

1.04.02 - Financial structure and adjusted net debt

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

INVESTED CAPITAL AND SOURCES OF FINANCING (MN€)	31 DEC 24	% INC.	31 DEC 23	% INC.	ABS. CHANGE	% CHANGE
Net non-current assets	8,496.4	+106.9%	8,119.2	+107.1%	377.2	+4.6%
Net working capital	227.2	+2.9%	166.0	+2.2%	61.2	+36.9%
(Provisions)	(773.0)	(9.7)%	(705.9)	(9.3)%	(67.1)	(9.5)%
Net invested capital	7,950.6	+100.0%	7,579.3	+100.0%	371.3	+4.9%
Equity	3,986.9	+50.1%	3,751.6	+49.5%	235.3	(6.3)%
Long-term borrowings	4,051.3	+51.0%	4,315.4	+56.9%	(264.1)	+6.1%
Net current financial debt	(87.6)	(1.1)%	(487.7)	(6.4)%	400.1	(82.0)%
Net financial debt	3,963.7	+49.9%	3,827.7	+50.5%	136.0	(3.6)%
Total sources of financing	7,950.6	+100.0%	7,579.3	+100.0%	371.3	(4.9)%

Net working capital amounted to 227.2 million euro at the end of 2024, up from 166.0 million euro at the end of 2023. This change was due to the fair value of commodity derivatives, which decreased by 66.1 million euro compared to the previous year, with a corresponding impact on equity for hedging contracts recognised as cash flow hedges and, to a lesser extent, on the income statement for the year for trading derivatives. The changes in net working capital that led to a corresponding impact in net financial debt were mainly due to:

- the significant reduction in trade payables and VAT due to the impact of the 110% super-bonus incentive works, as a result of the end of the super-bonus tax incentives;

227.2
MILLION EURO
NET WORKING
CAPITAL

- the reclassification from "Current financial liabilities" to "Trade payables" of the amounts received as advances related to the gas settlement process, which at 31 December 2023 amounted to 154.1 million euro. For further details, see section 2.02.01 "Introduction" in the consolidated financial statements.

As regards the amount of trade receivables, no critical issues appeared in the performances of collections.

773.0 MILLION EURO PROVISIONS

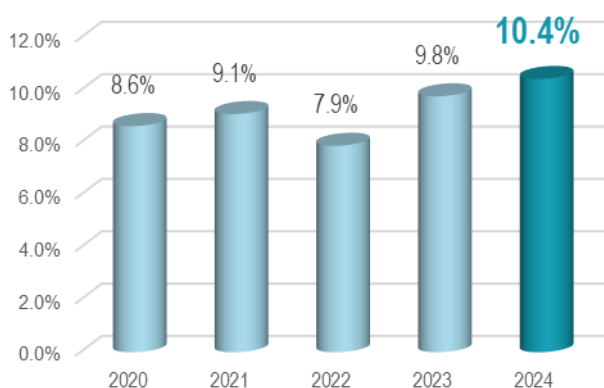
In 2024, provisions amounted to 773.0 million euro, up from 705.9 million euro at the end of the previous year. This result is mainly the consequence of provisions for the period and adjustments to the post-mortem provisions for landfills and restoration of third-party assets, which more than offset releases for utilisation.

4.0 BILLION EURO EQUITY

Equity rose from 3,751.6 million euro in 2023 to 3,986.9 million euro in 2024, increasing the Group's solidity thanks to the net result from operations in 2024, amounting to 535.9 million euro, which more than offset the reduction in cash flow hedge reserves, dividend payments and changes in treasury shares.

Adjusted return on net invested capital (ROI*) settled at 10.4% in 2024, up from 2023 ROI, which came to 9.8%, due to the more than proportional increase in results from operations (Ebit) compared to the rise in net invested capital (NIC).

ROI* (%)

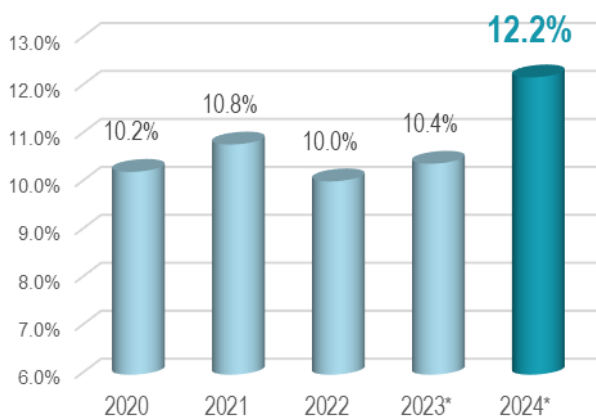


10.4%

ROI*

The results of management led to an adjusted return on equity (ROE*) coming to 12.2%, up from the figure seen in 2023. This increase was due to a rise in the net result for the period, proportionally higher than the increase in equity.

ROE* (%)



12.2%

ROE*

* adjusted for non-recurring entries

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

MN€		31 DEC 24	31 DEC 23
A	Cash holdings	1,315.6	1,332.8
B	Cash equivalents	-	-
C	Other current financial assets	23.1	90.9
D	Liquidity (A+B+C)	1,338.7	1,423.7
E	Current financial debt	(525.8)	(411.9)
F	Current portion of non-current financial debt	(474.1)	(524.1)
G	Current financial indebtedness (E+F)	(999.9)	(936.0)
H	Net current financial indebtedness (G+D)	338.8	487.7
I	Non-current financial debt	(712.6)	(703.9)
J	Debt instruments	(3,401.3)	(3,391.2)
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I+J+K)	(4,113.9)	(4,095.1)
M	Total financial indebtedness (H+L)	(3,775.1)	(3,607.4)
	Non-current financial receivables	158.0	162.8
	Net financial debt (excluding put option)	(3,617.1)	(3,444.6)
	Nominal amount - fair value put option	(318.4)	(337.2)
	Net financial debt adjusted with put option	(3,935.5)	(3,781.8)
	Portion of future dividends - fair value put option	(28.2)	(45.9)
	Net financial debt (Net debt)	(3,963.7)	(3,827.7)

Total net financial debt amounted to 3,963.7 million euro, up by 136 million euro over the previous year.

During the year, the Group rescheduled trade payables through letters of credit, with a total amount of 321.3 million euro (as against 404.6 million euro in the previous year). At the end of the year, there were no transactions outstanding. By means of these transactions, the Group optimised its payment terms, while keeping the same amount recorded under trade payables, since this is part of its typical working capital management. Note, in fact, that the Group has trade payables, with different payment terms, based on the contractual agreements defined with the individual counterparties of the various businesses in which it operates, ranging from 7 days to 60 days from the date of invoice issuance.

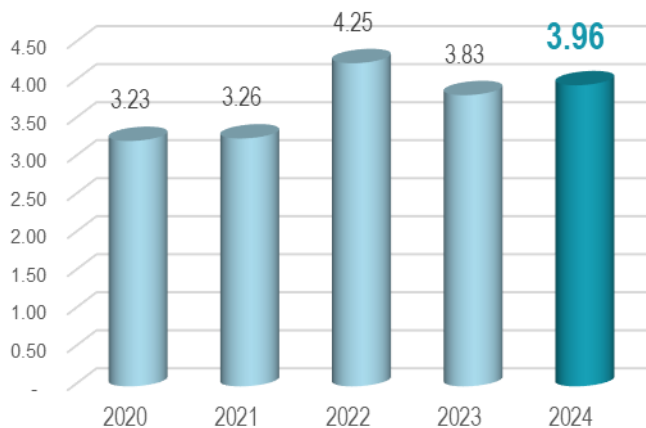
A decrease occurred in current financial assets coming to roughly 67.8 million euro, mainly due to the transfer of 43.6 million euro in Hse Spa tax credits stated as financial assets in December 2023 and with collection in January 2024.

The financial structure showed total current indebtedness coming to 999.9 million euro, up by 63.9 million euro compared to December 2023. The portion amounting to 525.8 million euro refers to payables to banks, such as bank utilisations, accruals for interest on loans and other debts. In particular, other payables included a 154.1 million euro decrease due to the reclassification of advances received linked to the gas settlement process from financial payables to trade payables, offset by other payables to banks related to transactions based on pro soluto credit transfers. The current portion of non-current financial debt came to 474.1 million euro and included 375 euro in bank lines maturing in early August 2025 and therefore reclassified from long to short term. It furthermore included 15 million in a residual bond named "Private Placement 32" maturing in May 2025 and 24.4 million euro in current payables for leasing contracts.

Non-current financial debt amounted to 4,113.9 million euro, remaining in line with the previous period. Note that in July and August, 438.1 million euro of maturing bonds (Green Bond, 288.3 million euro, and Aflac, 149.8 million euro) were repaid, and the disbursement of the 460 million euro EIB credit line, agreed upon in July 2023, was requested in September.

Cash holdings amounted to 1,315.6 million euro, remaining at the same level as the previous year (1,332.8 million euro).

At 31 December 2024, 74% of medium- and long-term debt consisted of bonds with repayment at maturity. Total medium- and long-term debt, 97% of which is fixed-rate, had an average residual maturity coming to approximately five years and two months, with 44% of debt maturing after five years.

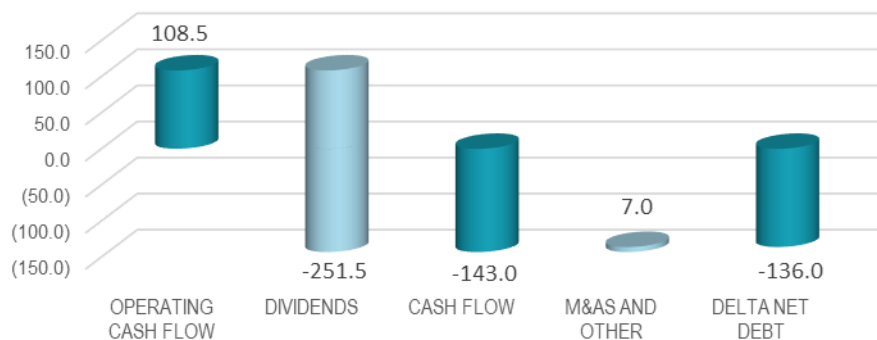
Net financial debt (Net debt) (bn€)**3.96**

BILLION EURO

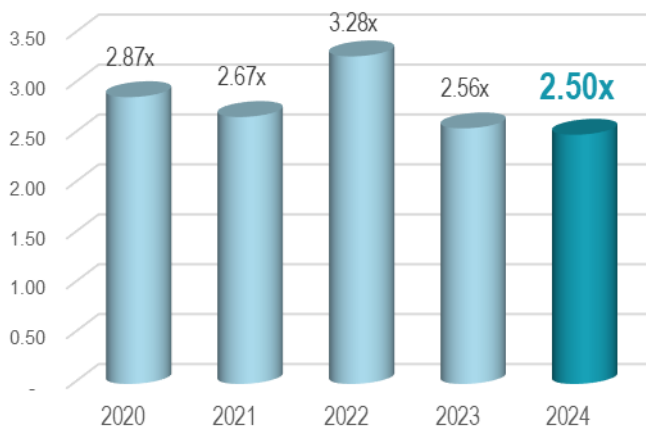
NET FINANCIAL DEBT

Operating cash flow showed a positive balance, at 108.5 million euro, after financing both 811.7 million euro of operating investments for the period and the change in net working capital, and succeeding in partially financing dividend payments coming to 251.5 million euro.

Among shareholding acquisitions, note the acquisition of 70% of TRS Ecology Srl, a company that manages a multifunctional platform for special waste treatment in Caorso (PC).

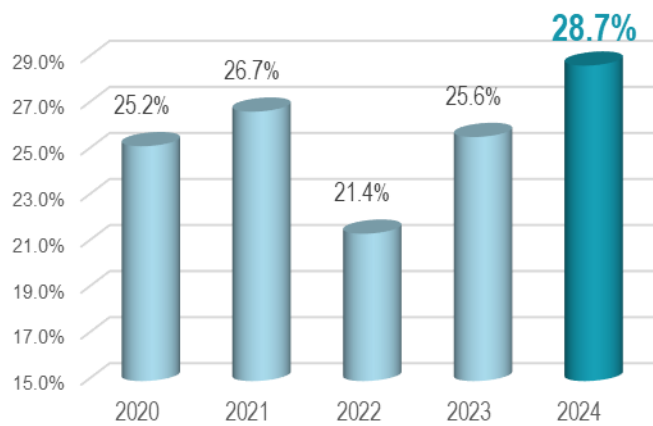
Cash flow (mn€)

The Net debt/Ebitda* ratio for 2024 came to 2.50x, in line with the 2.56 seen in 2023.

Net debt / Ebitda* (x)**2.50X**

NET DEBT / EBITDA*

The FFO* / Net debt ratio settled at 28.7%, confirming the Group's financial solidity and its ability to meet its financial obligations.

FFO* / Net debt (%)**28.7%**

FFO* / NET DEBT

