



CONSOLIDATE QUARTERLY REPORT

as at 31 March 2022



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MISSION

HERA AIMS AT BEING THE BEST MULTI-UTILITY IN ITALY

for its customers, workforce and shareholders. It intends to achieve this by further developing an original corporate model capable of innovating and forging strong links with the areas served, while respecting the local environment.

FOR HERA, BEING THE BEST IS A WAY OF CREATING PRIDE AND TRUST FOR:



OUR CUSTOMERS,

who receive quality services that satisfy their expectations, thanks to Hera's constant responsiveness.



OUR EMPLOYEES,

because the women and men who work for the company, with their skills, engagement and passion, are the foundation of its success.



OUR SHAREHOLDERS,

confident that the economic value of the company will continue to be generated in full respect of the principles of social responsibility.



OUR SUPPLIERS,

because they are key elements in the value chain and partners in growth.



THE LOCAL AREAS SERVED,

because economic, social and environmental wealth represents the promise of a sustainable future.

PURPOSE AND STRATEGY



Hera pursues a **multi-business** growth strategy concentrated on three core business areas: **waste management, water services and energy**. This allows us to maintain a balanced portfolio that includes both regulated and free-market activities, which even when facing a scenario that shows increasingly frequent systemic crises lays the foundations for a path of steady growth.



The Group is distinguished by its search for excellent and innovative management models which, as appears in the Business Plan to 2025 as well, embody the principles of a **circular economy** and move towards **carbon neutrality**, making the most of emerging technological innovations, ever more decisive in increasing efficiency and resilience in assets and services. In much the same way, long-term **risk and opportunity** assessment and management is continuously improved within the Group's strategy, as it is required to guarantee the **fundamental services** it provides to all, even in extreme or extraordinary circumstances.

Measuring the shared value generated for the local area provides tangible, quantifiable evidence that Hera has adopted a model suitable to achieve **sustainable growth** and a "just" transition, in which stakeholders are invited to play an increasingly active role.

Overall, the Group's strategy combines business development with the needs of the ecosystem in which it operates, enhancing the reciprocal trust-based relationship it enjoys with its local areas, as is further shown by the formal inclusion of Hera's social and environmental purpose within its Articles of Association.

DIRECTORS' REPORT



1.01 TRENDS AND CONTEXTS

Economy and finance: results for the period and projections

In the first quarter of 2021, global economic activity showed signs of slowing down compared to the fourth quarter of 2020, due to the spread of the Omicron variant of the coronavirus and, subsequently, the rising geopolitical tensions that culminated in Russia's invasion of Ukraine.

Inflation, which continued to rise globally, reflected higher energy prices, supply-side bottlenecks and, especially in the US, a recovery in demand. The Federal Reserve and the Bank of England are continuing the process of monetary policy normalisation initiated in late 2021; however, global trade expansion in 2022 is expected to be lower than the assessments made prior to the conflict. In the forecast released in January by the International Monetary Fund, before the invasion of Ukraine, growth in world output was revised to 4.4% (compared to 4.9% estimated in October), due to increased contagions, rising energy prices and supply difficulties for companies. According to the OECD's March assessment, trends in world GDP (excluding Russia) should weaken by almost one percentage point in the twelve months following the invasion.

In the first ten days of March, the conflict drove oil prices up to 133 dollars per barrel, the highest level seen since 2008. The risk of a reduction in Russia's oil exports, due to possible sanctions on its energy sector, and the decision made voluntarily by some public and private operators not to buy from their Russian counterparts, partially contributed to this increase. However, the coordinated release of strategic reserves by some member countries of the International Energy Agency (in particular the one decided by the United States), increased production by other OPEC members, the possibility of a positive resolution of the nuclear negotiations between the United States and Iran and the reduction in China's demand for oil due to internal lockdowns, contributed to lowering the price of oil. Futures prices are showing a downward trend, although they remain at higher levels than before the invasion. The considerable volatility of these prices, however, reflects the high degree of uncertainty surrounding developments in the conflict.

Following the slowdown in the fourth quarter of 2021, economic activity in the euro area weakened further in the first months of this year, and was more strongly affected by the context outlined above. Consumer inflation reached 7.5% in March, the highest level since the start of Economic and Monetary Union. Energy accounted for more than half of this figure, but the rise in food prices also played a significant role. According to the ECB's analyses, the conflict in Ukraine will have significant repercussions on economic activity and inflation, and it has thus been announced that all necessary measures will be taken to ensure stability in prices and financial solidity; at the same time, the Pandemic Emergency Purchase Programme (PEPP) for public and private securities was revised in order to more effectively manage any further fragmentation of financial markets linked to the pandemic. According to the ECB's latest projections, GDP will grow by 3.7% in 2022 and by 2.8% and 1.6% respectively in the following two years. Compared to last December's scenario, estimates for 2022 and 2023 were revised downwards by 0.5 and 0.1 percentage points respectively. The high uncertainty related to the war in Ukraine led the ECB not to rule out two further scenarios characterised by tougher international sanctions on Russia, which would result in a decline in gas flows to the euro area and other disruptions in the global value chain. In the worst-case scenario, which nevertheless contemplates the possibility for euro area countries to offset at least part of their gas imports from Russia with other sources, GDP growth for the current year would fall by 1.4 percentage points compared to the central estimate.

Trends in Italy

As regards the Italian context, the most recent evidence from ISTAT and the Bank of Italy shows that in the first three months of this year GDP fell by just over half a percentage point compared to the previous period, affected not only by the tensions mentioned above for the euro area, but also by a decline in manufacturing and services, mainly related to lower household spending. Since last December, the increased contagion translated into lesser confidence, especially in the tourism and transportation sectors.

In the first quarter of 2022, inflation reached its highest level since the early 1990s, mainly due to the significantly higher cost of fuel and increased prices for gas and electricity. Strong upward movements in gas and oil prices were related to the invasion of Ukraine, foreshadowing high inflation during the year, with extremely volatile price scenarios. The Regulatory Authority for Energy Networks and the Environment (ARERA) announced a reduction of around 10% in electricity and gas tariffs on the regulated market for the second quarter of 2022, after almost a year and a half of price increases. The government also intervened in March to lower fuel prices, by reducing excise duties for one month.

In the current highly uncertain context, the Italian economy will be influenced by the consequences of the military conflict, as well as by the economic policies that may be adopted to counter recessionary trends and curb price increases. At present, expectations on changes in prices for households and businesses have reached historically high amounts regardless of the timeline considered.

Financial markets

In the first quarter of the year, Italian financial markets were also affected by heightened uncertainty and the increased risk aversion shown by investors, especially when the conflict in Ukraine began. Italian government bond yields went up due to expectations of a faster-than-expected reduction in expansionary monetary policies, in a context of strong inflation. Yields on ten-year Italian government bonds rose by 80 basis points and the spread with the corresponding German bonds widened to 154 basis points at the beginning of April, as against 132 basis points in mid-January. Implied volatility in derivative contracts on Italian ten-year bonds increased, reaching amounts roughly double last year's average, but still well below those seen at the start of the pandemic in March 2020. After a substantially positive start to the year, boosted by an improvement in corporate earnings and the easing of pandemic-related restrictions, Italian share prices declined as the earliest tensions related to the conflict mounted, accompanied by a significant increase in volatility. However, share prices have partially recovered since mid-March.

Energy sector: prices, consumption and demand

Within an unstable national and international energy context, marked by the ongoing Russia-Ukraine conflict, crude oil and fuel prices continued the upward trend that began in 2021. In the first quarter of 2022, the Day-Ahead Energy Market (DAM) showed a price rise coming to 320% compared to the same quarter in 2021. According to data processed by the national grid transmission company (Terna), electricity consumption in the quarter showed a recovery compared to the same period during the previous year (+2.6%), rising from 78.3 TWh to 80.3 TWh, with an increase in March alone of 3.5% (compared to the same month in 2021). During the quarter, 88.9% of demand was met by domestic production, which increased by 6.67% to 71.4 TWh compared to the same period in 2021, while the foreign balance stood at around 9 TWh.

In the first quarter of 2022, net domestic production from renewables accounted for 33.4% of total net production, with volumes coming to 23.8 TWh, lower than the 27.3 TWh produced in the first quarter of 2021. The portion of consumption met by renewables equalled 29.7%, down from the volumes seen at 31 March 2021, due to the sharp reduction in hydroelectric production (-44.2%), which was not fully offset by the growth in photovoltaic (+10.9%), wind (+11%) and geothermal (+1.5%) production, which increased by +1.2 TWh overall. A significant increase was seen thermoelectric production compared to the same quarter one year earlier, coming to +7.9 TWh.

The price index for natural gas at the Dutch hub (TTF), taken as a reference for prices on European short-term spot markets, showed an increase in the first quarter of 2022 coming to over 410% compared to the first quarter of 2021. The information made available by the operator of the national gas transmission network (Snam Rete Gas) for the same quarter also showed a 1.6% increase in natural gas consumption compared to the same quarter of the previous year, from 25.1 billion cubic metres to 25.5 billion cubic metres. The most significant increase in consumption was due to demand for electricity generation, which stood at 7.3 billion cubic metres, up 13% on the same quarter in the previous year, and to exports, with volumes coming to 0.9 billion cubic metres and a 27.7% increase compared to the same quarter of 2021. Finally, consumption for industrial and household use fell compared to 2021, amounting to approximately 3.4 and 14 billion cubic metres respectively. During the quarter, in terms of gas injected into the network, 70.6% of the demand was met by gas imports, 26.4% by storage and the remainder by domestic production.

Regulated businesses and updates

As regards regulated businesses, there were no significant regulatory changes in the first quarter of 2022, apart from the initiation of the procedure to review the two-year adjustment of the water service and, with regard to the municipal waste management service, the determination of the WACC for 2022-2025, as well as the introduction of contractual and technical quality obligations for the collection service. For further details on the regulatory framework that concerns the Group, see paragraph 1.01.01 "Trends and contexts", section "Businesses and regulations", of the Directors Report at 31 December 2021. Integrated water service: initiation of proceedings to revise the two-year adjustment rules. With regard to the water service, by way of Resolution no. 139/2022, ARERA (the Regulatory Authority for Energy, Networks and the Environment) initiated proceedings to revise certain parts of Resolution no. 639/2021 (which governs the procedures for the two-year tariff adjustment for 2022-23)

which had been suspended by order of the Lombardy Regional Administrative Court. The suspended regulations concern in particular the methods for recognising electricity costs. Integrated waste service: WACC set for 2022-2025 and contractual quality obligations introduced.

As regards the urban waste management service, Resolution 68/2022 established the WACC for 2022-2025. Specifically, it was set at 5.6% for the collection service and will be adjusted when tariffs are set for 2024-2025: until then, it will remain at 6.3%. The WACC for the treatment service was instead set at 6.0%. In addition, note Resolution 15/2022, which provides for the introduction of a set of contractual and technical quality obligations for the collection service, which are minimum and equal for all operators, along with quality indicators and related general standards, differentiated by regulatory mechanisms, identified in relation to the actual initial quality level guaranteed to users in the various operations.

1.02 OVERVIEW OF OPERATING AND FINANCIAL TRENDS AND DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES

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, if present, are described below.

The Hera Group determines its operating indicators for the reporting period by reclassifying, within the result from 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.

The indicators illustrated below are used as financial targets in internal presentations (business plans) and in external presentations (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.

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.

Ebit is calculated by subtracting operating costs from operating revenues. Among operating costs, special operating items, which if present are described in the detailed table at the end of this paragraph, are deducted from amortisations and provisions.

Pre-tax results are calculated by subtracting the financial operations shown in the balance sheets from Ebit, as described above, net of special financial items which, if present, are described in the detailed table at the end of this paragraph.

Net results are calculated by subtracting from pre-tax results, as described above, the taxes shown in the balance sheets minus special fiscal items which, if present, are described in the detailed table at the end of this paragraph.

Results from special items (if present in the current report) are aimed at drawing attention to the result of the special item entries which, if present, are described in the detailed table at the end of this paragraph. In the Directors' report, this measure is placed between net results and net income for the period in question, thus allowing the performance of the Group's characteristic management to be read more clearly.

Ebitda on revenues, Ebit on revenues and net income on revenues measure the Group's operating performance through a proportion, expressed as a percentage, of Ebitda, Ebit and net income divided by the value of revenues.

Net investments are the sum of investments in tangible fixed assets, intangible assets and equity investments net of capital grants. For the data used in calculating investments, see the content of paragraph 1.03.01 and notes 13, 15, 16 and 17 of paragraph 2.02.05 "Commentary notes to the financial statement formats", if present.

Financial APMs

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.

Sources of financing are obtained by adding "net financial debt" and "net equity".

Operating- financial APMs

The Net debt to Ebitda ratio, expressed as a multiple of Ebitda, is a measure of the operating management's ability to pay back its net financial debt.

Funds from operations (FFO) are calculated beginning with Ebitda, subtracting provisions for doubtful accounts, financial charges, uses of provisions for risks (net of releases from provisions and increases due to changes in assumptions on future outlays following revised estimates on current landfills) and severance pay and taxes, net of the special items which, if present, are described in the detailed table at the end of this paragraph.

The FFO/Net debt indicator, expressed as a percentage, represents an indicator of the operating management's ability to pay back its net financial debt.

ROI, return on net invested capital, is defined as the ratio between Ebit, as described above, and net invested capital. It is intended to indicate the ability to produce wealth through operating management, thus remunerating equity and capital pertaining to third parties.

ROE, return on equity, is defined as the ratio between net profits and net equity. It is intended to indicate the profitability obtained by investors, recompensing risk.

Cash flow is defined as operating cash flow, net of dividends paid. Operating cash flow is calculated as Ebit (as previously described and net of special items, if present), to which the following are added:

- amortisation, depreciation and provisions for the period, not including provisions for doubtful debts;
- changes in net working capital (*);
- provisions for the risk fund (net of releases from provisions) (**);
- use of severance pay reserves;
- the difference between changes in taxes paid in advance and deferred taxes;
- operating and financial investments;
- financial charges and financial income (***);
- divestitures;
- current taxes.

(*) net of the effects of the different accounting policy used for financial derivatives on commodities traded on the EEX platform, whose differential is regulated on a daily basis; minus any changes in NWC deriving from an enlarged entire scope of operations.

(**) minus releases from provisions and increases caused by modifications in estimated future expenses following revised appraisals for operating landfills.

(***) minus the effects of discounting deriving from the application of accounting standards IAS 37 and IAS 19 and the profits coming from associated companies and joint ventures, plus the dividends received from the latter, and gains/losses from transferred shareholding (excluding special items, if present).

The Hera Group's APMs are provided in the following table:

Operating APMs and investments (mn€)	March 22	March 21	Abs. change	% change
Revenues	5,312.0	2,271.8	3,040.2	+133.8%
Ebitda	374.0	362.0	12.0	+3.3%
Ebitda/revenues	7.0%	15.9%	(8.9) pp	+0.0%
Ebit	220.1	223.1	(3.0)	(1.3)%
Ebit /revenues	4.1%	9.8%	(5.7) pp	+0.0%
Net profit	137.8	140.3	(2.5)	(1.8)%
Net profit/revenues	2.6%	6.2%	(3.6) pp	+0.0%
Net investments	124.6	112.9	11.7	+10.4%

Financial APMs (mn€)	March 22	December 21	Abs. change	% change
Net non-current assets	7,294.8	7,308.0	(13.2)	(0.2)%
Net working capital	398.9	3.5	395.4	+11,297.1%
Provisions	(637.2)	(633.4)	3.8	+0.6%
Net invested capital	7,056.5	6,678.1	378.4	+5.7%
Net debt	(3,455.2)	(3,261.3)	193.9	+5.9%

1.02.01 Operating results and investments

Efficiency in services offered

The results for the first quarter of 2022 were achieved against the backdrop of a complicated international scenario, marked by energy market volatility and geopolitical conflicts. The Hera Group's business model proved to be solid and resilient even in this difficult situation and enabled the Group to maintain the high quality and continuity of the services rendered and to create value for all stakeholders.

Hera continues to pursue its industrial growth objectives through its well-established multi-business industrial strategy. This model, even when faced with a scenario marked by increasingly frequent systemic crises, makes it possible to positively meet the challenges of 2022, thanks to both the Group's balanced business portfolio and the opportunities arising in the external context.

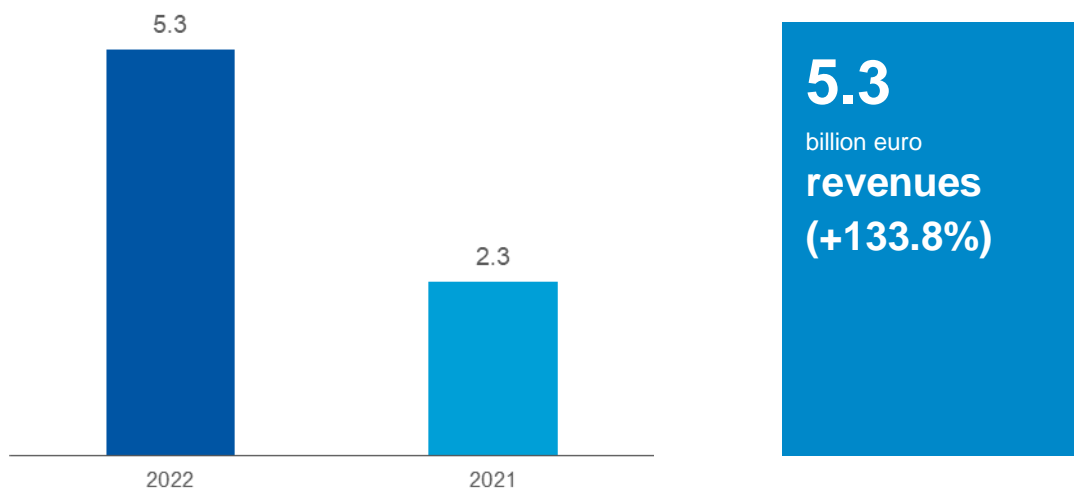
Compared to March 2021, two companies were integrated into the Hera Group's environment area, contributing to increasing its commercial presence in central and northern Italy: 70% of Recycla Spa, a Friuli-based company that manages three industrial waste platforms, was acquired, as was 80% of the Vallortigara Group, which provides services to industries, public administrations and citizens and manages a multifunctional platform for the treatment of special waste. The energy areas benefited from the acquisition of 100% of the Bulgarian company Atlas Utilities, which holds 97.3% of Primagas, carried out by Ares Gas Ead, and that of 90% of the company Eco Gas Srl, by Hera Comm Spa.

Note furthermore that Hera Comm Spa was awarded the gradual protection service for the supply of electricity to SMEs in 9 Italian regions. Detailed information will be provided on this matter in paragraph 1.04.02.

The following table shows operating results at 31 March 2022 and 2021:

Income statement (mn€)	March 22	% Inc.	March 21	% Inc.	Abs. change	% change
Revenues	5,312.0	0.0%	2,271.8	0.0%	3,040.2	133.8%
Other operating revenues	100.7	1.9%	100.7	4.4%	-	0.0%
Raw and other materials	(4,307.8)	(81.1)%	(1,209.7)	(53.2)%	3,098.1	256.1%
Service costs	(573.3)	(10.8)%	(646.9)	(28.5)%	(73.6)	(11.4)%
Other operating expenses	(17.2)	(0.3)%	(17.1)	(0.8)%	0.1	0.6%
Personnel costs	(154.5)	(2.9)%	(150.1)	(6.6)%	4.4	2.9%
Capitalised costs	14.1	0.3%	13.3	0.6%	0.8	6.0%
Ebitda	374.0	7.0%	362.0	15.9%	12.0	3.3%
Amortization, depreciation and provisions	(153.9)	(2.9)%	(138.9)	(6.1)%	15.0	10.8%
Ebit	220.1	4.1%	223.1	9.8%	(3.0)	(1.3)%
Financial operations	(29.5)	(0.6)%	(28.8)	(1.3)%	0.7	2.4%
Pre-tax result	190.6	3.6%	194.3	8.6%	(3.7)	(1.9)%
Taxes	(52.8)	(1.0)%	(54.0)	(2.4)%	(1.2)	(2.2)%
Net profit for the period	137.8	2.6%	140.3	6.2%	(2.5)	(1.8)%
Attributable to:						
Parent company shareholders	126.5	2.4%	132.2	5.8%	(5.7)	(4.3)%
Non-controlling interests	11.3	0.2%	8.1	0.4%	3.2	39.3%

REVENUES (bn€)



Revenues in March 2022 were up 3,040.2 million euro compared to the equivalent period in 2021. The energy sectors showed significant growth, coming to 2,852 million euro overall, owing to higher brokerage activities and a 2,915 million euro increase in commodity prices. The higher volumes of gas sold were due to new lots won in tenders and the positive effect of temperatures, for a total of 86 million euro. Lastly, there was a decrease of 152 million euro due to lower system charges (with an equal effect on costs).

Also note the growth in energy services, related to energy efficiency in residential buildings (insulation bonus and 110% super-bonus) and the increase in value-added services for customers; these effects together contributed roughly 75.0 million euro.

Revenues from the waste management sector also rose, mainly due to energy production, price increases in the recovery market and new acquisitions in the industry market, amounting to roughly 54 million euro. Revenues from network services, both regulated and subcontracted, amounted to approximately 56 million euro and revenues from the public lighting service came to approximately 3 million euro.

For further details, see the analysis of the individual business areas in chapter 1.04.

Other operating income in March 2022 was in line with the previous year. Lower energy efficiency grants coming to approximately 5.2 million euro, as a result of the ministerial decree of 21 May 2021 redetermining the obligations of energy efficiency certificates, were largely offset by higher revenues from contracts on assets under concession.

Costs for raw materials correlated to trends in revenues

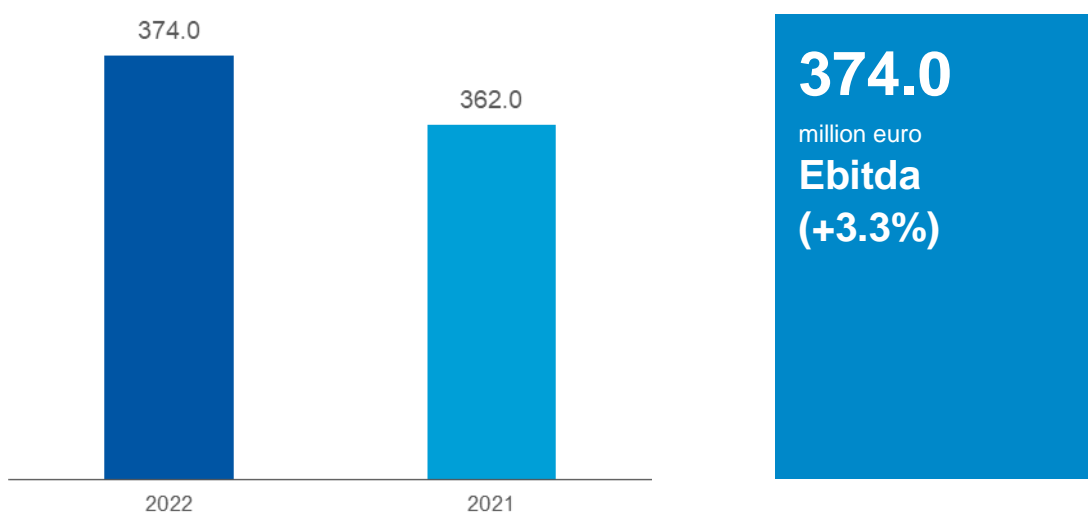
Costs for raw and other materials increased by 3,098.1 million euro compared to March 2021. This increase was related to higher brokerage activities and the increase in commodity prices, as described under revenues. Lastly, note the increase in the purchase price of plastic raw materials in the recovery business. This trend was partly offset by lower costs for purchasing energy efficiency certificates following the ministerial decree mentioned above.

Other operating costs decreased by a total of 73.5 million euro (lower service costs coming to 73.6 million euro and higher operating expenses amounting to 0.1 million euro). Overall, lower costs coming to approximately 152 million euro were mainly related to system charges as a result of Resolution 635/2021/R/com of 30 December 2021, which implements the 2022 Budget Law, and Resolution 35/2022/R/eel of 31 January 2022, which implements the Sostegni-ter Decree. The decrease in costs described above was partially offset by higher costs in energy efficiency services coming to roughly 57 million euro and higher costs for waste collection and treatment amounting to approximately 17 million euro.

+2.9% growth in personnel costs

Personnel costs increased by 4.4 million euro, or 2.9%. This increase is linked to salary increases under the national collective labour agreement and the corporate acquisitions mentioned above. These effects were only partly contained by the lower average presence. Capitalised costs increased by 0.8 million euro, due to higher capital expenditure on assets owned by the Group and between Group companies.

EBITDA (mn€)

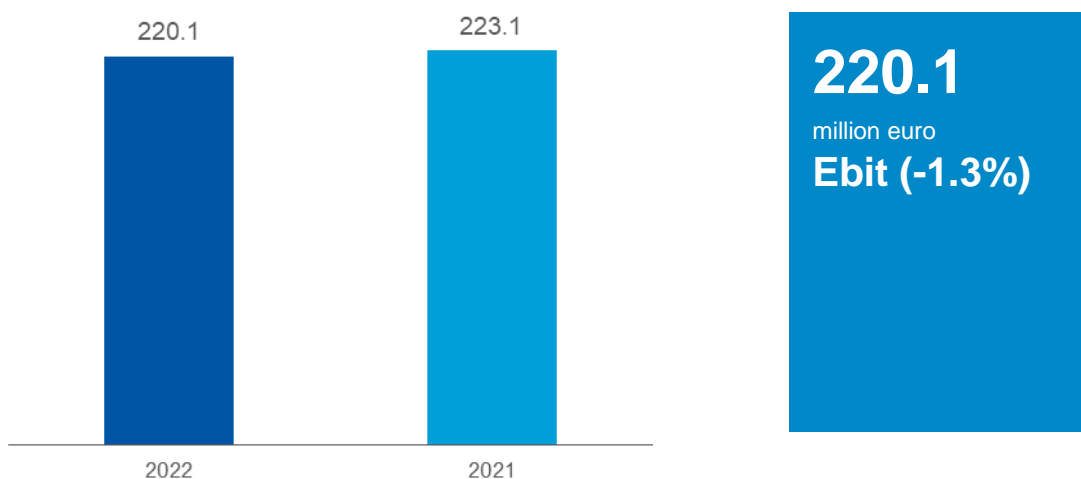


Ebitda increased by 12.0 million euro, or 3.3%. The energy areas contributed a total of 6.1 million euro to the Group's results. The waste management area grew by 8.1 million euro, while the water cycle area increased by 0.5 million euro. Lastly, the other services area decreased by 2.6 million euro.

For further details, see the analysis of the individual business areas.

Depreciation, amortisation and provisions at 31 March 2022 increased by 15.0 million euro, or 10.8%, compared to the previous year. The increase in depreciation and amortisation was mainly due to new operating investments, an increase in sales commissions in commercial companies and changes in the scope of consolidation resulting from the consolidation of companies involved in gas sales or specialised in industrial waste management and environmental services. An overall increase was also seen in provisions for bad debts, mainly attributable to both last resort and traditional markets and to the gradual protection service.

EBIT (mn€)



Ebit decreased slightly, by 3.0 million euro or 1.3%; the increase in Ebitda did not cover higher depreciation and amortisation, as described above.

Slight growth in financial operations

The result of financial operations at 31 March 2022 came to 29.5 million euro, up slightly by 0.7 million euro, or 2.4%, compared with 31 March 2021. This change was due to lower income from late payment indemnities coming to approximately 5.7 million euro, partially offset by lower financial expenses on long-term debt amounting to roughly 3.8 million euro, as a result of debt optimisation operations. Lower charges for extraordinary transactions of the Group company Hera Servizi Energie, amounting to approximately 1 million euro, also contributed positively.

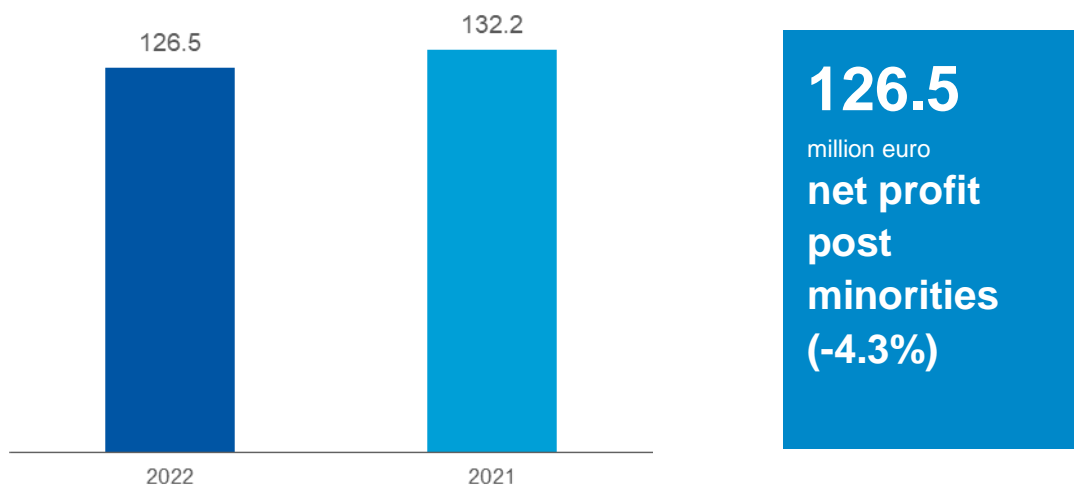
Pre-tax profit decreased by 3.7 million euro, or 1.9%, due to the effects described above and the decrease in Ebit.

Tax rate stable

Taxes for the first quarter went from 54 million euro in 2021 to 52.8 million euro in 2022. The tax rate came to 27.7%, broadly in line with the 27.8% seen during the previous year, which is still quite respectable, confirming the tax opportunities that the group continues to seize, including through significant investments in technological, digital and environmental transformation.

-1.8% net profit

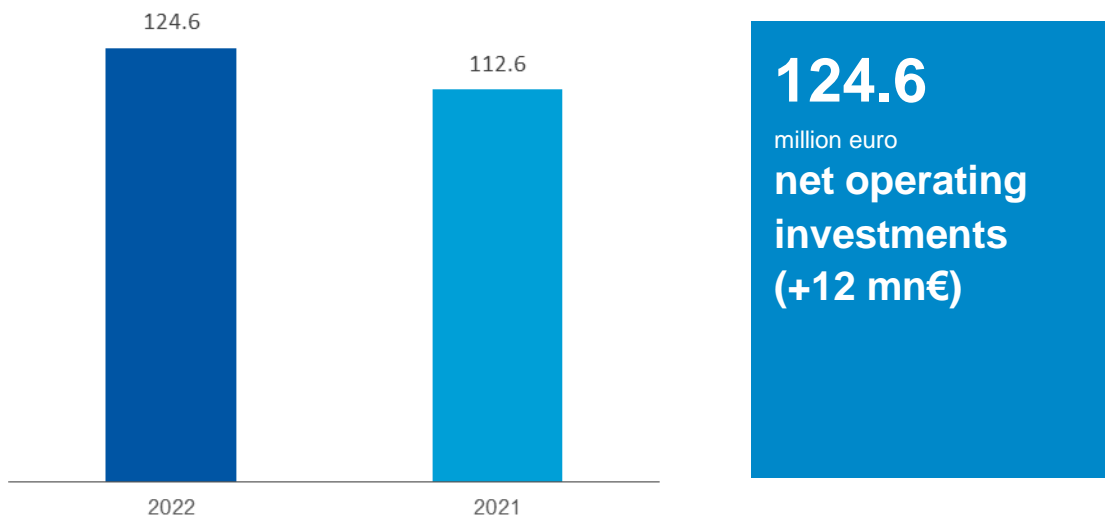
Net profit was therefore down 1.8%, or 2.5 million euro, due to the sum of all the events described above.

NET PROFIT POST MINORITIES (mn€)**Net investments rise by 124.6 million euro**

Profit attributable to the Group was down 5.7 million euro, or 4.3%, compared to March 2021. In the first quarter of 2022, the Group's net investments amounted to 124.6 million euro, up 11.7 million euro compared to the same period during the previous year. Capital grants amounted to 4.6 million euro, including 4.1 million euro from FoNi investments, as required by the tariff method for the integrated water service, and increased by 0.9 million euro.

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

Total investments (mn€)	March 22	March 21	Abs. change	% change
Gas area	29.3	31.9	(2.6)	(8.2)%
Electricity area	15.5	12.2	3.3	+27.0%
Integrated water cycle area	43.3	42.2	1.1	+2.6%
Waste management area	24.9	12.7	12.2	+96.1%
Other services area	2.2	2.8	(0.6)	(21.4)%
Headquarters	13.9	14.6	(0.7)	(4.8)%
Total gross operating investments	129.2	116.3	12.9	+11.1%
Capital grants	4.6	3.7	0.9	+24.3%
of which FoNi (New Investments Fund)	4.1	3.4	0.7	+20.6%
Total net operating investments	124.6	112.6	12.0	+10.7%
Financial investments	-	0.3	(0.3)	(100.0)%
Total net investments	124.6	112.9	11.7	+10.4%

TOTAL NET OPERATING INVESTMENTS (mn€)

The Group's operating investments, including capital grants, amounted to 129.2 million euro, showing a 12.9 million euro increase compared to the previous year, and mainly referred to works on plants, networks and infrastructures. In addition, regulatory adjustments were made, mainly in the gas distribution sector concerning a large-scale meter replacement, and in the purification and sewerage sector.

Comments on investments in the individual areas are provided in the analysis by business area.

In the central structure, investments related to works on buildings at company headquarters, information systems, the vehicle fleet, as well as laboratories and remote control facilities. Overall, capital expenditure fell by 0.7 million euro compared to the previous year, mainly due to the reduction in the first quarter on Information Systems and Fleets, only partially offset by the continuation of work on buildings at corporate headquarters.

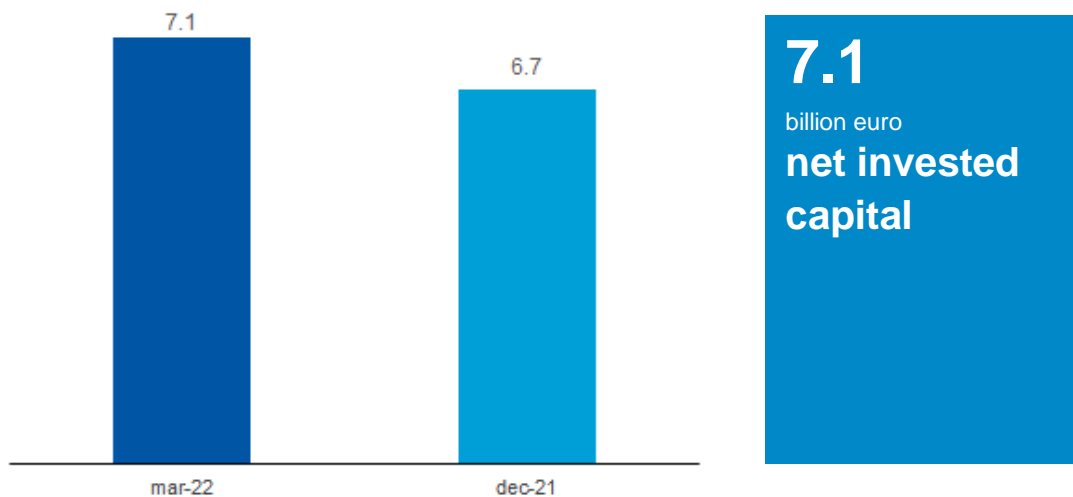
1.02.02 Financial structure and adjusted net debt

What follows is an analysis of trends in the Group's net invested capital and sources of financing at 31 March 2022.

Invested capital and sources of financing (mn€)	March 22	% Inc.	Dec 21	% Inc.	Abs. change	% change
Net non-current assets	7,294.8	+103.4%	7,308.0	+109.4%	(13.2)	(0.2)%
Net working capital	398.9	+5.7%	3.5	+0.1%	395.4	+11,297.1%
(Provisions)	(637.2)	(9.0)%	(633.4)	(9.5)%	(3.8)	(0.6)%
Net invested capital	7,056.5	+100.0%	6,678.1	+100.0%	378.4	+5.7%
Equity	(3,601.3)	+51.0%	(3,416.8)	+51.2%	(184.5)	(5.4)%
Long-term borrowings	(3,644.6)	+51.6%	(3,633.1)	+54.4%	(11.5)	(0.3)%
Net current financial debt	189.4	(2.7)%	371.8	(5.6)%	(182.4)	(49.1)%
Net debt	(3,455.2)	+49.0%	(3,261.3)	+48.8%	(193.9)	(5.9)%
Total sources of financing	(7,056.5)	(100.0)%	(6,678.1)	+100.0%	(378.4)	(5.7)%

**Group
solidity
confirmed**

Net invested capital (NIC) rose compared to 31 December 2021, amounting to 7,056.5 million euro. This increase can mainly be attributed to net working capital, which rose as a result of the changed energy scenario and the impact of government interventions on the "rising bills" in terms of instalments.

NET INVESTED CAPITAL (bn€)

637.2 million euro provisions At March 2022, provisions amounted to 637.2 million euro, in line with the previous year-end figure of 633.4 million euro. This result is mainly due to provisions for the period and adjustments to the post-mortem provisions for landfills and restoration of third-party assets, which offset outflows for uses.

3.6 billion euro equity Equity rose from 3,416.8 million euro in December 2021 to 3,601.3 million euro in March 2022, thanks to the positive net operating result coming to 137.8 million euro in the first three months of 2022, which reinforced the Group's solidity, and the effect of cash flow hedge reserves.

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

mn€		31 March 22	31 Dec 21
A	Cash	790.7	885.6
B	Cash equivalents	-	-
C	Other current financial assets	28.8	29.3
D	Liquidity (A+B+C)	819.5	914.9
E	Current financial debt	(550.7)	(443.6)
F	Current portion of non-current financial debt	(79.4)	(99.5)
G	Current financial indebtedness (E+F)	(630.1)	(543.1)
H	Net current financial indebtedness (G-D)	189.4	371.8
I	Non-current financial debt	(458.0)	(461.0)
J	Debt instruments	(2,708.8)	(2,702.0)
K	Non-current trade and other payables	-	-
L	Non-current financial indebtedness (I+J+K)	(3,166.8)	(3,163.0)
M	Total financial indebtedness (H+L)	(2,977.4)	(2,791.2)
	Non-current financial receivables	140.7	142.7
	Net financial debt (excluding put option)	(2,836.7)	(2,648.5)
	Nominal amount - fair value put option	(478.7)	(474.2)
	Net financial debt with adjusted put option	(3,315.4)	(3,122.7)
	Portion of future dividends - fair value put option	(139.8)	(138.6)
	Net financial debt (Net debt)	(3,455.2)	(3,261.3)

The overall amount of net financial debt came to 3,455.2 million euro, showing an increase of approximately 193.9 million euro compared to the previous year.

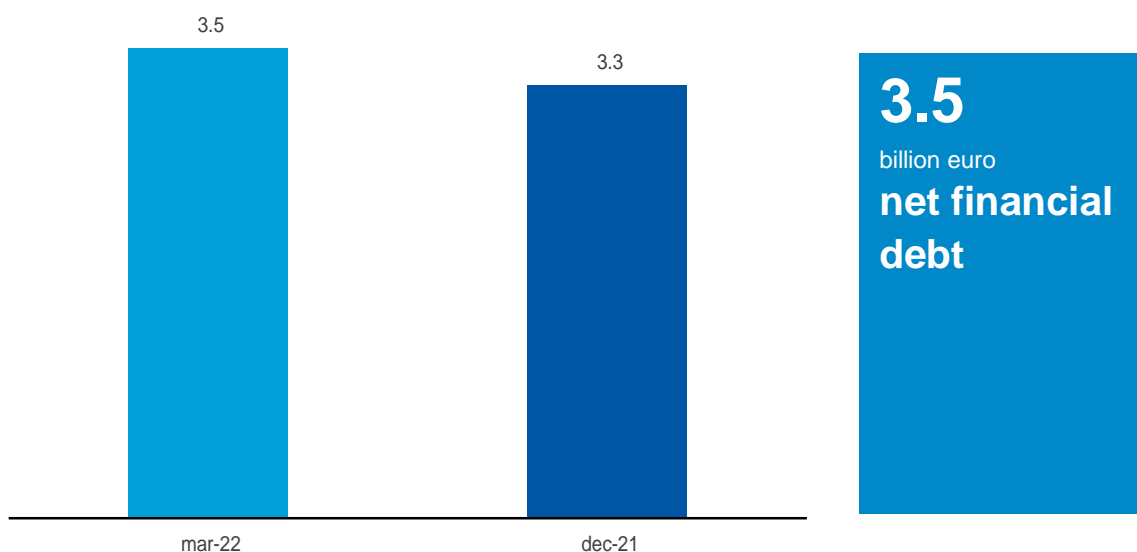
The financial structure showed current financial debt amounting to 630.1 million euro, of which 79.4 million euro referred to the current portion of debt, which includes 57.6 million euro related to the portion of medium-term bank loans due within one year and 21.8 million euro referred to current payables for leasing. The portion of current debt due to other lenders amounts to 387.6 million euro, including 259.1 million euro for cash advances from commodity derivatives and 39.3 million euro for payables related to the provision for restoration of third-party assets, to be paid following the award of the new tender for managing the water service in the province of Rimini. Payables due to banks included under current financial debt refer to interest payable on loans coming to 23.8 million euro and use of current account lines amounting to approximately 139.4 million euro.

The amount of non-current financial debt was essentially in line with the amount seen in 2021. Cash decreased from 885.6 million euro in 2021 to 790.7 million euro at 31 March 2022.

At 31 March 2022, 83.4% of medium/long-term debt consisted in bonds with repayment at maturity. Total debt had an average residual maturity of approximately seven years, of which 64% has a maturity of more than five years.

Net financial debt increased by 193.9 million euro, from 3,261.3 million euro in 2021 to 3,455.2 million euro in March 2022. This increase is due to the change in net working capital which, as specified above, rose due to the changed energy scenario and the impact of government intervention on the “rising bills” in terms of instalments.

NET FINANCIAL DEBT (bn€)



1.03 SHARE PERFORMANCE AND INVESTOR RELATIONS

Geopolitical tensions and inflation trigger selling on stock markets

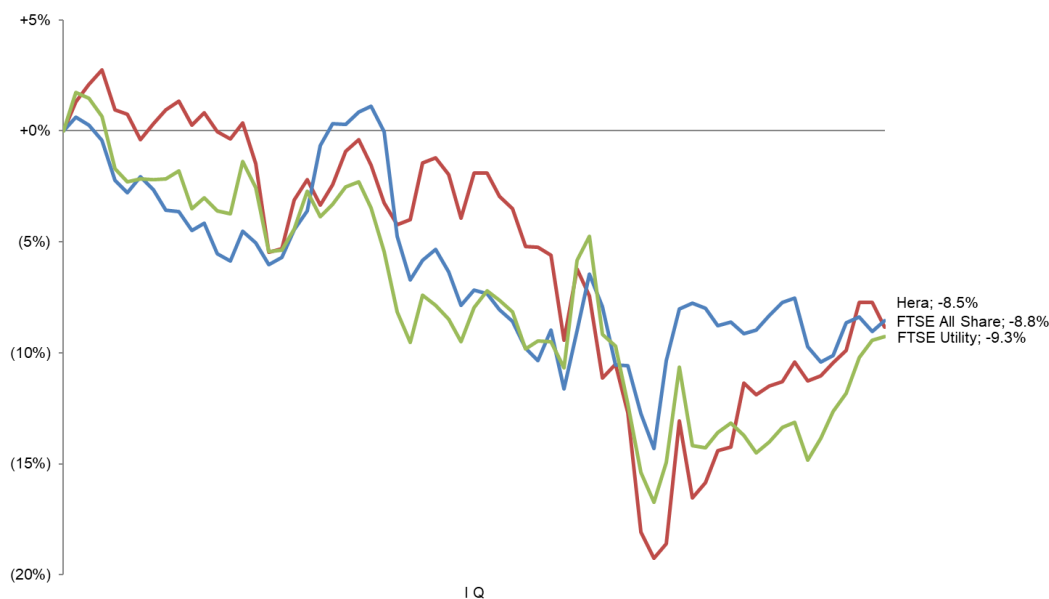
In the first quarter of 2022, the main stock exchanges in Western countries recorded negative performances, following the downward revision of economic growth prospects for the current year, as a result of geopolitical tensions caused by the outbreak of the conflict in Ukraine. In addition, raw material supply difficulties persisted, with supply chains struggling to recover from the disruptions caused by the pandemic. The combination of the conflict and the effects of the pandemic therefore triggered an inflationary spiral that led central banks to revise their expansionary monetary policies, expecting to end asset purchases on the market (quantitative easing) and raise interest rates during the year.

Against this backdrop, Italy's FTSE All Share index fell 8.8% over the period, ranking as the second worst among the major European stock exchanges, after Germany. Only the oil and insurance sectors managed to show a positive performance in the quarter, while the utility sector fell by 9.3%, in line with the market.

Hera shares show a more resilient performance

With an official price of 3.357 euro on 31 March, Hera shares were down 8.5%, but performed more resiliently than the utility sector and the Italian market. This performance was supported by the positive reception of the Group's business plan, published at the end of January, and by the presentation of the final results for 2021, which showed solid fundamentals and the highest internal growth since Hera was founded.

1Q 2022 HERA STOCK, LOCAL UTILITY SECTOR AND ITALIAN MARKET PERFORMANCE COMPARISON



Dividend rises to 12 cents per share

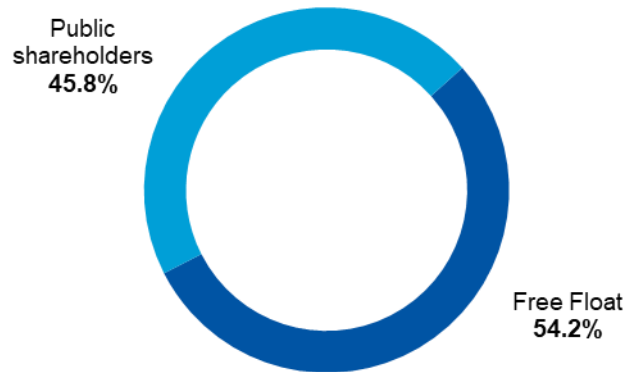
Hera's Board of Directors, which met on 23 March 2022 to approve the annual results for 2021, decided to submit to the Shareholders Meeting the proposal of a 12 cent per share dividend, up +9%, respecting the indications contained in the Business plan. Following approval by shareholders at the meeting held on 28 April 2022, the ex-dividend date was scheduled for 20 June, with payment on 22 June. Hera thus confirms its ability to remunerate shareholders thanks to the resilience of its activity portfolio, which has allowed it to distribute constant and growing dividends since being listed.

+292% Total shareholders return since the IPO

The combined effect of uninterrupted shareholder remuneration through the payment of dividends and the accumulated rise in the share price over the years allowed the total shareholders return since listing to remain consistently positive and to stand at over +291.6% at the end of the reporting period.

The financial analysts covering the company (Mediobanca, Stifel, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux and Equita Sim) almost unanimously expressed positive opinions, and a consensus target price coming to 4.31 euro, and a potential revaluation of +28.3%.

SHAREHOLDER BREAKDOWN AT 31 MARCH 2022



45.8% of the Share capital pertains to a public shareholders agreement

At 31 March 2022, the shareholder 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 high number of private institutional and retail shareholders.

Treasury share purchasing plan approved

Since 2006, Hera has adopted a share buyback program, most recently renewed by the Shareholders Meeting held on 28 April 2022 for 18 further 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 anomalous market price fluctuations vis-à-vis those of the main comparable Italian companies. At 31 March 2022, Hera held 31.1 million treasury shares.

Constant communication with the market in 2022 as well

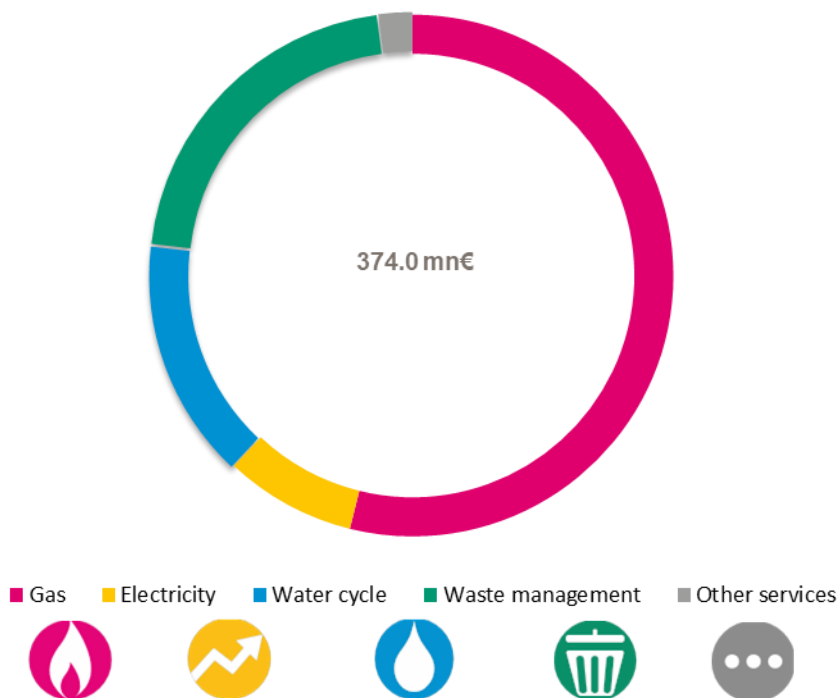
The Group continued to engage in intense communications with investors in 2022. After Hera's new 2021-2025 Business Plan was published, the Executive Chairman and the CEO took part in a road show with investors in the main financial centres, to update them on trends in activities and future prospects. Further occasions for contact have been scheduled for the remainder of the year, with participation in the sector conferences organised by Borsa Italiana Spa and the brokers covering Hera stock. The intense dedication shown by the Group towards dialoguing with investors contributes to reinforcing its market reputation and represents an intangible asset benefiting Hera stock and stakeholders.

1.04 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 MARCH 2022



The contribution to Ebitda coming from the Group's various areas of activity reflects the seasonal nature of its businesses, with the energy areas accounting for over 60%

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 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.

1.04.01 Gas

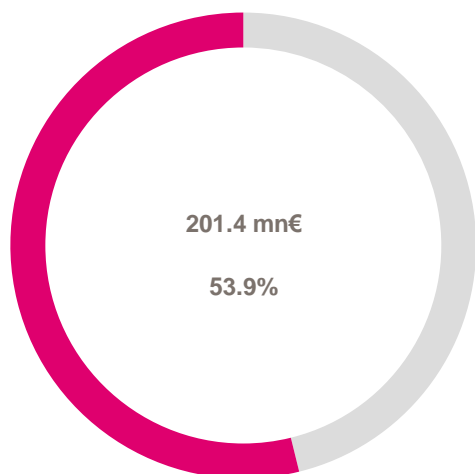
The first quarter of 2022 showed significant growth compared to the same period of 2021, both in terms of Ebitda and volumes sold, thanks to the opportunities provided in the Energy Services segment by the incentives for energy efficiency, the 110% super-bonus and the insulation bonus, and to Hera Comm Spa being awarded tenders in the following lots in Italy:

Ebitda rises

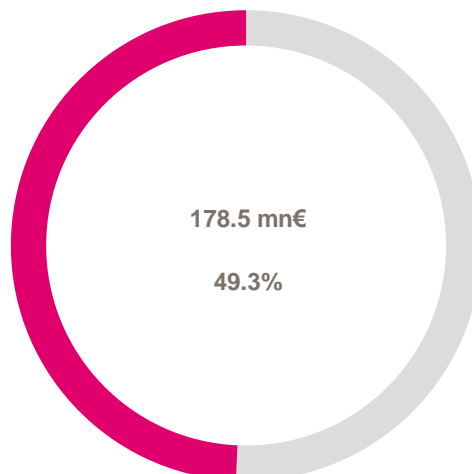
- six of the nine lots of the last resort gas service (for customers involved in public services or without a supplier) for the period from 1 October 2021 - 30 September 2023 in: Valle d'Aosta, Piedmont, Liguria, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Lazio 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 2021, both in Lombardy.

EBITDA GAS AREA 2022



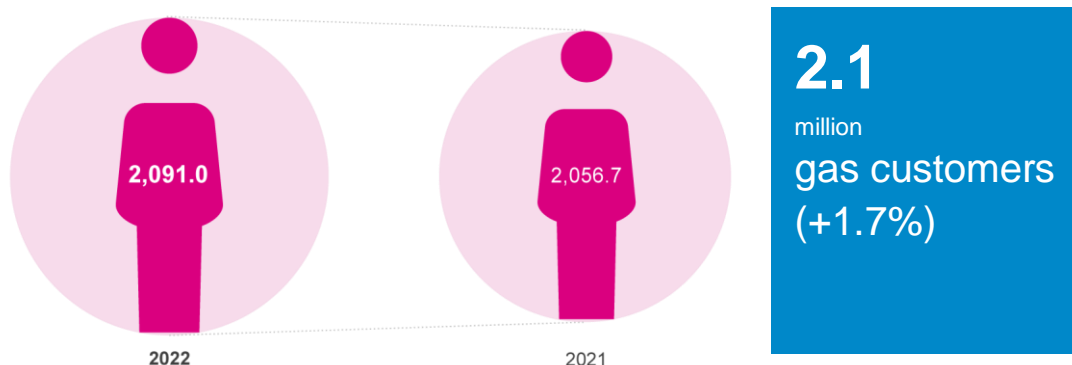
EBITDA GAS AREA 2021



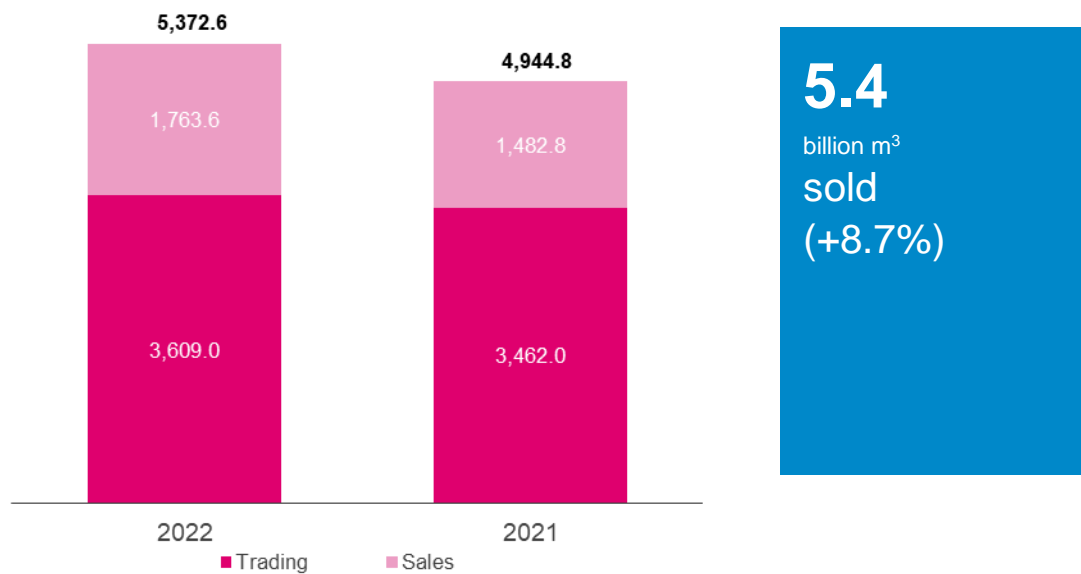
The following table shows the changes occurred in terms of Ebitda:

(mn€)	March 22	March 21	Abs. change	% change
Area Ebitda	201.4	178.5	22.9	+12.9%
Group Ebitda	374.0	362.0	12.0	+3.3%
Percentage weight	53.9%	49.3%	+4.6 p.p.	

CUSTOMERS (k)



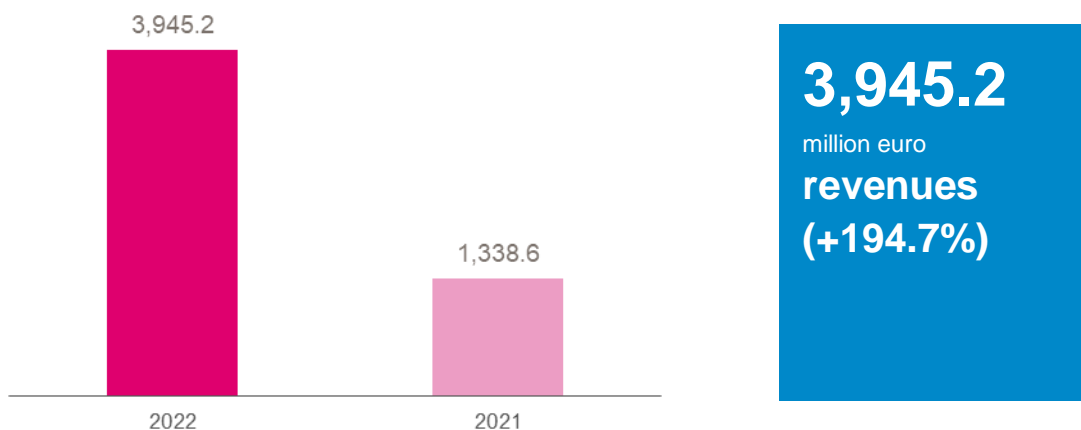
The number of gas customers increased by 34.3 thousand, or 1.7%, compared to the previous year. On traditional markets, the customer base was stable, while customers in the last resort markets, following the tenders for 2021-2023, increased by 34.2 thousand.

VOLUMES SOLD (mn m³)

Total volumes of gas sold increased by 427.8 million cubic metres, or 8.7%. Brokerage volumes showed an increase of 147.0 million cubic metres, or 4.2%, thanks to increased trading to satisfy internal provisions and take advantage of market opportunities. Volumes sold to end customers increased by 280.8 million cubic metres, or 18.9%. This growth occurred in both traditional markets, coming to 168.9 million cubic metres, or 12.1% (11.3% of total volumes sold), and last resort markets, coming to 111.9 million cubic metres, or +135.5% (7.6% of total volumes sold), thanks to a winter that recorded average temperatures 10% colder than the same period in 2021, and the effect of the new tenders mentioned above.

The following table summarises operating results for the gas area:

Income statement (mn€)	March 22	% inc.	March 21	% inc.	Abs. change	% change
Revenues	3,945.2		1,338.6		2,606.6	+194.7%
Operating costs	(3,708.5)	(94.0)%	(1,130.8)	(84.5)%	2,577.7	+228.0%
Personnel costs	(36.5)	(0.9)%	(33.7)	(2.5)%	2.8	+8.3%
Capitalised costs	1.2	+0.0%	4.4	0.3%	(3.2)	(72.5)%
Ebitda	201.4	5.1%	178.5	13.3%	22.9	+12.9%

REVENUES (mn€)

Revenues increased by 2,606.6 million euro, or 194.7%, compared to the previous year. The reasons for this mainly lie in brokerage activities, which generated higher revenues amounting to 1,329 million euro, and the increase in the price of gas as a raw material, which has an impact coming to 1,085 million euro, with a sharp rise beginning in October 2021. The CMEM tariff component, which in the protected market represents the trend in costs for raw materials, increased by 76% in this first quarter of 2022 and by 407% compared with the previous year.

In addition, higher revenues were seen related to the increase in volumes sold, coming to 86 million euro, thanks to the weather and the new lots awarded in the tender mentioned above. The Energy Services business accounted for 73 million euro, thanks to activities related to energy efficiency, the insulation bonus and the 110% super-bonus.

Lastly, higher revenues from district heating amounting to 31 million euro and higher revenues from activities in Bulgaria coming to 17 million euro were seen.

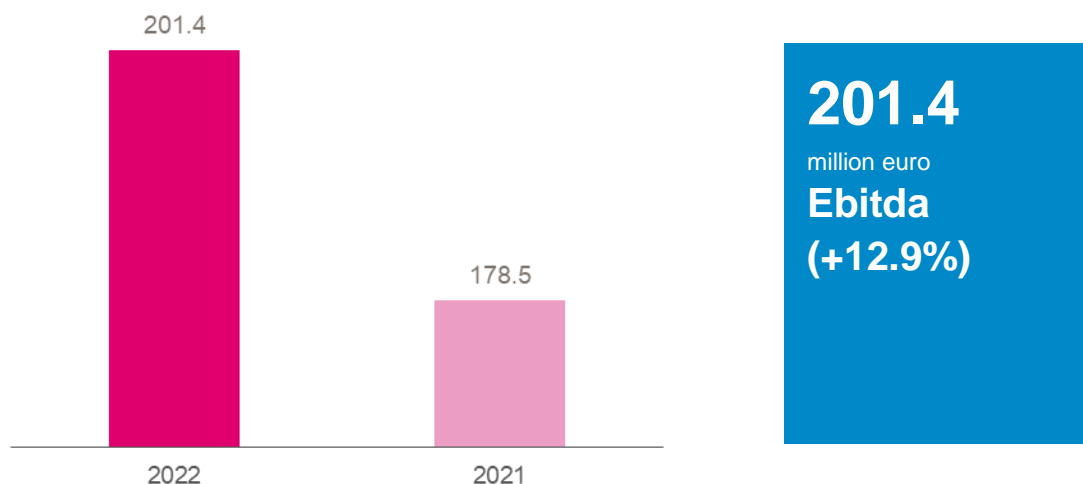
This growth was contained by lower revenues mainly related to system charges, with an equal effect on costs, coming to 20 million euro, following Resolutions 635/2021/R/com and 35/2022/R/eel.

Also worthy of note, compared to the previous year, was the effect of the Ministerial Decree of 21 May 2021. This decree, which regulates the determination of the national quantitative energy saving objectives of electricity and gas distribution companies for the years 2021-2024, operated retroactively by reducing by 60% the number of certificates foreseen for the 2020 obligation year, and also defined a significantly lower number of certificates for the 2021 obligation than in the past.

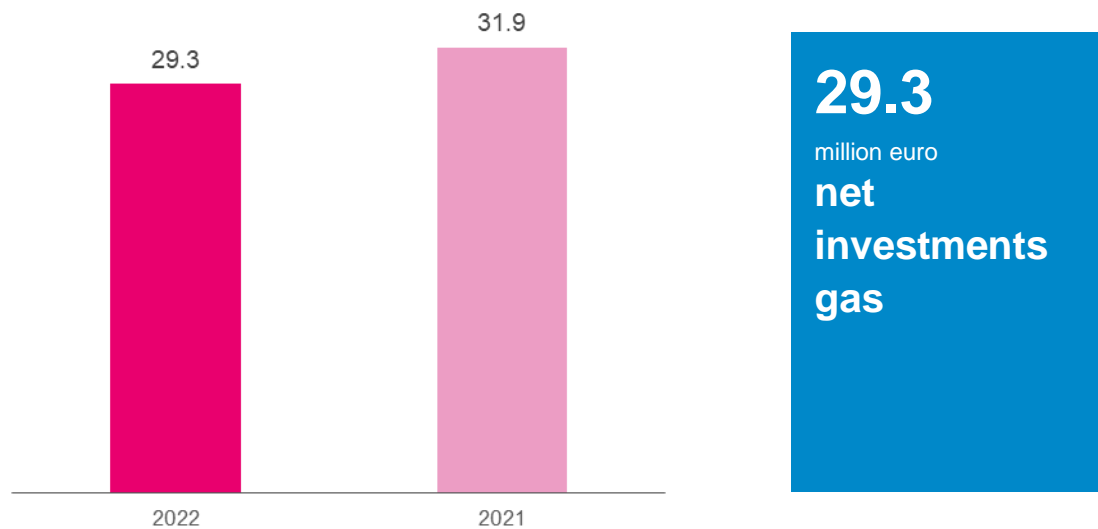
Regulated revenues were in line with the previous year. From a regulatory standpoint, through Resolution 614/2021/R/com, published at the end of 2021, ARERA adjusted the criteria for determining and updating the rate of return on invested capital (WACC), reducing it from 6.3% in 2021 to 5.6% in 2022. This reduction was largely offset by the increase in investments and their remuneration.

The increase in revenues was proportionally reflected by a rise in operating costs, which showed an overall increase of 2,577.7 million euro. This trend was mainly due to the increase in the price of gas a raw material, as mentioned above, and greater activities in Energy Services and brokerage.

EBITDA (mn€)



Ebitda increased by 22.9 million euro, or 12.9%, mainly due to higher sales, which contributed with approximately 17 million euro, thanks to the larger scope of operations the climatic effect mentioned above. The remaining growth was linked to incentivised energy efficiency activities and district heating. Also worth mentioning is the growth in margins of the gas business in Bulgaria, up 16%, with a relative increase of 4 thousand customers or 17%.

NET INVESTMENTS GAS (mn€)

In the first quarter of 2022, net investments in the gas area amounted to 29.3 million euro, down overall by 2.6 million euro compared to the same period of the previous year, mainly in district heating and energy services, with the activities of the company AcegasApsAmga Servizi Energetici Spa, while the other investments in the area remained fundamentally equal. In gas distribution, the Group's efforts in non-recurring maintenance of networks and plants continued, increasing compared to the same period of the previous year, against a lower incidence of the large-scale replacement of meters, pursuant to Resolution 554/15, concerning the commissioning of gas smart meters. In gas sales, investments coming to 2.6 million euro were seen for activities related to acquiring new customers. Requests for new connections were up on the previous year.

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

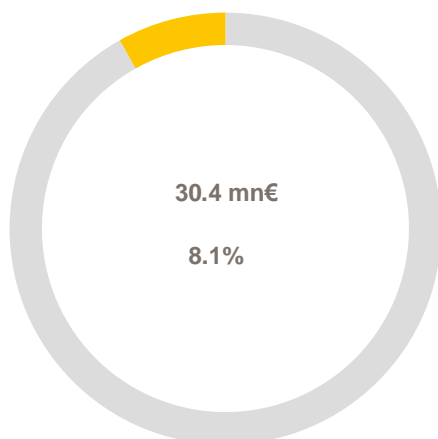
Gas (mn€)	March 22	March 21	Abs. change	% change
Networks and plants	23.4	23.8	(0.4)	(1.7)%
Acquisition gas customers	2.6	2.2	0.4	+18.2%
DH/heat management	3.4	6.0	(2.6)	(43.3)%
Total gas gross	29.3	31.9	(2.6)	(8.2)%
Capital grants	-	-	-	+0.0%
Total gas net	29.3	31.9	(2.6)	(8.2)%

1.04.02 Electricity

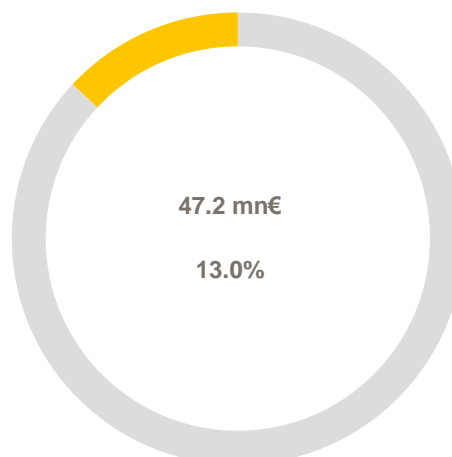
The first quarter of 2022 saw a decrease compared to the same period in 2021. The reason for the decrease mainly involved different energy market conditions in procurement, due to higher prices for raw materials and a lower contribution coming from production, mainly due to lesser use of the dispatching services market.

In the safeguarded market, the Hera Group manages the lot of customers in Campania, Abruzzo and Umbria, for the years 2021 and 2022, compared to seven lots managed during the previous two years. Also worth highlighting is the positive result seen in commercial development for free market customers, supported by innovative offers, value-added services and improved customer experience. In addition, Hera Comm Spa was awarded through a tender, for the period from 1 July 2021 to 30 June 2024, the graduated protection service for the supply of electricity to SMEs in nine Italian regions: Campania, Marche, Umbria, Abruzzo, Molise, Basilicata, Calabria, Sicily and Sardinia, corresponding to three allocation lots in the national tender called by the Single Buyer.

EBITDA ELECTRICITY AREA 2022



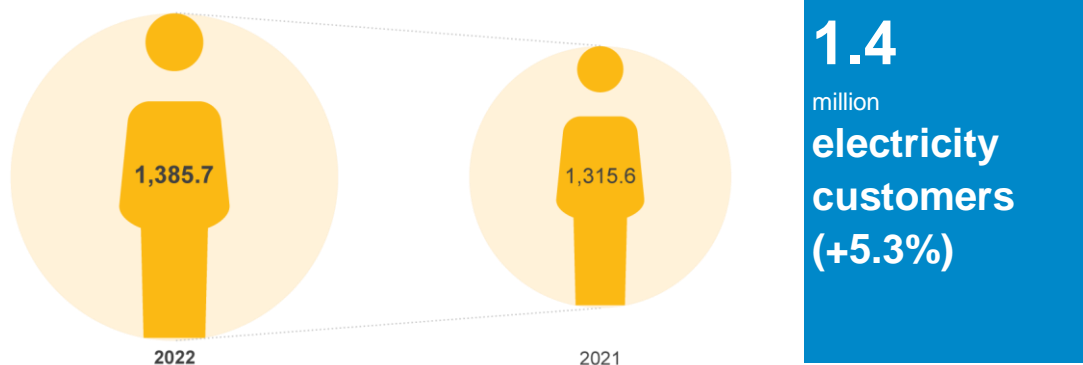
EBITDA ELECTRICITY AREA 2021



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

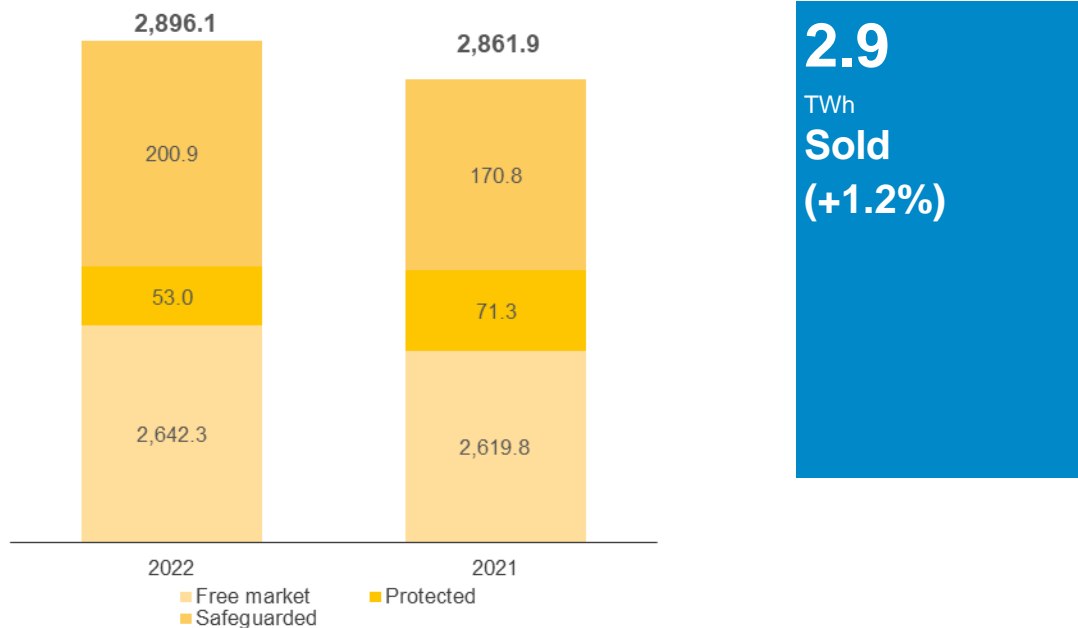
(mn€)	March 22	March 21	Abs. change	% change
Area Ebitda	30.4	47.2	(16.8)	(35.5)%
Group Ebitda	374.0	362.0	12.0	3.3%
Percentage weight	8.1%	13.0%	(4.9) p.p.	

CUSTOMERS (k)



The number of electricity customers increased by 5.3% (70.1 thousand) compared to the first quarter of 2021. This growth occurred on the free market, accounting for 5.1% of total customers, as a result of both the reinforced sales initiatives implemented for approximately 30 thousand customers, and the awarding of the gradual protection service, which contributed with approximately 37.3 thousand customers. The safeguard market also grew by 2.8 thousand customers (+22.6%, or +0.2% of total customers) compared to the same period of the previous year.

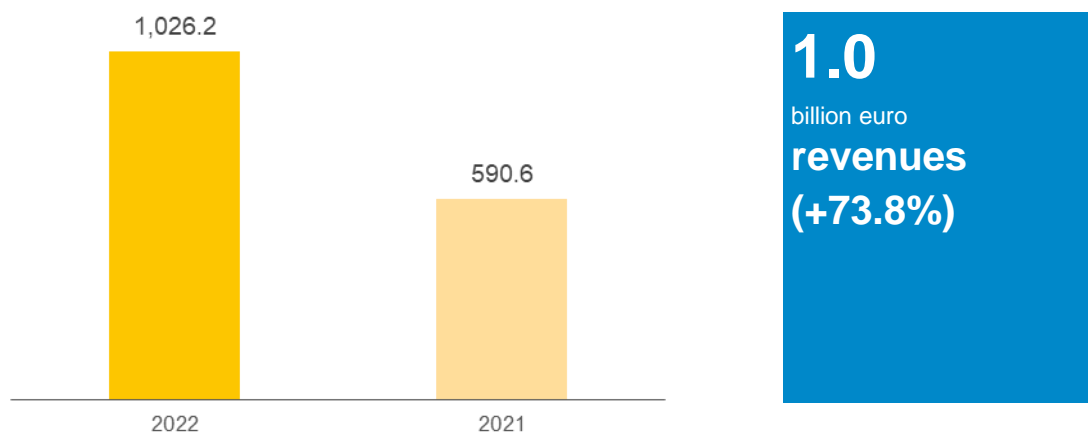
Alongside the above-mentioned trend, an increase was also seen in the number of customers subscribing to value-added services, coming to roughly 22.5 thousand customers, up 46% on the previous year, demonstrating the growing loyalty of the Group's customer base.

VOLUMES SOLD (GWh)

Volumes of electricity sold increased by 34.2 GWh, or 1.2%, compared with the first quarter of 2021. This trend was mainly due to the increase in safeguarded volumes, coming to 30.1 GWh, equivalent to 1.1% of total volumes, due to the different scope of operations, while in traditional markets the increase came to 4.2 GWh, equivalent to 0.1% of total volumes, thanks to the new graduated protection service, mentioned above.

The following table summarises operating results for the electricity area:

Income statement (mn€)	March 22	% inc.	March 21	% inc.	Abs. change	% change
Revenues	1,026.2		590.6		435.6	73.8%
Operating costs	(986.7)	(96.2)%	(534.0)	(90.4)%	452.7	84.8%
Personnel costs	(11.7)	(1.1)%	(12.1)	(2.0)%	(0.4)	(3.3)%
Capitalised costs	2.7	0.3%	2.7	0.5%	-	0.0%
Ebitda	30.4	3.0%	47.2	8.0%	(16.8)	(35.5)%

REVENUES (mn€)

Revenues were up by 435.6 million euro, or 73.8%, compared to the previous year, mainly due to the higher price of raw materials, coming to approximately 510 million euro, resulting from the increase in the average annual amount of the PUN, up 319% compared to the previous year.

In addition, higher revenues came from power generation, amounting to roughly 71 million euro, and from value-added services for customers, coming to approximately 5 million euro.

Lastly, the higher volumes sold and brokerage activities showed growth coming to 6 million euro.

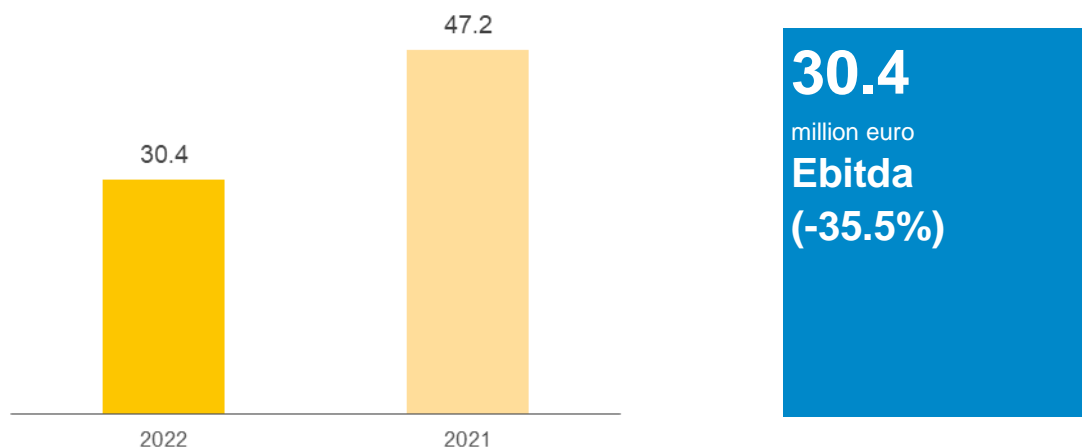
This growth was limited by lower revenues mainly related to system charges, with an equal effect on costs, coming to 156 million euro, following Resolutions 635/2021/R/com and 35/2022/R/eel.

Also note, compared to the previous year, the effect of Ministerial Decree of 21 May 2021. This decree, which regulates the determination of the national quantitative energy saving objectives of electricity and gas distribution companies for the years 2021-2024, operated retroactively by reducing by 60% the number of certificates foreseen for the 2020 obligation year, as well as defining a significantly lower number of certificates for the 2021 obligation than in the past.

Regulated revenues were 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 mainly offset by an increase in investments and their remuneration.

The increase in revenues was reflected more than proportionally by operating costs, which were up by 452.7 million euro. This trend is mainly due to the increase in prices for raw materials, which impacted sales and production activities, as mentioned above.

EBITDA (mn€)

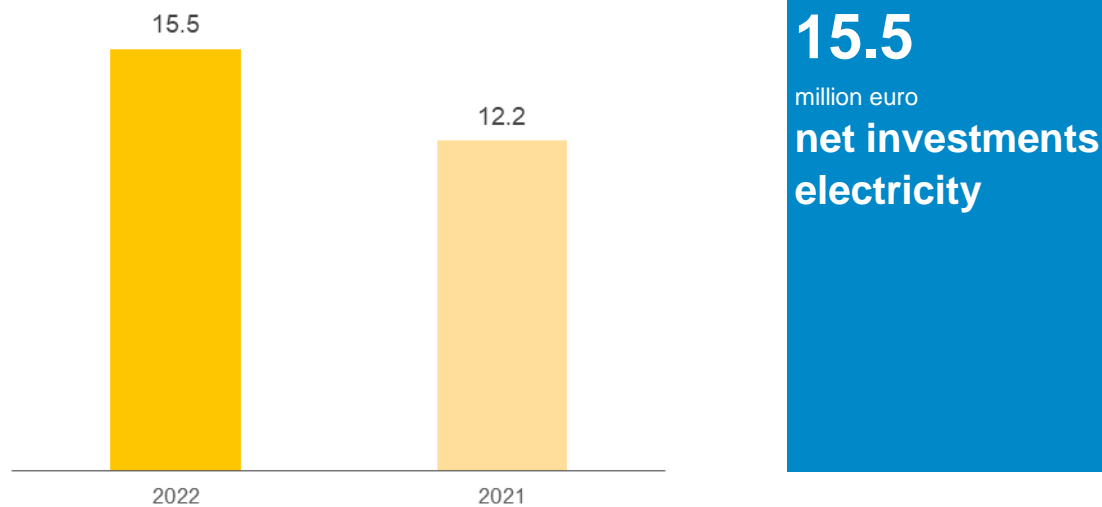


Ebitda decreased by 16.8 million euro, or 35.5%, mainly due to lower margins on sales activities, coming to 12.6 million euro, linked to the complex modulation activities at this particular moment, with the increases in raw material prices. In addition, a 5.6 million euro decrease was seen in production, mainly due to lower calls in the dispatching services market. The value-added services business grew, recording an increase in Ebitda coming to 1.4 million euro, as did the safeguarded and graduated protection markets, by 1.1 million euro.

In the electricity area, investments in the first quarter of 2022 amounted to 15.5 million euro, showing a 3.3 million euro increase compared to the previous year.

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

Compared to the same period of the previous year, a 3.0 million euro increase was seen in electricity distribution, mainly due to increased non-recurring maintenance and upgrading of the network and plants, particularly at primary plants, while in energy sales, increased activities were related to the acquisition of new customers. Requests for new connections were in line with the previous year.

NET INVESTMENTS ELECTRICITY (mn€)

Operating investments in the electricity area were as follows:

Electricity (mn€)	March 22	March 21	Abs. change	% change
Networks and plants	10.8	7.8	3.0	+38.5%
Acquisition electricity customers	4.8	4.3	0.5	+11.6%
Total electricity gross	15.5	12.2	3.3	+27.0%
Capital grants	-	-	-	+0.0%
Total electricity net	15.5	12.2	3.3	+27.0%

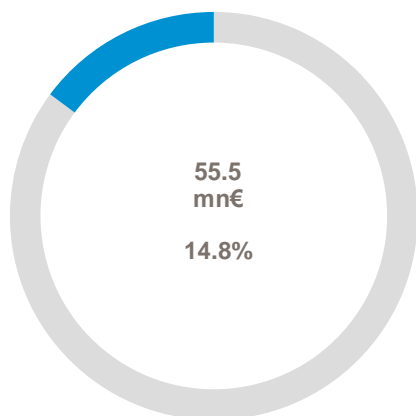
1.04.03 Integrated water cycle

Slight growth in results in 2022

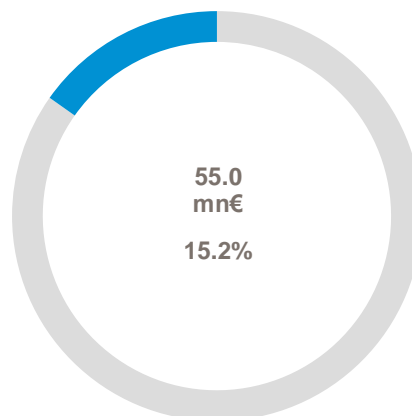
In the first quarter of 2022, the integrated water cycle area showed a slight improvement in results compared to the same period in 2021, showing growth in Ebitda coming to 0.8%. From a regulatory point of view, note that 2022 is the third year of application of the tariff method defined by the Authority for the third regulatory period (MTI-3), 2020-2023 (Resolution 580/2019). Each operator is given a revenue (VRG) determined on the basis of operating and capital costs, depending on the investments made, with a view to increasing cost efficiency, as well as measures to promote and enhance interventions for sustainability and resilience.

Also note that ATERSIR definitively awarded Hera the concession tender for the integrated water service in the province of Rimini, with the exception of the Municipality of Maiolo, covering the period from 2022 to 2039. The Hera Group, already the outgoing manager in the 24 municipalities, will carry out this service for the next 18 years, and will manage it by pursuing sustainability and innovation.

EBITDA WATER CYCLE AREA 2022



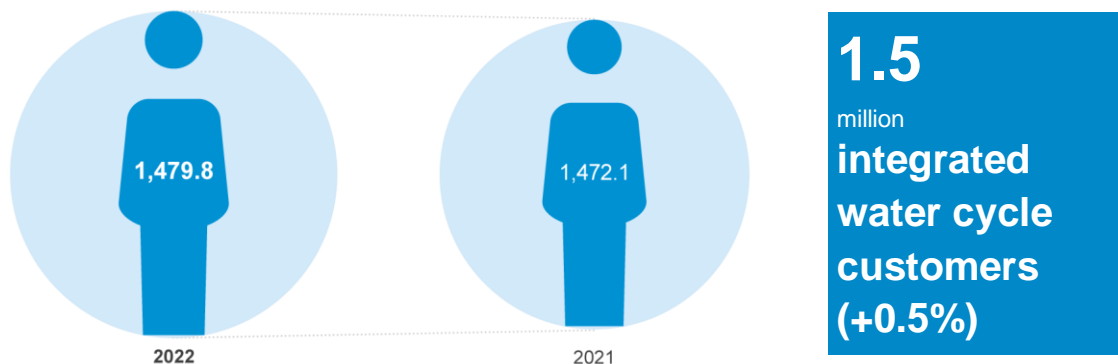
EBITDA WATER CYCLE AREA 2021



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

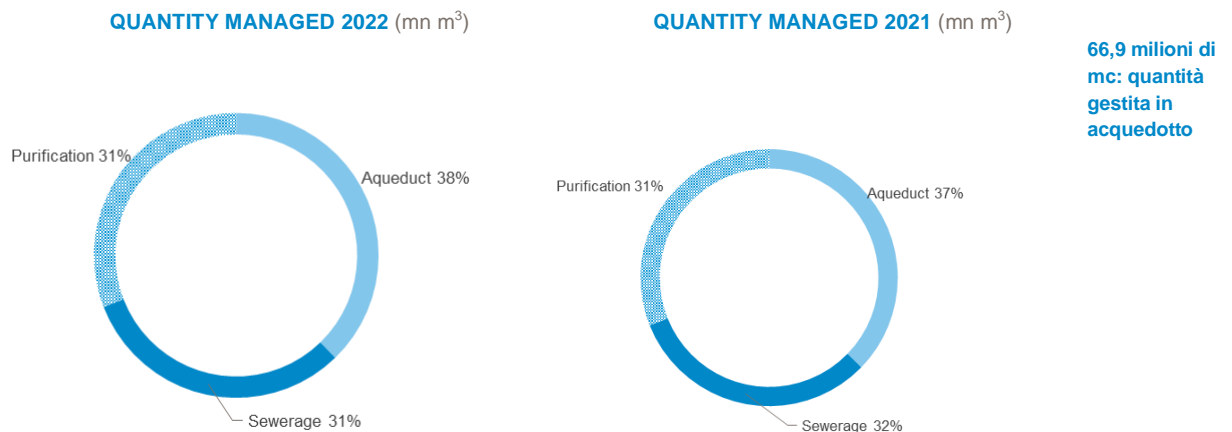
(mn€)	March 22	March 21	Abs. change	% change
Area Ebitda	55.5	55.0	0.5	+0.8%
Group Ebitda	374.0	362.0	12.0	+3.3%
Percentage weight	14.8%	15.2%	+(0.4) pp	

CUSTOMERS (k)



The number of water customers increased by 7.7 thousand, or 0.5%, compared to March 2022, confirming the moderate trend of internal growth in the Group's reference areas. The Emilia-Romagna area managed by Hera Spa accounted for 73% of this growth, while the area served by AcegasApsAmga Spa accounted for 14% and the remainder was seen in the area served by the Marche Multiservizi Spa Group.

The main indicators for the area are as follows:

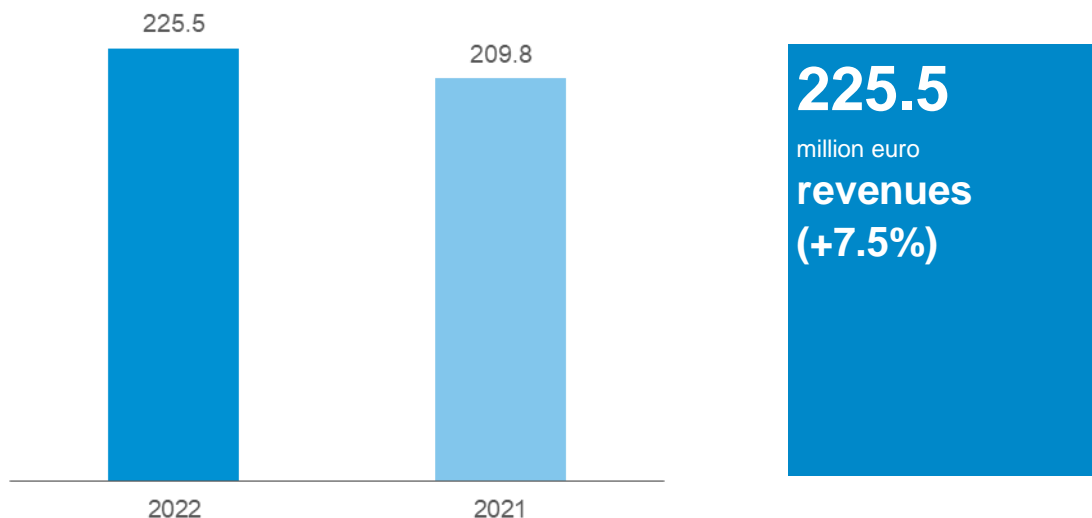


The volumes distributed through the aqueduct, which amounted to 66.9 million cubic metres, increased by 2.3% compared to March 2021, up 1.5 million cubic metres. In March 2022, the quantities managed relating to sewerage came to 55.5 million cubic metres, in line with the previous year, while those involved in purification stood at 54.7 million cubic metres, with a slight 0.4% increase compared with March 2021. The volumes distributed, following Resolution 580/2019 by the Authority, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation as a result of legislation that provides for the recognition of a regulated revenue independent of the volumes distributed.

An overview of operating results for the water area is provided in the table below:

Income statement (mn€)	March 22	% inc.	March 21	% inc.	Abs. change	% change
Revenues	225.5		209.8		15.7	+7.5%
Operating costs	(125.7)	(55.7)%	(110.7)	(52.8)%	15.0	+13.6%
Personnel costs	(45.2)	(20.0)%	(45.2)	(21.6)%	-	+0.0%
Capitalised costs	0.9	0.4%	1.2	0.6%	(0.3)	+(25.4)%
Ebitda	55.5	24.6%	55.0	26.2%	0.5	+0.8%

REVENUES (mn€)

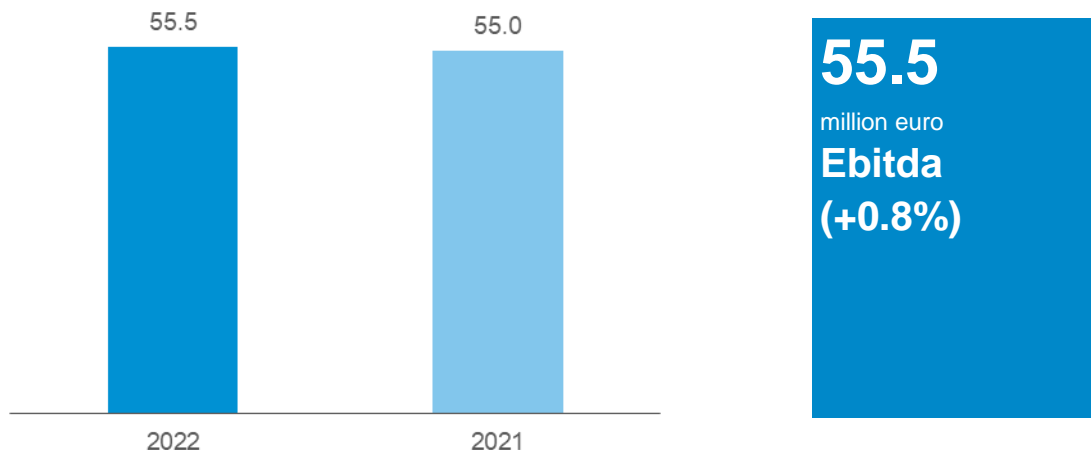


The growth in revenue was due to higher revenues from supplies totalling 12.0 million euro, mainly due to the impact of equalisable tariff components, particularly electricity. In addition, higher revenue

coming to 3.0 million euro was generated from contracts and works on behalf of third parties in the first quarter of 2022. Lastly, other revenues increased, mainly due to increased connections.

The increase in operating costs in the first quarter of 2022 is mainly attributable to higher equalisable costs coming to approximately 12.0 million euro, mainly related to electricity, in addition to the higher costs related to the works carried out previously described under revenues, totalling 3.0 million euro.

EBITDA (mn€)



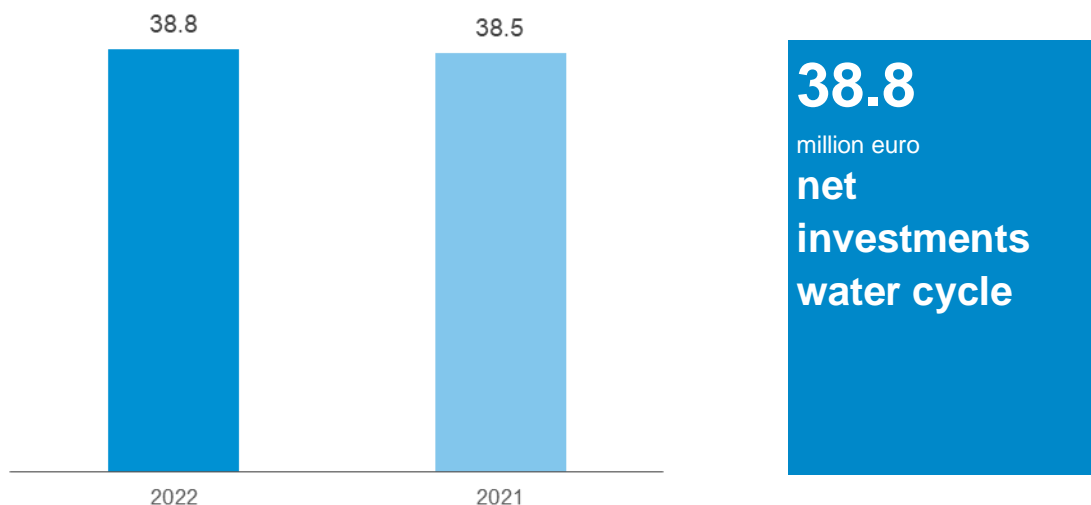
Ebitda grew slightly, up 0.8% or 0.5 million, thanks to the contribution of higher revenues for new connections.

In the first quarter of 2022, net investments in the integrated water cycle area amounted to 38.8 million euro, substantially in line with the previous year. Including the capital grants received, investments amounted to 43.3 million euro, up 1.1 million euro.

Investments mainly related to extensions, reclamations and upgrading on networks and plants, as well as regulatory development, especially in the water and sewerage area.

Investments amounted to 28.3 million euro in the aqueduct, 8.5 million euro in sewerage and 6.6 million euro in purification.

NET INVESTMENS WATER CYCLE (mn€)



The main interventions include: in the aqueduct, ongoing and increased reclamation activities on networks and connections, partially linked to ARERA resolution 917/2017 on the regulation of technical

quality for the integrated water service; the important maintenance on the intake works on the Setta stream, serving the Sasso Marconi drinking water plant; and the reclamation works on the adduction network in the Municipality of Bentivoglio. Furthermore, works were carried out to reduce the interference of the water network with the suburban line in the municipality of Ferrara, to upgrade the water networks in other areas served and for a large-scale replacement of meters. In the sewerage sector, progress continued on the plan to protect Rimini's seawater areas, with the new sewerage separation lots in the northern area and the construction of the southern pre-connection backbone. Maintenance works to upgrade the sewerage network in other areas and the works to adapt drains to Dgr 201/2016 also continued, a type of intervention that is becoming increasingly important; in the purification sector, note the adaptations to the Lido di Classe purification plant, the revamping of the anaerobic digestion system at the Gramicia purification plant in Ferrara and the installation of centrifuges at the Savignano purification plant.

Requests for new water and sewerage connections increased slightly compared to the previous year. Capital grants, amounting to 4.5 million euro, included 4.1 million euro deriving from the tariff component of the tariff method for the New Investment Fund (FoNI) and increased by 0.8 million euro compared to the previous year.

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

Integrated water cycle (mn€)	March 22	March 21	Abs. change	% change
Aqueduct	28.3	25.7	2.6	+10.1%
Purification	6.6	6.8	(0.2)	-(2.9)%
Sewerage	8.5	9.8	(1.3)	-(13.3)%
Total integrated water cycle gross	43.3	42.2	1.1	+2.6%
Capital grants	4.5	3.7	0.8	+21.6%
of which FoNI (New Investments Fund)	4.1	3.4	0.7	+20.6%
Total integrated water cycle net	38.8	38.5	0.3	+0.8%

1.04.04 Waste management

Ebitda rises

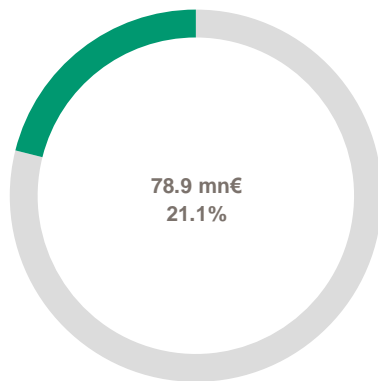
In the first quarter of 2022, the environment area accounted for 21.1% of the Hera Group's overall Ebitda, with area Ebitda up by 8.1 million euro compared to the same period of 2021. Thanks to its set of plants, which continue to be a strategic and distinctive asset on the market, the Group has been able to seize opportunities for growth, confirming its ability to react with considerable resilience to the current market context. In Italy, indeed, the progressive increase in the cost of energy and the difficulties in finding raw materials, which began at the end of 2021, led to a slowdown in production in many manufacturing sectors in the first few months of 2022, with repercussions concerning waste production as well.

Aliplast Spa's commercial growth in the recovery market continued, as did the consolidation of the Group's leadership in the other markets in which it operates.

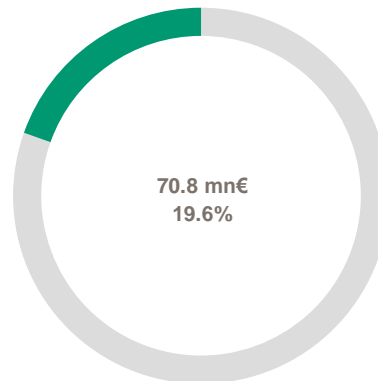
The first quarter of 2022 also saw the start of concessions for managing municipal and assimilated waste in the Modena and Bologna areas, which ATERSIR awarded at the end of 2021 following a tender procedure to the RTI led by the Hera Group.

Thanks to the in-depth operational skills possessed by the Group and the other companies in the winning RTI, the areas served will be equipped with collection models with innovative services and equipment, with a strong focus on sustainability, waste reduction and an increase in recycled materials.

EBITDA WASTE MANAGEMENT AREA 2022



EBITDA WASTE MANAGEMENT AREA 2021



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

(mn€)	March 22	March 21	Abs. change	% change
Area Ebitda	78.9	70.8	8.1	+11.4%
Group Ebitda	374.0	362.0	12.0	+3.3%
Percentage weight	21.1%	19.6%	+1.5 p.p.	

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

Quantity (k tons)	March 22	March 21	Abs. change	% change
Municipal waste	514.5	522.3	(7.8)	(1.5)%
Market waste	644.2	626.2	18.0	+2.9%
Waste commercialised	1,158.7	1,148.4	10.3	+0.9%
Plant by-products	556.3	586.8	(30.5)	(5.2)%
Waste treated by type	1,715.1	1,735.2	(20.1)	(1.2)%

An analysis of the quantitative data shows a slight increase in waste commercialised, mainly due to an increase in market waste. With regard to municipal waste, the first quarter of 2022 saw a 1.5% decrease compared to the previous year.

Market volumes, instead, increased by 2.9% compared to 2021, thanks to the consolidation of existing commercial relationships, expansion in the customer portfolio and new corporate acquisitions.

Finally, plant by-products decreased compared to the previous year, mainly due to lower rainfall, partially offset by higher volumes related to acquisitions.

SORTED WASTE (%)



+0.5

percentage points
sorted waste

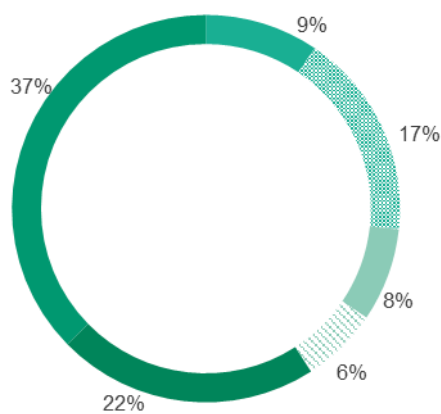
* The proforma SW 2021 percentage is 65.7%

Sorted collection of municipal waste stood at 66.2%, up by +0.5 percentage points compared to the previous year, with the calculation criteria brought into line with Legislative Decree 116/2020, which provides, as of July 2021, for construction and demolition waste to be excluded from the percentage calculation of sorted waste collection.

The Hera Group operates in the complete waste cycle, with 95 plants for treating municipal and special waste and regenerating plastic materials. The main plants include: nine waste-to-energy plants, 12 composting/digestion plants and 15 selectors.

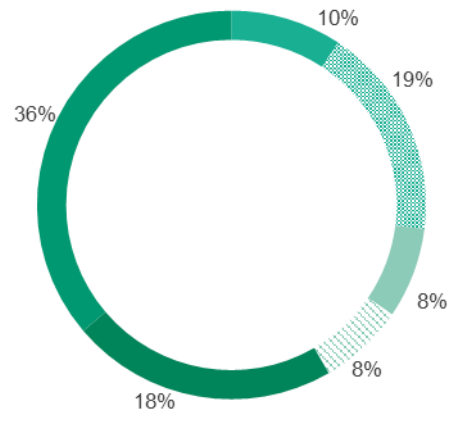
The care and attention paid by the Group to its set of plants has always been a distinctive element of its propensity for excellence, and operations currently continue to provide plants with the best available technologies.

WASTE TREATED BY TYPE OF PLANT 2022



■ Landfills ■ WTE ■ Selecting
 ▨ Compost. ■ Inert./che-phy ■ Other plants

WASTE TREATED BY TYPE OF PLANT 2021



■ Landfills ■ WTE ■ Selecting
 ▨ Compost. ■ Inert./che-phy ■ Other plants

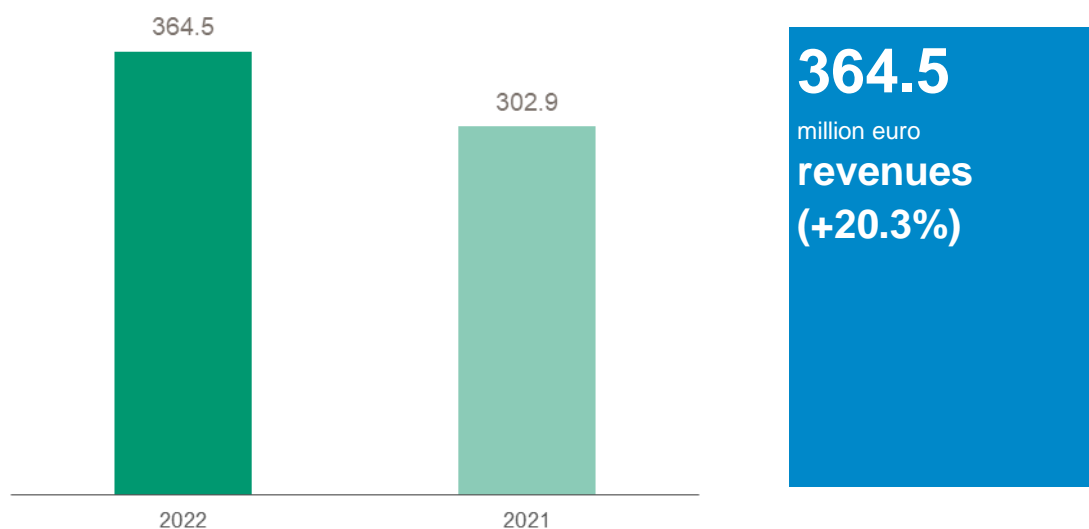
Quantity (k tons)	March 22	March 21	Abs. change	% change
Landfills	162.5	160.5	2.0	+1.2%
WTE	295.7	307.6	(11.9)	(3.9)%
Selecting plants and other	133.7	130.9	2.8	+2.1%
Composting and stabilisation plants	109.5	123.8	(14.3)	(11.6)%
Inertisation and chemical-physical plants	373.2	384.0	(10.8)	(2.8)%
Other plants	640.4	628.5	11.9	+1.9%
Waste treated by plant	1,715.1	1,735.2	(20.1)	(1.2)%
Plastic recycled by Aliplast Spa	18.2	20.5	(2.3)	(11.2)%

Waste treatment showed an overall decrease coming to 1.2% compared to March 2021. Analysing the individual sectors, note the slight increase in quantities disposed of in landfills. The decrease in waste-to-energy plants was mainly due to the revamping of the F3 and Trieste plants. The increased quantities in sorting plants were due to the higher quantities treated in all plants as a result of the development of sorted waste collection. In composting and stabilisation plants, volumes decreased mainly due to lower quantities at the Ostellato plant, which was shut down for conversion to stabilisation, while in the inertisation and chemical-physical plants, the lower quantities were mainly due to the lower amount of leachate treated due to the lesser rainfall, despite the higher volumes for new acquisitions. Finally, an increase was also recorded in the other plants sector.

The table below summarises the waste management area's operating results:

Income statement (mn€)	March 22	% inc.	March 21	% inc.	Abs. change	% change
Revenues	364.5		302.9		61.6	+20.3%
Operating costs	(231.8)	(63.6)%	(183.1)	(60.4)%	48.7	+26.6%
Personnel costs	(55.6)	(15.3)%	(53.6)	(17.7)%	2.0	+3.7%
Capitalised costs	1.9	0.5%	4.6	1.5%	(2.7)	(58.5)%
Ebitda	78.9	21.6%	70.8	23.4%	8.1	+11.4%

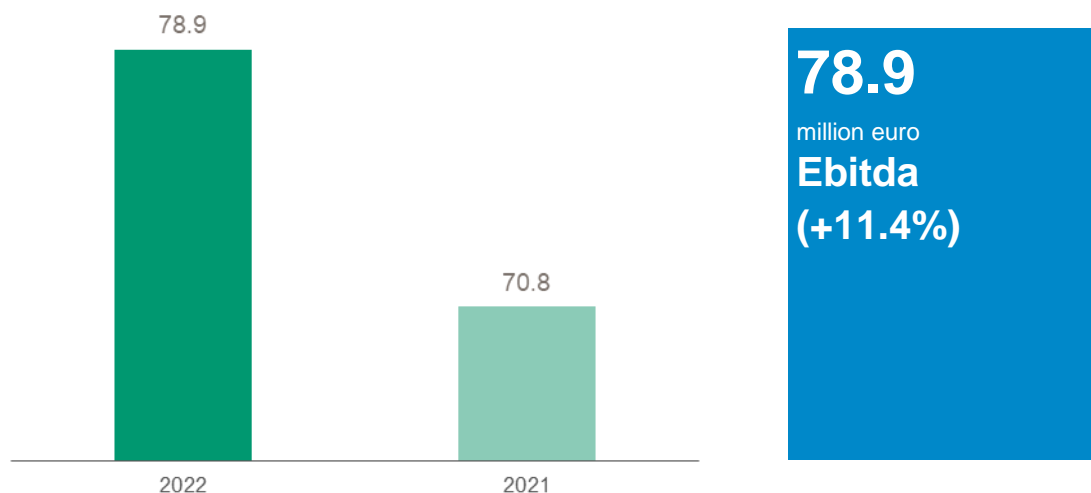
REVENUES (mn€)



Revenues increased by 20.3% compared to the previous year. Revenues from energy production were up by 21.2 million euro, mainly due to the rise in market prices and the production of thermal energy and biomethane, despite a reduction of 11.9 k/t in volumes in WTEs. A higher contribution also came from Aliplast Spa compared to 2021, amounting to +17.7 million euro, or +56%, as a result of the increased prices in all sectors due to the high value of virgin polymer and strong market demand. Also note the 14.5 million euro increase in revenues from new acquisitions in the industrial market.

Operating costs at March 2022 rose by 26.6%. In the treatment market, costs increased for purchasing raw materials and for new acquisitions and higher transport and treatment costs for managing by-products, due to a rise in supplier prices. In the recovery market, there was an increase in purchasing costs for raw materials, incurred by Aliplast Spa and related to the trend in revenues mentioned above. As far as municipal waste collection is concerned, increased activities were related to the development of new sorted waste collection projects.

EBITDA (mn€)



The increase in Ebitda was mainly due to a rise in earnings from energy management coming to +10.5 million euro and expansion in the industrial waste market, with new acquisitions totalling roughly 4 million euro. These positive effects were partially offset by an increase in purchasing prices for consumables and treatment and transportation costs.

Net investments in the waste management area were related to maintenance and upgrading of waste treatment plants and amounted to 24.9 million euro, with a 12.2 million euro increase compared to the previous year.

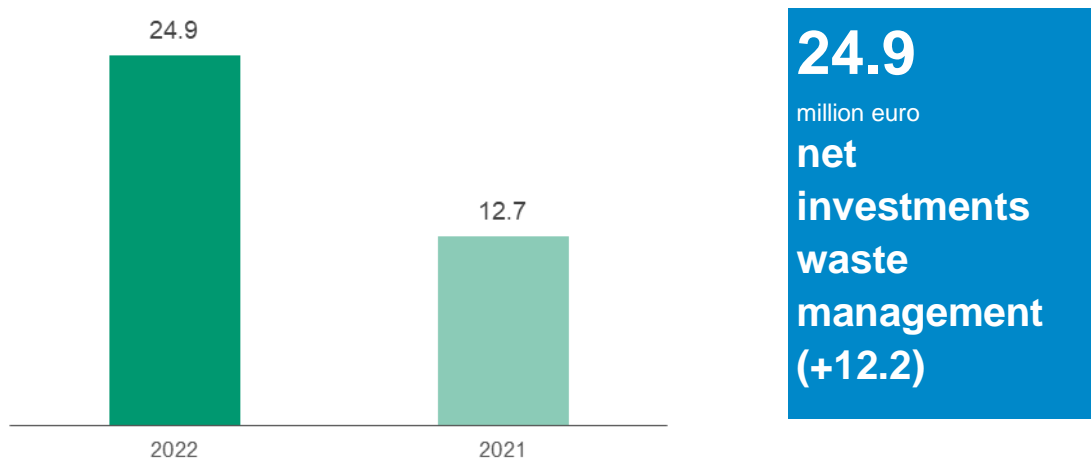
The composting/digestion sector rose by 2.8 million euro, mainly due to the start of work on NewCo Biorg Srl. In this same sector, also note the activities of Green Factory Srl in the Marche region.

Investments in landfills increased by 0.7 million euro, due to work on the Ravenna plant and the Cordenons and Gaggio Montano landfills.

The WTE sector increased by 3.2 million euro, mainly due to revamping work on line two of the Trieste plant, while the 4.1 million euro increase in the industrial waste plants sector was mainly related to revamping work on the F3 plant in Ravenna.

The collection zones and equipment sector showed a slight decrease in investments, coming to 0.3 million euro compared to the previous year, included the work carried out on underground collection zones. The 1.9 million euro increase in the selection and recovery plants sector was due to higher investments for work on the new PET regenerator and the replacement of the PELD regenerator at Aliplast Spa.

NET INVESTMENTS WASTE MANAGEMENT (mn€)



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

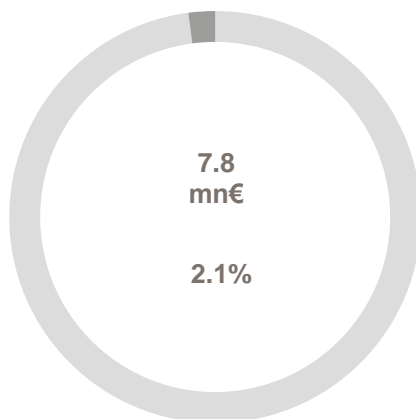
Waste management (mn€)	March 22	March 21	Abs. change	% change
Composters/digesters	3.0	0.2	2.8	+1400.0%
Landfills	1.4	0.7	0.7	+100.0%
WTE	6.2	3.0	3.2	+106.7%
RS plants	6.0	1.9	4.1	+215.8%
Collection areas and equipment	2.4	2.7	(0.3)	+(11.1)%
Transshipment, selecting and other plants	6.0	4.1	1.9	+46.3%
Total waste management gross	24.9	12.7	12.2	+96.1%
Capital grants	-	-	-	+0.0%
Total waste management net	24.9	12.7	12.2	+96.1%

1.04.05 Other services

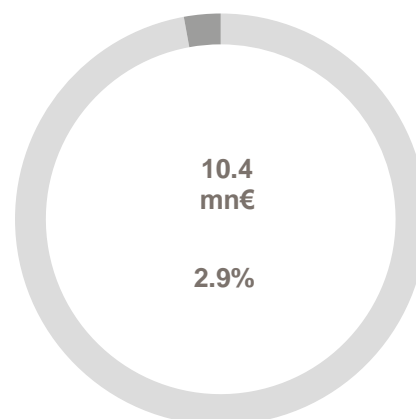
Ebitda drops

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. In March 2022, results in this area stood at 7.8 million euro, down 2.6 million euro compared to the previous year.

OTHER SERVICES EBITDA 2022



OTHER SERVICES EBITDA 2021



The changes occurred in terms of Ebitda are as follows:

(mn€)	March 22	March 21	Abs. change	% change
Area Ebitda	7.8	10.4	(2.6)	(25.0)%
Group Ebitda	374.0	362.0	12.0	+3.3%
Percentage weight	2.1%	2.9%	(0.8) pp	

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

Quantity	March 22	March 21	Abs. change	% change
Public lighting				
Lighting points (k)	569.7	569.4	+0.3	+0.1%
of which LED	38.8%	35.2%	+3.6	+0.0%
Municipalities served	187.0	186.0	+1.0	+0.5%

In the first three months of 2022, the Hera Group acquired approximately 22.4 thousand lighting points in 15 new municipalities. The most significant acquisitions were: approximately 8.9 thousand lighting points in Lombardy, approximately 9.2 thousand lighting points in Tuscany, approximately 3.2 thousand lighting points in Sardinia and other regions of central Italy and approximately 1.1 thousand lighting points in Friuli-Venezia Giulia. The year's increases fully compensated for the loss of roughly 22.1 thousand lighting points and 14 municipalities, mainly in Friuli-Venezia Giulia and Veneto.

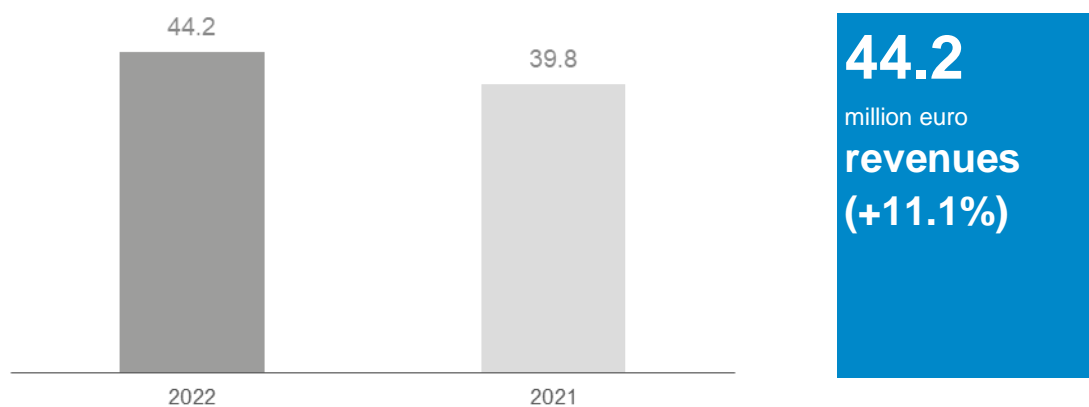
The percentage of lighting points using LED light bulbs also increased, reaching 38.8%, up 3.6 percentage points. This trend highlights the Group's constant attention to an increasingly efficient and sustainable management of public lighting.

Quantitative indicators in the other services area also include the 4,452 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, 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€)	March 22	% inc.	March 21	% inc.	Abs. change	% change
Revenues	44.2		39.8		4.4	+11.1%
Operating costs	(31.4)	(70.9)%	(24.3)	(61.2)%	7.1	+29.2%
Personnel costs	(5.5)	(12.4)%	(5.4)	(13.7)%	0.1	+1.8%
Capitalised costs	0.4	1.0%	0.4	1.0%	-	+0.0%
Ebitda	7.8	17.6%	10.4	26.2%	(2.6)	(25.0)%

REVENUES (mn€)

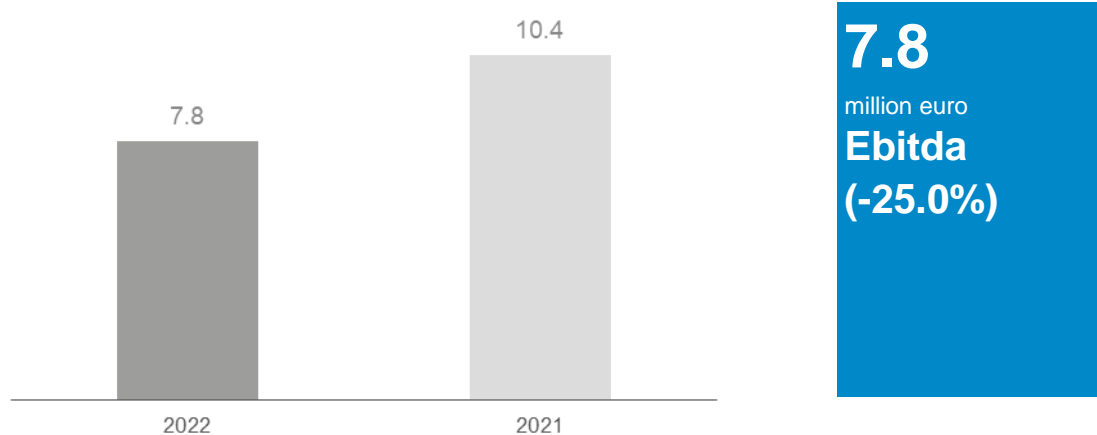


The rise in revenues was mainly due to public lighting, which saw a 3.3 million increase. This growth was related to energy balances on public lighting fees, only partly reduced by the different progress made in energy requalification works compared to 2021. The remaining growth in revenues occurred in

the telecommunications business, which concentrated its higher activities on telephone and connectivity services for the Group as well.

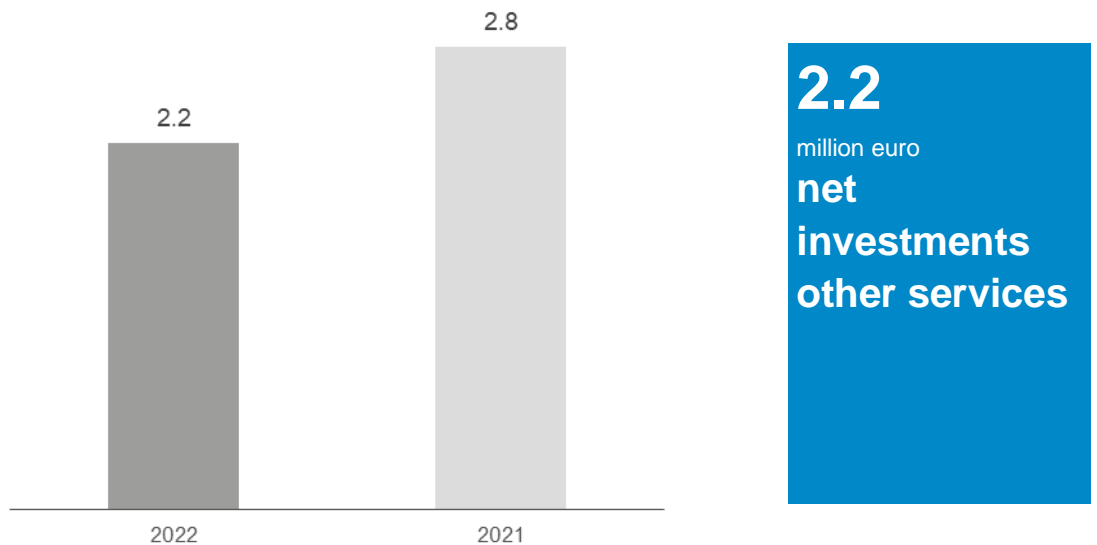
Approximately 75% of the increased in operating costs was linked to the public lighting business, as a result of the change in the price of electricity, while the remainder was related to the trend in telecommunications revenues.

EBITDA (mn€)



Ebitda for the other services area decreased by 25%, or 2.6 million euro. This trend was mainly related to the public lighting business, due to the slowdown in construction sites caused by delays in the supply of materials necessary for structural renovation, and the increase in raw material prices. In the first quarter of 2022, net investments in the other services area amounted to 2.2 million euro, down 0.6 million euro compared to the same period of the previous year. In telecommunications, 1.8 million euro in investments were made in network and TLC services, essentially in line with the previous year. In the public lighting service, investments were related to maintenance, upgrading and modernisation of lighting systems in the areas managed and amounted to 0.4 million euro, and did not include public lighting contracts subject to different accounting under the IFRIC 12 standard.

NET INVESTMENTS OTHER SERVICES (mn€)



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

Other services (mn€)	March 22	March 21	Abs. change	% change
TLC	1.8	1.7	0.1	+5.9%
Public lighting and traffic lights	0.4	1.1	(0.7)	(63.6)%
Total other services gross	2.2	2.8	(0.6)	(21.4)%
Capital grants	-	-	-	+0.0%
Total other services net	2.2	2.8	(0.6)	(21.4)%

CONSOLIDATED FINANCIAL STATEMENTS



2.01 FINANCIAL STATEMENT FORMATS

2.01.01 Income statement

mn/€	notes	31-Mar-2022 (3 months)	31-Mar-2021 (3 months)
Revenues		5,312.0	2,271.8
Other operating revenues		100.7	100.7
Raw materials and materials		(4,307.8)	(1,209.7)
Service costs		(573.3)	(646.9)
Personnel costs		(154.5)	(150.1)
Other operating costs		(17.2)	(17.1)
Capitalised costs		14.1	13.3
Amortisation, provisions and depreciation		(153.9)	(138.9)
Operating revenues		220.1	223.1
Share of profits (losses) pertaining to joint ventures and associated companies		2.9	3.2
Financial income		10.6	21.0
Financial expense		(43.0)	(53.0)
Financial management		(29.5)	(28.8)
Earnings before taxes		190.6	194.3
Taxes		(52.8)	(54.0)
Net profit for the period		137.8	140.3
Attributable to:			
Parent company shareholders		126.5	132.2
minority shareholders		11.3	8.1
Earnings per share			
basic		0.087	0.091
diluted		0.087	0.091

2.01.02 Statement of financial position

mn/€	notes	31-Mar-22	31-Dec-21
ASSETS			
Non-current assets			
Tangible assets		1,902.9	1,941.0
Rights of use		81.9	101.6
Intangible assets		4,204.5	4,126.7
Goodwill		842.9	842.9
Equity investments		199.3	198.5
Non-current financial assets		140.7	142.7
Deferred tax assets		223.0	229.4
Derivative instruments		1.6	6.9
Total non-current assets		7,596.8	7,589.7
Current assets			
Inventories		364.7	368.0
Trade receivables		3,513.3	2,918.0
Current financial assets		28.8	29.3
Current tax assets		20.0	21.2
Other current assets		537.4	422.3
Derivative instruments		2,205.9	1,797.4
Cash and cash equivalents		790.7	885.6
Total current assets		7,460.8	6,441.8
TOTAL ASSETS		15,057.6	14,031.5

mn/€	notes	31-Mar-22	31-Dec-21
NET EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,457.7	1,459.6
Reserves		1,792.3	1,407.1
Profit (loss) for the period		126.5	333.5
Group net equity		3,376.5	3,200.2
Non-controlling interests		224.8	216.6
Total net equity		3,601.3	3,416.8
Non-current liabilities			
Non-current financial liabilities		3,724.7	3,716.0
Non-current lease liabilities		53.0	53.2
Post-employment and other benefits		102.3	105.4
Provisions for risks and charges		534.9	528.0
Deferred tax liabilities		159.6	132.1
Derivative instruments		9.2	13.5
Total non-current liabilities		4,583.7	4,548.2
Current liabilities			
Current financial liabilities		608.3	499.7
Current lease liabilities		21.8	43.4
Trade payables		2,659.5	2,356.6
Current tax liabilities		66.1	27.9
Other current liabilities		1,549.1	1,435.6
Derivative instruments		1,967.8	1,703.3
Total current liabilities		6,872.6	6,066.5
TOTAL LIABILITIES		11,456.3	10,614.7
TOTAL NET EQUITY AND LIABILITIES		15,057.6	14,031.5

2.01.03 Cash flow statement

mn/€	notes	31-Mar-22	31-Mar-21
Earnings before taxes		190.6	194.3
Adjustments to reconcile net profit to the cashflow from operating activities			
Amortisation and impairment of assets		112.4	108.4
Allocation to provisions		41.5	30.5
Effects from valuation using the equity method		(2.9)	(3.2)
Financial (income) expenses		32.4	32.0
(Capital gains) losses and other non-monetary elements		(62.5)	(5.6)
Change in provision for risks and charges		(10.1)	(12.4)
Change in provision for employee benefits		(3.7)	(3.0)
Total cash flow before changes in net working capital		297.7	341.0
(Increase) decrease in inventories		3.3	46.7
(Increase) decrease in trade receivables		(622.6)	(236.7)
Increase (decrease) in trade payables		302.9	(33.2)
Increase/decrease in other current assets/liabilities		11.8	195.2
Changes in working capital		(304.6)	(28.0)
Interest income and other financial income collected		1.8	7.2
Interest expenses, net charges on derivatives and other financial charges paid		(36.4)	(40.9)
Taxes paid		(5.0)	(7.4)
Cash flow from operating activities (a)		(46.5)	271.9
Investments in tangible assets		(35.5)	(27.7)
Investments in intangible assets		(93.6)	(88.6)
Investments in other shareholdings		-	(0.3)
Sale price of tangible and intangible assets		0.5	0.2
(Increase) decrease in other investment activities		4.8	8.8
Cash flow from (for) investing activities (b)		(123.8)	(107.6)
Repayments of non-current financial liabilities		-	(0.1)
Repayments and other net changes in financial payables		122.0	68.9
Lease payments		(26.5)	(6.5)
Acquisition of shareholdings in consolidated companies		(10.6)	-
Dividends paid out to Hera shareholders and non-controlling interests		(3.2)	-
Changes in treasury shares		(6.3)	(10.6)
Cash flow from (for) financing activities (c)		75.4	51.7
Increase (decrease) in cash holdings (a+b+c)		(94.9)	216.0
Cash and cash equivalents at the beginning of the period		885.6	987.1
Cash and cash equivalents at the end of the period		790.7	1,203.1

2.01.04 Statement of changes in net equity

mn/€	Share capital	Reserves	Reserves derivatives valued at fair value	Reserves actuarial incomes (losses) employee at fair value benefits	Reserves shareholdings valued at fair value	Revenues for the period	Net equity	Non-controlling interests	Total
Balance at 31-Dec-2020	1,460.0	1,230.8	5.9	(35.1)	(3.5)	302.7	2,960.8	194.5	3,155.3
Revenues for the period						132.2	132.2	8.1	140.3
Other components of comprehensive income:									
fair value of derivatives, change for the period			18.7				18.7	(0.1)	18.6
fair value of derivatives, change for the period					(0.8)		(0.8)		(0.8)
Overall revenues for the period	-	-	18.7	-	(0.8)	132.2	150.1	8.0	158.1
changes in treasury shares	(3.6)	(7.0)					(10.6)		(10.6)
Allocation of revenues:									
allocation to reserves		302.7				(302.7)	-		-
Balance at 31 March 2021	1,456.4	1,526.5	24.6	(35.1)	(4.3)	132.2	3,100.3	202.5	3,302.8
Balance at 31 December 2021	1,459.6	1,352.8	93.6	(33.7)	(5.6)	333.5	3,200.2	216.6	3,416.8
Revenues for the period						126.5	126.5	11.3	137.8
Other components of comprehensive income:									
fair value of derivatives, change for the period			63.6				63.6		63.6
fair value of derivatives, change for the period					0.1		0.1		0.1
Overall revenues for the period	-	-	63.6	-	0.1	126.5	190.2	11.3	201.5
changes in treasury shares	(1.9)	(4.4)					(6.3)		(6.3)
change in equity investments		(8.7)	1.2				(7.5)	(3.1)	(10.6)
other movements		(0.1)					(0.1)		(0.1)
Allocation of revenues:									
Dividends paid out		223.7				(223.7)	-		-
allocation to reserves		109.8				(109.8)	-		-
Balance at 31 March 2022	1,457.7	1,673.1	158.4	(33.7)	(5.5)	126.5	3,376.5	224.8	3,601.3

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 2022.

This quarterly report was not prepared in accordance with what outlined in the accounting principle regarding the sub-annual financial statement (IAS 34 "Interim Financial Reporting"), even though it was prepared in accordance with accounting standards with reference to the consolidated financial statements at 31 December 2021.

The preparation of this consolidated 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 in order to give an accurate representation of management operations. It should also be noted that certain valuation processes, specifically the more complex ones such as establishing any impairment of non-current assets, are generally carried out fully only for the preparation of the annual financial statements, except in cases where there are impairment indicators that require an immediate impairment test.

Income taxes are reported on the basis of the best estimate of the weighted average tax rate anticipated for the full financial year.

The data included in this consolidated quarterly report are comparable to the same data of the previous periods.

The financial statement formats and the earnings per share are indicated in millions of euro.

Scope of consolidation

The consolidated financial statements at 31 March 2022 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. 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 associated and subsidiary companies are valued at fair value and excluded from overall consolidation.

The lists of the companies included in the scope of consolidation are shown at the end of these notes.

Changes in equity investments

On 16 December 2021, the shareholder's meeting of Fernia Srl authorised, pursuant to Article 2482-ter of the Italian civil code, coverage of the losses for the financial period ending 30 September 2021, as well as the reconstitution of the share capital in the amount of 100,000 euro by means of cash injections by the Shareholders, including the premium. While Herambiente Spa subscribed and paid its portion at the same time, the minority shareholder Sorgea did not execute the option within the deadline (30 days). For this reason, on 31 January 2022, Herambiente Spa acquired Sorgea's portion, becoming the sole shareholder of Feronia Srl.

On 12 January 2022, Atlas Utilities EAD purchased from one of the third party shareholders 500 ordinary registered shares with a value of 10 BGN each for a total nominal value of 5,000 BGN, equal to 0.43% of the share capital of Primagas AD. The shareholding percentage held in this latter company increased from 96.9% to 97.34% as a result of this operation.

On 18 January 2022, the parent company Hera Comm Spa acquired a minority stake of 16% in Hera Comm Marche Srl, thereby becoming the sole shareholder.

The difference between the adjustment of these minority stakes and the fair value of the equivalent amount paid was reported directly in net equity and attributed to the parent company's shareholders.

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-2022 (3 months)	31-Mar-2021 (3 months)
Profit (loss) for the period attributable to holders of ordinary shares of the parent entity (A)	126.5	132.2
Weighted average number of outstanding shares for the purposes of calculating the earnings (loss) per share		
basic (B)	1,458,431,790	1,457,123,974
diluted (C)	1,458,431,790	1,457,123,974
Earnings (loss) per share (in euro)		
basic (A/B)	0.087	0.091
diluted (A/C)	0.087	0.091

At the date of preparation of this quarterly report, the share capital of the parent company, Hera Spa, consisted of 1,489,538,745 ordinary shares, unchanged from 31 December 2021, which were used in determining basic and diluted earnings per share.

Other information

This quarterly consolidated financial statement at 31 March 2022 was drawn up by the Board of Directors and approved by the same at the meeting held on 11 May 2022.

2.03 LIST OF CONSOLIDATED COMPANIES

Subsidiaries

Registered name	Registered office	Share capital (euro) (*)	Percentage consolidated		Total equity
			direct	indirect	
Acantho Spa	Imola (BO)	23,573,079	80.64%		80.64%
AcegasApsAmga Spa	Trieste	284,677,324	100.00%		100.00%
AcegasApsAmga Servizi Energetici Spa	Udine	11,168,284		100.00%	100.00%
Aliplast Spa	Istrana (TV)	5,000,000		75.00%	75.00%
Aliplast France Recyclage Sarl	La Wantzenau (France)	1,025,000		75.00%	75.00%
Aliplast Iberia SL	Calle Castilla -Leon (Spain)	815,000		75.00%	75.00%
Aliplast Polska Spoo	Zgierz (Poland)	1,200,000 PLN		75.00%	75.00%
Amgas Blu Srl	Foggia	10,000		100.00%	100.00%
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%
Ascopiave Energie Spa	Pieve di Soligo (TV)	250,000		100.00%	100.00%
Ascotrade Spa	Pieve di Soligo (TV)	1,000,000		100.00%	100.00%
Atlas Utilities EAD	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
Biorg Srl	Bologna	3,000,000		75.00%	75.00%
Black Sea Gas Company Eood	Varna (Bulgaria)	5,000 Lev		100.00%	100.00%
Blue Meta Spa	Pieve di Soligo (TV)	606,123		100.00%	100.00%
Eco Gas Srl	Castel di Sangro (AQ)	100,000		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%
Feronia Srl	Finale Emilia (MO)	100,000		75.00%	75.00%
Fruzzo Energia Ambiente Srl	Bologna	17,139,100		38.25%	38.25%
Green Factory Srl	Pesaro	30,000		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 Srl	Forli	1,110,430		67.61%	67.61%
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%
Hydro Mud Srl	Torrebelvicino (VI)	50,000		75.00%	75.00%
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00%		100.00%
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		100.00%	100.00%
Tri-Generazione Scarl	Padua	100,000		70.00%	70.00%
Uniflotte Srl	Bologna	2,254,177	97.00%		97.00%
Vallortigara Servizi Ambientali Spa	Torrebelvicino (VI)	330,000		75.00%	75.00%
Vallortigara Angelo Srl	Torrebelvicino (VI)	80,000		75.00%	75.00%
Vegri Scarl	Torrebelvicino (VI)	20,000		75.00%	75.00%
Wolmann Spa	Bologna	400,000	100.00%		100.00%

(*) unless otherwise specified

Jointly controlled companies

Registered name	Registered office	Share capital (euro)	Percentage held		Total equity
			direct	indirect	
Enomondo Srl	Faenza (RA)	14,000,000		37.50%	37.50%

Associated companies

Registered name	Registered office	Share capital (euro) (*)	Percentage held		Total equity
			direct	indirect	
Aimag Spa*	Mirandola (MO)	78,027,681	25.00%		25.00%
ASM SET Srl	Rovigo	200,000		49.00%	49.00%
SEA - Servizi Ecologici Ambientali Srl	Camerata Picena (AN)	100,000		31.00%	31.00%
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.

