda***	**Ebitda**
Gas area	184.0	193.8	286.8
Electricity area	71.2	67.7	67.7
Integrated water cycle area	65.4	55.6	55.6
Waste management area	89.6	87.6	87.6
Other services area	7.0	5.6	5.6
Total	**417.1**	**410.2**	**503.2**

* Adjusted results, as described in paragraph 1.02. Furthermore, the amounts shown in the table for the period under comparison include the reclassification of Public Lighting from Other Services to Electricity

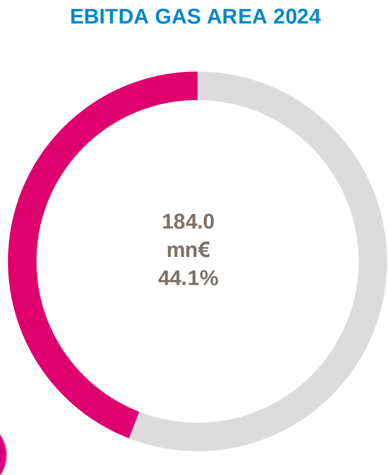
1.03.01 Gas

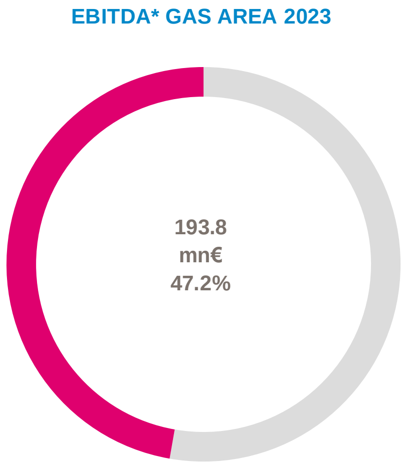
In the first quarter of 2024, a downward trend occurred with respect to the same period in 2023, due to change in the 110% super-bonus incentives linked to energy saving measures, which reduced the number of beneficiaries, and the legislative changes which resulted in the elimination of the possibility of discounts included in invoices or credit assignments. Conversely, gas sales, trading and distribution activities rose, even though the early months of the year saw mild weather and a drop in average energy commodity prices coming to almost 50% compared to the previous year.

January 2024 saw the end of the protected service for non-vulnerable household customers (due to age, economic hardship or disability), who were given the possibility of choosing the free-market offer most suited to their needs, following a process established by the Regulatory Authority for Energy, Networks and the Environment.

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, 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 2 lots in Lombardy were confirmed, and a new lot was awarded covering Emilia-Romagna and Friuli-Venezia Giulia.



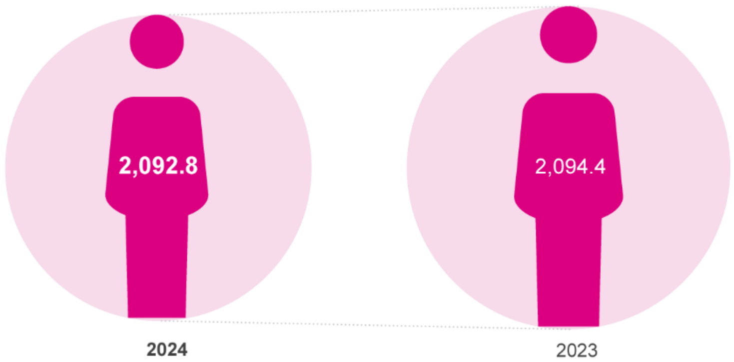


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Mar 24	Mar 23	Abs. change	Change %
Area Ebitda*	**184.0**	**193.8**	**(9.8)**	**(5.1)%**
Group Ebitda*	417.1	410.2	6.9	+1.7%
Percentage weight	44.1%	47.2%	(3.1) pp	

* Adjusted results, as described in paragraph 1.02

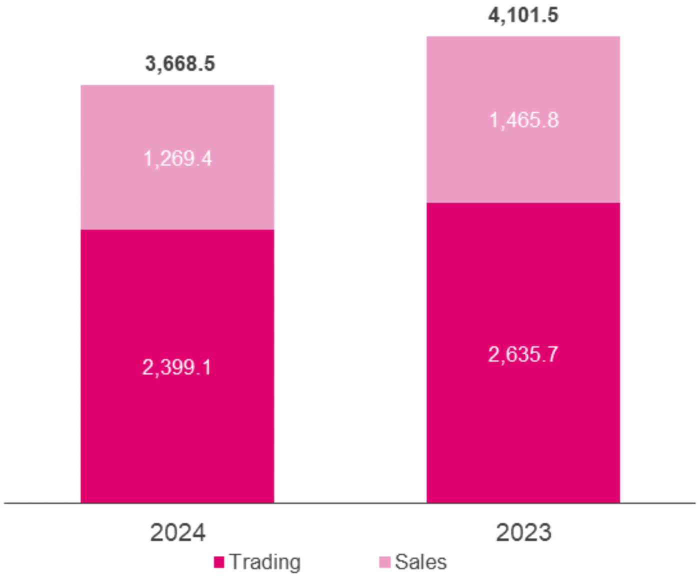
CUSTOMERS (K)



2.1
million
gas customers
(-0.1%)

The total number of gas customers decreased slightly compared to the same period in the previous year, since the increase in traditional markets, coming to 8 thousand customers, was offset by a decrease in last resort markets, coming to 9.6 thousand.

VOLUMES SOLD (mn/m³)



3.7
billion
m³ sold
(-10.6%)

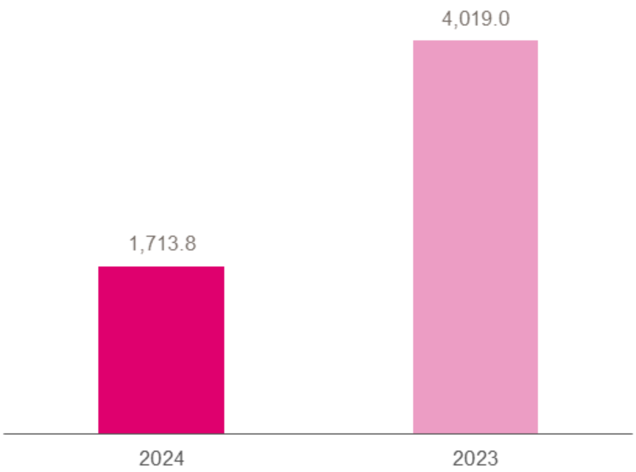
Total volumes of gas sold decreased by 433 million m^3 (-10.6%), mainly due to reduced trading activity amounting to 236.6 million m^3. Volumes sold to end customers also dropped, down 196.4 million m^3 (-13.4%), a reduction mainly seen in last resort markets, amounting to 123.6 million m^3 (-44.4%), while the remainder occurred in traditional markets, down 72.8 million m^3 (-6.1%). This trend was affected by both the climatic conditions mentioned above (with higher average temperatures compared to the previous year), and lower consumption due to changed customer base habits.

The following table summarises operating results for the gas area:

Income statement (mn€)	Mar 24	% inc.	Mar 23	% inc.	Abs. change	% change
Revenues	1,713.8		4,019.0		(2,305.2)	(57.4)%
Operating costs	(1,498.6)	(87.4)%	(3,793.7)	(94.4)%	(2,295.1)	(60.5)%
Personnel costs	(33.8)	(2.0)%	(34.3)	(0.9)%	(0.5)	(1.5)%
Capitalised costs	2.5	+0.1%	2.9	0.1%	(0.4)	(14.0)%
Ebitda*	**184.0**	**10.7%**	**193.8**	**4.8%**	**(9.8)**	**(5.1)%**

* Adjusted results, as described in paragraph 1.02

REVENUES (mn€)



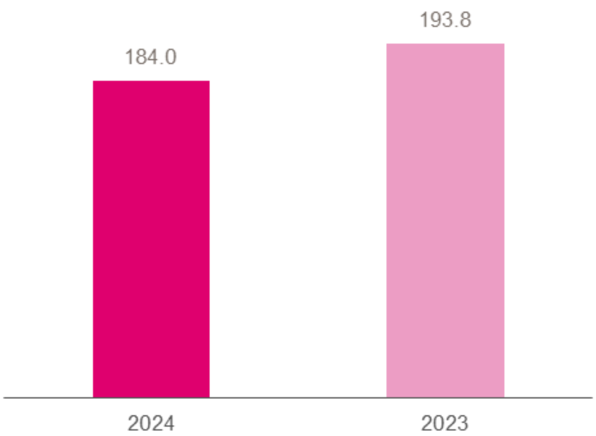
1.7
billion euro
revenues
(-57.4%)

Revenues decreased by 2,305.2 million euro compared to the same period of the previous year. This was mainly due to lower sales and trading activities, amounting to 2,107 million euro, on account of the lower price of raw materials, the aforementioned climatic conditions, and lower consumption by the customer base despite the increase in system charges, with an equal effect on costs. This was accompanied by a 171 million euro decrease in revenues from energy efficiency activities, resulting from the aforementioned legislative changes.
Lastly, there was a drop in revenues from IFRIC 12 assets under concession, reduced activities in Bulgaria and in the volumes of district heating sold, which decreased by approximately 32 million euro overall.

Regulated revenues increased by 4.5 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 decrease in revenues was proportionally reflected in operating expenses, which dropped by 2,295.1 million euro overall. This trend was mainly related to lower sales and trading activities on account of lower volumes and the decreased price of raw materials.

EBITDA* (mn€)

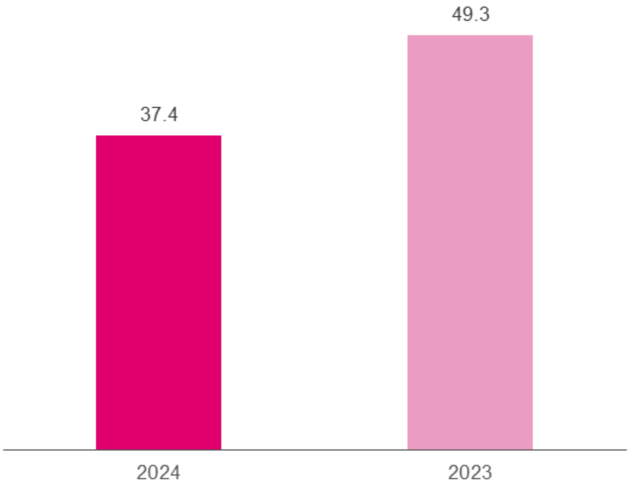


184.0
million euro
Ebitda*
(-5.1%)

* Adjusted results, as described in paragraph 1.02

Adjusted Ebitda decreased by 9.8 million euro, down 5.1% due to the rescheduling of government incentives for energy efficiency activities, lower trading activities, a reduction in last resort markets, and a drop in volumes due to climatic factors. This was offset by the good performance seen on traditional sales markets and in regulated distribution revenues, due to the recovery effect of higher inflation and WACC.

NET INVESTMENTS GAS (mn€)



37.4
million euro
net investments gas

In the first quarter of 2024, net investments in the gas area amounted to 37.4 million euro, down by 11.9 million euro compared to the same period in the previous year. The reduction in gas distribution was entirely due to the 12.1 million euro investment related to the redemption value for plants and networks in the complementary municipalities awarded through the Atem Udine2 tender in the first quarter of 2023, while extraordinary maintenance work on networks and plants and the replacement of metering units for remote management, pursuant to resolution 631/2013/R/GAS, were essentially unchanged.
In gas sales, investments rose by 1 million euro for activities related to the acquisition of new customers. In district heating and energy services, investments decreased slightly, down 0.5 million euro compared to the previous year. A decrease was seen in the activities of Hera Servizi Energia Spa, partially offset by work on district heating networks and plants. Requests for new connections in the gas area were also slightly down compared to the previous year.

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

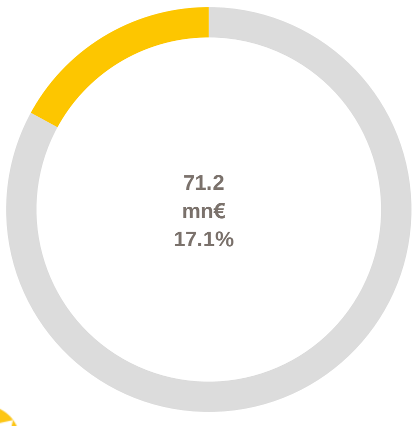
Gas (mn€)	Mar 24	Mar 23	Abs. change	% change
Networks and plants	25.6	38.1	(12.5)	(32.8)%
Acquisition gas customers	7.0	6.0	1.0	+16.7%
DH/Energy services	4.7	5.2	(0.5)	(9.6)%
Total gas gross	**37.4**	**49.3**	**(11.9)**	**(24.1)%**
Capital grants	-	-	-	+0.0%
Total gas net	**37.4**	**49.3**	**(11.9)**	**(24.1)%**

1.03.02 Electricity

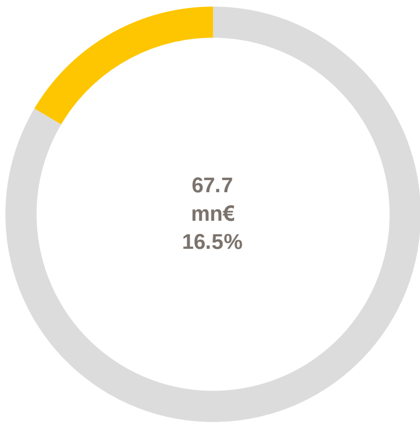
The first quarter of 2024 saw growth compared to the previous year, both in terms of volumes sold to end customers, thanks to significant commercial development, mainly in the free market, and in terms of margins, due to the lower cost of modulation activities resulting from the drop in raw material prices (average Pun down by 42%).
Opportunities continued to appear in the safeguarded market and in supplies to public administrations, thanks to following tenders awarded to Hera Comm Spa nationwide:

- 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€)	Mar 24	Mar 23**	Abs. change	% change
Area Ebitda	**71.2**	**67.7**	**3.5**	**5.2%**
Group Ebitda*	417.1	410.2	6.9	1.7%
Percentage weight	17.1%	16.5%	0.6 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

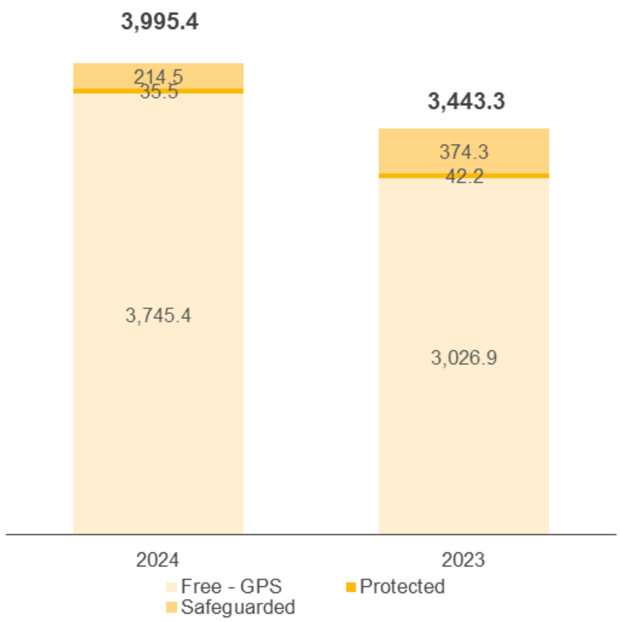
CUSTOMERS (K)

1.8
million
electricity customers (+18.8%)

The number of electricity customers in the first quarter of 2024 grew by 279.7 thousand, corresponding to an 18.8% increase compared to the same period in 2023. This growth occurred mainly in the free market, amounting to roughly 313 thousand customers (+22.9%, or +21% of the total) due to both the reinforced commercial actions implemented and the positive contribution coming from Consip tenders and the gradual protection service. These factors largely offset the drop in the protected market, coming to approximately 28.1 thousand customers (-30.8%, or -1.8% of the total) and in the safeguarded market, down by 5.2 thousand (-16.6%, or -0.4% of the total).

Customer appreciation and loyalty for the value-added services offered by the Group was confirmed, with approximately 23 thousand customers signing up during the first three months of 2024 (+4.6%).

VOLUMES SOLD (GWh)



4.0
TWh
sold (+16.0%)

The volumes of electricity sold increased by 552.1 GWh, up 16%, compared to the same period one year earlier. This trend was caused by an increase in volumes sold on traditional markets, up 711.8 GWh (20.6% of the total), going from 3,069.1 GWh in 2023 to 3,780.9 GWh in 2024, driven by the free market, due to both the contribution coming from the commercial reinforcement mentioned above and the Consip tenders. These factors were partially offset by a decrease in volumes sold on the safeguarded market, which dropped by 159.7 GWh, or 4.6% of the total.

The main indicators for public lighting are as follows:

Quantity	Mar 24	Mar 23	Abs. change	% change
Public lighting				
Lighting points (k)	641.9	617.7	+24.2	+3.9%
of which LED	45.3%	40.2%	+5.1 p.p.	+0.0%
Municipalities served	214.0	201.0	+13.0	+6.5%

During the first three months of 2024, the Hera Group acquired approximately 58.4 thousand lighting points in 20 new municipalities. In geographical terms, the most significant acquisitions included approximately 24.4 thousand lighting points in Tuscany, approximately 11.9 thousand lighting points in the Triveneto region, approximately 8.5 thousand lighting points in Umbria, approximately 3.4 thousand lighting points in Emilia-Romagna, and approximately 2.1 thousand lighting points in Lombardy. The acquisitions made in other regions, mainly in Central Italy, totalling roughly 8.1 thousand lighting points, are also worth mentioning. The period's increases fully offset the loss of approximately 34.2 thousand lighting points and 7 municipalities, mainly in the Triveneto area.

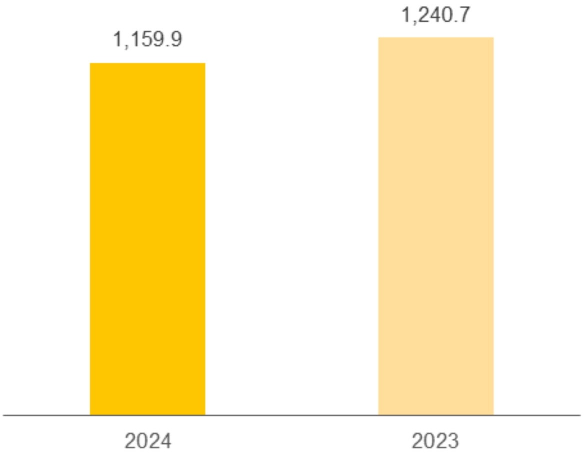
The percentage of lighting points managed using LED bulbs also increased, reaching 45.3%, up 5.1 percentage points rispetto al 2023 This trend highlights the Group's ongoing focus on an increasingly efficient and sustainable management of public lighting.

The following table summarises operating results for the electricity area:

Income statement (mn€)	Mar 24	% inc.	Mar 23**	% inc.	Abs. change	% change
Revenues	1,159.9		1,240.7		(80.8)	(6.5)%
Operating costs	(1,076.4)	(92.8)%	(1,162.0)	(93.7)%	(85.6)	(7.4)%
Personnel costs	(17.2)	(1.5)%	(15.8)	(1.3)%	1.4	8.9%
Capitalised costs	4.8	0.4%	4.7	0.4%	0.1	2.1%
Ebitda	**71.2**	**6.1%**	**67.7**	**5.5%**	**3.5**	**5.2%**

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

REVENUES (mn€)



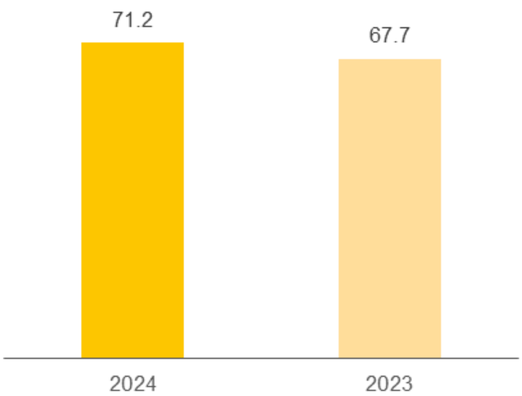
1.2
billion euro
revenues
(-6.5%)

Revenues decreased by 80.8 million euro compared to the same period of the previous year. This performance was due to lower revenues from sales, trading and generation, which decreased by 82 million euro overall, mainly due to the drop in energy prices compared to the previous year. This trend was partially offset by higher revenues related to the increase in volumes sold and system charges, the latter having an equal effect on costs.

Lower revenues were seen for value-added services for customers, coming to 4 million euro as a result of the rescheduling in government incentives, offset by higher revenues from IFRIC 12 assets under concession and energy efficiency certificates, which increased by about 4 million euro overall.
Regulated revenues increased by 1.1 million euro. From a regulatory point of view, through resolution 556/2023/R/com, published at the end of 2023, Arera adjusted the criteria for determining and updating the rate of return on invested capital (WACC) recognised for electricity distribution activities, increasing it from 5.2% in 2023 to 6% in 2024.

The drop in revenues was more than proportionally reflected by operating expenses, which decreased by 85.6 million euro. This trend was mainly due to the drop in raw material prices, due to more stable energy markets, which impacted sales and generation activities.

EBITDA (mn€)



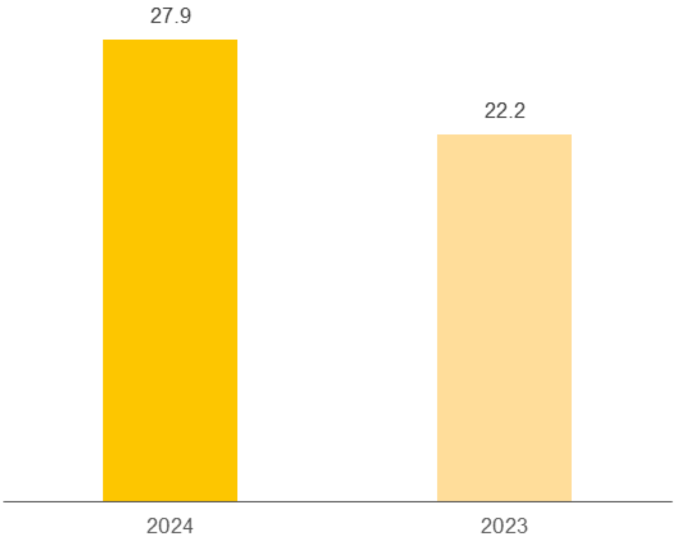
71.2
million euro
Ebitda
(+5.2%)

Ebitda increased by 3.5 million euro compared to the same period of 2023, mainly due to sales activities, which benefited from the lower impact of modulation charges and the higher volumes sold resulting from the increased customer base in the free market. Distribution was also up, thanks to inflationary recovery and the increased WACC.

In the electricity area, investments in the first quarter of 2024 amounted to 27.9 million euro, up by 5.7 million euro compared to the previous year.

In the electricity distribution area, the interventions carried out mainly concerned non-recurring maintenance and upgrading on plants and distribution networks in the Modena, Imola, Trieste and Gorizia areas, as well as the ongoing large-scale replacement of old-generation meters with more modern 2G meters, and interventions to improve the resilience of the network, and were up by 5.8 million euro compared to the previous year.
In energy sales, investments in activities related to acquiring new customers were up by 1.7 million euro. Requests for new connections also rose compared to the previous year.

NET INVESTMENTS ELECTRICITY (mn€)



27.9
million euro
net investments electricity (+5.7 mn€)

Operating investments in the electricity area were as follows:

Electricity (mn€)	Mar 24	Mar 23**	Abs. change	% change
Networks and plants	16.9	11.1	5.8	+52.3%
Acquisition electricity customers and other sales	12.3	10.6	1.7	+16.0%
Public lighting and traffic lights	0.5	0.5	-	+0.0%
Total electricity gross	**29.8**	**22.2**	**7.6**	**+34.2%**
Capital grants	1.8	-	1.8	+100.0%
Total electricity net	**27.9**	**22.2**	**5.7**	**+25.7%**

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

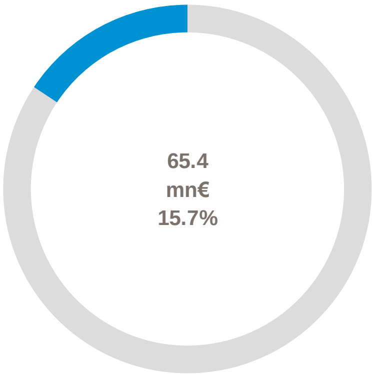
1.03.03 Integrated water cycle

Growth in results for 2024

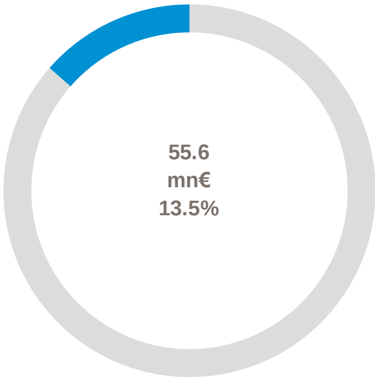
In the first quarter of 2024, the integrated war cycle area showed growth in results compared to the previous year, with Ebitda amounting to 65.4 million euro.

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 (Vtg) 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

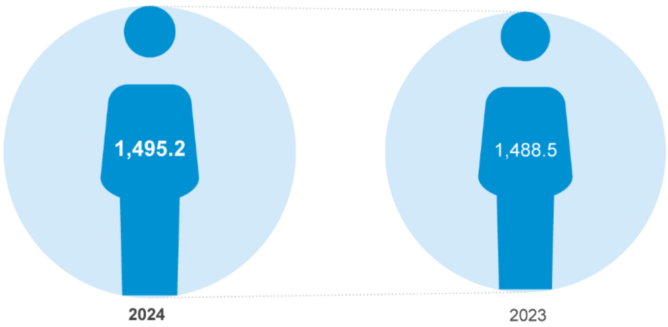


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Mar 24	Mar 23	Abs. change	% change
Area Ebitda	**65.4**	**55.6**	**9.8**	**+17.6%**
Group Ebitda*	417.1	410.2	6.9	+1.7%
Percentage weight	15.7%	13.5%	+2.2 p.p.	

* Adjusted results, as described in paragraph 1.02

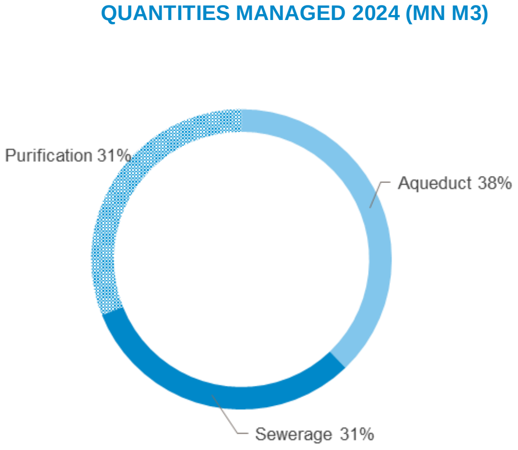
CUSTOMERS (K)

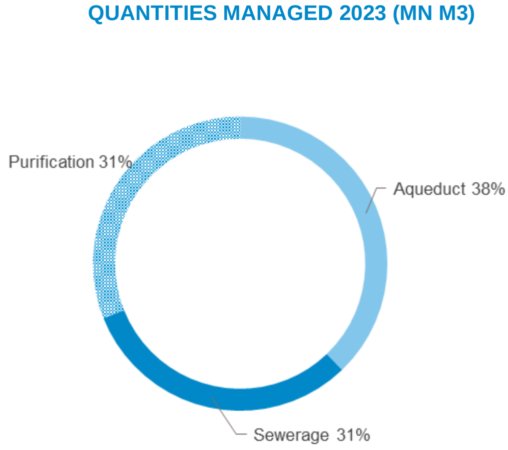


1.5
million
customers integrated water cycle (+0.5%)

The number of water customers increased compared to March 2023 by 6.7 thousand, up 0.5%, 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:





The volumes supplied through the aqueduct settled at 67.2 million cubic metres, increasing by 1.6% compared to March 2023, up 1.1 million cubic metres.

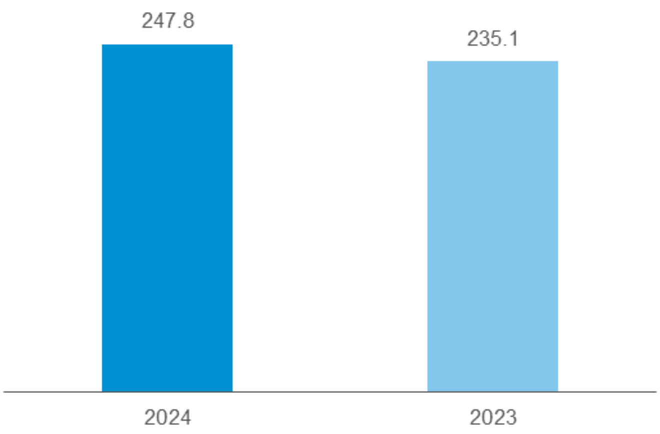
In March 2024, the quantities managed related to sewerage amounted to 55.2 million cubic metres, up 1.4% compared to the previous year, while those related to purification stood at 55.1 million cubic metres, up 1.3% compared to March 2023. The volumes supplied, following the Authority's resolution 639/2023, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation, as a result of the regulations that provide for the recognition of a regulated revenue independently of the volumes distributed.

67.2 million cubic metres: quantity managed in the aqueduct

The following table summarises operating results for the gas area:

Income statement (mn€)	Mar 24	% inc.	Mar 23	% inc.	Abs. change	% change
Revenues	247.8		235.1		12.7	+5.4%
Operating costs	(133.8)	(54.0)%	(131.6)	(56.0)%	2.2	+1.7%
Personnel costs	(49.4)	(19.9)%	(49.0)	(20.9)%	0.4	+0.8%
Capitalised costs	0.8	0.3%	1.1	0.5%	(0.3)	(26.4)%
Ebitda	**65.4**	**26.4%**	**55.6**	**23.6%**	**9.8**	**+17.6%**

REVENUES (mn€)



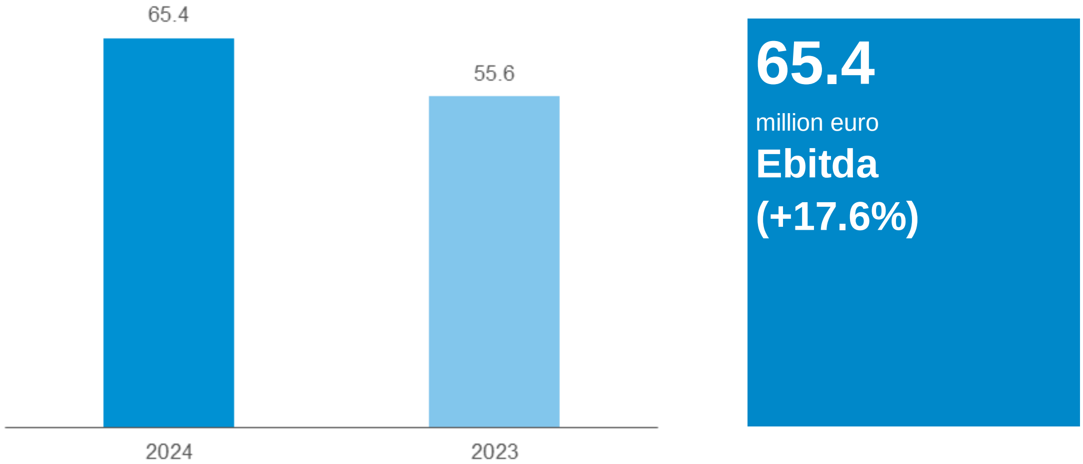
247.8
million euro
revenues
(+5.4%)

Revenues from the water cycle increased by 5.4% year-on-year, going from 235.1 million euro in March 2023 to 247.8 million euro in March 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 7.4 million euro increase in revenues. Finally, higher revenues amounting to roughly 5 million euro were recorded, mainly related to orders completed in the first quarter of 2024 and connections.

The increase in operating costs in March 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.

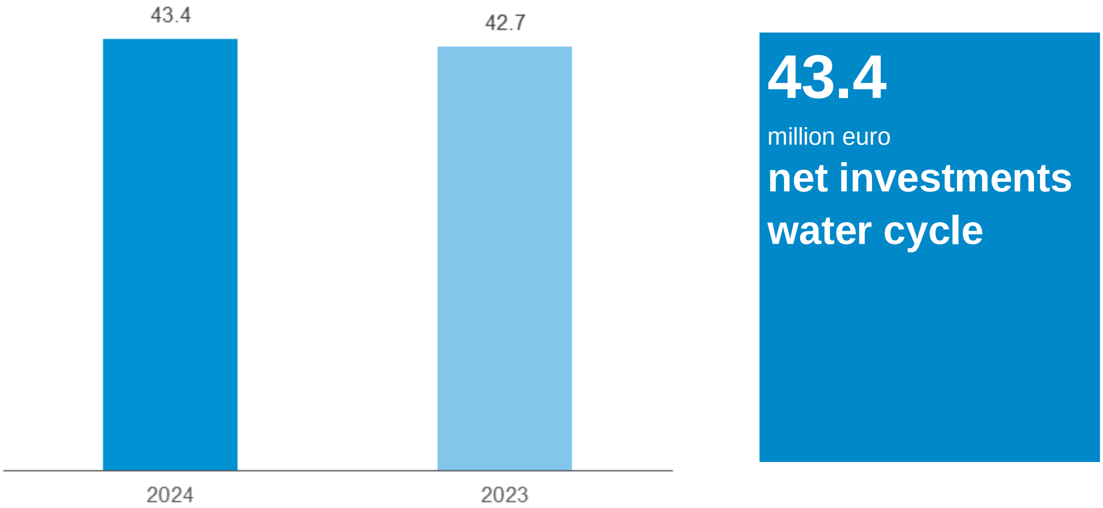
EBITDA (mn€)



Ebitda increased by 9.8 million euro, up 17.6%, going from 55.6 million euro in March 2023 to 65.4 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 first quarter of 2024, net investments in the integrated water cycle area amounted to 43.4 million euro, as against 42.7 million euro in the previous year.
Capital grants amounted to 4.9 million euro and included 4.7 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 48.3 million euro, up 1.1 million euro over the same period of the previous year.
The investments mainly involved extensions, reclamation and upgrades on networks and plants, as well as regulatory adjustments mainly in the purification and sewerage area, and amounted to 30.9 million euro in the aqueduct, 11.8 million euro in the sewerage area, and 5.6 million euro in the purification area.

NET INVESTMENTS WATER CYCLE (mn€)



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, the development of the new supply system in Castel Bolognese and a major renovation on a steel water adduction network in the municipality of San Pietro in Casale.
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 and works to adapt discharges to Dgr 201/2016.
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 purification plant.
Requests for new water and sewerage connections were essentially in line with the previous year.

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

Integrated water cycle (mn€)	Mar 24	Mar 23	Abs. change	% change
Aqueduct	30.9	29.8	1.1	+3.7%
Purification	5.6	5.0	0.6	+12.0%
Sewerage	11.8	12.4	(0.6)	(4.8)%
Total integrated water cycle gross	**48.3**	**47.2**	**1.1**	**+2.3%**
Capital grants	4.9	4.5	0.4	+8.9%
of which FoNI (New Investments Fund)	4.7	4.5	0.2	+4.4%
Total integrated water cycle net	**43.4**	**42.7**	**0.7**	**+1.6%**

1.03.04 Waste management

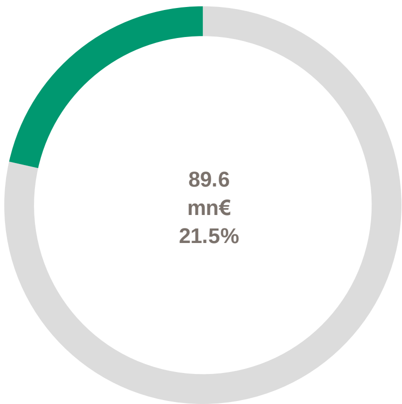
Ebitda rises

In the first three months of 2024, the waste management area accounted for 21.5% of the Hera Group's overall Ebitda, with area Ebitda rising by 2 million euro over the previous year. The Group thus continued along its path of growth in this business area, within a macroeconomic environment that showed a slight increase in GDP and a drop in industrial production, which also affects the production of industrial waste, an area in which increased competitive pressure, some of which international, was seen in the markets covered. Despite this context, the Group recorded an increase in waste marketed compared to the same period in 2023.

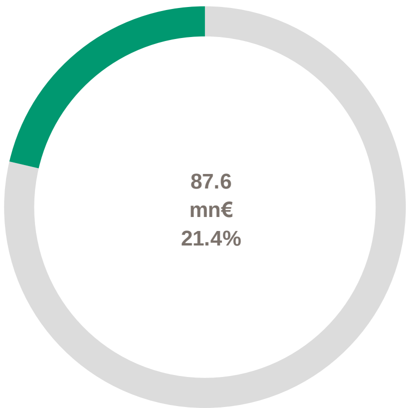
In early 2024 as well, all main circular economy initiatives, from renewable energy production to material recovery, continued.
In this regard, note the beginning of work on the construction in Modena of one of the most innovative plants across Europe for rigid plastics recycling. The Hera Group, through its subsidiary Aliplast, will indeed create a state-of-the-art plant in which it will be possible to obtain high quality recycled polymers with characteristics comparable to those of virgin materials obtained from fossil sources. The production process will be based on the circularity of resources, since the new facility will be part of an already consolidated plant hub and will be able to exploit the potential of different business lines. In particular, it will be powered by the electricity produced by the nearby waste-to-energy plant, while the production process will use the water leaving the purification plant and then reintroduce it into the same plant, thus closing a virtuous circle.

Protecting environmental resources remained, in the early 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 three 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€)	Mar 24	Mar 23	Abs. change	% change
Area Ebitda	**89.6**	**87.6**	**2.0**	**+2.3%**
Group Ebitda*	417.1	410.2	6.9	+1.7%
Percentage weight	21.5%	21.4%	+0.1 p.p.	

* Adjusted results, as described in paragraph 1.02

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

Quantity (k tons)	Mar 24	Mar 23	Abs. change	% change
Municipal waste	534.7	527.5	7.2	+1.4%
Market waste	840.6	807.5	33.1	+4.1%
Waste commercialised	**1,375.3**	**1,335.0**	**40.3**	**+3.0%**
Plant by-products	661.4	685.3	(23.9)	(3.5)%
Waste treated by type	**2,036.7**	**2,020.4**	**16.3**	**+0.8%**

An analysis of the quantitative data shows an increase in waste commercialised due to the increase in both municipal and market waste. With regard to municipal waste, a 1.4% increase was seen year-on-year in the first quarter of 2024.

Market volumes, instead, were up by 4.1% compared to the same period in 2023, due to the consolidation of existing business relationships and development of the customer portfolio.

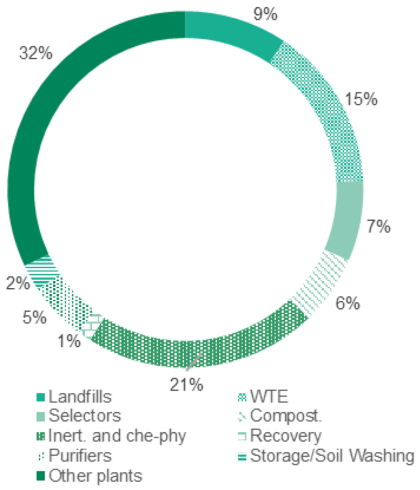
Lastly, plant by-products showed amounts decreasing by 3.5% year-on-year, mainly due to the lower quantity of liquid waste resulting from lower rainfall compared to the same period in 2023.

SORTED WASTE (%)

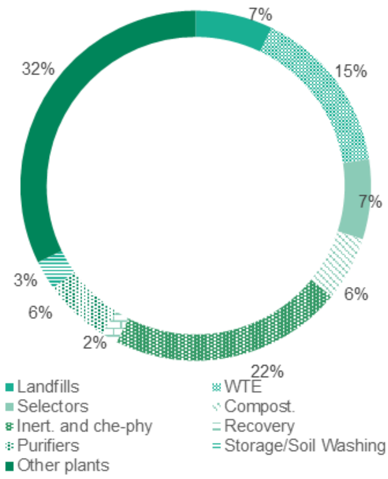
As mentioned above, municipal sorted waste collection stood at 74.1%, up +3.4 percentage points over the previous year, thanks to the development of numerous projects in the areas managed by the Group.

The Hera Group operates in the entire waste cycle, with 101 plants for treating municipal and special waste and regenerating plastic materials. The main plants include: 9 waste-to-energy plants, 13 composting/digestion plants and 17 selecting plants.
The close attention paid to 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 BY TYPE OF PLANT 2024



WASTE TREATED BY TYPE OF PLANT 2023



Quantity (k tons)	Mar 24	Mar 23	Abs. change	% change
Landfills	190.5	143.9	46.6	+32.4%
WTE	302.5	312.2	(9.7)	(3.1)%
Selecting plants and other	148.5	149.1	(0.6)	(0.4)%
Composting and stabilisation plants	129.1	119.8	9.3	+7.8%
Inertisation and chemical-physical plants	431.1	435.6	(4.5)	(1.0)%
Recovery plants	25.0	30.6	(5.6)	(18.3)%
Purifiers	108.0	124.6	(16.6)	(13.3)%
Storage/Soil Washing	49.5	54.1	(4.6)	(8.5)%
Other plants	652.5	650.6	1.9	+0.3%
Waste treated by plant	**2,036.7**	**2,020.4**	**16.3**	**+0.8%**

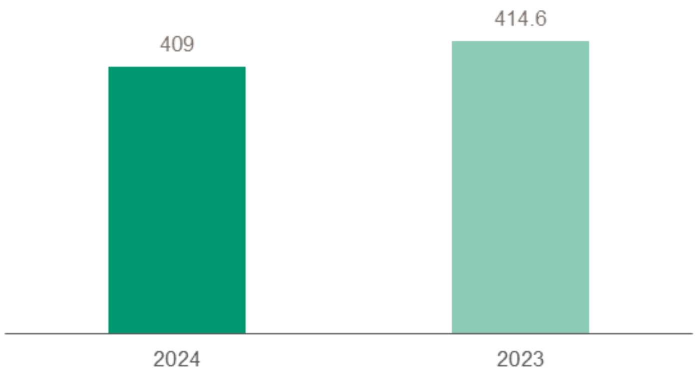
Plastic recycled by Aliplast	**18.9**	**20.8**	**(1.9)**	**(9.1)%**

Waste treatment showed a slight overall increase, +0.8% 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 was mainly due to lower volumes treated both in the Rimini plant, due to an accidental event that occurred in January, and the shutdown of the Modena plant, which did not affect 2023.
Quantities in sorting plants were essentially in line with the first quarter of 2023.
In composting and stabilisation plants, volumes were up mainly due to greater amounts treated in the Tre Monti (BO) 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.
In recovery plants, volumes decreased due to stock management at the end of 2023.
Furthermore, a decrease was seen in waste treated at purification plants due to lower liquid by-products.
In the Storage/Soil Washing segment, the decrease was mainly due to lower volumes treated at Soil Washing plants, while in Other plants, the quantities brokered at third-party plants were essentially in line with the same period of the previous year.

The following table summarises operating results for the gas area:

Income statement (mn€)	Mar 24	% inc.	Mar 23	% inc.	Abs. change	% change
Revenues	409.0		414.6		(5.6)	(1.4)%
Operating costs	(257.6)	(63.0)%	(268.2)	(64.7)%	(10.6)	(4.0)%
Personnel costs	(65.1)	(15.9)%	(63.0)	(15.2)%	2.1	+3.3%
Capitalised costs	3.4	0.8%	4.1	1.0%	(0.7)	(17.0)%
Ebitda	**89.6**	**21.9%**	**87.6**	**21.1%**	**2.0**	**+2.3%**

REVENUES (mn€)

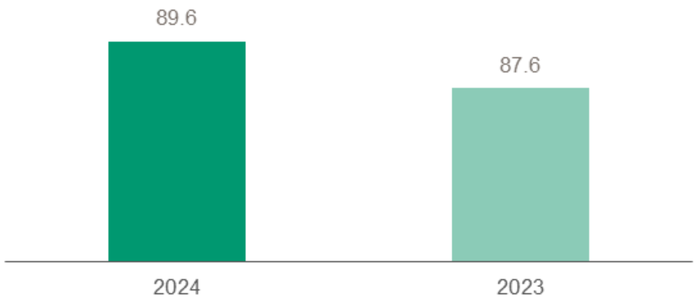


409
million euro
revenues
(-1.4%)

In the first quarter of 2024, revenues dropped by 1.4% compared to the previous year. Note the 7.1 million euro decrease in revenues from energy production, mainly due to the drop in market prices and the reduction in volumes in WTE caused by two major shutdowns at the Rimini and Modena plants. This change was only partially offset by higher revenues from waste treatment.

Operating costs in the first quarter of 2024 dropped by 4%. Lower costs were recorded mainly due to decreased costs for purchasing raw materials as a result of lower commodity prices, and, in the treatment market, in particular for purchasing chemicals.
With regard to municipal waste collection, increased activities were seen in connection with the development of new sorted waste collection projects.

EBITDA (mn€)



89.6
million euro
Ebitda
(+2.3%)

Ebitda increased by 2 million euro compared to the first quarter of the previous year. The positive change resulting from higher volumes treated and lower operating costs, particularly for chemicals, was partially offset by the negative change in energy management.

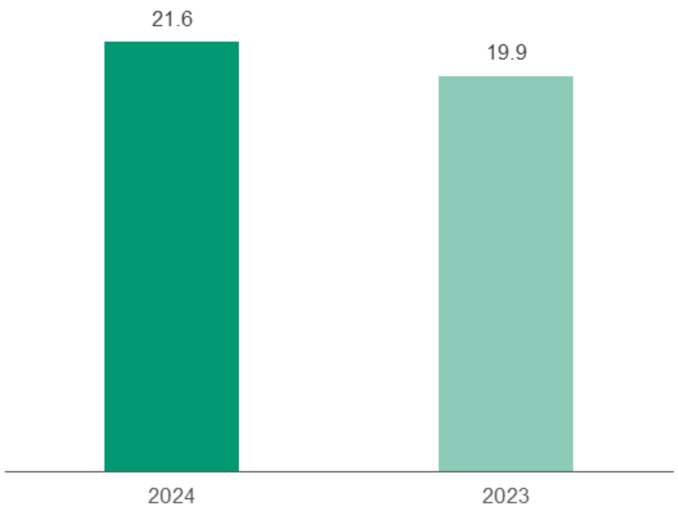
Net investments in the waste management area were related to the maintenance and upgrading of treatment plants, and amounted to 21.6 million euro, up 1.7 million euro compared to the previous year.

The composting/digestor plants sector showed investments equivalent to the same period during the previous year, while investments on landfills decreased by 2.2 million euro, mainly due to the work done in the first quarter of 2023 on the Cordenons plant, only partially offset by the work done in 2024 on the Feronia plant.

The WTE sector showed a 2.5 million euro increase in investments, mainly involving the non-recurring maintenance planned for the Modena plant, while in the industrial waste plants sector the 1.8 million euro reduction was mainly due to the revamping on the F3 plant in Ravenna carried out in 2023.

The collection areas and equipment sector showed investments substantially in line with the previous year, while in the sorting and recovery plant sector there was an increase coming to 4 million euro overall due to the work done by the companies HEA, amounting to 2 million euro, and Vallortigara, amounting to 0.9 million euro for the extension of the Torrebelvicino plant, in addition to construction of the rigid plastics processing plant by the company Aliplast Spa, which received 0.8 million euro of NRRP financing.

NET INVESTMENTS WASTE MANAGEMENT (mn€)



21.6

million euro

net investments waste management

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

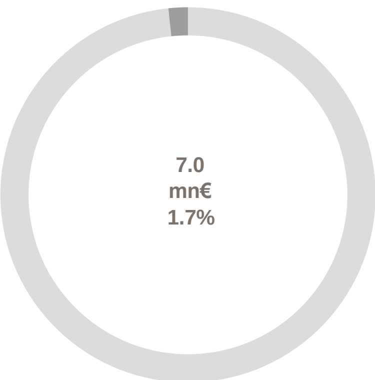
Waste management (mn€)	Mar 24	Mar 23	Abs. change	% change
Composters/digesters	1.1	1.1	-	+0.0%
Landfills	2.7	4.9	(2.2)	(44.9)%
WTE	4.7	2.2	2.5	+113.6%
SW plants	0.9	2.7	(1.8)	(66.7)%
Collection areas and equipment	3.8	3.6	0.2	+5.6%
Transshipment, selecting and other plants	9.4	5.4	4.0	+74.1%
Total waste management gross	**22.6**	**19.9**	**2.7**	**+13.6%**
Capital grants	1.0	0.0	1.0	+100.0%
Total waste management net	**21.6**	**19.9**	**1.7**	**+8.5%**

1.03.05 Other services

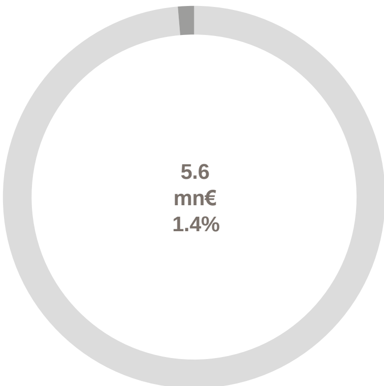
Ebitda rises

The other services area covers all minor businesses managed by the Group, including telecommunications, in which the Group offers connectivity for private customers and companies, telephone and data centre services through its own digital company, and cemetery services, the latter only found in the municipality of Trieste, with ten cemeteries managed overall. At March 2024, results from the other services area stood at 7 million euro, up by 1.4 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€)	Mar 24	Mar 23**	Abs. change	% change
Area Ebitda	**7.0**	**5.6**	**1.4**	**+25.1%**
Group Ebitda*	417.1	410.2	6.9	+1.7%
Percentage weight	1.7%	1.4%	+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

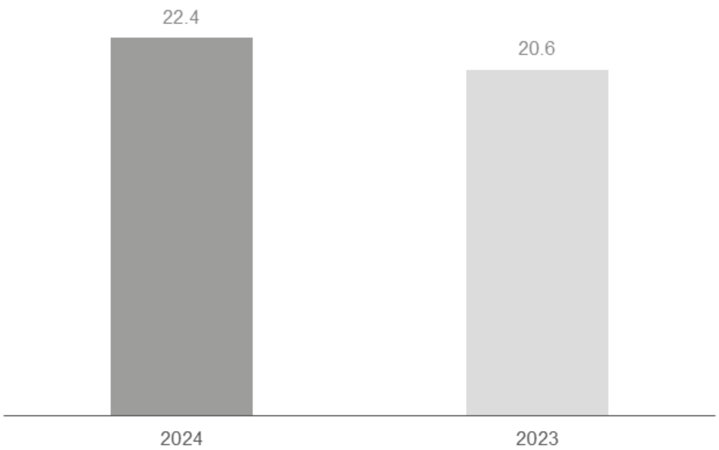
The quantitative indicators in the other services area also include the 6,756 km of ultra-wideband fibre optic network owned by the Hera Group through its digital company, Acantho Spa. This network serves the main cities in Emilia-Romagna, as well as Padua and Trieste, and provides companies and individuals 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€)	Mar 24	% inc.	Mar 23**	% inc.	Abs. change	% change
Revenues	22.4		20.6		1.8	+8.8%
Operating costs	(12.5)	(55.9)%	(12.4)	(60.3)%	0.1	+0.8%
Personnel costs	(3.5)	(15.7)%	(3.3)	(15.9)%	0.2	+6.1%
Capitalised costs	0.6	2.7%	0.7	3.3%	(0.1)	(14.9)%
Ebitda	**7.0**	**31.0%**	**5.6**	**27.1%**	**1.4**	**+25.1%**

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

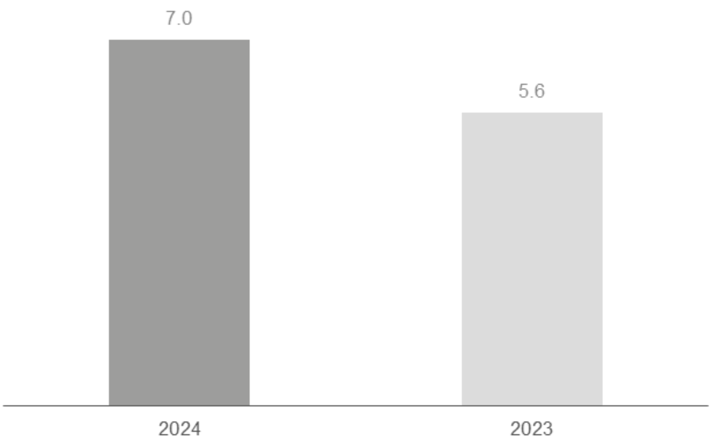
REVENUES (mn€)



22.4
million euro
revenues
(+8.8%)

Growth in revenues coming to 1.8 million euro was mainly related to the telecommunications business, due to both increased activities in telephony and connectivity services and the acquisition of Asco TLC Spa.

EBITDA (mn€)



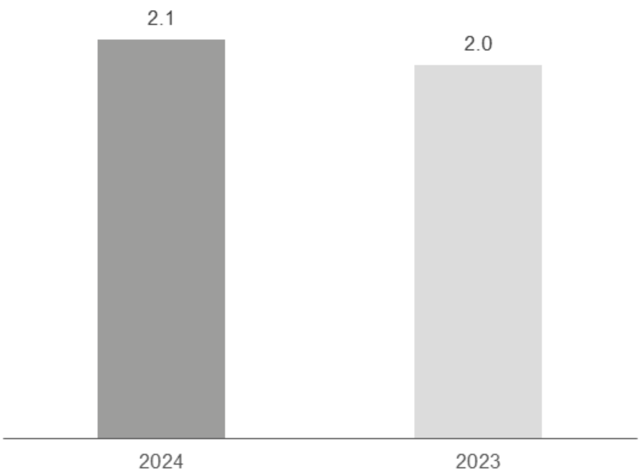
7.0
million euro
Ebitda
(+25.1%)

Ebitda in the other services business as a whole increased by 25.1%, up 1.4 million euro and going from 5.6 million euro in the first quarter of 2023 to 7 million euro in the equivalent period of 2024, due to the contribution coming from telecommunications, mainly thanks to increased activities in telephony and connectivity services.

In the first quarter of 2024, net investments in the other services area amounted to 2.1 million euro, essentially in line with the previous year.

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

NET INVESTMENTS OTHER SERVICES (mn€)



2.1
million euro
net investments other services

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

Other services (mn€)	Mar 24	Mar 23**	Abs. change	% change
TLC	2.1	2.0	0.1	+5.0%
Total other services gross	**2.1**	**2.0**	**0.1**	**+5.0%**
Capital grants	-	-	-	+0.0%
Total other services net	**2.1**	**2.0**	**0.1**	**+5.0%**

** 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

In the first quarter 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.

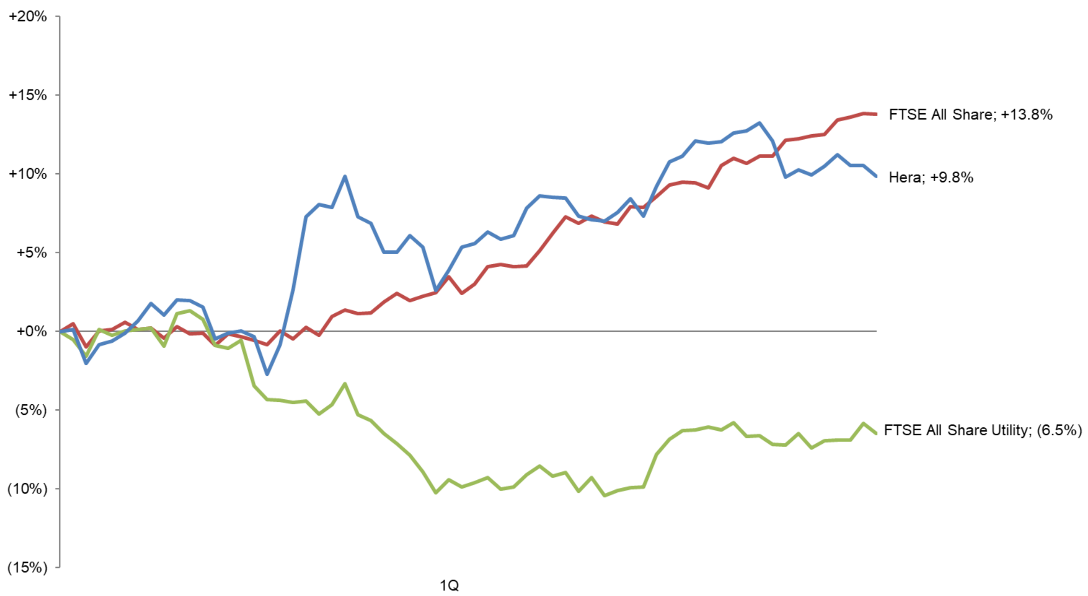
Stock markets positive in the first quarter

The Italian FTSE All Share index rose by +13.8% during the quarter, driven by the banking sector, while the utilities sector showed a negative performance, due to the reduction in energy prices that affected companies operating in power generation, and the persistence of inflation, which postponed the prospect of a cycle of interest rate cuts by central banks, especially in the United States.

Against this backdrop, Hera succeeded in recording a performance of +9.8%, far outperforming the benchmark index, thanks to the market's positive reception of the new business plan to 2027, which was focused on value creation and clear shareholder return commitments. The stock's performance was also reinforced by the road show that took the Group's top management to in the main European and American financial centres, which was in fact an opportunity to illustrate in person Hera's five-year growth strategies to the portfolio managers of the world's main institutional funds.

Hera +9.8%, in contrast to the sector trend

1Q 2024 HERA STOCK, LOCAL UTILITY AVERAGE AND ITALIAN MARKET PERFORMANCE COMPARISON



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 14.0 cents, up 12.0% 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.

Dividend rises to 14.0 cents per share

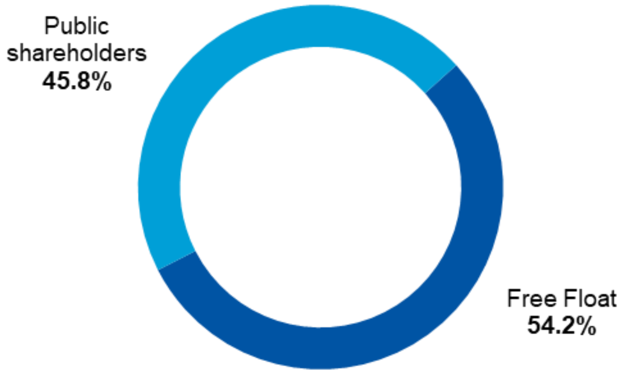
The joint effect of continuously remunerating shareholders through dividends and the rise in the price of the stock over the years allowed the total shareholders return accumulated since listing to remain consistently positive and to stand at over +304.1% at the end of the reporting period.

+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 continues to show significant potential for improvement.
At the end of the period, the consensus target price came to 3.83 euro, and showed an upside potential of 17.2%.

3.83 euro: consensus target price

SHAREHOLDER BREAKDOWN AT 31 MARCH 2024



At 31 March 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 31 March 2024, Hera held 48.1 million treasury shares.

Treasury share plan approved

The Group expects to continue engaging in intense communications with financial market players in 2024. After the road show for the business plan carried out in the first quarter, numerous conferences have already been scheduled, organised by brokers in Italy and abroad, in which the Group's top management will update investors on business trends and 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€	31 Mar 2024 (3 months)	31 Mar 2023 (3 months)
Revenues	3,285.8	5,628.9
Other operating revenues	113.2	121.2
Raw and other materials	(1,841.1)	(4,391.1)
Service costs	(965.9)	(684.7)
Personnel costs	(169.1)	(165.4)
Other operating expenses	(18.0)	(19.2)
Capitalised costs	12.2	13.5
Amortisation, provisions, and depreciation	(171.2)	(174.1)
Operating revenues	**245.9**	**329.1**
Share of profits (losses) pertaining to joint ventures and associated companies	2.9	2.7
Financial income	37.8	26.3
Financial expenses	(73.7)	(73.4)
Financial operations	**(33.0)**	**(44.4)**
Earnings before taxes	**212.9**	**284.7**
Taxes	(59.6)	(78.2)
Net revenues for the period	**153.3**	**206.5**
Attributable to:		
parent company shareholders	143.1	194.4
non-controlling interests	10.2	12.1
Earnings per share		
basic	0.099	0.134
diluted	0.099	0.134

2.01.02 Statement of financial position

mn€	31 Mar. 24	31 Dec. 23
ASSETS		
Non-current assets		
Tangible assets	2,058.8	2,059.3
Rights of use	87.2	90.6
Intangible assets	4,750.2	4,719.6
Goodwill	908.7	908.7
Shareholdings	198.7	195.6
Non-current financial assets	162.1	162.8
Deferred tax assets	299.5	302.3
Derivative instruments	0.3	0.3
Total non-current assets	**8,465.5**	**8,439.2**
Current assets		
Inventories	619.9	631.6
Trade receivables	3,337.0	3,586.8
Current financial assets	62.7	90.9
Current tax assets	13.2	11.4
Other current assets	710.9	509.3
Derivative instruments	335.7	478.0
Cash and cash equivalents	1,227.6	1,332.8
Total current assets	**6,307.0**	**6,640.8**
TOTAL ASSETS	**14,772.5**	**15,080.0**

mn€	31 Mar 24	31 Dec 23
NET EQUITY AND LIABILITIES		
Share capital and reserves		
Share capital	1,440.2	1,443.0
Reserves	1,977.8	1,553.8
Profit (loss) for the period	143.1	441.4
Group net equity	**3,561.1**	**3,438.2**
Non-controlling interests	323.0	313.4
Total net equity	**3,884.1**	**3,751.6**
Non-current liabilities		
Non-current financial liabilities	4,428.4	4,421.7
Non-current lease liabilities	54.7	56.8
Post-employment and other benefits	86.0	88.1
Provisions for risks and charges	623.1	617.8
Deferred tax liabilities	152.4	156.9
Derivative instruments	-	-
Total non-current liabilities	**5,344.6**	**5,341.3**
Current liabilities		
Current financial liabilities	905.1	890.8
Current lease liabilities	23.3	24.5
Commercial payables	2,295.3	2,637.2
Current tax liabilities	164.8	110.2
Other current liabilities	1,812.9	1,866.8
Derivative instruments	342.4	457.6
Total current liabilities	**5,543.8**	**5,987.1**
TOTAL LIABILITIES	**10,888.4**	**11,328.4**
TOTAL NET EQUITY AND LIABILITIES	**14,772.5**	**15,080.0**

2.01.03 Cash flow statement

mn€	31 Mar 24	31 Mar 23
Earnings before taxes	**212.9**	**284.7**
Adjustments to reconcile net profit to the cashflow from operating activities		
Amortisation and impairment of assets	131.6	122.0
Allocation to provisions	39.6	52.1
Effects from valuation using the net equity method	(2.9)	(2.7)
Financial (income) expenses	35.9	47.1
(Capital gains) losses and other non-monetary elements	(15.9)	(57.0)
Change in provision for risks and charges	(11.7)	(11.9)
Change in provision for employee benefits	(3.1)	(3.2)
Total cash flow before changes in net working capital	**386.4**	**431.1**
(Increase) decrease in inventories	11.7	157.1
(Increase) decrease in commercial receivables	(106.3)	511.7
Increase (decrease) in commercial payables	(341.9)	(497.7)
Increase/decrease in other current assets/liabilities	134.6	168.7
Changes in working capital	**(301.9)**	**339.8**
Interest income and other financial income collected	11.3	30.2
Interest expenses. net charges on derivatives and other paid financial charges	(89.8)	(67.5)
Paid taxes	(2.2)	(7.8)
Cash flow from operating activities (a)	**3.8**	**725.8**
Investments in tangible assets	(43.7)	(33.2)
Investments in intangible assets	(113.1)	(122.6)
Investments in subsidiary companies and business units net of cash holdings	-	(57.1)
Other equity investments	(0.4)	(14.9)
Sale price of tangible and intangible assets	0.4	0.8
(Increase) decrease in other investment activities	37.1	44.8
Cash flow from (for) investing activities (b)	**(119.7)**	**(182.2)**
New issue of long-term bonds	-	12.2
Repayments of non-current financial liabilities	-	(100.0)
Repayments and other net changes in financial liabilities	222	(277.1)
Repayments of lease liabilities	(5.0)	(5.5)
Dividends paid out to Hera shareholders and non-controlling interests	-	(1.7)
Changes in treasury shares	(6.5)	(6.8)
Cash flow from (for) financing activities (c)	**10.7**	**(378.9)**
Increase (decrease) in cash holdings (a+b+c)	**(105.2)**	**164.7**
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	1,227.6	2,107.1

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 value	Revenues for the period	Equity	Non-controlling interests	Total
Balance at 01 January 2023	**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						194.4	194.4	12.1	206.5
Other components of comprehensive income:									
fair value of derivatives, change for the period			(133.1)				(133.1)	3.2	(129.9)
fair value of shareholdings, change for the period					2.9		2.9		2.9
Overall revenues for the period	**-**	**-**	**(133.1)**	**-**	**2.9**	**194.4**	**64.2**	**15.3**	**79.5**
change in treasury shares	(2.6)	(4.2)					(6.8)		(6.8)
change in equity investments		0.8					0.8	(0.8)	-
changes in the scope of consolidation							-	16.2	16.2
Allocation of revenues:									
allocation to reserves		255.2				(255.2)	-		-
Balance at 31 March 2023	**1,447.7**	**1,737.6**	**123.5**	**(31.8)**	**(14.8)**	**194.4**	**3,456.6**	**277.0**	**3,733.6**
Balance at 01 January 2024	**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						143.1	143.1	10.2	153.3
Other components of comprehensive income:									
fair value of derivatives, change for the period			(14.9)				(14.9)	(0.6)	(15.5)
fair value of shareholdings, change for the period					1.2		1.2		1.2
Overall revenues for the period	**-**	**-**	**(14.9)**	**-**	**1.2**	**143.1**	**129.4**	**9.6**	**139.0**
change in treasury shares	(2.8)	(3.7)					(6.5)		(6.5)
Allocation of revenues:									
allocation to reserves		441.4				(441.4)	-		-
Balance at 31 March 2024	**1,440.2**	**1,987.0**	**29.6**	**(33.1)**	**(5.7)**	**143.1**	**3,561.1**	**323.0**	**3,884.1**

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 quarterly report at 31 March 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 the accounting standards underlying the consolidated financial statements at 31 December 2023.

The preparation of this quarterly 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 quarterly report is 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 31 March 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. Joint operations 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

No extraordinary operations occurred during the reporting period.

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.

	31 Mar 2024 (3 months)	31 Mar 2023 (3 months)
Profit or loss for the period attributable to holders of ordinary shares of the parent entity (A)	143.1	194.4
Weighted average number of shares outstanding for the purposes of calculating earnings (loss) per share		
basic (B)	1,440,880,982	1,448,396,366
diluted (C)	1,440,880,982	1,448,396,366
Earnings (loss) per share (in euro)		
basic (A/B)	**0.099**	**0.134**
diluted (A/C)	**0.099**	**0.134**

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 with respect to 31 December 2023, used in the calculation of the basic and diluted earnings per share.

Other information

This consolidated three-month financial statement at 31 March 2024 was drawn up by the Board of Directors and approved by the same at the meeting held on 14 May 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		60.00%	60.00%
Acantho Spa	Imola (BO)	23,573,079	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	10,000,000		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.li 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	50,000	50.00%		50.00%
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00%		100.00%
Macero Maceratese Srl	Macerata (MC)	1,032,912		46.70%	46.70%
Marche Multiservizi Spa	Pesaro	16,388,535	46.70%		46.70%
Marche Multiservizi Falconara Srl	Falconara Marittima (AN)	100,000		46.70%	46.70%
Primagas AD	Varna (Bulgaria)	1,149,860 Lev		97.34%	97.34%
Recycla Spa	Maniago (PN)	90,000		75.00%	75.00%
Tiepolo Srl	Bologna	1,305,000	100.00%		100.00%
Tri-Generazione Scarl	Padua	100,000		71.83%	71.83%
Uniflotte Srl	Bologna	2,254,177	97.00%		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

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%	23.25%
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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