

# LETTER FROM THE CHAIRMAN TO SHAREHOLDERS

## Dear Shareholders,

We closed the 2024 financial year with significant improvement in our main operating and financial indicators. This result is all the more significant when seen against the high performance of the previous year and a scenario, both national and international, that remains complex.

Our financial results – which are submitted for your approval – confirm our path of industrial growth, in both free market and regulated activities, which goes hand in hand with the sustainable development of the ecosystem in which we operate. This trend, uninterrupted since 2002 and thus throughout our company's history, proves the validity of our multi-business model and our focus on creating value for all stakeholders.

In 2024, Ebitda amounted to just below 1.6 billion euro, 6.2% higher than in 2023, thanks to growth that was primarily internal and structural, resulting from the contribution of all business areas. The increase in profit attributable to shareholders was particularly significant, standing at 494.5 million euro, +31.8% compared to the previous year. While 2023 was the year with the largest increase in Ebitda since Hera's establishment, in 2024 we saw an unprecedented increase in profit. This creation of value is also clear from the rise in return on equity (ROE), up to 12.2%, and return on invested capital (ROI), which stood at 10.4%.

Gross operating investments increased by 5.5% compared to 2023, reaching 860.3 million euro, and were especially focused on strengthening the resilience of networks and plants, whose sturdiness was confirmed even during the extreme weather and climate phenomena that struck Emilia-Romagna again last autumn.

As a result of the growth in investments and shareholding acquisitions, net debt amounted to 3,963.7 million euro, as

against 3,827.7 million euro at 31 December 2023. A robust cash flow allowed us to finance operating investments, steadily increasing dividends and M&A transactions, and to close the year with the net debt/Ebitda ratio at 2.50x, achieving financial solidity and settling at the lowest level in 20 years.

In 2024, we also continued with external growth, in which we engage while paying the utmost attention to selecting companies that can be integrated with our business portfolio and produce synergies.

The main operations included, in the waste management sector, the acquisition of 70% of Piacenza-based TRS Ecology, which expanded our presence in the north-west, and the award, in the energy sector, of the national tender for the gradual protection electricity service for non-vulnerable household customers, with 7 lots and a total of 37 provinces, corresponding to the acquisition of about 1 million new customers as of 1 July 2024. We thus further consolidated our position as Italy's third largest operator in terms of number of energy customers served, who stand at 4.6 million (+20% compared to 2023). Now 13% of Italians, or more than 7.5 million residents, have at least one service provided by our Group.

The positive results achieved and our financial solidity allow us to propose to the Shareholders Meeting the payment of a dividend set at 15 eurocents per share, up 7.1% compared to the last dividend paid. The entire dividend policy will benefit from this increase over the next few years, reaching 17 eurocents per share in 2028.

We continue along our path of sustainable development, undertaken many years ago, in line with our purpose: to generate economic value for the company and, at the same time, positive impacts for the environment and the local areas in which we operate. Indeed, 54% of total Ebitda (856.7 million

Ebitda) involved shared value, this being the most important indicator measuring the sustainability of the Group's activities, up 10% compared to the previous year. Investments in decarbonisation, the circular economy and resilience also increased, reaching 76% of total investments. Nor can we forget the economic value distributed to stakeholders in the local areas in which we operate, which in 2024 exceeded 2 billion euro. We estimate that this figure will total 10.8 billion euro over the five-year period 2024-2028. This commitment is also reflected in our Climate transition plan, approved in July 2024, which outlines our strategy to achieve Net Zero by 2050: in addition to reducing our own emissions, which account for about 10% of total emissions, we aim to reduce those along the entire value chain and promote the adoption of sustainable solutions by citizens and businesses.

In the Directors' report you will find, this year for the first time, our Sustainability reporting, prepared in accordance with the CSRD Directive and the European Sustainability Reporting Standards, which contains all the information necessary to understand our activities on sustainability issues and how they affect business performance and results.

The results of the 2024 financial year confirm once again the validity of our strategic vision and provide a promising initial building block for our new Business plan, presented in January 2025.

I would like to end these reflections by thanking the over 10,000 people working within the Group, who made it possible to achieve these results. We will continue along the path we have been following for years, by investing in boosting skills, well-being and social inclusion, to keep guaranteeing high quality services and to face new challenges with the passion and dedication that have always been our hallmark.

Thank you for your attention,



**Cristian Fabbri**  
Executive Chairman