

1.05 SHARE PERFORMANCE AND INVESTOR RELATIONS

Geopolitical tensions and inflation trigger selling on stock markets

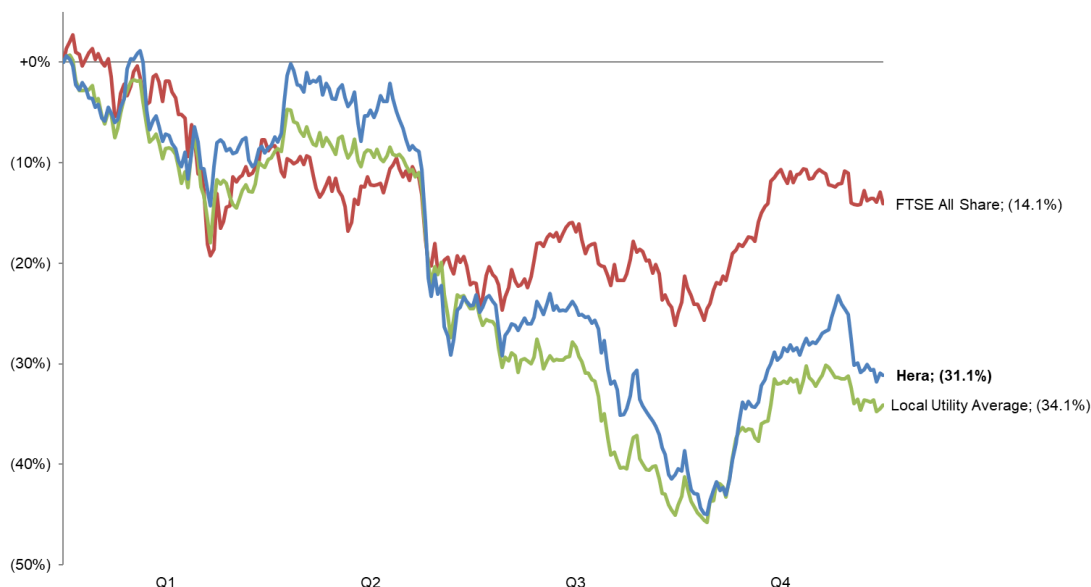
During 2022, the main stock exchanges in Western countries performed negatively, following a downward revision of economic growth prospects, a consequence of the geopolitical tensions that arose with the outbreak of the conflict in Ukraine. As mentioned in previous paragraphs, this conflict exacerbated tensions on energy markets, particularly affected by a reduction, in the present or expected in the future, of gas supplies from Russia. Difficulties in raw material procurement, with supply chains struggling to regain lost ground, also persisted after the disruptions caused by the pandemic. The combination of the conflict and the effects of the pandemic thus triggered an inflationary spiral that led central banks to revise their expansive monetary policies, putting an end to asset purchases on the market (quantitative easing) and raising interest rates.

Against this backdrop, the Italian FTSE All Share index fell by 14.1% during the reporting period, showing the worst performance among major European stock exchanges.

Hera shares perform better than peers

With an official price of 2.529 euro at 31 December, Hera stock was down 31.1%, showing however a more resilient performance than the reference sector. The utilities sector, on the other hand, saw a more pronounced drop than the Italian stock market, due to its higher sensitivity to the effects of the rise in interest rates by the European Central Bank and tensions in the energy markets.

2022 HERA STOCK, LOCAL UTILITY SECTOR AND ITALIAN MARKET PERFORMANCE COMPARISON



12 cent dividend paid

On 20 June 2022, Hera's twentieth dividend was paid. The coupon, amounting to 12 cents per share, increased by 9% year-on-year, respecting the indications set out in the business plan. Hera thus confirmed its ability to remunerate shareholders thanks to the resilience of its business portfolio, which has allowed it to pay steady and growing dividends since its listing.

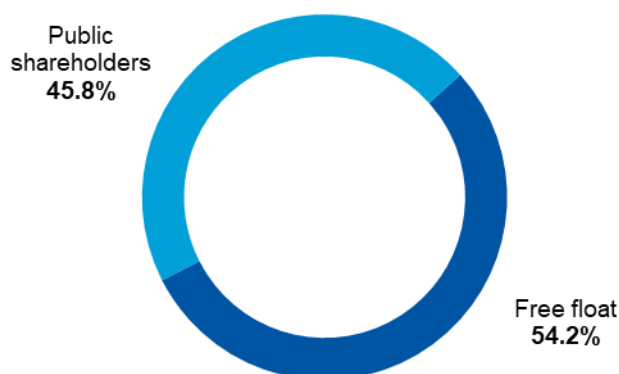
euro	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Dps	0.035	0.053	0.06	0.07	0.08	0.08	0.08	0.08	0.09	0.09	0.09	0.09	0.09	0.09	0.09	0.095	0.10	0.10	0.11	0.12

**+235%
total
shareholders'
return since
the IPO**

The joint effect of continuously remunerating shareholders through dividends and a rise in the price of the stock over the years allowed the total shareholders return accumulated since the IPO to remain consistently positive and to stand at over +234.9% at the end of the reporting period.

The financial analysts covering the stock (Mediobanca, Exane Bnp Paribas, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux, Equita Sim) expressed positive or neutral opinions, with a target price that continued to show significant potential for improvement. At the end of the year, the consensus target price came to 3.60 euro, showing a 42.4% upside potential.

SHAREHOLDER BREAKDOWN AT 31 DECEMBER 2022



**45.8%
share capital
pertaining to
the public
stockholders
agreement**

At 31 December 2022, the shareholding breakdown 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, renewed for three further years and effective from 1 July 2021 to 30 June 2024, and a 54.2% free float. The shareholding structure includes high number of public shareholders (111 municipalities, the largest of which holds shares amounting to less than 10% of the total) and a large number of private institutional and retail shareholders.



**Treasury
share plan
approved**

Since 2006, Hera has adopted a share buyback program, most recently renewed by the Shareholders Meeting held on 28 April 2022 for a further 18 months, for an overall maximum amount of 240 million euro. The purpose of this program is to finance M&A opportunities involving smaller companies, and smoothing out any abnormal market price fluctuations vis-à-vis those of the main comparable Italian companies. As of 31 December 2022, Hera held 38.5 million treasury shares.

**Ongoing
communication
with the market
in 2022 as well**

The Group continued to engage in intense communications with financial market players in 2022. After presenting the 2021-2025 business plan, the Executive Chairman and the CEO took part in a road show with investors in the main financial centres to update them on business trends and future prospects. Further occasions for contact came about by participating in the sector conferences organised by the brokers covering Hera stock. The intensity of the Group's commitment to dialogue with investors contributes to strengthening its reputation on the markets and constitutes an intangible asset to the benefit of Hera's stock and stakeholders. The intense dedication shown by the Group towards dialoguing with investors contributed to reinforcing its market reputation and represents an intangible asset benefiting Hera stock and stakeholders.

As regards the information required by article 2428, paragraph 3, subparagraphs 3 and 4 of the Italian Civil Code, concerning the number and nominal value of the shares constituting the share capital of Hera Spa, the number and nominal value of the treasury shares held at 31 December 2022, as well as the changes in these shares during 2022, see note 25 of paragraph 3.02.04 and the statement of changes in equity in paragraph 3.01.05 of the Parent Company's separate financial statements.