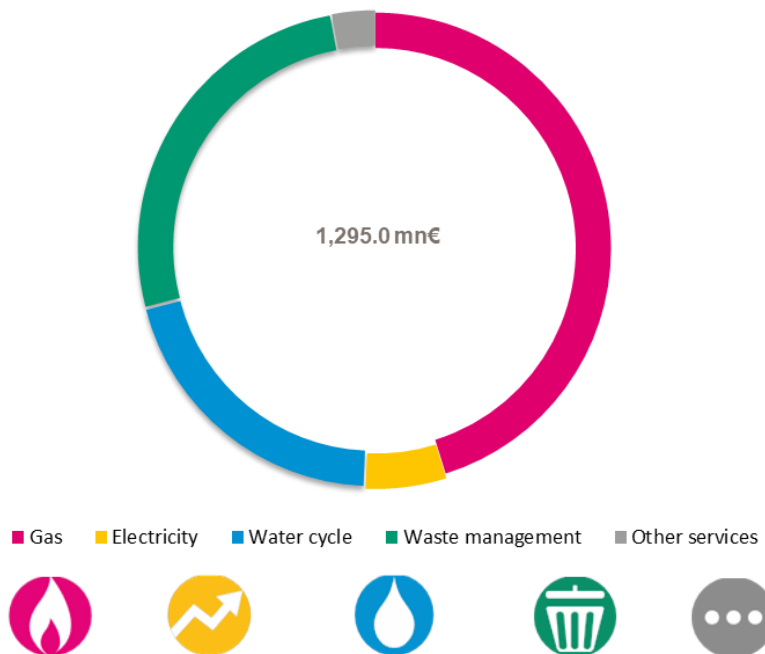


1.07 ANALYSIS BY BUSINESS AREA

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

A multi-business strategy

EBITDA * DECEMBER 2022



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

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

The value of adjusted Ebitda, broken down by strategic business areas, reflects the adjustment to the valuation of gas storage described in the introduction to paragraph 1.04. For a detailed identification of the effects of this adjustment, the values of Adjusted Ebitda and Ebitda are provided below:

(mn€)	Dec 22		Dec 21 (redetermined)	
	Ebitda *	Ebitda	Ebitda *	Ebitda
Gas Area	585.1	491.1	483.2	487.6
Electricity Area	71.6	71.6	144.7	144.7
Integrated water cycle Area	261.9	261.9	262.4	262.4
Waste management Area	338.0	338.0	291.7	291.7
Other services Area	38.4	38.4	37.4	37.4
Total	1,295.0	1,200.9	1,219.4	1,223.9

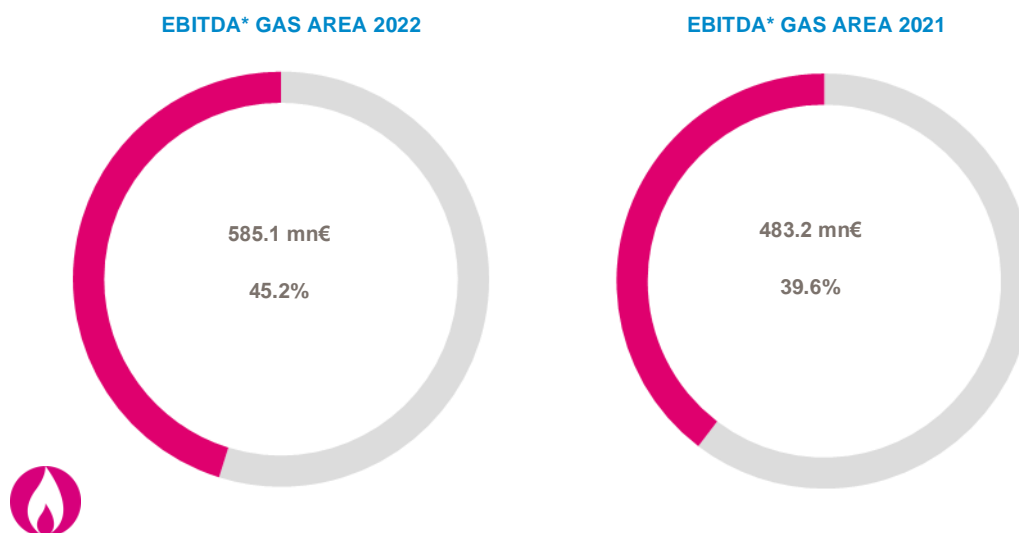
* refers to the adjusted results as mentioned in chapter 1.04

1.07.01 Gas

Significant growth was seen in 2022 compared to 2021, both in terms of volumes sold and end customers, thanks to the opportunities provided in the Energy Services segment by energy efficiency incentives, the 110% super-bonus and insulation bonus, the corporate acquisition of Con Energia Spa and the awarding of tenders related to the markets of last resort and Consip. In particular, Hera Comm Spa was awarded the following lots nationwide:

Ebitda rises

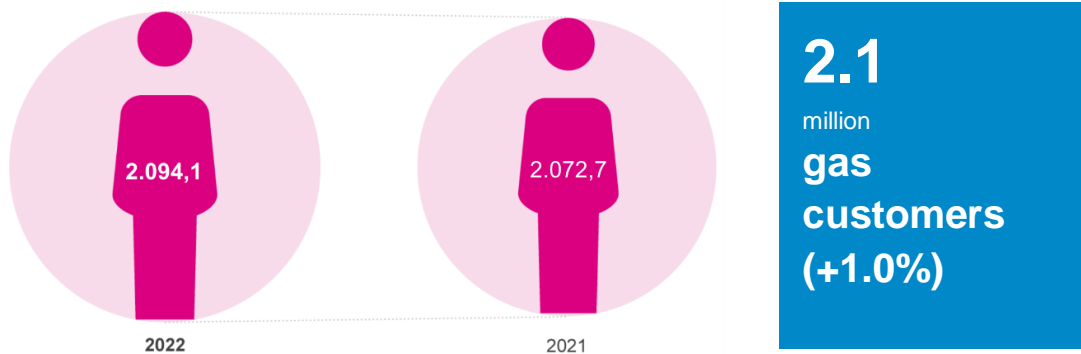
- six of the nine lots of the last resort gas service (for customers involved in public services or without a supplier) for the period from 1 October 2021 - 30 September 2023 in: Valle d'Aosta, Piedmont, Liguria, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Lazio and Campania. In the previous tender, Hera Comm was awarded eight out of nine lots;
- all nine lots of the default gas distribution service (for customers in arrears), for the period 1 October 2021 - 30 September 2023 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, Hera Comm was awarded five out of nine lots;
- two of the 12 lots of the Consip GAS14 tender for supplying natural gas to public administrations in 2022, both in Lombardy.



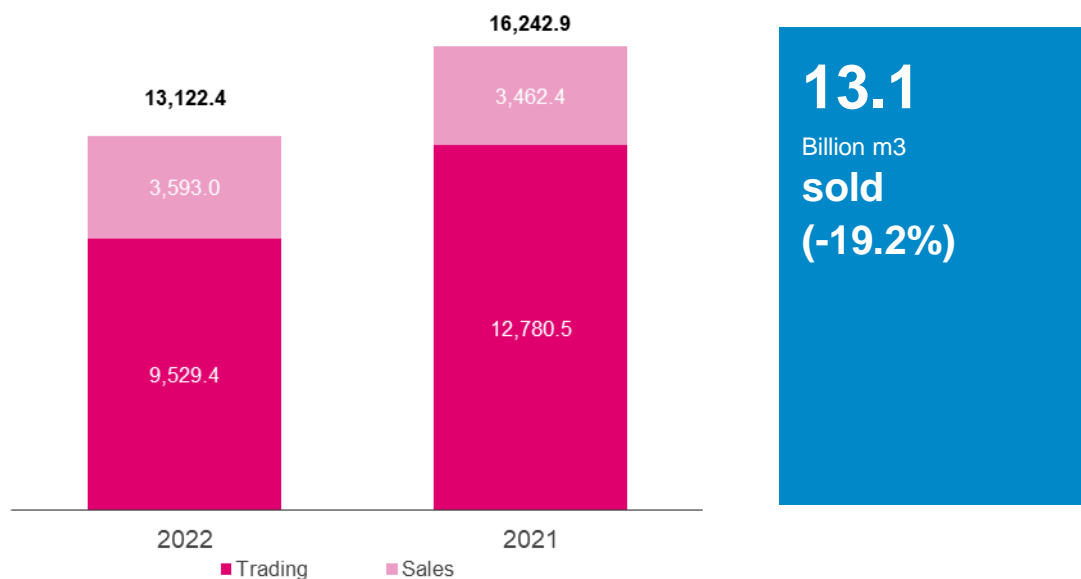
The following table shows the changes occurred in terms of adjusted Ebitda:

(mn€)	Dec 22	Dec 21 (redetermined)	Abs. change	% change
Area Ebitda*	585.1	483.2	101.9	+21.1%
Group Ebitda*	1,295.0	1,219.4	75.6	+6.2%
Percentage weight	45.2%	39.6%	+5.6 p.p.	

* refers to the adjusted results as mentioned in chapter 1.04

CUSTOMERS (k)

The number of gas customers increased by 21.4 thousand, or 1.0%, compared to the previous year. This growth can be seen mainly in the markets of last resort where the customer base, as a result of the tenders for the 2021-2023 period, increased by 59.8 thousand. Traditional markets are down by -38.3 thousand, despite the positive contribution made by the entrance of Con Energia into the Group's scope of operations.

VOLUMES SOLD (mn/m³)

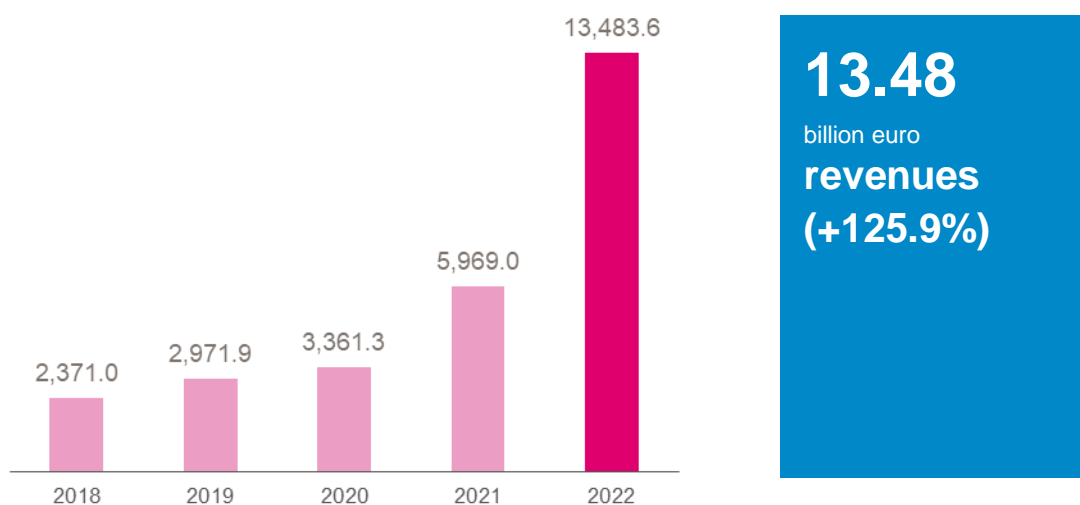
Total volumes of gas sold decreased by 3,120.5 million m³, or 19.2%, due to reduced trading (-3,251.1 million m³), limited by the high prices seen during most of 2022. Volumes sold to end customers increased by 130.6 million m³, or 3.8%, as compared to the same period of the previous year. This growth was due to last resort markets, coming to 296.6 million m³, or +157.5% (8.6% of total volumes sold), thanks to the positive outcome of the new tenders mentioned above, partially contained by traditional markets, coming to 166.0 million m³, or -5.1% (-4.8% of total volumes sold). The latter were affected by both a less favorable climate, with average temperatures higher than the previous year, and lesser consumption, mainly involving the measures taken by the industrial sector and changing habits in the household sector, as a result of the high cost of energy commodities.

The following table summarises operating results for the gas area:

Income statement (mn€)	Dec 22	% inc.	Dec 21 (redetermined)	% inc.	Abs. change	% change
Revenues	13,483.6		5,969.0		7,514.6	+125.9%
Operating costs	(12,780.4)	(94.8)%	(5,377.5)	(90.1)%	7,402.9	+137.7%
Personnel costs	(134.4)	(1.0)%	(126.9)	(2.1)%	7.5	+5.9%
Capitalised costs	16.4	+0.1%	18.6	0.3%	(2.2)	(11.8)%
Ebitda *	585.1	4.3%	483.2	8.1%	101.9	+21.1%

* refers to the adjusted results as mentioned in chapter 1.04

REVENUES (mn€)



Revenues increased by 7,514.6 million euro, nearly triple those of the previous year. The reasons mainly lie in the increased price of the raw material gas, which began rising in October 2021. This trend generated higher revenues in trading coming to 4,973 million euro and in sales coming to 2,388 million euro. The CMEM tariff component, which in the protected market represents trends in the cost of raw materials, more than tripled on average compared to the previous year.

Higher revenues were related to the increase in volumes sold in the amount of 58 million euro, due to the new lots won in the tenders mentioned above, the change in the scope of Con Energia Spa in the amount of 26 million euro, and the Energy Services business area in the amount of 273 million euro, thanks to activities related to energy efficiency, insulation incentives and the 110% super-bonus.

In addition, increased revenues from activities in Bulgaria came to 38 million euro.

Also note the higher revenues from energy efficiency certificates amounting to 60 million euro compared with the previous year, limited by a decrease in the number of energy efficiency certificates as per obligations for 2020 and 2021 specified by the 21 May 2021 Ministerial Decree.

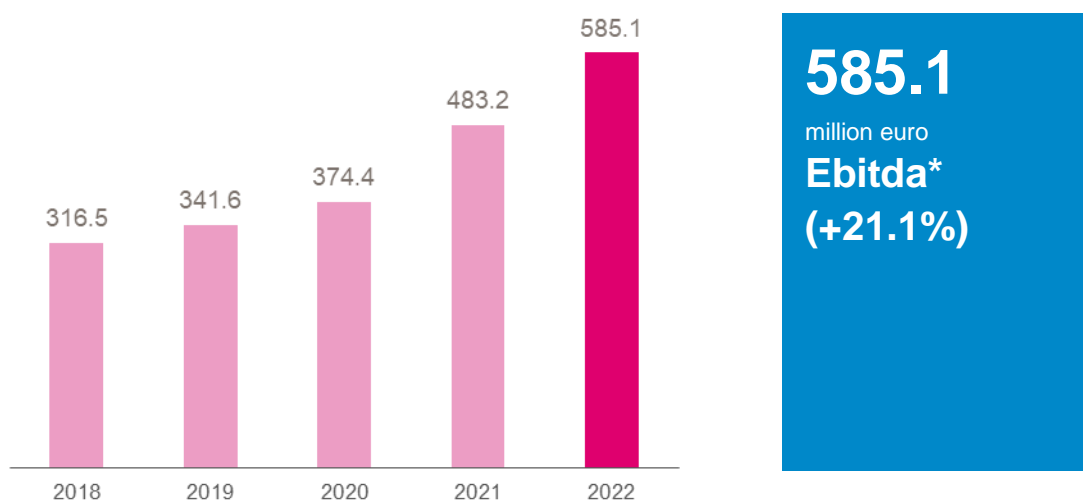
This growth was contained by lower revenues mainly related to system charges, with an equal effect on costs, amounting to 414 million euro, as a result of Resolutions 635/2021/R/com, 35/2022/R/eel, 141/2022/R/com, 295/2022/R/com. As of 2021, the government has progressively reinforced the extraordinary measures to contain the effects of raw material price increases, with significant impacts on general system charges, which have progressively decreased since the fourth quarter of 2021.

Regulated revenues were substantially in line with the previous year. From a regulatory point of view, through Resolution 614/2021/R/com, published in late 2021, ARERA adjusted the criteria for determining

and updating the rate of return on invested capital (WACC) by reducing it from 6.3% in 2021 to 5.6% in 2022. This reduction was offset by increased investments and their remuneration as part of tariffs and higher premium revenues obtained thanks to security recoveries (Resolution 383/2022/R/gas).

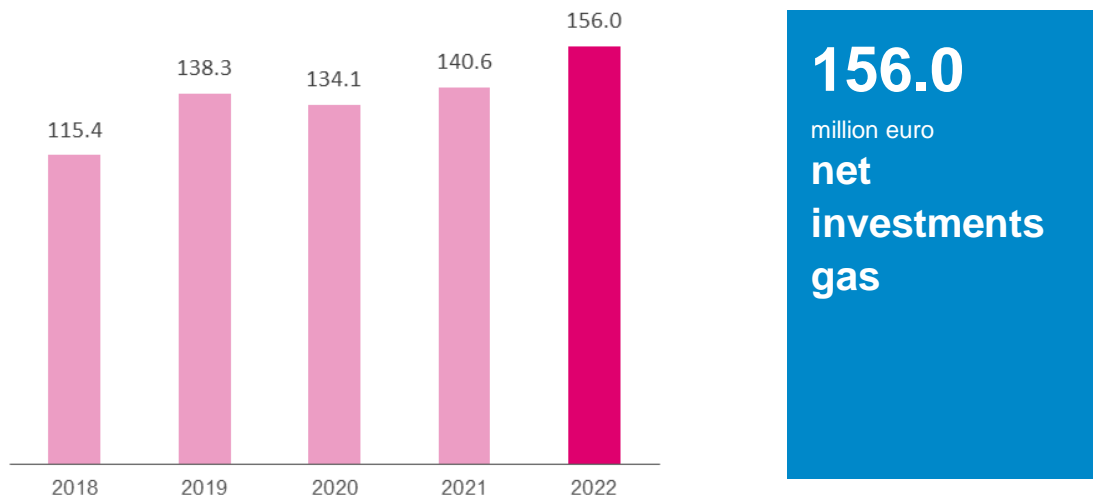
This increase in revenues was proportionally reflected by growth in operating expenses, which increased by 7,402.9 million euro overall. This trend was mainly due to the increase in raw material gas prices mentioned above, including the higher costs for energy efficiency certificates, and increased activity in the area of Energy Services.

EBITDA* (mn€)



* refers to the adjusted results as mentioned in chapter 1.04

Adjusted Ebitda increased by 101.9 million euro, or 21.1%, mainly due to higher sales and brokerage activities, with a contribution amounting to approximately 80.3 million euro, mainly due to the enlargement of the scope of areas served as a result of last resort markets, as mentioned above. The remaining growth was related to incentivized energy efficiency activities and district heating.

NET INVESTMENTS GAS (mn€)

Net investments in the gas area amounted to 156.0 million euro in 2022, up 15.4 million euro compared to the previous year. In gas distribution, the overall increase came to 12.3 million euro, mainly due to non-recurring maintenance on networks and plants, which was up compared to the previous year, even considering the lower effect of the large-scale meter replacement pursuant to Resolution 554/15, relating to the commissioning of smart gas meters. In gas sales, investments coming to 13.3 million euro were recorded for activities related to the acquisition of new customers, up by 3.1 million euro compared to the previous year. Investments were largely in line with the previous year in district heating and heat management services, with a decrease in district heating by Hera Spa that offsets the increase in energy services in the activities of the companies Hera Servizi Energia Srl and AcegasApsAmga Servizi Energetici Spa. Requests for new connections were also up compared to the previous year.

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

Gas (mn€)	Dec 22	Dec 21	Abs. change	% change
Networks and plants	116.2	103.9	12.3	+11.8%
Acquisition gas customers	13.3	10.2	3.1	+30.4%
DH/heat management	27.2	27.1	0.1	+0.4%
Total gas gross	156.7	141.3	15.4	+10.9%
Capital grants	0.7	0.7	-	+0.0%
Total gas net	156.0	140.6	15.4	+11.0%

The Regulatory asset base (RAB) for assets owned in the gas area, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2021.

RAB (BN€)

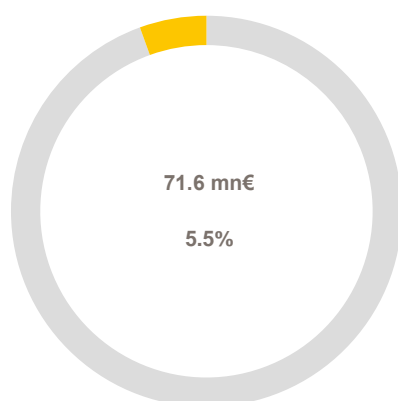
1.07
billion euro
2022 RAB

1.07.02 Electricity

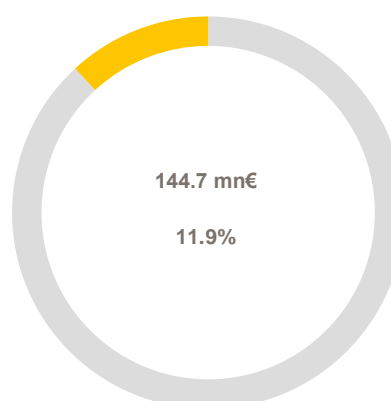
At the end of 2022, the result was lower than in 2021, mainly due to the different conditions of energy markets, related to the exceptional context of rising raw material prices, which affected procurement activities, and a lower contribution from production due to reduced use of the dispatching services market. However, there is evidence of solid business development, which is confirmed by the growth in customers, mainly in the free market, and the number of sign-ups for innovative offerings (related to electric mobility, photovoltaics, heating and air conditioning) and value-added services. In addition, Hera Comm Spa was awarded the following lots nationwide:

- four of the eighteen lots of the Consip GAS19 tender for supplying electricity to public administrations in 2022, in the Provinces of Rome, Campania, Calabria and Sicily. In the previous tender, Hera Comm was not awarded any lots;
- three of the nine lots of the gradual protection service for supplying electricity to public administrations for the period from 1 July 2021 to 30 June 2024, in Campania, Marche, Umbria, Abruzzo, Molise, Basilicata, Calabria, Sicily and Sardinia;
- one of the nine lots of the safeguarded market for the years 2021 and 2022 in Campania, Abruzzo and Umbria, compared to seven lots in the previous two years.

EBITDA ELECTRICITY AREA 2022



EBITDA ELECTRICITY AREA 2021

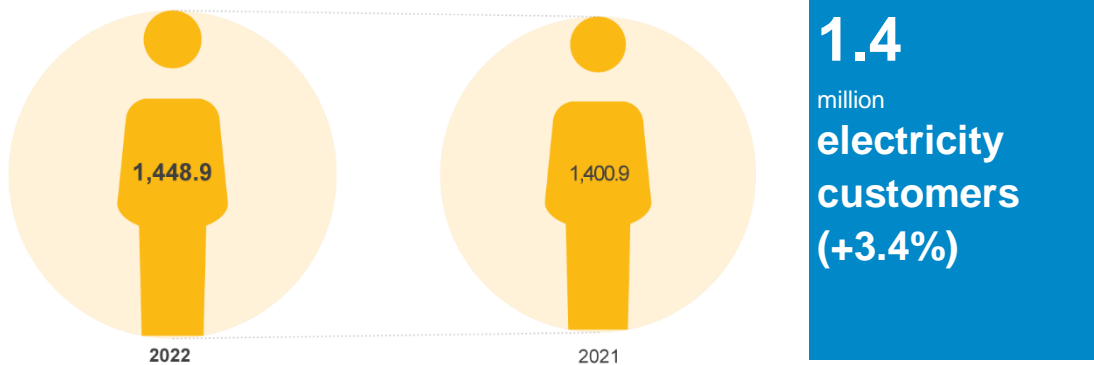


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Dec 22	Dec 21 (redetermined)	Abs. change	% change
Area Ebitda	71.6	144.7	(73.1)	(50.5)%
Group Ebitda*	1,295.0	1,219.4	75.6	6.2%
Percentage weight	5.5%	11.9%	(6.4) pp	

* refers to the adjusted results as mentioned in chapter 1.04

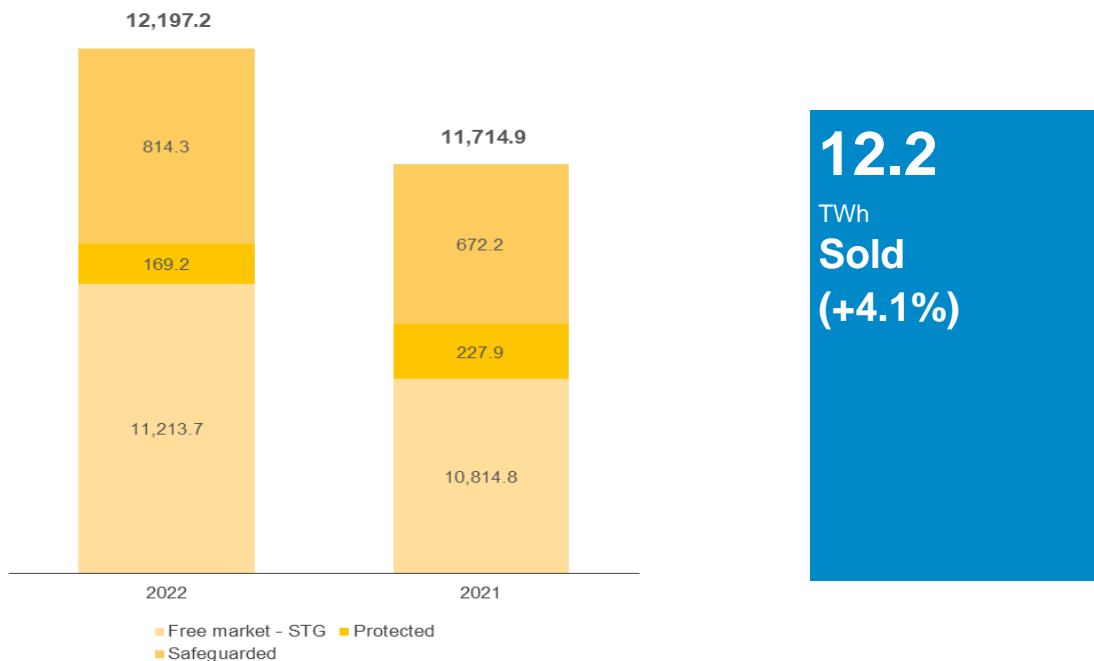
CUSTOMERS (K)



The number of electricity customers increased by 3.4% (up 48.0 thousand) compared to the same period in 2021. This growth occurred mainly on the free market (+4.6%, amounting to +4.1% of the total) due to the reinforced commercial action implemented in the amount of approximately 58.1 thousand customers. The safeguard market was also up by 2,900 (+16.2%, or +0.2% of the total) compared to the same period of the previous year. These effects largely succeeded in offsetting the decline, coming to approximately 13 thousand customers (-12.1%, or -0.9% of the total), that occurred in the safeguarded market.

There was a significant increase in sales of value-added services, with around 95.9 thousand customers requesting these services, with a 29% increase compared to the previous year, demonstrating the increasing loyalty of the customer base.

VOLUMES SOLD (GWh)

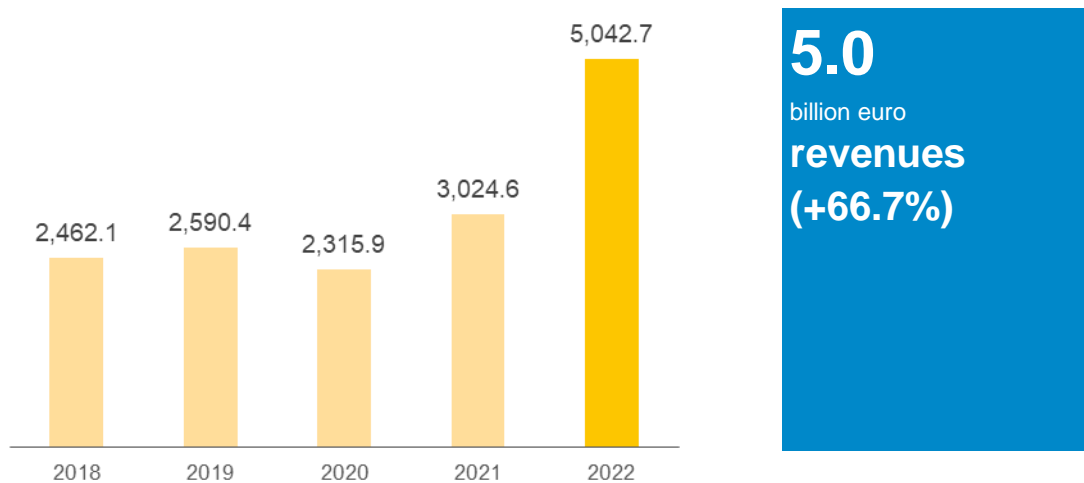


Volumes of electricity sold increased by 482.3 GWh, or 4.1%, compared to the same period of the previous year. This trend was caused by the increase in volumes sold in the traditional markets in the amount of 340.2 GWh (2.9% of the total), from 11,042.8 GWh in 2021 to 11,383.0 GWh in 2022, mainly driven by the free market, which was partially offset by a slight decrease in the safeguarded market. There was an increase of 142.1 GWh or 1.2% in the safeguarded market as compared to the total.

The following table summarises operating results for the electricity area:

Income statement (mn€)	Dec 22	% inc.	Dec 21	% inc.	Abs. change	% change
Revenues	5,042.7		3,024.6		2,018.1	66.7%
Operating costs	(4,950.9)	(98.2)%	(2,846.8)	(94.1)%	2,104.1	73.9%
Personnel costs	(44.0)	(0.9)%	(47.0)	(1.6)%	(3.0)	(6.4)%
Capitalised costs	23.7	0.5%	13.8	0.5%	9.9	71.6%
Ebitda	71.6	1.4%	144.7	4.8%	(73.1)	(50.5)%

REVENUES (mn€)



Revenues increased by 2,018.1 million euro, approximately double those of the previous year. This trend is mainly related to the higher price of the raw material amounting to approximately 2,292 million euro, resulting from the growth of the average value of SNP (single national price) seen in 2022.

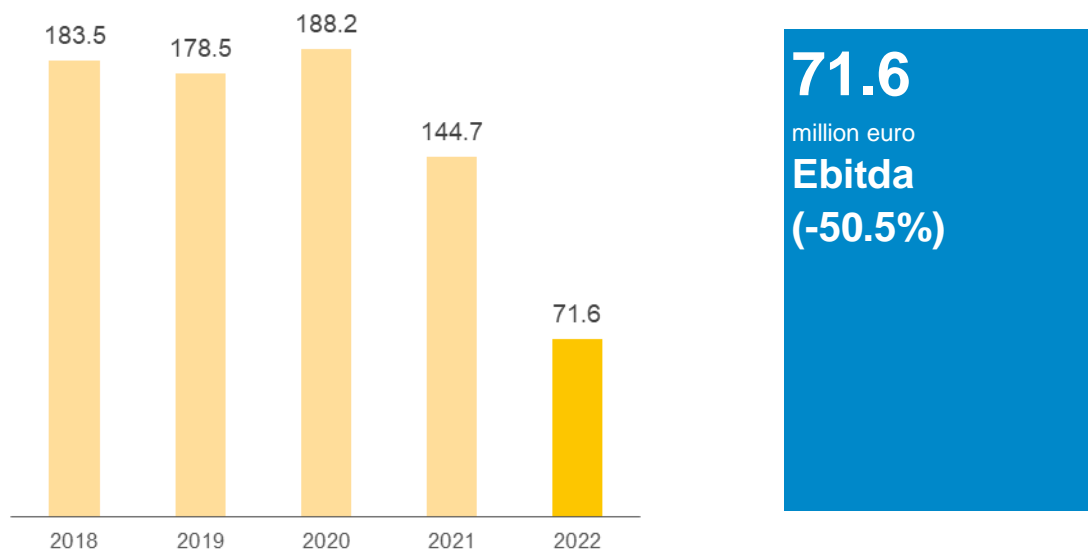
In addition, higher power generation revenues came to 108 million euro and higher revenues for value-added services for customers totalled 30 million euro.

Lastly, higher volumes sold and trading activities registered a growth of 79 million euro.

This growth was contained by lower revenues mainly related to system charges, with an equal effect on to costs, coming to 503 million euro, following Resolutions 635/2021/R/com, 35/2022/R/eel, 141/2022/R/com, 295/2022/R/com and 462/2022/R/com. Starting in 2021, the government progressively reinforced its extraordinary measures to contain the effects of raw material price increases, with significant impacts on general system charges, which progressively decreased since the third quarter of 2021.

Adjusted revenues were substantially in line with the previous year. From a regulatory point of view, through Resolution 614/2021/R/com, published in late 2021, ARERA adjusted the criteria for determining and updating the rate of return on invested capital (WACC), reducing it from 5.9% in 2021 to 5.2% in 2022. This reduction was wholly offset by increased investments and their remuneration in tariffs.

The increase in revenue was reflected more than proportionally by operating costs, which rose by 2,104.1 million euro. This trend is mainly due to the increase in raw material prices that impacts on the sales and production activities mentioned above.

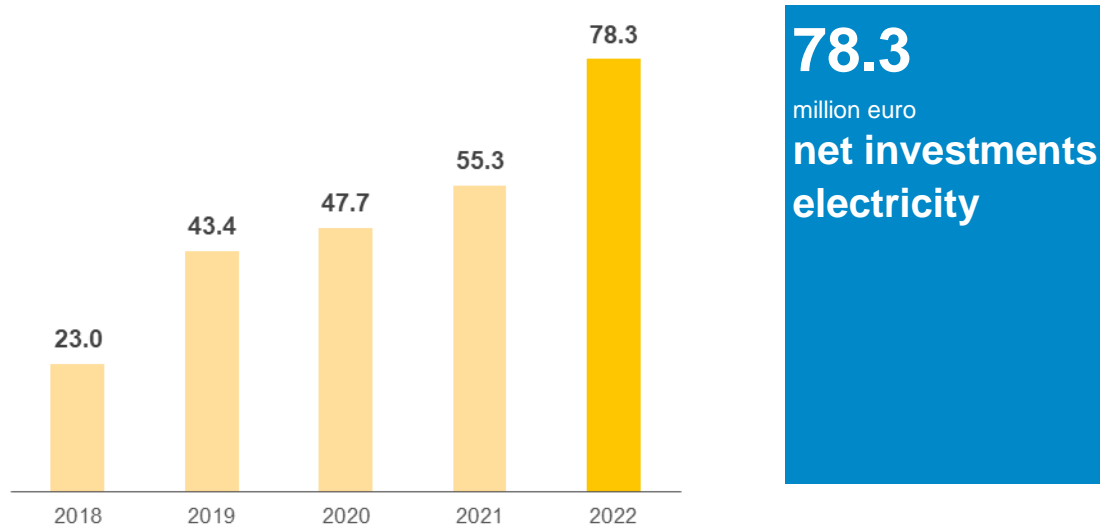
EBITDA (M€)

Ebitda declined by 73.1 million euro compared to 2021, or 50.5%, mainly due to lower margins on sales activities amounting to 67.1 million euro, related to complex modulation activities, in a year which saw particular increases and volatility in raw material prices. This is compounded by a 15.8 million euro decline in the generation business, mainly due to fewer requests in the dispatching services market. Value-added services activities are up in the amount of 8.4 million euro.

In the electricity area, 2022 investments amounted to 78.3 million euro, up 23.0 million euro compared to the previous year.

The interventions carried out mainly concerned non-recurring maintenance on distribution plants and networks in the Modena, Imola, Trieste and Gorizia areas.

Compared to the previous year, a 18.0 million euro increase was seen in electricity distribution, mainly due to more extraordinary maintenance and strengthening of networks and plants and ongoing large-scale meter replacement activities, as well as measures to improve the resilience of the network. In energy sales, investments coming to 5.0 million euro were recorded for activities related to the acquisition of new customers. Requests for new connections increased slightly compared to the previous year.

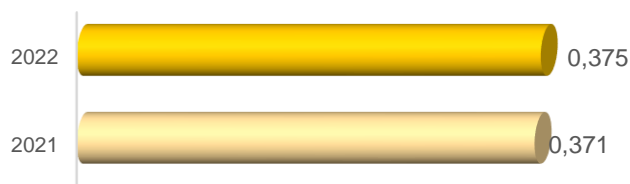
NET INVESTMENTS ELECTRICITY (mn€)

Operating investments in the electricity area were as follows:

Electricity (mn€)	Dec 22	Dec 21	Abs. change	% change
Networks and plants	54.1	36.1	18.0	+49.9%
Acquisition electricity customers	24.2	19.2	5.0	+26.0%
Total electricity gross	78.3	55.3	23.0	+41.6%
Capital grants	-	-	-	+0.0%
Total electricity net	78.3	55.3	23.0	+41.6%

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2021.

RAB (bn€)



0.375
billion euro
2022 RAB

1.07.03 Integrated water cycle

Results largely unchanged in 2022

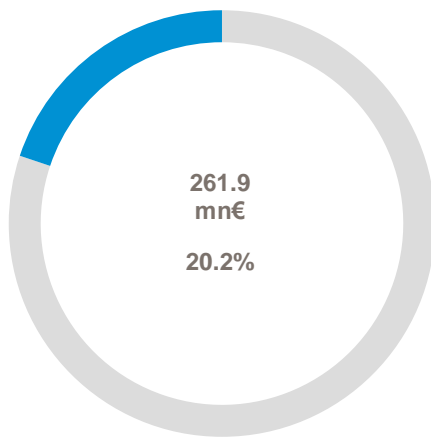
In 2022, results for the integrated water cycle area were largely in line with the previous year, with Ebitda coming to 261.9 million euro. The result is particularly positive because it shows that the Hera Group was able to offset the reduction in WACC with the Technical bonuses awarded for the excellence of the service provided to citizens.

On this matter, note that during 2022, the regulatory authority ARERA published via Resolution 183/2022/R/idr the results related to the incentive mechanism in the regulation of Technical Quality established by Resolution 917/2017 for the years 2018 and 2019. Each of the water service operators was analysed and ranked with respect to the following 6 macro-indicators: water leakage, service interruptions, quality of water delivered, adequacy of sewage system, quality of purified water, and sludge disposal. With reference to the level of Technical Quality excellence that identifies and rewards the top three positions nationwide considering all the macro-indicators mentioned above, Hera Group was awarded the second and third rankings for the year 2018, and in 2019 it was awarded the first, second and third rankings in the overall ranking of Italian utilities, proof of the very high quality standards adopted by the Group in managing the service it provides.

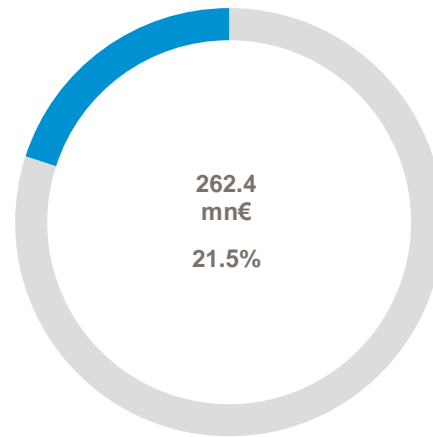
As regards regulations, note that 2022 was the third year in which the tariff method defined by the Authority for the third regulatory period (Mti-3), 2020-2023 (resolution 580/2019), was applied. A revenue (VRG) is assigned to each operator, defined on the basis of operating costs and capital costs, according to the investments made, with a view to increasing efficiency in costs, in addition to measures intended to promote and valorise interventions for sustainability and resilience. Finally, following ARERA's Resolution 639/2021/R/idr, note the reduction in remuneration of invested capital (WACC) from 5.24% to 4.8%.

Finally, with regard to concessions, note that ATERSIR, as an outcome of the specific tender, definitively awarded Hera the integrated water service in the Province of Rimini, excluding the Municipality of Maiolo, for the years 2022-2039. The Hera Group, already the outgoing operator in the 24 municipalities, will maintain ownership of the service for the next 18 years, and will manage it under the principles of sustainability and innovation.

EBITDA WATER CYCLE 2022



EBITDA WATER CYCLE 2021

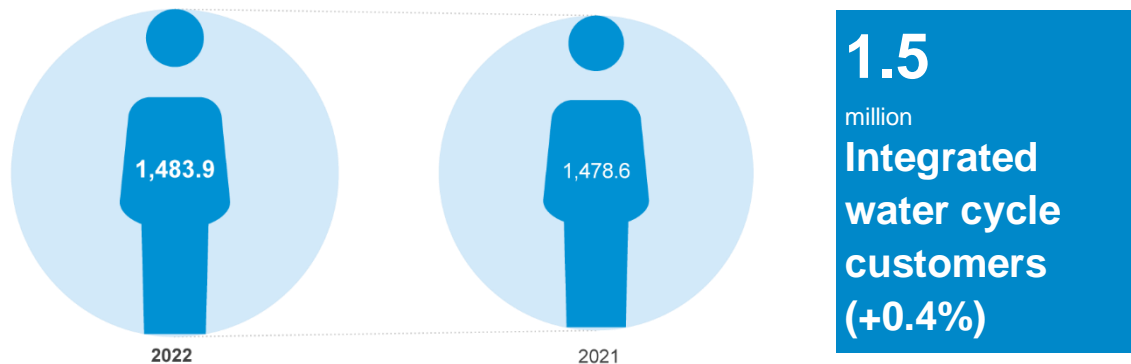


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Dec 22	Dec 21 (redetermined)	Abs. change	% change
Area Ebitda	261.9	262.4	(0.5)	+(0.2)%
Group Ebitda*	1,295.0	1,219.4	75.6	+6.2%
Percentage weight	20.2%	21.5%	+ (1.3) pp	

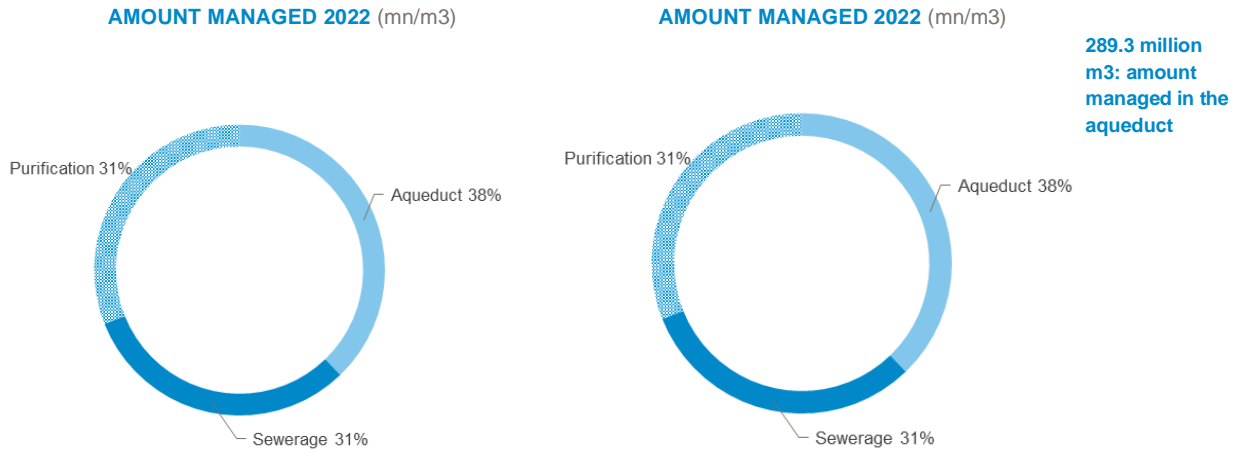
* refers to the adjusted results as mentioned in chapter 1.04

CUSTOMERS (K)



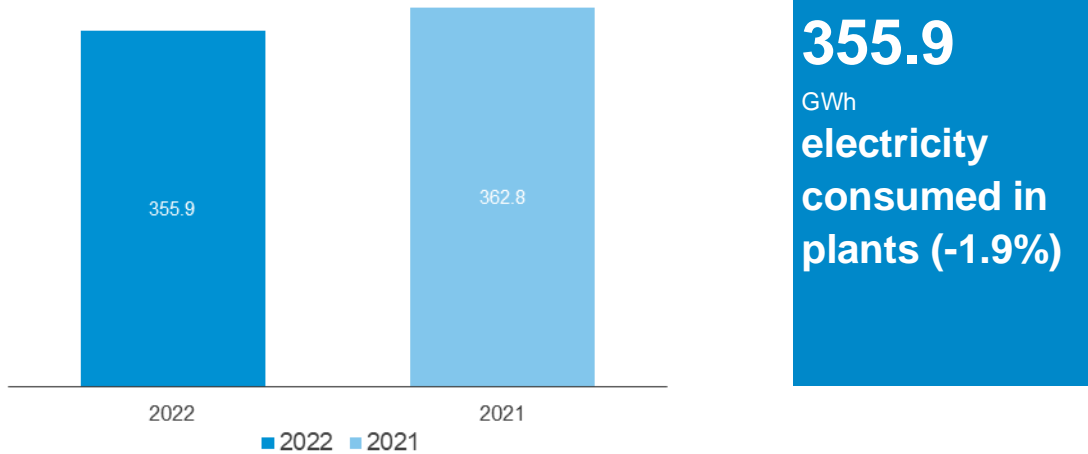
The number of water customers increased by 5.3 thousand over 2021, or 0.4%, confirming the moderate trend of internal growth in the Group's reference areas. The Emilia-Romagna area managed by Hera Spa accounted for 76% of this growth, while the area served by AcegasApsAmga Spa accounted for 13% and the remainder involved the area served by the Marche Multiservizi Spa Group.

The main indicators for the area are as follows:



The volumes supplied through the aqueduct, which amounted to 289.3 million m3, decreased by 0.8% compared to December 2021, amounting to 2.2 million m3. In December 2022, the quantities managed relating to sewerage amounted to 238.1 million m3, down 0.2% compared to the previous year, while purification volumes amounted to 237.6 million m3, an increase of 1.1% compared to 2021. The volumes supplied, following the Authority's resolution 580/2019, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation, owing to legislation that provides for a regulated revenue, recognised independently from volumes distributed.

ELECTRICITY CONSUMED (GWh)

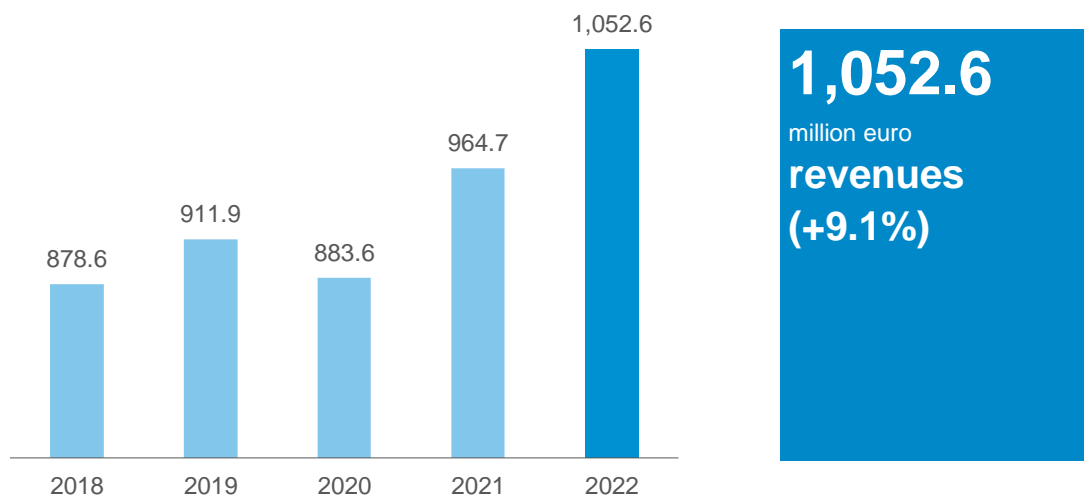


Electricity consumed in plants decreased by 6.9 GWh. This decrease is related mainly to the Group's commitment to increasingly efficient and prudent management of energy resources, carried out by implementing innovative measures in plants.

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

Income statement (mn€)	Dec 22	% inc.	Dec 21	% inc.	Abs. change	% change
Revenues	1,052.6		964.7		87.9	+9.1%
Operating costs	(611.9)	(58.1)%	(521.3)	(54.0)%	90.6	+17.4%
Personnel costs	(185.6)	(17.6)%	(185.9)	(19.3)%	(0.3)	+(0.2)%
Capitalised costs	6.7	0.6%	4.9	0.5%	1.8	+36.9%
Ebitda	261.9	24.9%	262.4	27.2%	(0.5)	+(0.2)%

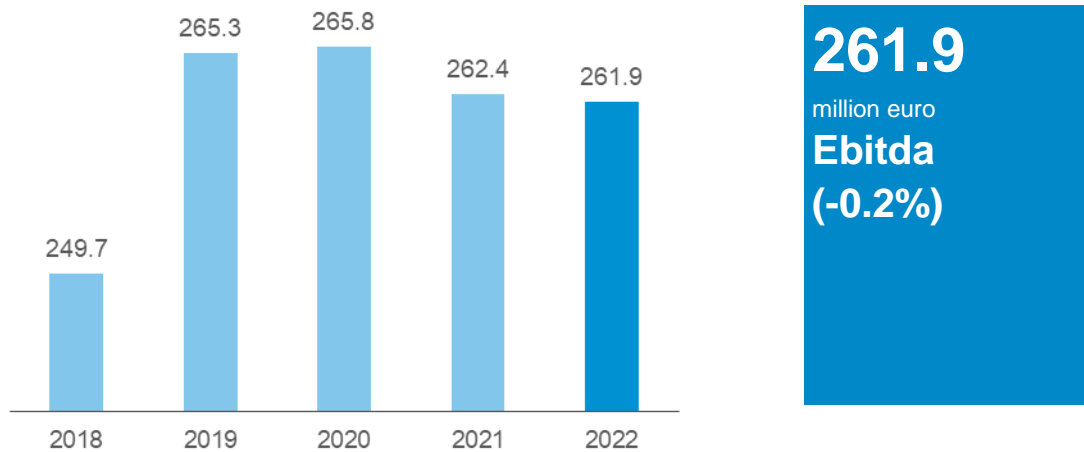
REVENUES (mn€)



The growth in revenues was related, for a total amount of 59.0 million euro, to higher regulated revenues. This increase is due in the amount of 12.6 million euro to the excellent performance the Group achieved in terms of Technical Quality in managing the Integrated Water Service. The remainder of the growth in tariff revenues is due to equalizable tariff components, particularly electricity, and is contained by the reduction in the return on capital employed (WACC) and the continuous and progressive increase in inflation.

Lastly, note the approximately 28.1 million euro of higher revenues for contracts and works on behalf of third parties carried out up to December 2022.

The increase in operating costs as of December 2022 was mainly impacted by the current energy scenario, with energy commodity prices rising sharply as compared to the previous year, and rising prices for all major supplies of materials and services. The above-mentioned effects resulted in higher costs for a total of 62.8 million euro. The last point to note is the higher costs related to the completed works described above, under revenues, for a total of 28.1 million euro.

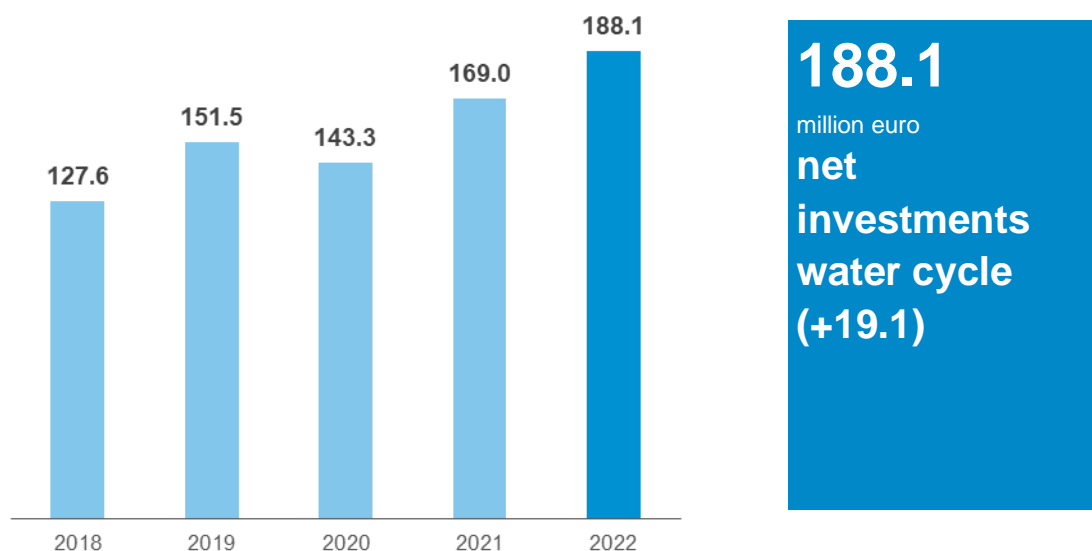
EBITDA (mn€)

Ebitda was broadly in line with the previous year, declining slightly by 0.2% or 0.5 million euro. Higher procurement costs for energy components and an increase in network and plant operating costs due in part to higher prices for material and service suppliers were nearly offset by recognition of the Hera Group's commitment to the highest possible standards of technical quality.

In 2022, net investments in the integrated water cycle area amounted to 188.1 million euro, up 19.1 million euro compared to the previous year. Including the capital grants received, investments totalled 208.0 million euro, up 13.4 million euro.

These investments mainly involved extensions, reclamations and improvements to networks and plants, as well as regulatory upgrading, especially in the water and sewerage area.

Investments amounted to 126.8 million euro in the aqueduct, 45.5 million euro in sewerage and 35.6 million euro in purification.

NET INVESTMENTS WATER CYCLE (mn€)

The main interventions included: in the aqueduct, continued remediation work on networks and connections related to ARERA Resolution 917/2017 on the regulation of the technical quality of the integrated water service, including the early implementation of specific renewal and upgrade measures aimed at countering the risks of water shortages related to the particular drought conditions that are becoming increasingly frequent, such as the construction of hydraulic connections capable of expanding

the interconnections of water systems. Major maintenance continued on the intake works for the Setta stream serving the Sasso Marconi drinking water treatment plant, along with work to reduce interference between the water network and the suburban railway line in the municipality of Ferrara, as well as the upgrading of water networks in other areas served and the large-scale replacement of meters. In sewerage, in addition to continuing to implement the Rimini seawater safety plan (PSB), maintenance work was carried out to upgrade the sewerage network in other areas served along with work to update drains to comply with Regional Decree no. 201/2016. In purification, worthy of note were the upgrades to the Lido di Classe purification plant, the revamping of the anaerobic digestion system at the Gramiccia purification plant in Ferrara, the installation of centrifuges at the Savignano purification plant, and the work carried out on the San Giovanni in Persiceto purification plant. Requests for new water and sewerage connections increased slightly compared to the previous year. Capital grants, amounting to 19.8 million euro, are down by 5.8 million euro and include 17.4 million euro deriving from the tariff component of the tariff method for the New Investments Fund (FoNI).

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

Integrated water cycle (mn€)	Dec 22	Dec 21	Abs. change	% change
Aqueduct	126.8	113.5	13.3	+11.7%
Purification	35.6	36.1	(0.5)	+(1.4)%
Sewerage	45.5	45.0	0.5	+1.1%
Total integrated water cycle gross	208.0	194.6	13.4	+6.9%
Capital grants	19.8	25.6	(5.8)	+(22.7)%
of which FoNI (New Investments Fund)	17.4	16.8	0.6	+3.6%
Total integrated water cycle net	188.1	169.0	19.1	+11.3%

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2021.

RAB (bn€)



1.74
billion euro
2022 RAB

1.07.04 Waste management

Ebitda rises

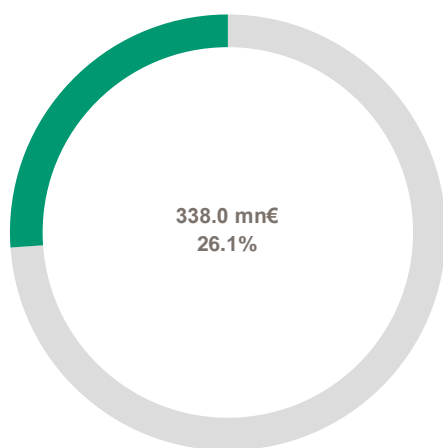
In 2022, the waste management area accounted for 26.1% of the Hera Group's overall Ebitda, with this area's Ebitda up by 46.3 million euro compared to the previous year. In 2022, therefore, the Group continued to ensure a significant level of growth, facilitated by geographic expansion and sound management and business policies, despite the current challenging economic and geopolitical environment. In Italy, in fact, the progressive and persistent increase in inflation, energy costs and difficulties in sourcing raw materials led to a slowdown in production in many manufacturing sectors during 2022, with repercussions in the production of waste as well.

In the markets covered by the Group, Herambiente's leadership was consolidated in particular in the industry market with the signing at the end of 2022 of an agreement to acquire, in 2023, 60% of the company A.C.R. di Reggiani Albertino Spa, one of the largest Italian companies operating in the field of reclamation, industrial waste treatment, the decommissioning of industrial plants, and civil works related to the oil and gas sector.

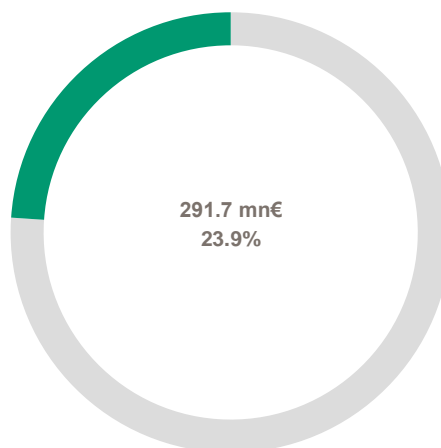
All the main circular economy initiatives, from material recovery to renewable energy production, also continued during 2022. As part of the Ministry for the Environment and Energy Security's "Lighthouse" series of circular economy projects, the Group was also awarded PNRR grants to build platforms catering to material recovery. In particular, two of these projects are absolutely innovative at the European level, not only technologically but also by virtue of the strategic relevance of the materials involved: namely, the carbon fibre regeneration plant that will be built in Imola (BO) and the rigid plastics recovery plant that will be located in Modena.

Protecting environmental resources has been confirmed as a priority objective in 2022, along with maximizing their reuse; this is also demonstrated by the special attention the Groups has devoted to developing sorted waste collection. Thanks to the Group's substantial commitment to this area in all the areas it manages, sorted waste collection increased by more than two percentage points as compared to 2021 figures.

EBITDA WASTE MANAGEMENT AREA 2022



EBITDA WASTE MANAGEMENT AREA 2021



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

(mn€)	Dec 22	Dec 21 (redetermined)	Abs. change	% change
Area Ebitda	338.0	291.7	46.3	+15.9%
Group Ebitda*	1,295.0	1,219.4	75.6	+6.2%
Percentage weight	26.1%	23.9%	+2.2 p.p.	

* refers to the adjusted results as mentioned in chapter 1.04

Volumes marketed and treated by the Group in 2022 are as follows:

Quantity (k tons)	Dec 22	Dec 21	Abs. change	% change
Municipal waste	2,207.1	2,241.8	(34.7)	(1.5)%
Market waste	2,554.2	2,334.3	219.9	+9.4%
Waste commercialised	4,761.2	4,576.1	185.1	+4.0%
Plant by-products	2,161.7	2,200.5	(38.8)	(1.8)%
Waste treated by type	6,922.9	6,776.6	146.3	+2.2%

An analysis of this data shows a rise in waste commercialised, due mainly to an increase in market waste. As regards municipal waste, 2021 saw a decrease of 1.5% compared to the previous year.

Market volumes increased compared to 2021 by 9.4%, due to the consolidation of previously existing commercial relations, growth in the customer portfolio and recent corporate acquisitions.

Finally, the figures for plant by-products decreased by 1.8% from the previous year due mainly to lower levels of rainfall.

SORTED WASTE (%)

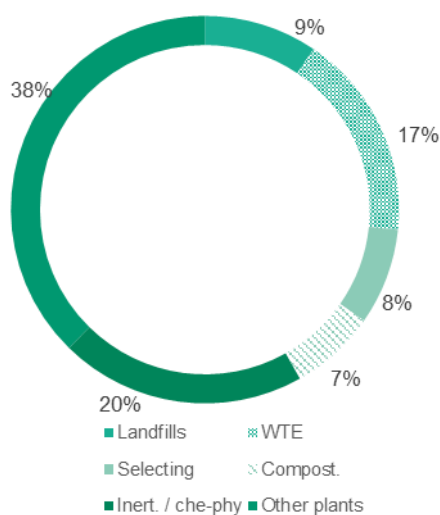


As previously mentioned, municipal sorted waste collection stood at 67.8%, up +2.5 percentage points from the previous year, thanks to the development of projects in the areas managed by the Group.

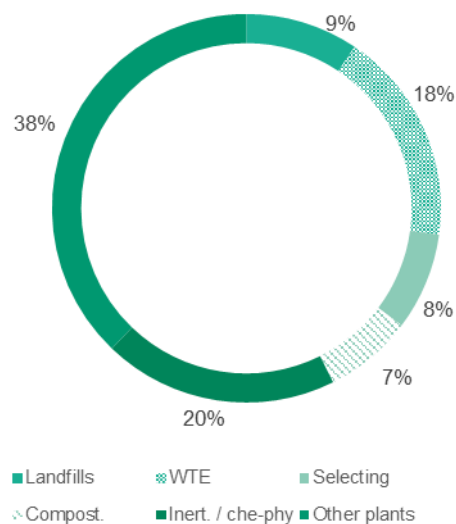
The Hera Group operates in the entire waste cycle, with 100 plants for treating municipal and special waste and regenerating plastic materials. The main plants include: 9 waste-to-energy plants, 13 composting/digestion plants and 17 selecting plants.

The close attention paid to the set of plants has always been a distinctive element of the Group's propensity for excellence: operations are indeed ongoing to provide plants with the best available technologies.

WASTE TREATED BY TYPE OF PLANT 2022



WASTE TREATED BY TYPE OF PLANT 2021



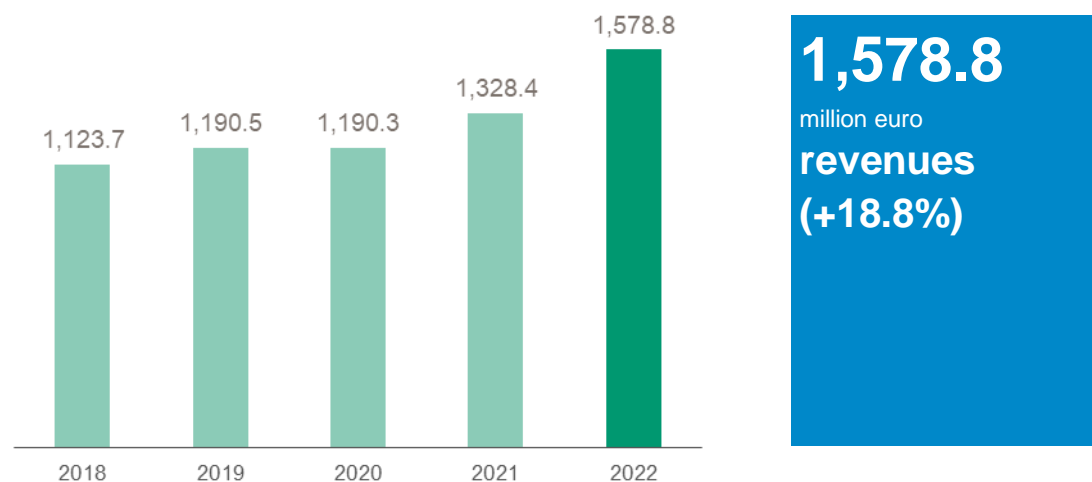
Quantity (k tons)	Dec 22	Dec 21	Abs. change	% change
Landfills	648.5	636.4	12.1	+1.9%
WTE	1,180.2	1,205.2	(25.0)	(2.1)%
Selecting plants and other	603.8	550.8	53.0	+9.6%
Composting and stabilisation plants	490.4	498.1	(7.7)	(1.5)%
Inertisation and chemical-physical plants	1,405.1	1,322.4	82.7	+6.3%
Other plants	2,594.9	2,563.8	31.1	+1.2%
Waste treated by plant	6,922.9	6,776.7	146.2	+2.2%
Plastic recycled by Aliplast Spa	81.0	80.9	0.1	+0.1%

Waste treatment showed an overall growth of 1.2% compared to 2021. Analysing the individual sectors, an increase was seen in the quantity disposed of in landfills whereas, with regard to waste-to-energy plants, the downward trend is due mainly to the revamping of the Ravenna F3 plant and Trieste plant. The increased quantity in sorting plants was due to the greater quantities treated in all plants, thanks to the rise in sorted waste collection. In the composting and stabilization plants, volumes are decreasing mainly due to lower quantities at the Ostellato plant, which was shut down for reconversion to stabilization, while in the inertisation and chemical-physical plants chain, the increased quantities were mainly due to higher volumes treated at the recently acquired plants. Lastly, note the increase in the other plants sector.

The table below summarises the area's operating results:

Income statement (mn€)	Dec 22	% inc.	Dec 21	% inc.	Abs. change	% change
Revenues	1,578.8		1,328.4		250.4	+18.8%
Operating costs	(1,058.0)	(67.0)%	(846.5)	(63.7)%	211.5	+25.0%
Personnel costs	(215.8)	(13.7)%	(211.8)	(15.9)%	4.0	+1.9%
Capitalised costs	33.0	2.1%	21.7	1.6%	11.3	+52.2%
Ebitda	338.0	21.4%	291.7	22.0%	46.3	+15.9%

REVENUES (mn€)



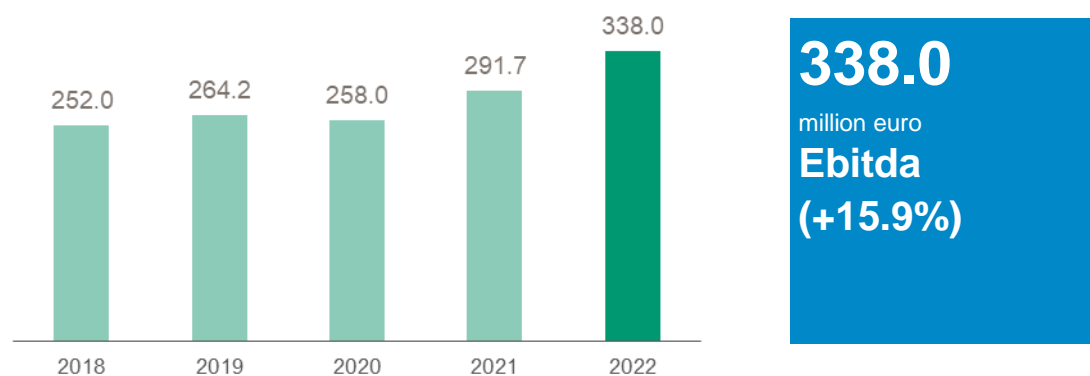
Revenues increased by 18.8% compared to the previous year. Revenues from energy production were up by +68.0 million euro, mainly due to the increase in market prices, despite a 25.0 thousand ton reduction in volumes in waste treated in WTEs. A higher contribution also came from Aliplast Spa, up

+56.5 million euro compared to 2021, or +35%, as a result of the increase in prices in all areas due to the elevated value of virgin polymer and high market demand. The price increase has positively affected the Industry market and material valorisation revenues in the amount of approximately 6.7 million euro, particularly for paper, cardboard and plastic.

The 32.4 million euro increase in revenues related to recent acquisitions in the Industry market is also of note.

Operating costs for 2022 grew by 25.0%. In the treatment market, there was an increase in the costs of purchasing raw materials as well as consumables (especially chemicals) and for changes in the scope of operations compared to the previous year. There are also higher transportation and treatment costs for by-product management due to higher supplier prices. In the recovery market, an increase was seen in the purchasing costs for raw materials sustained by Aliplast Spa, related to the trend in revenues mentioned above. As far as municipal waste collection is concerned, the increased activities were related to developing new sorted waste collection projects.

EBITDA (mn€)



The rise in Ebitda was mainly due to increased revenues in energy management, coming to approximately 30 million euro, expansion in the industrial waste market accounting for approximately 4 million euro, and new acquisitions, in the amount of approximately 3 million euro. Also contributing positively has been an increase in the prices of treated waste, partly offset by increases in the purchase prices of consumables as well as treatment and transportation costs.

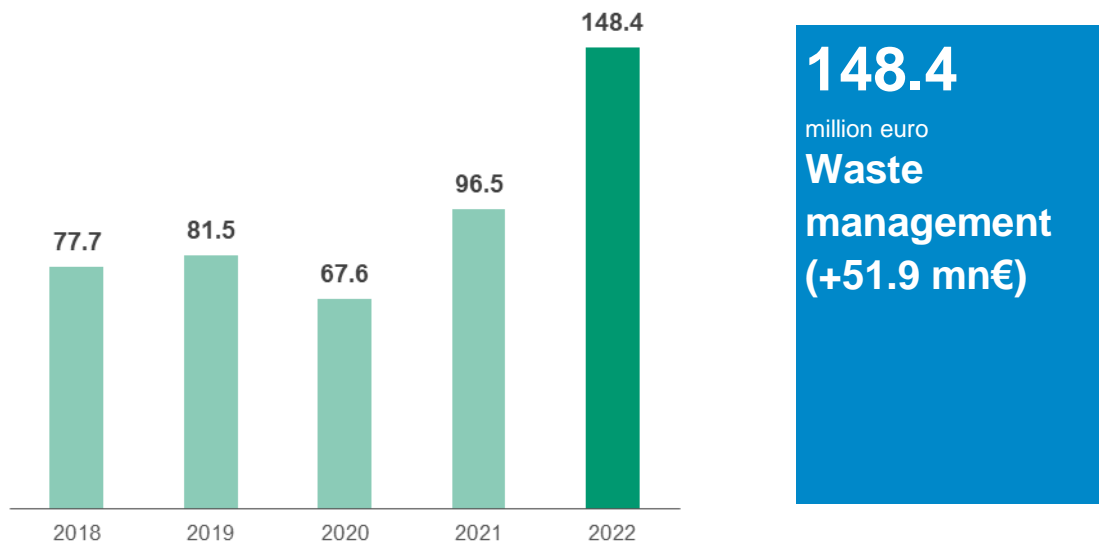
Net investments in the waste management area were related to maintenance and upgrading on waste treatment plants and amounted to 148.4 million euro, up 51.9 million euro compared to the previous year. Including the capital grants received, the investments made amounted to 149.2 million euro, up 51 million euro.

The composting/digester plants sector showed an increase of 12.3 million euro, mainly due to Biorg Srl starting work to construct a plant producing biomethane.

Investments in landfills increased by 9.0 million euro, due to work carried out on the Ravenna plant and Cordenons landfills, as well as Marche Multisiervizi Spa's building of the Cà Asprete plant.

The WTE sector showed a 5.4 million euro increase, due to revamping on line two of the Trieste plant, as well as non-recurring maintenance carried out on the Bologna and Rimini plants, while the 11.1 million euro increase in the industrial waste plants sector is related to revamping activities at the F3 plant in Ravenna.

Investments in the collection area and equipment sector increased by 2.5 million euro compared to the previous year and included the construction of underground waste collection areas, while the 10.5 million euro increase seen in the sorting and recovery plants sector was due to higher investments for the work on the new PE regenerator and replacement of the PELD regenerator belonging to Aliplast Spa, as well as the start of the Vallortigara company's construction of the new Marano Vicentino plant.

NET INVESTMENTS WASTE MANAGEMENT (MN€)

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

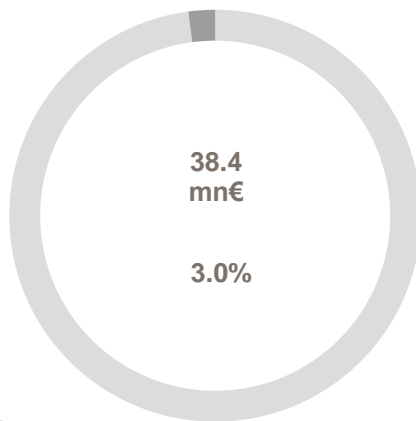
Waste management (mn€)	Dec 22	Dec 21	Abs. change	% change
Composters/digesters	19.8	7.5	12.3	+164.0%
Landfills	17.3	8.3	9.0	+108.4%
WTE	30.0	24.6	5.4	+22.0%
RS plants	28.4	17.3	11.1	+64.2%
Collection areas and equipment	19.1	16.6	2.5	+15.1%
Transshipment, selecting and other plants	34.5	24.0	10.5	+43.8%
Total waste management gross	149.2	98.2	51.0	+51.9%
Capital grants	0.8	1.7	(0.9)	(52.9)%
Total waste management net	148.4	96.5	51.9	+53.8%

1.07.05 Other services

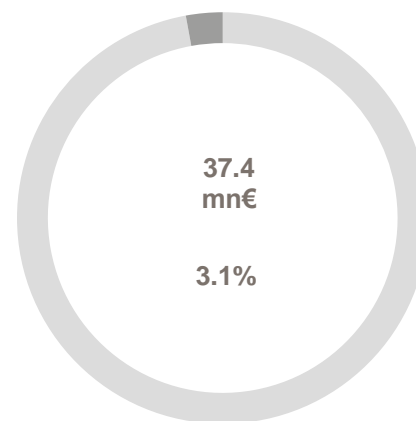
Ebitda rises

The other services area covers all minor businesses managed by the Group, including: public lighting, in which the Hera Group's efforts go towards planning, constructing and maintaining lighting structures, contributing to safety across the areas served through avant-garde technologies and constant attention towards the circular economy and sustainability; telecommunications, in which the Group offers connectivity for private customers and companies, telephone and Data Centre services through its own digital company; and, lastly, cemetery services. At December 2022, results in this area stood at 38.4 million euro, up 1 million euro over the previous year.

OTHER SERVICES EBITDA 2022



OTHER SERVICES EBITDA 2021



The changes occurred in terms of Ebitda are as follows:

(mn€)	Dec 22	Dec 21 (redetermined)	Abs. change	% change
Area Ebitda	38.4	37.4	1.0	+2.7%
Group Ebitda*	1,295.0	1,219.4	75.6	+6.2%
Percentage weight	3.0%	3.1%	(0.1) pp	

* refers to the adjusted results as mentioned in chapter 1.04

The following table shows the area's main indicators as regards public lighting services:

Quantity	Dec 22	Dec 21	Abs. change	% change
Public lighting				
Lighting points (k)	614.3	563.2	+51.1	+9.1%
of which LED	40.7%	35.2%	+5.5	+0.0%
Municipalities served	197.0	184.0	+13.0	+7.1%

In 2022, the Hera Group acquired approximately 65.4 thousand lighting points in 30 new municipalities. The most significant acquisitions were approximately 9.2 thousand lighting points in Lombardy, approximately 16.1 thousand in Tuscany, approximately 14.0 thousand in Umbria, and approximately 12.0 thousand in other regions of central Italy. Finally, acquisitions were made in the Triveneto area amounting to approximately 12.2 thousand lighting points and in Sardinia amounting to approximately 1.2 thousand. The year's increases fully offset the loss of about 14.3 thousand lighting points and 17 municipalities, mainly in the Triveneto area and Emilia Romagna.

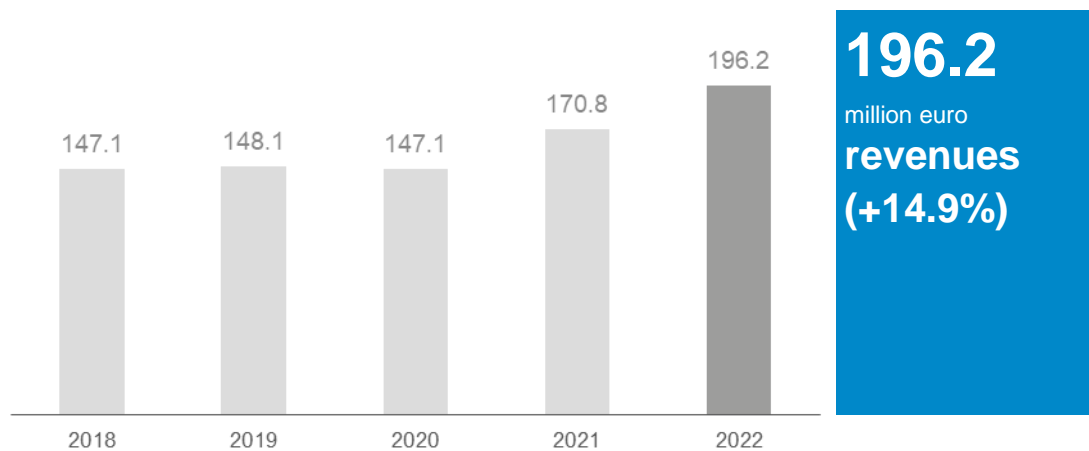
The percentage of lighting points using LED lamps is also growing, standing at 40.7%, up 5.5 percentage points. This trend highlights the Group's continued focus on the increasingly efficient and sustainable management of public lighting.

Quantitative indicators in the other services area also include the 4,520 km of proprietary ultra-wideband fibre optic network that the Hera Group owns through its digital company, Acantho Spa. This network serves the main cities in Emilia-Romagna, Padua and Trieste, and provides companies and individuals with high-performance connectivity, high reliability and maximum security for systems, data and service continuity.

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

Income statement (mn€)	Dec 22	% inc.	Dec 21	% inc.	Abs. change	% change
Revenues	196.2		170.8		25.4	+14.9%
Operating costs	(139.2)	(71.0)%	(114.1)	(66.8)%	25.1	+22.0%
Personnel costs	(21.3)	(10.9)%	(21.2)	(12.4)%	0.1	+0.5%
Capitalised costs	2.7	1.4%	1.9	1.1%	0.8	+42.9%
Ebitda	38.4	19.6%	37.4	21.9%	1.0	+2.7%

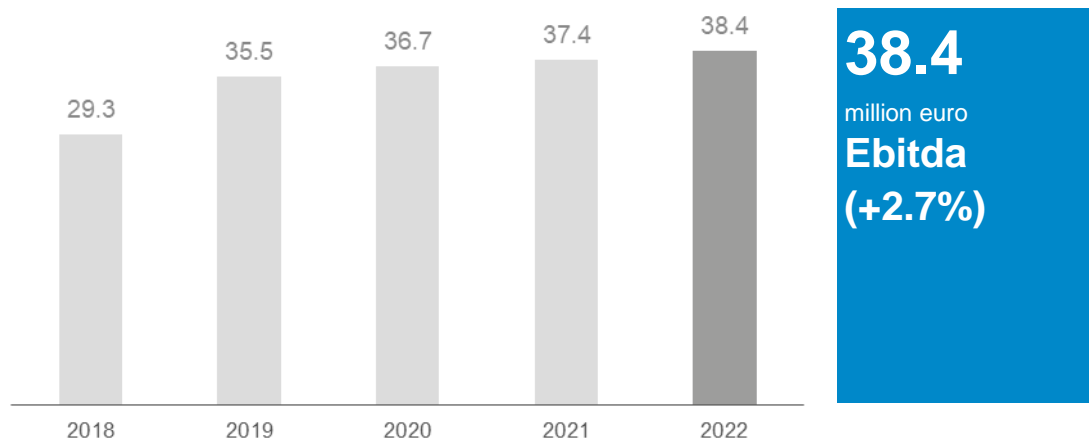
REVENUES (mn€)



The growth in revenues was mainly due to public lighting, where there was an increase of 22.5 million euro, primarily as a result of energy adjustments on public lighting fees. Other contributions to this area's growth came from telecommunications, which accounted for a total of 2.3 million euro due to increased activities in telephone and connectivity services.

The growth in operating costs is mainly due to the public lighting business and is affected by the significant rise in energy carrier prices, as well as the increased costs of materials and services required for energy upgrading.

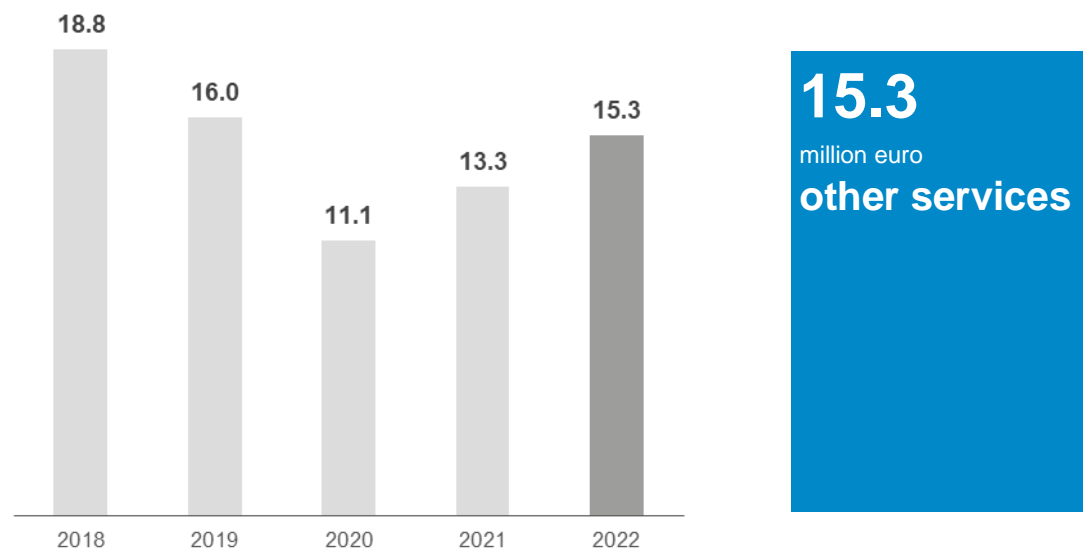
EBITDA (mn€)



Ebitda for the other services business increased by 2.7% overall, or 1 million euro, thanks to the telecommunications business, despite the lower contribution made by public lighting due to the increase in the price of the raw materials and services used in carrying out energy upgrades in the related plants. Net investments in the other services business for 2022 amounted to 15.3 million euro, up 2.0 million euro compared to the previous year. Including the capital grants received, the investments made rose by 0.7 million euro.

In telecommunications, 9.1 million euro in investments were made in network and TLC services, up 0.5 million euro compared to the previous year. In public lighting, investments were related to maintenance, upgrading and modernisation for lighting systems in the areas managed and amounted to 6.2 million euro, up 0.3 million euro compared to the previous year.

NET INVESTMENTS OTHER SERVICES (mn€)



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

Other services (mn€)	Dec 22	Dec 21	Abs. change	% change
TLC	9.1	8.6	0.5	+5.8%
Public lighting and traffic lights	6.2	5.9	0.3	+5.1%
Total other services gross	15.3	14.6	0.7	+4.8%
Capital grants	-	1.3	(1.3)	(100.0)%
Total other services net	15.3	13.3	2.0	+15.0%