CONSOLIDATE QUARTERLY REPORT

as at 31 March 2023

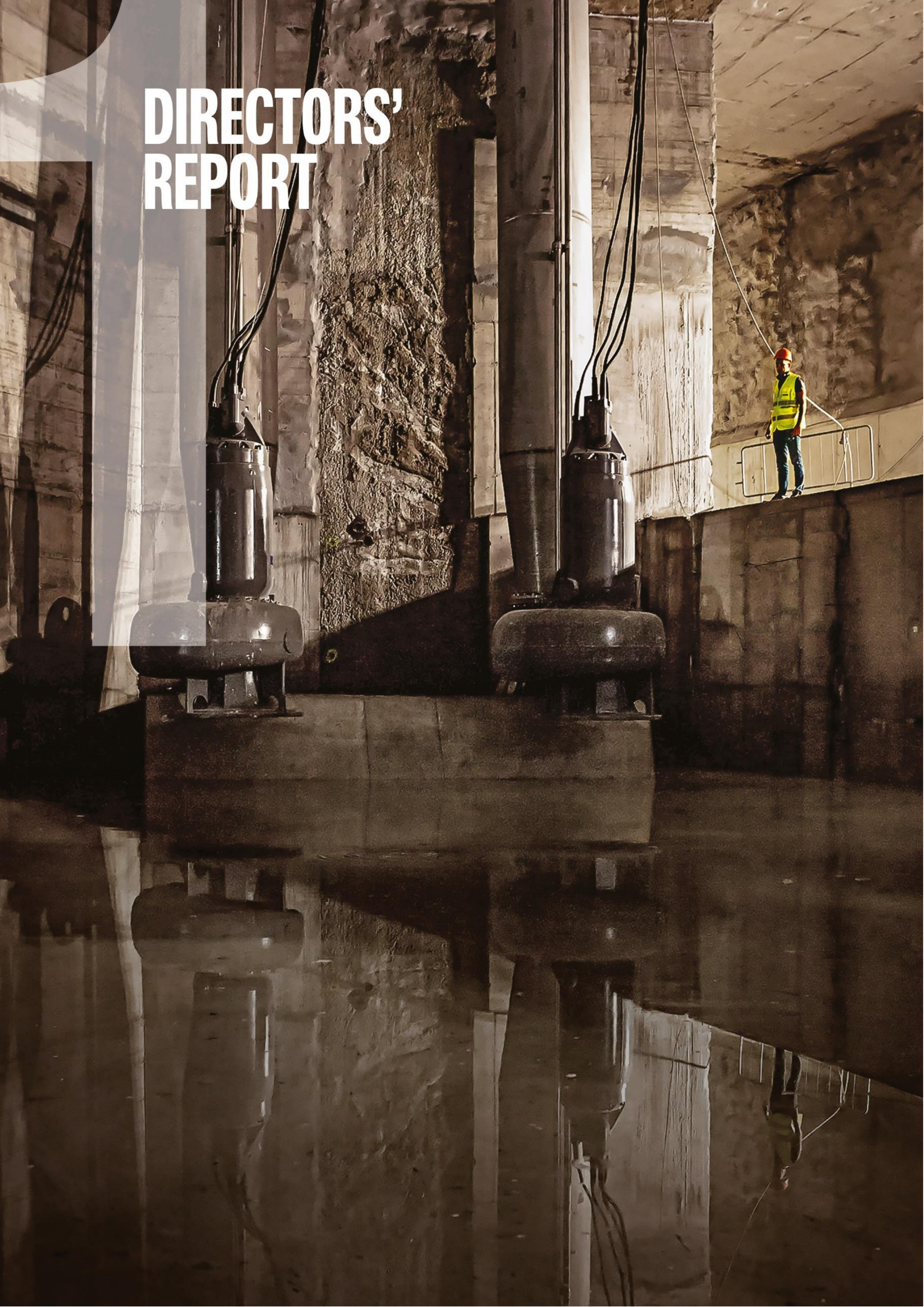
GRUPPO HERA

TABLE OF CONTENTS

DIRECTORS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT



1.01 TRENDS AND CONTEXTS

Economy and finance: trends and projections

In the early months of 2023, more than a year after Russia's invasion of Ukraine, global economic activity continued to suffer from a high degree of uncertainty, which affected commodity price volatility and held back manufacturing activity and international trade.
In the first quarter of the current year, inflation continued to fall in the United States, benefiting from a drop in the more volatile components, while it began to rise once again in the United Kingdom; in Japan, on the other hand, it decreased, mainly due to government interventions to support household and business energy consumption. The Federal Reserve further eased the pace of its benchmark rate increases, while not excluding future rate increases. The Bank of England moderated the degree of its hikes, while the Bank of Japan kept the official rate unchanged and negative. In the latest forecasts published by the OECD, growth in global GDP was revised upwards by 0.4% compared to the projections released in late 2022, and should stand at 2.6%. However, the ongoing war in Ukraine, persistently high levels of inflation and the consequent restrictive orientation in monetary policies in the major economies, as well as the repercussions on global finance coming from recent banking instability in the US and Switzerland, allow for some degree of risk of less favourable trends.
Oil prices remained stable in the first two months of the year and fell in March, partially as a result of the recent financial turmoil, only to rise again in early April following the announcement by OPEC countries of a cut in production coming to more than one million barrels per day, starting in May and lasting until the end of the year. The sanctions against the Russian oil sector introduced by the European Union and the G7 also led to a geographical redistribution of Russian oil exports. In EU countries, lower imports from Russia were offset by higher supplies of crude oil from the US, the Middle East and Africa, as well as derivative products from the US, India and China. The Brent price, the reference quality of crude oil on the European market, was marginally affected by the introduction of sanctions. Looking ahead, Russia's loss of access to oil extraction technology and equipment as a result of the sanctions passed in 2022 could further reduce its production capacity.

After the stagnating GDP witnessed in the fourth quarter of 2022, economic activity in the eurozone returned to slight growth at the beginning of this year. In March, 12-month consumer inflation fell to 6.9%, reflecting the sharp slowdown in energy commodity prices. Inflation for food, on the other hand, increased to 15.4%, and services prices also rose. According to ECB analyses, released in March and prepared before the financial tensions linked to the difficulties faced by some international banks, GDP will see a slowdown in 2023 (to 1%, from 3.5% one year earlier), although the estimates, due to the fall in energy prices and the economy's greater resilience in recent months, were revised upwards by 0.5% compared to last December. The GDP forecast for 2024-25 shows growth to 1.6 % in each of the two years, despite the impact of monetary policy, which saw an average downwards revision coming to 0.3 points per year. Similarly, projections for inflation were revised downwards, since the index of consumer prices is expected to decline to 5.3% in 2023, 2.9% in 2024 and 2.1% in 2025, mainly as a result of lower energy prices and an improvement in the exchange rate. At the same time, under the PEPP (Pandemic Emergency Purchase Programme), the full reinvestment of repaid principal on maturing securities was confirmed, as was the continuation of the same program in a flexible manner (to counter the risks of fragmentation of the financial market for this area) until at least the end of 2024, albeit with a reduction in purchases coming to 15 billion euro per month.

The current situation in Italy

As regards the context in Italy, the most recent data provided by ISTAT shows that the interruption of the expansionary phase of the Italian economy seen in the fourth quarter of 2022 was followed by a modest improvement. In the late months of last year, the drop in household spending and the decrease in inventories were countered by a rise in investments and a positive contribution coming from foreign trade. On the other hand, the normalisation of supply conditions along the value chain, and the fall in energy prices during the first quarter, seem to have had a positive influence on GDP. As regards trends in prices and production in Italian manufacturing, since the beginning of 2021, the production prices of industrial goods sold on the domestic market increased much more in energy-intensive sectors than in non-energy-intensive sectors, and these circumstances reflected a weaker demand. In the first quarter of 2023, in any case, business confidence as measured by ISTAT improved in all sectors. Consumer inflation, after peaking at 12.6% in the autumn of 2022, gradually decreased to 8.2% in March. This decrease reflects the fall in electricity and gas prices, which in turn was driven by a drop in wholesale prices (back to pre-Ukrainian invasion levels) and the economic support measures approved in the budget for 2023. The decrease in energy prices was significant on both free and regulated markets, with a reduction in tariffs

set by the Regulatory Authority for Energy, Networks and Environment (ARERA). The government also intervened with measures to reduce gas and electricity bills, which curbed average inflation in the first quarter by almost one percentage point. For more details on these interventions, see the new elements introduced for regulated businesses illustrated below.
As in the eurozone, inflation continues to be driven by the transmission of previous energy price rises to production costs, which account for just over half; household and business expectations regarding inflation and growth continue to decrease over all forecast timelines.

Financial markets

In the first quarter of the year, despite the crisis in the banking system, financial markets rebounded strongly from their lows at the end of October 2022, both because fears of recession eased and because there was less volatility and a normalisation of investor positioning.
In February and March, the ECB continued its policy of raising interest rates by bringing the refinancing rate up to 3.5%, while the 10-year BTP-Bund spread narrowed to around 180 basis points compared to more than 210 basis points at the end of December, thus partly limiting the impact on financing conditions for businesses and households. On the primary market, after an initial slowdown in the first part of the year, signs of recovery appeared at the end of the quarter, and although rate volatility was rather high, market conditions remained particularly stable and supportive. Investor demand also grew for companies with solid investment grade ratings, especially for those active in the utility sector, and for securities with a low duration (2-5 years).

Energy sector: prices, consumption and demand

Within an unstable domestic and international energy context, marked by the ongoing Russia-Ukraine conflict, crude oil and fuel prices had lower prices in the first quarter of 2023 compared to the prices seen in the second half of 2022. In the first quarter of 2023, the Day-Ahead Energy Market (MGP) showed a 37% price decrease compared to the same quarter of 2022. According to data compiled by the national grid transmission company (Terna), electricity consumption in the quarter decreased compared to the same period of the previous year (4%), going from 80.6 TWh to 77.4 TWh, with a drop in March alone coming to 5% (compared to the same month in 2022). During the quarter, 83.1% of demand was met by domestic production, which decreased by 10.34% to 64.3 TWh, compared to the same period in 2022, while the foreign balance stood at 13 TWh.

In the first quarter of 2023, net domestic production from renewables accounted for 36.5% of total net production, amounting to 23.5 TWh, slightly lower than the 23.8 TWh produced in the first quarter of 2022. The amount of consumption met by renewables came to 30.3%, up from the comparable figure for 2022 due above all to the decline in consumption seen in 2023. A decrease in hydroelectric (-1.2%), wind (-3.1%%) and geothermal (-5.3%) production also occurred, partially offset by an increase in photovoltaic production (+4%). Renewables saw an overall decrease coming to 0.4TWh. Lastly, a significant drop also occurred in thermoelectric production compared to the same quarter last year, amounting to 7.3 TWh.

The price index for natural gas at the Dutch hub (TTF), taken as a reference for European short-term spot market prices, showed a decrease in the first quarter of 2023 coming to 43% vs the same period in 2022. The information made available by the national gas transmission network operator (Snam Rete Gas) for the same quarter also shows a 19% drop in natural gas consumption compared to the same quarter one year earlier, from 25.5 billion cubic meters to 20.7 billion cubic meters. The most significant drop in consumption was due to both demand for civil use, which came to 11.6 billion cubic metres, down 17.1%, and demand for electricity generation, which stood at 5.3 billion cubic metres, down 26.9% on the same quarter in the previous year. Exports also fell slightly, with volumes coming to 0.8 billion cubic meters. Lastly, consumption for industrial use came to 3 billion cubic metres, down 13.2% compared to 2022. During the quarter, 75.6% of demand, in terms of gas injected into the grid, was met by gas imports, 20.8% by storage and the remaining part by domestic production.

Regulated businesses

As regards regulated businesses, in the first quarter of 2023 the main regulatory innovation worthy of note consists in the resolution that establishes the criteria and general principles of the Regulation for expenditure and service objectives for 2024-2031 (TIROSS 2024-2031) for regulated infrastructure services in the electricity and gas sectors.
Following the consultation initiated in mid-2021 on the new Tariff Regulation for Expenditure and Service Objectives (Ross-base) for regulated energy infrastructure sectors, ARERA approved, with Resolution 163/2023/R/com, the Integrated Text of the Criteria and General Principles of the Regulation for Expenditure and Service Objectives for 2024-2031 for regulated infrastructure services in the electricity

and gas sectors, currently consisting of the general provisions (Part I) and the general Ross-base guidelines (Part II). The TIROSS is expected to be completed, with Part III dedicated to the ROSS-integral, by the end of the year. The objective of the new regulation is to efficiently orient resources, eliminating the distortions shown by the current regulatory instruments in the investment choices made by companies. The path towards the new method will begin with a simplified model, called Ross-base, which should be applied as of 2024 to electricity distribution operators and as of 2026 to gas distribution companies. The outlook of consultation document 655/2022/R/com regarding the criteria for determining the recognised cost according to the Ross-base approach was essentially confirmed: the actual (total) expenditure of the distributors will be compared annually with a reference expenditure defined by the Regulator (referred to as the total expenditure baseline). The total efficiency recovery will be partly allocated to operational management and partly to investments, and any efficiencies / inefficiencies achieved will be shared with users according to specific mechanisms. Lastly, the tariff treatment of the capital stock existing at the date of transition to the new methodology will be implemented respecting continuity in its criteria.

As far as the integrated water service is concerned, mention should go to Resolution 64/2023/R/idr, which initiates the procedure for the revision of the tariff method effective as from 2024 (MTI-4) and at the same time publishes the amount of the average sector cost for the recognition of expenses incurred for the procurement of electricity in 2022 (coming to 285 €/MWh). It also states that the instruments introduced for 2021 aimed at mitigating the effects of the extraordinary increase in energy costs could also be extended to 2022.

Lastly, with reference to urban waste management services, Resolution 62/2023/R/rif initiates the procedure for the introduction of rules and procedures for the two-year updating of the integrated service tariffs and for tariffs for access to plants at the end of the “minimum” cycle for 2024 and 2025.

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 are described below, as are any adjustments related to operations (operational adjustments) considered to be useful in understanding the results.

The Hera Group determines its operating indicators for the reporting period by classifying as 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. At the same time, certain accounting items are adjusted using a management valuation criterion, if and when the latter facilitates the analysis of certain specific business trends. In light of the fact that the operational adjustments referred to above have an impact on the balance sheet, their effects are provided as an adjustment of the financial indicators described below.

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

The operational adjustments indicated in the calculation of the single APMs are described, if present, in a specific table provided in the section below entitled “Special items and operational adjustments / balance sheet reconciliation”, as are any operating, financial and fiscal special items.

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.
Adjusted Ebitda (hereinafter referred to as Ebitda*) is calculated based on Ebitda, as described above, adding or subtracting operational adjustments.
Ebit is calculated by subtracting operating costs from operating revenues. Among operating costs, special operating items are deducted from amortisations and provisions.
Adjusted Ebit is calculated based on Ebit, as described above, adding or subtracting any operational adjustments.
Adjusted pre-tax results are calculated by subtracting the financial operations shown in the balance sheets from adjusted Ebit, as described above, net of any special financial items.
Adjusted net results are calculated by subtracting from adjusted pre-tax results, as described above, the taxes shown in the balance sheets minus special fiscal items and the fiscal effect of any operational adjustments.
Results from special items (if present in the current report) are aimed at drawing attention to the result of the special item entries.
Adjusted net profit is calculated by adding the result from special items to the adjusted net result, as described above. This indicator therefore includes any operational adjustments used to bring certain accounting valuation items back into line with operational criteria.
Adjusted Ebitda on revenues, adjusted Ebit on revenues and adjusted net profit on revenues measure the Group’s operating performance through a proportion, expressed as a percentage, of adjusted Ebitda, adjusted Ebit and adjusted net profit divided by the amount of revenues.
Net investments are calculated as the sum of investments in tangible fixed assets, intangible assets and equity investments net of capital grants.

Financial APMs

Adjusted net non-current assets are calculated as the sum of: tangible fixed assets; intangible assets and goodwill; equity investments; deferred tax assets and liabilities (including operational adjustments).
Adjusted net working capital is made up of the sum of: inventories (adjusted to reflect the different operational value of gas storage); 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".
Adjusted net invested capital is defined by calculating the sum of "adjusted net fixed assets", "adjusted net working capital" and "provisions".
Adjusted net equity is obtained by adding the economic effects of operational adjustments applied to gas storage, net of deferred taxes, to the equity that appears in the balance sheets.
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.
Adjusted sources of financing are obtained by adding "net financial debt" and "adjusted net equity".

Operating-financial APMs

The **Net debt to adjusted Ebitda** (hereinafter Net debt/Ebitda*) ratios, expressed as a multiple of adjusted Ebitda, is a measure of the operating management's ability to pay back its net financial debt.
Adjusted funds from operations (hereinafter **FFO***) are calculated beginning with adjusted Ebitda, subtracting provisions for doubtful accounts, financial charges, uses of severance pay reserves and 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 taxes, net of any special items and the fiscal effect of any operational adjustments.
The adjusted FFO/Net debt (hereinafter **FFO*/Net debt**) indicator, expressed as a percentage, provides a measurement of the operating management's ability to pay back its net financial debt.
ROI, or return on net invested capital, is defined as the ratio between adjusted 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, or return on equity, is defined as the ratio between adjusted net results and adjusted 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 adjusted Ebit, 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;
- divestitures;
- financial charges and financial income (****);
- current taxes.

(*) net of the effects arising from the fair value measurement of commodity derivatives recognised as cash flow hedges and net of any changes in NWC arising from changes in the scope of consolidation.
(**) minus releases from provisions and increases caused by modifications in estimated future expenses following revised appraisals for operating landfills.
(***) net of fiscal effects related to the cash flow hedge accounting of hedging derivatives.
(****) 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 23	March 22 (redetermined)	Abs. change	% change
Revenues	**5,628.9**	**5,312.0**	**316.9**	**+6.0%**
Adjusted Ebitda	**410.2**	**375.1**	**35.1**	**+9.4%**
Adjusted Ebitda/revenues	7.3%	7.1%	+0.2 p.p.	
Adjusted Ebit	**236.1**	**221.2**	**14.9**	**+6.7%**
Adjusted Ebit/revenues	4.2%	4.2%	+0.0 p.p.	
Adjusted net profit	**140.3**	**138.6**	**1.7**	**+1.2%**
Adjusted net profit/revenues	2.5%	2.6%	(0.1) pp	
Net investments	**166.1**	**124.6**	**41.5**	**+33.3%**

Financial APMs (mn€)	March 23	December 22	Abs. change	% change
Adjusted net non-current assets	7,712.4	7,522.3	190.1	+2.5%
Adjusted net working capital	457.9	1,096.0	(638.1)	(58.2)%
Provisions	(659.1)	(657.6)	(1.5)	+0.2%
Net invested capital	7,511.2	7,960.7	(449.5)	(5.6)%
Net debt	**(3,777.6)**	**(4,249.8)**	**472.2**	**(11.1)%**

Special items and operational adjustments / IFRS balance sheet reconciliation

As is illustrated in detail in the Consolidated financial statements at 31 December 2022, which may be consulted for a more in-depth discussion, as of 2022 the Group's management felt it was appropriate to present the results by valuing gas storage according to an operational criterion, in order to provide a representation that reflects the market context, which showed significant and sudden price changes with respect to the past. During the first quarter of 2023, at the end of the winter season and as a result of the actual occurrence of the expected flows, the previous valuation mismatch was entirely compensated, thus having an effect on the change for the period, but not on the stock.

The following table provides a reconciliation between the income statement referred to in the remarks on operations and the published consolidated income statement, drafted according to accounting standards.

	31 March 23			31 March 22		
mn€	Published statement	Operational adjustments	Operations statement	Published statement	Operational adjustments	Operations statement
Revenues	5,628.9		5,628.9	5,312.0		5,312.0
Other operating revenues	121.2		121.2	100.7		100.7
Raw and other materials	(4,391.1)	(93.0)	(4,484.1)	(4,307.8)	1.1	(4,306.7)
Service costs	(684.7)		(684.7)	(573.3)		(573.3)
Personnel costs	(165.4)		(165.4)	(154.5)		(154.5)
Other operating expenses	(19.2)		(19.2)	(17.2)		(17.2)
Capitalised costs	13.5		13.5	14.1		14.1
Ebitda	**503.2**	**(93.0)**	**410.2***	**374.0**	**1.1**	**375.1***
Amortization, depreciation and provisions	(174.1)		(174.1)	(153.9)		(153.9)
Ebit	**329.1**	**(93.0)**	**236.1***	**220.1**	**1.1**	**221.2***
Financial operations	(44.4)		(44.4)	(29.5)		(29.5)
Pre-tax result	**284.7**	**(93.0)**	**191.7***	**190.6**	**1.1**	**191.7***
Taxes	(78.2)	26.80	(51.4)	(52.8)	(0.3)	(53.1)
Net result	**206.5**	**(66.2)**	**140.3***	**137.8**	**0.8**	**138.6***
Result from special items	**206.5**	**(66.2)**	**140.3***	**137.8**	**0.8**	**138.6***
Net profit						
Attributable to:	194.4	(66.2)	128.2*	126.5	0.8	127.3*
Parent company shareholders, adjusted	12.1		12.1	11.3		11.3
non-controlling interests						

* Adjusted results, as described above

The table below shows the impact on the balance sheet of the operational adjustments made to gas storage, which, unlike the other special items, have not yet been reflected in cash receipts or disbursements:

mn€	March 23			December 22 (redetermined)		
	Published values	Operational adjustments	Operational values	Published values	Operational adjustments	Operational values
Net non-current assets	7,712.4	-	7,712.4	7,549.1	(26.8)	7,522.3*
Net working capital	457.9	-	457.9	1,003.0	93.0	1,096.0*
Provisions	(659.1)	-	(659.1)	(657.6)	-	(657.6)
Net invested capital	**7,511.2**	**-**	**7,511.2**	**7,894.5**	**66.2**	**7,960.7***
Equity	(3,733.6)	-	(3,733.6)	(3,644.7)	(66.2)	(3,710.9)*
Net debt	(3,777.6)	-	(3,777.6)	(4,249.8)	-	(4,249.8)
Total sources of financing	**(7,511.2)**	**-**	**(7,511.2)**	**(7,894.5)**	**(66.2)**	**(7,960.7)***

* Adjusted results, as described above

For 2022, as mentioned above, the value of stored gas has been adjusted by 94.1 million euro, resulting in a negative tax effect coming to 27.1 million euro. The cumulative effect of these operational adjustments, i.e. also considering the effects of misalignments in previous periods, resulted in a positive impact on equity totalling 66.2 million euro.

1.02.01 Operating results and investments

Operating results and investments rise

The first quarter of 2023 closed for the Hera Group with increased operating results and investments compared to the previous year. Adjusted Ebitda came to 410.2 million euro, up 9.4%, adjusted Ebit was up 6.7%, and adjusted net profit rose by 1.2%. Investments also showed a significant increase, up 33.3% compared to March 2022, reflecting the Group's ongoing focus on growth, valorisation and strengthening the resilience of the assets under management.

These first-quarter results were achieved against the backdrop of an external scenario that showed stable trends in energy commodity prices, returning the Hera Group to a normalised market environment. The Group's performances are still guided by its multi-business strategy, balanced between regulated and free market activities, with a focus on sustainability and the circular economy. The Hera Group pursues this model both with internal growth and by grasping the opportunities offered by the market for external growth.

Compared to March 2022, note that two important companies were integrated within the Hera Group's waste management area. Herambiente Servizi Industriali Srl acquired 60% of A.C.R. di Reggiani Albertino Spa, which operates in the remediation sector, with industrial waste treatment, decommissioning of industrial plants and civil works related to oil & gas, and Marche Multiservizi Spa acquired Macero Maceratese Srl, which specialises in waste recovery and treatment. The energy areas, instead, benefited from the acquisition of Con Energia Spa by Hera Comm Spa.

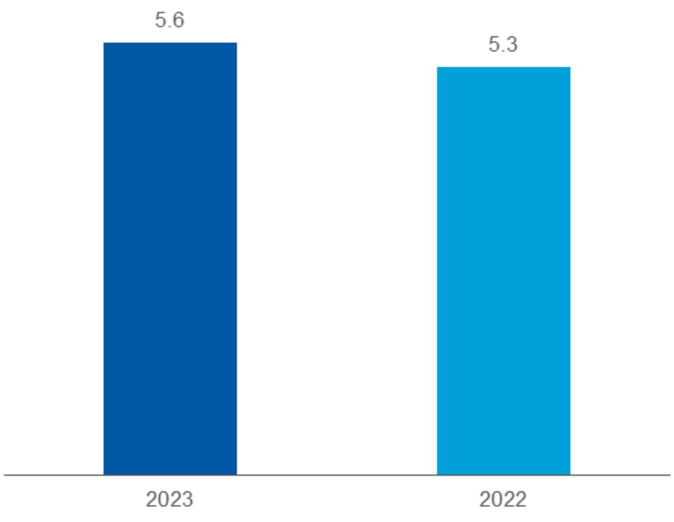
Hera Comm Spa was awarded two of the nine lots of the safeguarded service for 2023 and 2024 in Campania, Abruzzo, Umbria and Calabria, one more lot than in the previous two-year period. More detailed information on this matter is provided in section 1.04.02.

The following table shows operating results at 31 March 2023 and 2022:

Income statement (mn€)	March 23	% Inc.	March 22 (redetermined)	% Inc.	Abs. change	% change
Revenues	5,628.9	0.0%	5,312.0	0.0%	316.9	6.0%
Other operating revenues	121.2	2.2%	100.7	1.9%	20.5	20.4%
Raw and other materials	(4,484.1)	(79.7)%	(4,306.7)	(81.1)%	177.4	4.1%
Service costs	(684.7)	(12.2)%	(573.3)	(10.8)%	111.4	19.4%
Other operating expenses	(19.2)	(0.3)%	(17.2)	(0.3)%	2.0	11.6%
Personnel costs	(165.4)	(2.9)%	(154.5)	(2.9)%	10.9	7.1%
Capitalised costs	13.5	0.2%	14.1	0.3%	(0.6)	(4.3)%
Ebitda*	**410.2**	**7.3%**	**375.1**	**7.1%**	**35.1**	**9.4%**
Amortization, depreciation and provisions	(174.1)	(3.1)%	(153.9)	(2.9)%	20.2	13.1%
Ebit*	**236.1**	**4.2%**	**221.2**	**4.2%**	**14.9**	**6.7%**
Financial operations	(44.4)	(0.8)%	(29.5)	(0.6)%	14.9	50.5%
Pre-tax result*	**191.7**	**3.4%**	**191.7**	**3.6%**	**-**	**0.0%**
Taxes	(51.4)	(0.9)%	(53.1)	(1.0)%	(1.7)	(3.2)%
Net result*	**140.3**	**2.5%**	**138.6**	**2.6%**	**1.7**	**1.2%**
Attributable to:						
Parent company shareholders	**128.2**	**2.3%**	**127.3**	**2.4%**	**0.9**	**0.7%**
Minority shareholders	12.1	0.2%	11.3	0.2%	0.8	7.1%

* Adjusted results, as described in paragraph 1.02

REVENUES (bn€)



5.6
billion euro
revenues
(+6.0%)

Revenues for the first quarter of 2023 were up by 316.9 million euro compared to the equivalent period in 2022. The energy segments show significant growth, amounting to 151.8 million euro, mainly due to higher volumes of electricity sold as a result of the reinforced commercial initiatives in traditional markets and the award of the lots in the safeguarded service, as mentioned above. These effects were partially offset by lower volumes sold of gas due to climatic factors, with higher temperatures recorded in the first three months of the year than in the previous year. In addition, note the increased turnover in energy services, due to continuity in opportunities related to energy efficiency incentives in residential buildings (insulation bonus and 110% super-bonus) and increased activities for value-added services for customers, with a joint effect reaching roughly 119 million euro.

Lastly, revenues in the waste management sector contributed 44 million euro to growth, with a contribution coming from acquisitions in the industrial market and in treatment amounting to a total of 38 million euro.

For further details, see the analyses of the individual business areas in paragraph 1.04.

Other operating revenues in March 2023 increased by 20.5 million euro compared to the equivalent period in 2022. Note the higher revenues coming from orders on assets under concession totalling 17 million euro.

Costs for raw materials linked to trends in revenues

The costs of raw and other materials increased by 177.4 million euro compared to March 2022. This increase was related to the trend in energy revenues and changes in the scope of operations in the waste management area.

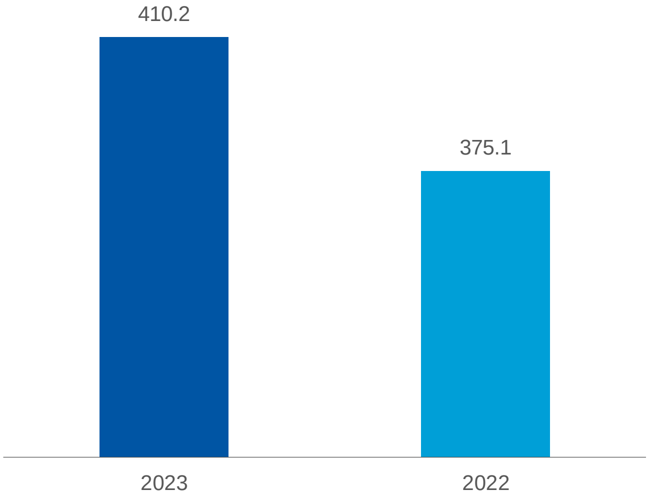
Other operating expenses rose by 113.4 million euro (higher service costs coming to 111.4 million euro and higher operating expenses totalling 2.0 million euro). Overall, costs for increased works in energy services, for energy efficiency and value-added services, amounted to roughly 103 million euro. These were accompanied by higher waste collection and treatment costs coming to roughly 31 million euro, mainly due to higher supplier prices, corporate acquisitions, and increased development of new waste collection projects.
In addition, higher costs were seen for orders on goods under concession and for third-party works, amounting to roughly 16 million euro.
These effects were partially offset by lower costs related to system charges as a result of the legislative measures discussed in paragraphs 1.04.01 and 1.04.02, involving higher costs for gas transport and storage.

+2.6% personnel costs net of changes in scope of consolidation

Personnel costs increased by 7.1% compared to March 2022, amounting to 10.9 million euro. This increase was related to the changes in the scope of consolidation generated by the corporate acquisitions described above, amounting to 7.0 million euro. Net of these acquisitions, the increase in personnel costs came to 2.6%, due to the salary increases provided for by the national collective labour agreement and the higher average presence recorded in the period considered.

Capitalised costs decreased by 0.6 million euro, due to lesser capital works on Group-owned assets.

EBITDA * (mn€)

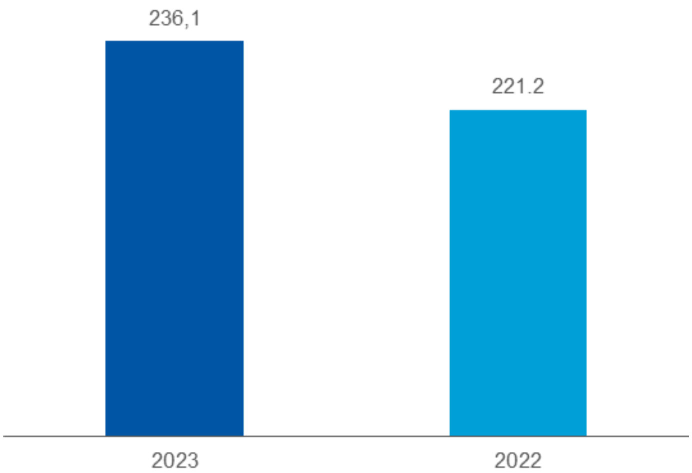


410.2
million euro
Ebitda *
(+9.4%)

Adjusted Ebitda increased by 35.1 million euro compared to March 2022, up 9.4%. This trend was due to the overall contribution coming from the energy areas, which reached 25.4 million euro, the good performances in the waste management area, up 8.7 million euro, and the contribution from the other services area, which came to 0.9 million euro.
For further details, see the analyses of the individual business areas.

Depreciation, amortisation and provisions at 31 March 2023 increased by 20.2 million euro year-on-year, up 13.1%. Higher depreciation and amortisation were mainly due to new operating investments, the changes in the scope of consolidation mentioned above, and increased activities related to the acquisition of new customers. Provisions for bad debts in the safeguarded and traditional markets also increased overall.

EBIT * (mn€)



Adjusted Ebitda amounted to 236.1 million euro, up 6.7%. The increase resulting from growth in Ebitda* was partly reduced by higher depreciation and amortisation, as described above.

Financial operations increase

Financial operations increased by 14.9 million euro, mainly due to the impact of the new medium- and long-term lines stipulated in 2022 to cope with significant volatility in energy prices and the consequent cash absorption in net working capital, particularly for gas storage.
The Group's financial structure is now further strengthened, providing it with insurance from potential liquidity risks arising from market tensions and guaranteeing the Group's operations and significant investment activity.

The adjusted pre-tax result was in line with March 2022. The growth resulting from Ebit was absorbed by the trend in financial operations, described above.

Tax rate at 26.8%

Taxes for the first quarter of 2023, as shown in the operations statement, amounted to 51.4 million euro, an improvement compared to the 53.1 million euro recorded in the first quarter of 2022. The tax rate came to 26.8%, down compared to the first quarter of 2022 as a result of the benefits, as well as the opportunities, that the Group continues to seize.

+1.2% net profit *

As a result of all the events described above, adjusted net profit was up by 1.7 million euro compared to the figure seen in March 2022.

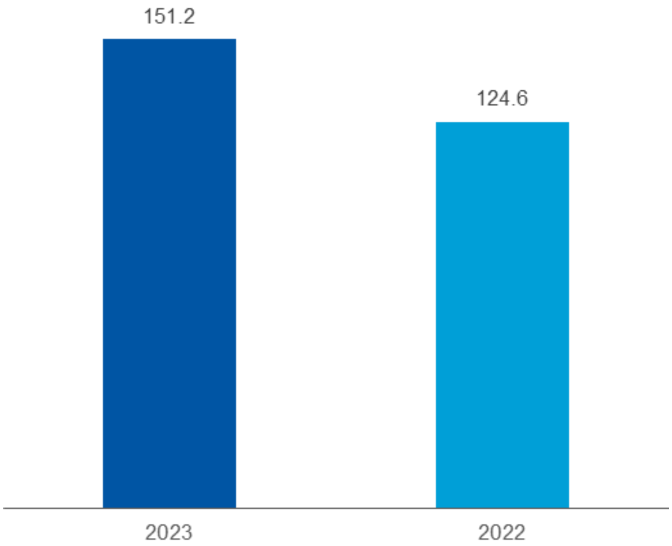
Net investments rise to 166.1 million euro

In the first quarter of 2023, the Group's net investments amounted to 166.1 million euro, up 41.5 million euro compared to the same period one year earlier.
This figure also included financial investments amounting to 14.9 million euro, due to an equity investment in the company Asco Tlc Spa, which operates in the ICT services sector.
Capital grants totalled 4.6 million euro, including 4.5 million euro in FoNI investments, as foreseen by the tariff method for the integrated water service. Net operating investments amounted to 151.2 million euro, up 26.6 million euro over the previous year.

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

Total investments (mn€)	March 23	March 22	Abs. change	% change
Gas area	49.3	29.3	20.0	+68.3%
Electricity area	21.7	15.5	6.2	+40.0%
Integrated water cycle area	47.2	43.3	3.9	+9.0%
Waste management area	19.9	24.9	(5.0)	(20.1)%
Other services area	2.4	2.2	0.2	+9.1%
Headquarters	15.2	13.9	1.3	+9.4%
Total gross operating investments	**155.7**	**129.2**	**26.5**	**+20.5%**
Capital grants	4.6	4.6	-	+0.0%
of which FoNi (New Investments Fund)	4.5	4.1	0.4	+9.8%
Total net operating investments	**151.2**	**124.6**	**26.6**	**+21.3%**
Financial investments	14.9	-	14.9	+100.0%
Total net investments	**166.1**	**124.6**	**41.5**	**+33.3%**

TOTAL NET OPERATING INVESTMENTS (mn€)



151.2
million euro
net operating investments (+26.6 mn€)

Including capital grants, the Group's operating investments amounted to 155.7 million euro, up 26.5 million euro compared to the previous year, and mainly involved works on plants, networks and infrastructures. Regulatory adjustments mainly concerned gas distribution, with a large-scale replacement of meters, and the purification and sewerage area.
Comments on investments in the individual areas are provided in the analyses by business area.

At Group headquarters, investments concerned interventions on corporate buildings, IT systems and the vehicle fleet, as well as laboratories and remote control structures. Overall, investments in structures amounted to 15.2 million euro, mainly due to interventions concerning the vehicle fleet.

1.02.02 Financial structure and adjusted net debt

What follows in an analysis of trends in the Group's net invested capital and sources of financing at 31 March 2023.

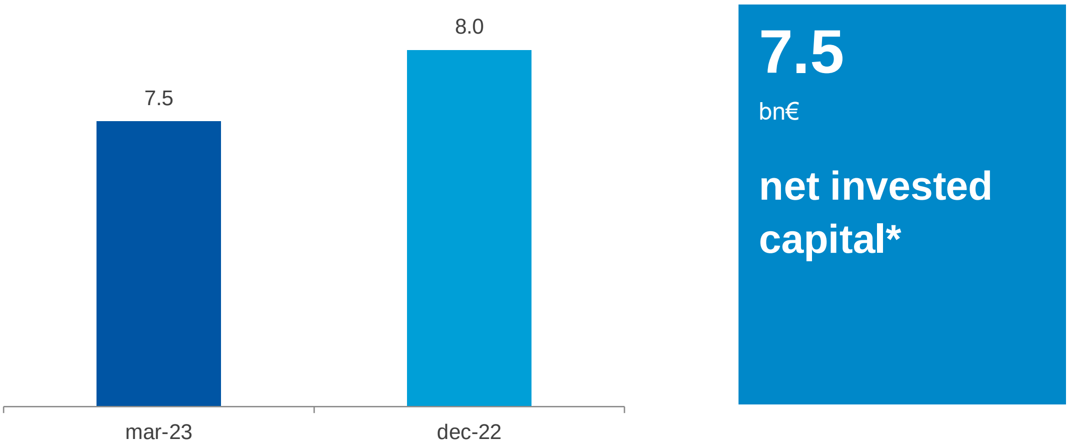
Invested capital and sources of financing (mn€)	March 23	% Inc.	December 22 (redetermined)	% Inc.	Abs. change	% change
Net non-current assets*	7,712.4	+102.7%	7,522.3	+94.5%	190.1	+2.5%
Net working capital*	457.9	+6.1%	1,096.0	+13.8%	(638.1)	(58.2)%
(Provisions)	(659.1)	(8.8)%	(657.6)	(8.3)%	(1.5)	(0.2)%
Net invested capital*	**7,511.2**	**+100.0%**	**7,960.7**	**+100.0%**	**(449.5)**	**(5.6)%**
Equity*	(3,733.6)	+49.7%	(3,710.9)	+46.6%	(22.7)	(0.6)%
Long-term borrowings	(5,019.5)	+66.8%	(5,598.5)	+70.3%	579.0	+10.3%
Net current financial debt	1,241.9	(16.5)%	1,348.7	(16.9)%	(106.8)	(7.9)%
Net debt	(3,777.6)	+50.3%	(4,249.8)	+53.4%	472.2	+11.1%
Total sources of financing*	**(7,511.2)**	**(100.0)%**	**(7,960.7)**	**+100.0%**	**449.5**	**+5.6%**

* adjusted results, as indicated in the section on Alternative performance measures (APMs)

Group solidity confirmed

Net invested capital* (NIC), which amounted to 7,511.2 million euro, decreased compared to 31 December 2022, due to a drop in net working capital, mainly caused by a reduction in the value of gas storage coming to 436.8 million euro, and a reduction in the energy price scenario. The increase in net non-current assets was due to investments (net of depreciation and amortisation) and corporate transactions carried out during the period, mainly involving the acquisition of 60% of A.C.R. Spa, which operates in the waste management sector.

NET INVESTED CAPITAL* (bn€)



659.1 million euro provisions

In March 2023, provisions amounted to 659.1 million euro, in line with the end of the previous year. This result is the consequence of the reserves for the period and adjustments to the post-mortem provisions for landfills and restoration of third-party assets, which offset the outflows for utilisations.

3.7 billion euro equity *

Equity* increased from 3,710.9 million euro in 2022 to 3,733.6 million euro in 2023. This equity strengthened the Group's solidity thanks to the positive net result from operations in the first three months of 2023, coming to 140.4 million euro, partly offset by the effect of cash flow hedge reserves.

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

mn€		31 March 23	31 December 22
A	Cash	2,107.1	1,942.4
B	Cash equivalents	-	-
C	Other current financial assets	35.3	77.7
D	**Liquidity (A+B+C)**	**2,142.4**	**2,020.1**
E	Current financial debt	(297.3)	(563.0)
F	Current portion of non-current financial debt	(603.2)	(108.4)
G	**Current financial indebtedness (E+F)**	**(900.5)**	**(671.4)**
H	**Net current financial indebtedness (G+D)**	**1,241.9**	**1,348.7**
I	Non-current financial debt	(1,407.7)	(1,997.0)
J	Debt instruments	(3,202.3)	(3,197.3)
K	Non-current trade and other payables	-	-
L	**Non-current financial indebtedness (I+J+K)**	**(4,610.0)**	**(5,194.3)**
M	**Total financial indebtedness (H+L)**	**(3,368.1)**	**(3,845.6)**
	Non-current financial receivables	151.4	151.8
	Net financial debt (excluding put option)	**(3,216.7)**	**(3,693.8)**
	Nominal amount - fair value put option	(480.3)	(475.9)
	Net financial debt with adjusted put option	**(3,697.0)**	**(4,169.7)**
	Portion of future dividends - fair value put option	(80.7)	(80.1)
	Net financial debt (Net debt)	**(3,777.6)**	**(4,249.8)**

The total amount of net financial debt came to 3,777.6 million euro, down roughly 472.2 million euro compared to the previous year. The change for the period was due to an improvement in current financial debt, thanks to the repayment of 230 million euro in hot money loans present until December 2022, in addition to the benefits coming from greater cash availability.

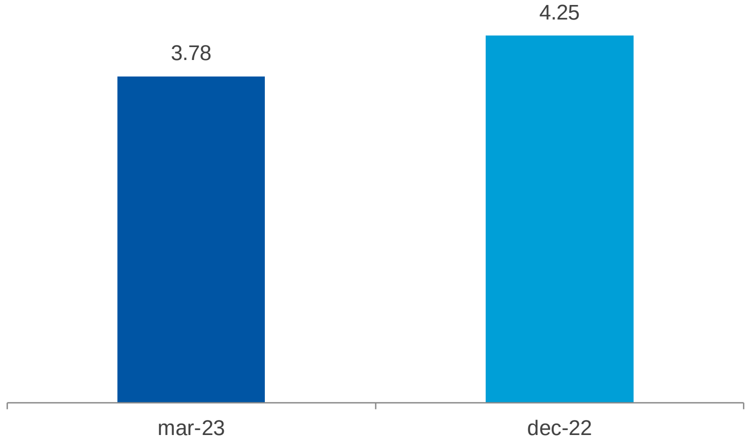
The financial structure showed current financial indebtedness coming to 900.5 million euro, of which 64.9 million euro was due to banks, referring to drawdowns on current account lines amounting to roughly 18.9 million euro and interest expenses on loans totalling 45.9 million euro.
The current portion of debt to other lenders amounted to 227.2 million euro, including 58.7 million euro for the daily settlement of the fair value of commodity derivatives.
As regards the current portion of non-current financial debt, 603.2 million euro was related to the portion of medium-term bank loans maturing within the year, including the 500 million euro Bridge To Bond. This also included 22.0 million euro referring to a ten-year private placement maturing in 2023 and 20.6 million euro in current debt referring to leasing contracts.

The amount of non-current financial debt decreased by 584.3 million euro compared to the previous year, due to the reclassification to current debt of the 500 million euro Bridge To Bond and the repayment of a 100 million euro revolving line.

Cash and cash equivalents increased from 1,942.4 million euro in 2022 to 2,107.1 million euro at 31 March 2023.

At 31 March 2023, 63.2% of the medium/long-term debt was represented by bonds with repayment at maturity. Total debt had an average residual maturity of approximately five years, and 30.7% of debt matures beyond five years.

NET FINANCIAL DEBT (bn€)



3.78

billion euro

net financial debt

1.03 SHARE PERFORMANCE AND INVESTOR RELATIONS

Confidence returns to markets

During the first quarter of 2023, all major stock markets performed positively, recovering from the heavy losses seen over the previous year. This renewed confidence was supported by expectations for an imminent end to the cycle of rate hikes introduced by central banks to control the impact of inflation, following the decrease in energy commodity prices. Moreover, macroeconomic data, while showing an ongoing economic slowdown, dispelled fears of a recession. As a consequence of the pandemic and the more recent conflict in Ukraine, growth continues to be underpinned by expansionary fiscal policies, with investments mainly directed towards the energy transition and defence.

The Italian market shows best performance in Europe

Against this backdrop, Italy's FTSE All Share index rose by 14.0% over the period, achieving the best performance among all major European stock exchanges.

With an official price of 2.602 euro at 31 March, Hera stock rose by 2.9%, underperforming both the Italian market and the reference sector. This performance is due to the cautious attitude shown by investors following the change in the Group's top management and while waiting to verify the resilience of Hera's economic fundamentals with the publication of the 2022 annual results. The latter confirmed the validity of the Group's business model, even when faced with a highly complex scenario, reporting results that were up on the operating side and solid financially. The positive reception of the figures in the balance sheets was soon reflected by a gradual recovery of the share price, which continued even after the end of the quarter.

1Q 2023 HERA STOCK, LOCAL UTILITY AVERAGE AND ITALIAN MARKET PERFORMANCE COMPARISON

Dividend rises to 12.5 cents per share

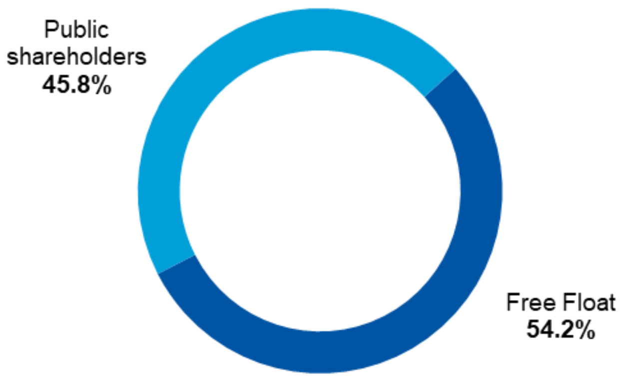
Hera's Board of Directors, which met on 21 March 2023 to approve the 2022 year-end results, decided to submit to the Shareholders Meeting a proposal for a dividend per share coming to 12.5 cents, up +4%, in line with the indications contained in the Business plan. Following the shareholders' approval, obtained during the meeting held on 27 April 2023, the ex-dividend date was set at 19 June, with payment on 21 June. Hera thus confirmed its ability to remunerate shareholders thanks to the resilience of its business portfolio, which has enabled it to distribute steadily growing dividends since its listing.

+241% Total shareholders return since the IPO

The joint effect of continuously remunerating shareholders through dividends and a rise in the price of the stock over the years led the total shareholders return accumulated since the IPO to remain consistently positive and to settle, at the end of the period in question, at over +240.8%.

The number of financial analysts covering the stock (Banca Akros, Equita Sim, Exane Bnp Paribas, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux, Mediobanca) increased, with Banca Akros resuming coverage and giving a positive rating. Mainly positive recommendations were expressed, with a target price that continues to show significant upside potential. At the end of the quarter, the consensus target price settled at 3.27 euro and shows potential for increase coming to 25.7%.

SHAREHOLDER BREAKDOWN AT 31 MARCH 2023



At 31 March 2023, 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, which has been renewed for three further years and is effective from 1 July 2021 to 30 June 2024, and a 54.2% free float. The shareholding structure includes a 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.

45.8% share capital pertaining to the public stockholders agreement

Since 2006, Hera has adopted a share buyback program, most recently renewed by the Shareholders Meeting held on 27 April 2023 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 2023, Hera held 41.1 million treasury shares.

Treasury share plan approved

The Group continued to engage in intense communications with investors in 2023. After Hera's 2022-2026 Business Plan was published, the Group's management took part in a road show, meeting 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, by participating in the sector conferences organised by Borsa Italiana and the brokers covering Hera stock. The intense dedication shown by the Group towards dialoguing with investors contributed to reinforcing its market reputation and represents an intangible asset benefiting Hera stock and stakeholders.

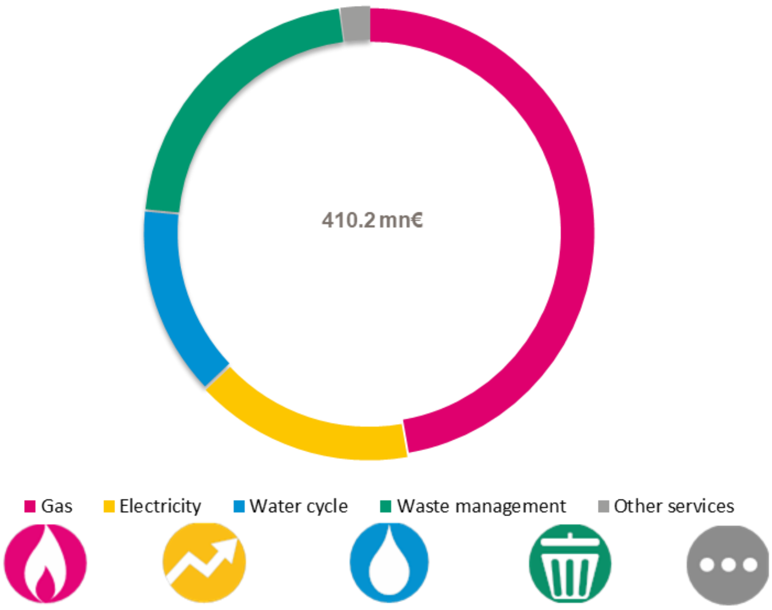
Constant communication with the market in 2023 as well

1.04 ANALYSIS BY BUSINESS AREA

A multi-business strategy

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 energy services; 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.

EBITDA * MARCH 2023



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, waste collection services and public lighting services.

The amount of adjusted Ebitda, broken down by business area, reflects the adjustment to the valuation of gas storage illustrated above, at the beginning of paragraph 1.02. In order to more precisely identify the effects of this adjustment, the amounts of Adjusted Ebitda and Ebitda are provided below:

	March 23		March 22 (redetermined)	
(mn€)	Ebitda *	Ebitda	Ebitda *	Ebitda
Gas area	193.8	286.8	202.5	201.4
Electricity area	64.5	64.5	30.4	30.4
Integrated water cycle area	55.6	55.6	55.5	55.5
Waste management area	87.6	87.6	78.9	78.9
Other services area	8.7	8.7	7.8	7.8
Total	**410.2**	**503.2**	**375.1**	**374.0**

* Adjusted results, as described in paragraph 1.02

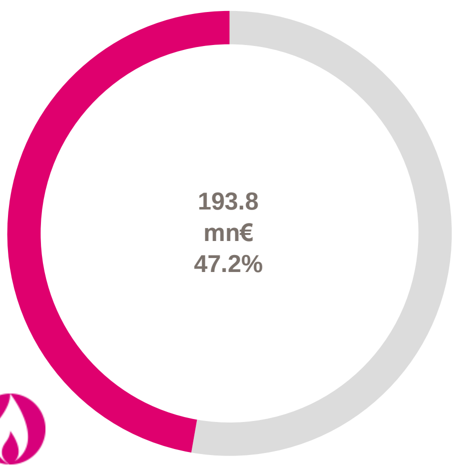
1.04.01 Gas

Marginalità in calo

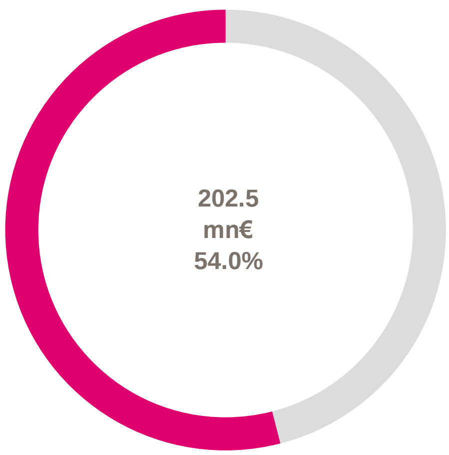
The first quarter of 2023 showed a drop in volumes sold compared to the same period in 2022, due to the mild weather. Opportunities remained in the Energy Services segment for energy efficiency incentives, 110% super-bonus and insulation bonus, and Hera Comm Spa was awarded tenders in the following lots nationwide:

- six of the nine lots of the Last Resort Gas Service (for customers in the public services or without a supplier) for the period 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, the number of lots awarded to Hera Comm was eight out of nine.
- 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, the number of lots awarded to Hera Comm was five out of nine.
- two of the 12 lots of the Consip GAS14 tender for the supply of natural gas to Public Administrations in 2022-23, both in Lombardy.

EBITDA * GAS AREA 2023



EBITDA * GAS AREA 2022

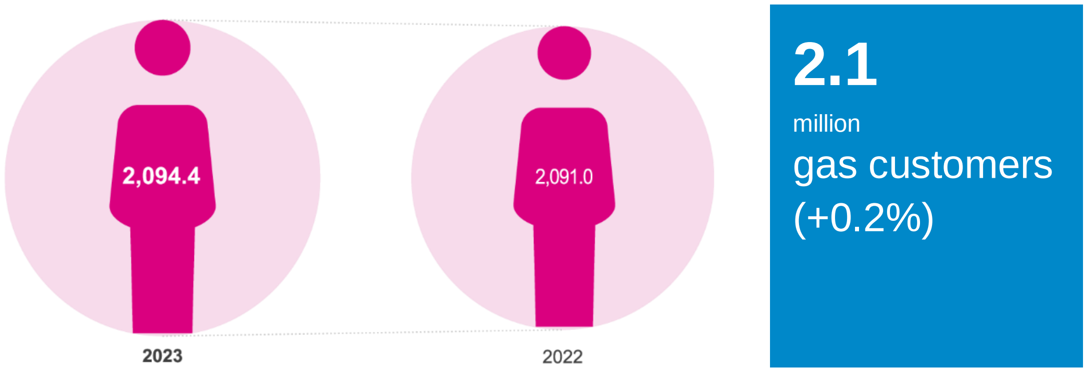


The following table shows the changes occurred in terms of adjusted Ebitda:

(mn€)	March 23	March 22 (redetermined)	Abs. change	% change
Area Ebitda*	**193.8**	**202.5**	**(8.7)**	**(4.3)%**
Group Ebitda*	410.2	375.1	35.1	+9.4%
Percentage weight	47.2%	54.0%	(6.8) pp	

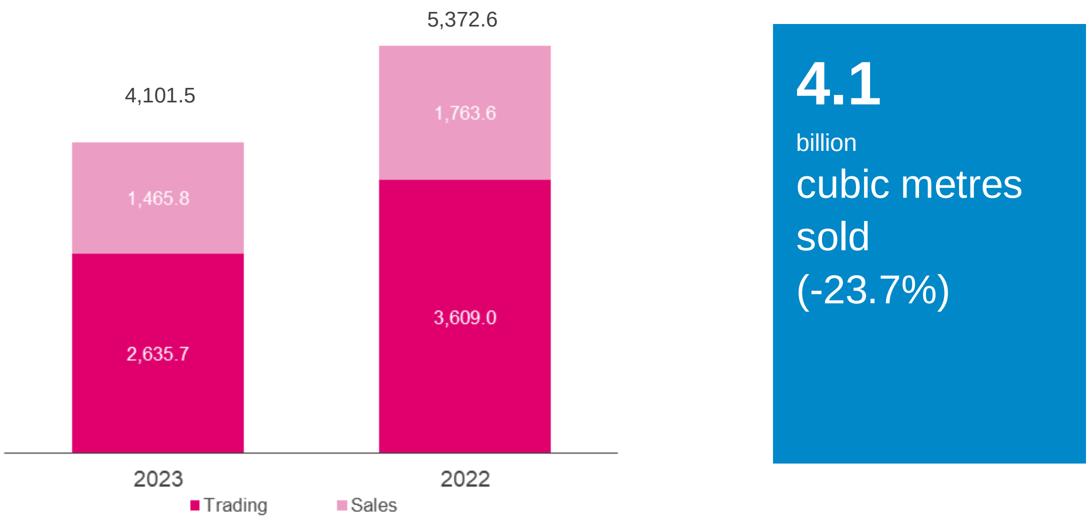
* Adjusted results, as described in paragraph 1.02

CUSTOMERS (k)



The number of gas customers increased by 3.4 thousand, or 0.2%, compared to the first three months of the previous year. This trend mainly concerned growth in last resort markets, where the customer base, following the tenders for the period 2021-2023, increased by 30.4 thousand. This increase was almost entirely offset by traditional markets, which recorded a drop of 27.0 thousand.

VOLUMES SOLD (mn m^3)



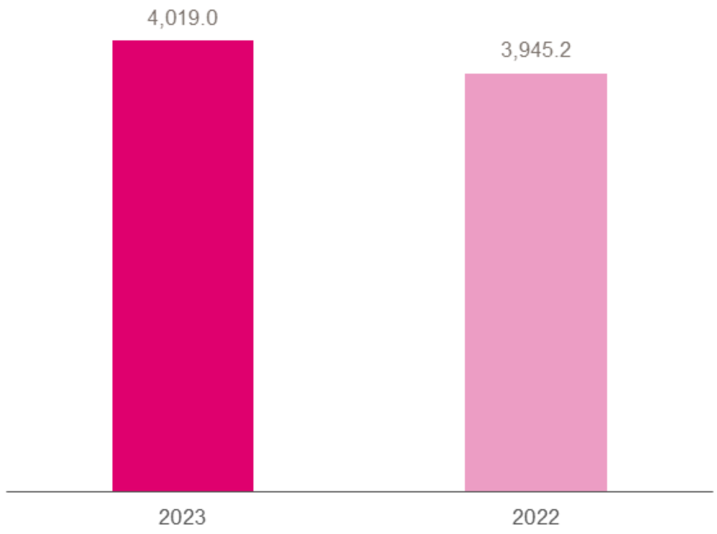
Total volumes of gas sold decreased by 1,271.2 million cubic metres, or 23.7%, mainly due to the lower amount of trading, amounting to 973.3 million cubic metres. Volumes sold to end customers also decreased by 297.8 million cubic metres, or 16.9% compared to the same period of the previous year. This trend is due to a fall in traditional markets coming to 381.6 million cubic metres, or 24.3% (-21.6% of total volumes sold). This was due to both the weather, which, in the first three months of the year, recorded higher temperatures than in the previous year, and lower consumption by the customer base, linked to changes in consumption habits in the household and industrial segments. This effect was only partially offset by an increase in last resort markets coming to 83.7 million cubic metres, or +43.0% (+4.7% of total volumes sold), thanks to the effect of the tenders mentioned above.

The following table summarises operating results for the gas area:

Income statement (mn€)	March 23	% Inc.	March 22 (redetermined)	% Inc.	Abs. change	% change
Revenues	4,019.0		3,945.2		73.8	+1.9%
Operating costs	(3,793.7)	(94.4)%	(3,707.4)	(94.0)%	86.3	+2.3%
Personnel costs	(34.3)	(0.9)%	(36.5)	(0.9)%	(2.2)	(6.0)%
Capitalised costs	2.9	+0.1%	1.2	0.0%	1.7	+140.1%
Ebitda*	**193.8**	**4.8%**	**202.5**	**5.1%**	**(8.7)**	**(4.3)%**

* Adjusted results, as described in paragraph 1.02

REVENUES (mn€)

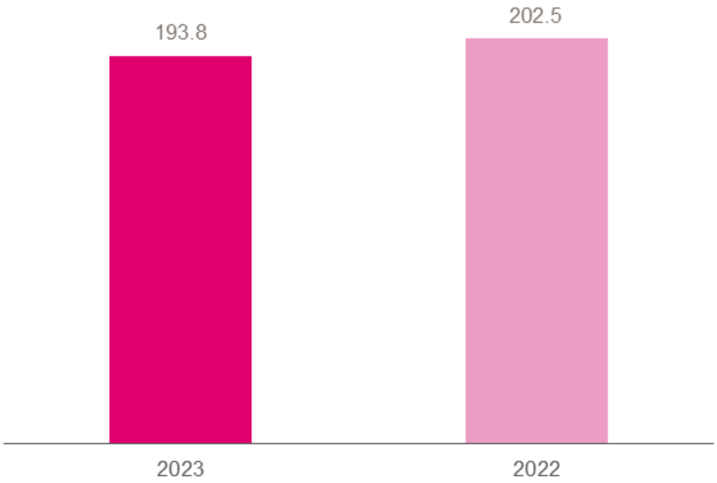


4.02
billion euro
revenues
(+1.9%)

Revenues increased by 73.8 million euro compared to the same period of the previous year. The reasons for this mainly consist in higher revenues from energy efficiency activities, insulation bonus and 110% super-bonus, amounting to 115 million euro. This was offset by lower revenues from sales and trading coming to 43 million euro, due to the aforementioned unfavourable weather conditions and lower revenues mainly related to system charges, which remained unchanged in terms of costs following Resolution 735/2022/R/com.
Regulated revenues increased by about 1 million euro compared to the same period of the previous year. From a regulatory point of view, the regulation of gas distribution and metering (RTDG) was updated for the 2023-2025 three-year period by the Authority's Resolution 737/2022/R/gas, without any particular discontinuity with the past.

The increase in revenues was reflected more than proportionally by growth in operating costs, which showed an overall increase of 86.3 million euro. This trend was mainly due to increased activity in energy services.

EBITDA * (mn€)

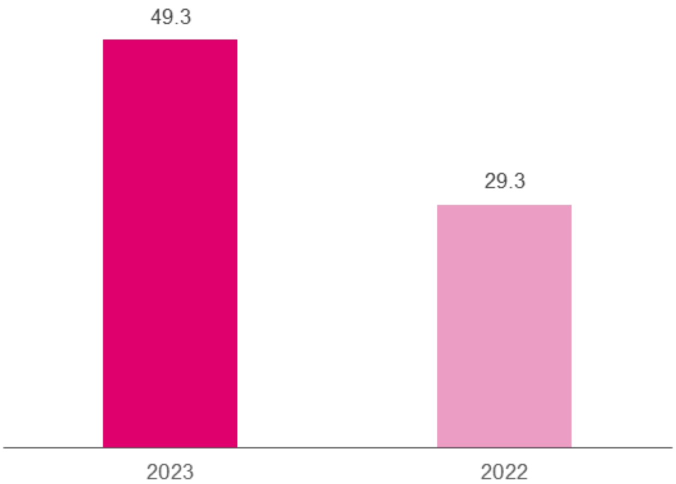


193.8
million euro
Ebitda *
(-4.3%)

* Adjusted results, as described in paragraph 1.02

Adjusted Ebitda decreased by 8.7 million euro, or 4.3%, due to lower sales and brokerage, mainly due to the weather, that had an unfavourable impact on the first quarter, as mentioned above. This was offset by the ongoing opportunities grasped in Energy Services, related to incentivised energy efficiency activities.

NET INVESTMENTS GAS (mn€)



49.3
million euro
net investments gas

In the first quarter of 2023, net investments in the gas area increased by 20.0 million euro year-on-year, reaching a total of 49.3 million euro. In gas distribution, the overall increase came to 14.7 million euro, 12.1 million euro of which were caused by the investment related to the redemption value for plants and networks in complementary municipalities, which were awarded under the ATEM Udine2 tender. In gas sales, investments coming to 6.0 million euro were made for activities related to acquiring new customers, up 3.4 million euro compared to the previous year. Investments also grew overall in district heating and heat management services, mainly for the activities of the company Hera Servizi Energia Spa. Requests for new connections in the gas area were also up slightly compared to the previous year.

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

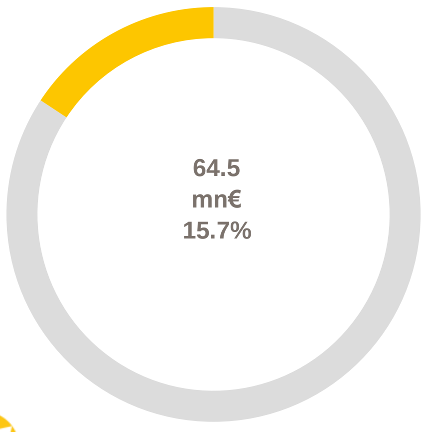
Gas (mn€)	March 23	March 22	Abs. change	% change
Networks and plants	38.1	23.4	14.7	+62.8%
Acquisition gas customers	6.0	2.6	3.4	+130.8%
DH/Energy Services	5.2	3.4	1.8	+52.9%
Total gas gross	49.3	29.3	20.0	+68.3%
Capital grants	-	-	-	+0.0%
Total gas net	**49.3**	**29.3**	**20.0**	**+68.3%**

1.04.02 Electricity

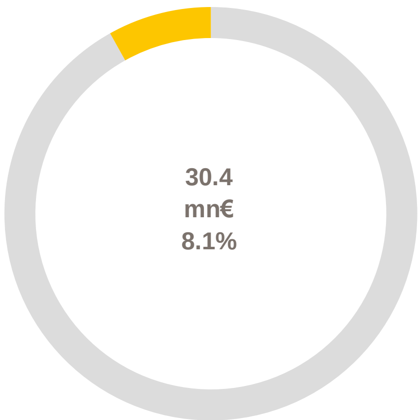
The first quarter of 2023 saw significant growth compared to the same period of 2022, both in terms of margins and volumes sold to end customers, thanks to commercial development, mainly in the free market, innovative offers (related to electric mobility, photovoltaics, heating and air conditioning) and value-added services. In addition to this, Hera Comm Spa was awarded the following lots nationwide through tenders:

- four of the seventeen lots of the Consip EE20 tender for the supply of electricity to public administrations in 2023 in: the province of Rome, Campania, Calabria and the Italy lot, confirming the number of lots awarded in the previous tender.
- three of the nine lots of the gradual protection service for the supply of electricity to SMEs for the period from 1 July 2021 to 30 June 2024 in: Campania, Marche, Umbria, Abruzzo, Molise, Basilicata, Calabria, Sicily, Sardinia.
- two of the nine lots of the safeguarded service for the years 2023 and 2024 in: Campania, Abruzzo, Umbria and Calabria, one more lot than in the previous two-year period.

EBITDA ELECTRICITY AREA 2023



EBITDA ELECTRICITY AREA 2022

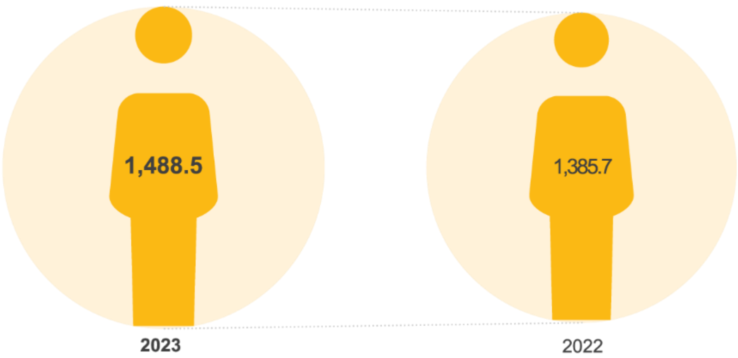


The following table shows the changes occurred in terms of Ebitda:

(mn€)	March 23	Mar-22 (redetermined)	Abs. change	% change
Area Ebitda	**64.5**	**30.4**	**34.1**	**111.9%**
Group Ebitda*	410.2	375.1	35.1	9.4%
Percentage weight	15.7%	8.1%	7.6 p.p.	

* Adjusted results, as described in paragraph 1.02

CUSTOMERS (k)

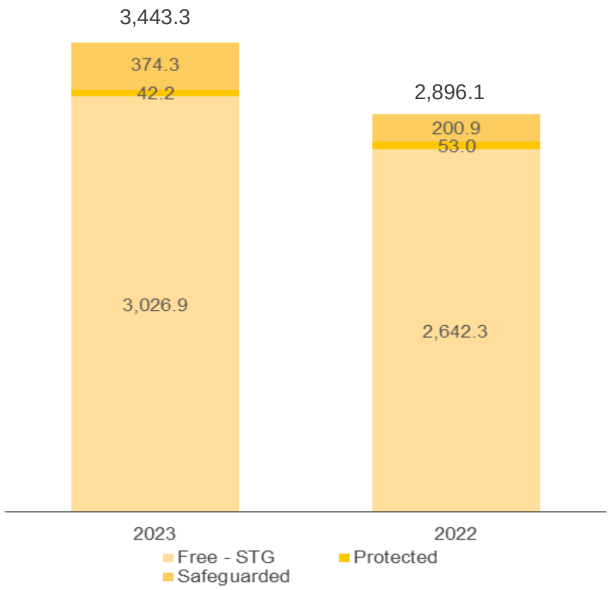


1.5
million
electricity customers (+7.4%)

The number of electricity customers increased by 102.8 thousand, or 7.4%, compared to the same period of 2022. This growth occurred mainly in the free market, which accounted for roughly 99.0 thousand customers (+7.8%, or +7.1% of the total) due to both the reinforced commercial actions implemented and the positive contribution coming from the Consip tenders. The safeguarded market also grew by 16.3 thousand (+106.4%, or +1.2% of the total), thanks to an additional lot awarded in the tender for 2023-2024. These effects largely offset the drop of about 13 thousand customers (-12.0%, or -0.9% of total customers) recorded in the protected market.

The appreciation and loyalty shown by customers for the value-added services offered by the Group was confirmed, with approximately 22.4 thousand customers adhering in the first three months of 2023.

VOLUMES SOLD (GWh)



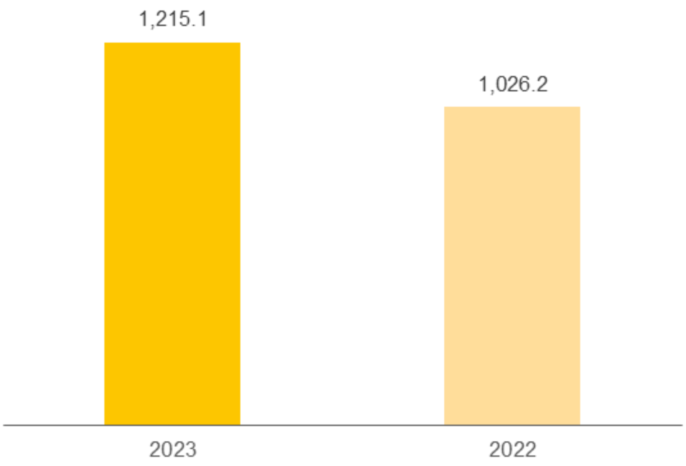
3.4
TWh
sold (+18.9%)

The volumes of electricity sold increased by 547.2 GWh, or 18.9%, compared to the same period one year earlier. This trend was due to an increase in volumes in the traditional markets coming to 373.8 GWh (12.9% of total volumes sold), up from 2,695.3 GWh in 2022 to 3,069.1 GWh in 2023, mainly driven by the free market, which was partially offset by a slight decrease in the protected market. In the safeguarded market, there was an increase coming to 173.4 GWh, or 6.0% of total volumes sold.

The following table summarises operating results for the electricity area:

Income statement (mn€)	March 23	% Inc.	March 22	% Inc.	Abs. change	% change
Revenues	1,215.1		1,026.2		188.9	18.4%
Operating costs	(1,142.0)	(94.0)%	(986.7)	(96.2)%	155.3	15.7%
Personnel costs	(13.3)	(1.1)%	(11.7)	(1.1)%	1.6	13.7%
Capitalised costs	4.6	0.4%	2.7	0.3%	1.9	70.8%
Ebitda	**64.5**	**5.3%**	**30.4**	**3.0%**	**34.1**	**111.9%**

REVENUES (mn€)

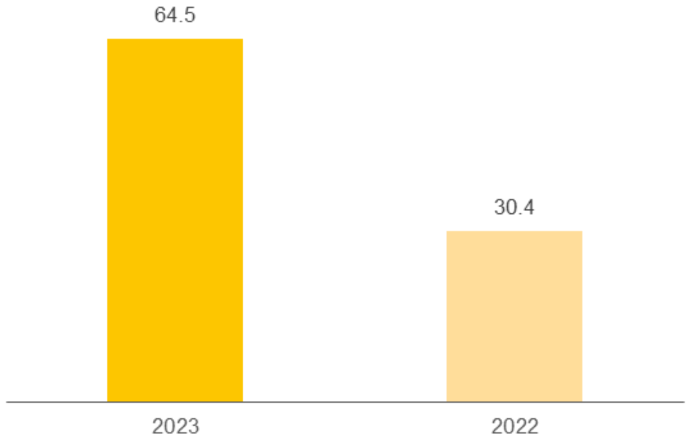


1.2
billion euro
revenues
(+18.4%)

Revenues increased by 188.9 million euro compared to the same period of the previous year. This performance benefited from higher revenues from sales and trading amounting to 232 million euro, mainly due to an increase in volumes sold and system charges. The latter, which had been reduced to zero to deal with the energy crisis, were reinstated only for non-household customers following Resolution 735/2022/R/com. These factors were partially mitigated by lower revenues from electricity production coming to 47 million euro.
Lastly, higher revenues for value-added services for customers amounted to 4 million euro.

The increase in revenues was proportionally reflected by operating expenses, which increased by 155.3 million euro. This trend was mainly due to sales activities, as a result of the higher volumes sold.

EBITDA (mn€)

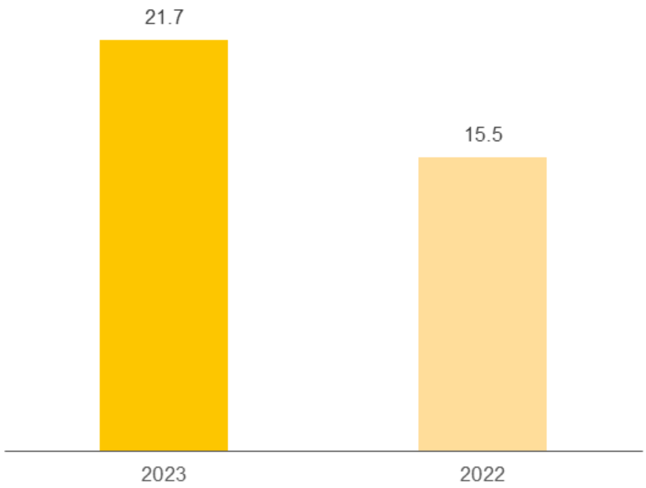


64.5
million euro
Ebitda
(+111.9%)

Ebitda increased by 34.1 million euro, or 111.9%, mainly due to sales activities related to the positive contribution coming from both traditional and safeguarded markets, due to the new lot awarded. Activities in value-added services grew, recording an increase in margins coming to 1.9 million euro.
In the electricity area, investments in the first quarter of 2023 amounted to 21.7 million euro, up 6.2 million euro year-on-year.

In electricity distribution, investments were mainly related to non-recurring maintenance and upgrading on plants and distribution grids in the Modena, Imola, Trieste and Gorizia areas, as well as the ongoing large-scale meter replacement and interventions to improve network resilience.
In energy sales, investments in activities related to acquiring new customers increased by 5.8 million euro, and requests for new connections were also up compared to the previous year.

NET INVESTMENTS ELECTRICITY (mn€)



21.7
million euro
net investments electricity

Operating investments in the electricity area were as follows:

Electricity (mn€)	March 23	March 22	Abs. change	% change
Networks and plants	11.1	10.8	0.3	+2.8%
Acquisition electricity customers	10.6	4.8	5.8	+120.8%
Total electricity gross	**21.7**	**15.5**	**6.2**	**+40.0%**
Capital grants	-	-	-	+0.0%
Total electricity net	**21.7**	**15.5**	**6.2**	**+40.0%**

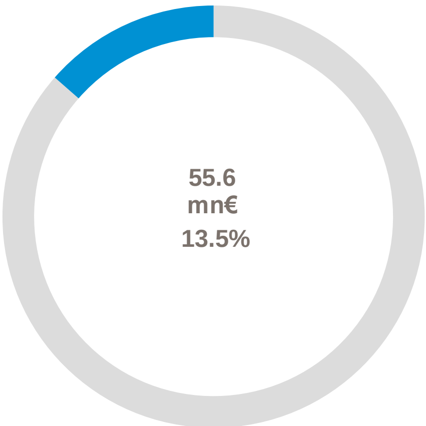
1.04.03 Integrated water cycle

Results stable in 1Q 2023

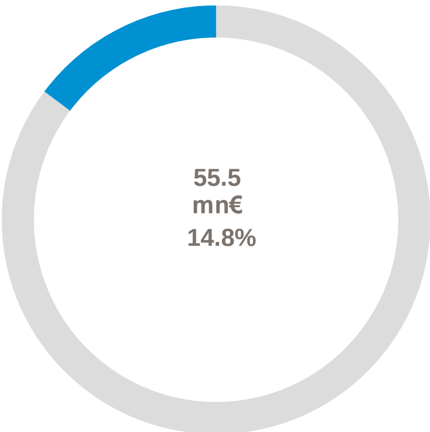
In the first quarter of 2023, results for the integrated water cycle area were essentially consistent with the previous year, with Ebitda coming to 55.6 million euro.

From a regulatory perspective, note that 2023 is the fourth 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 recognised a revenue (VRG) determined on the basis of operating and capital costs, according to the investments made, with a view to increasing cost efficiency, as well as measures aimed at promoting and enhancing interventions for sustainability and resilience.

EBITDA WATER CYCLE AREA 2023



EBITDA WATER CYCLE AREA 2022

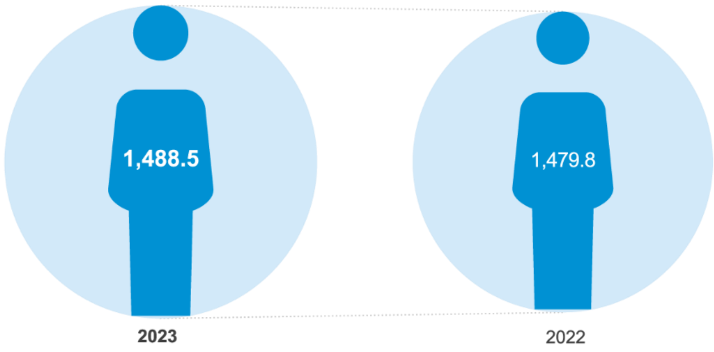


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Mar-23	Mar-22 (redetermined)	Abs. change	% change
Area Ebitda	**55.6**	**55.5**	**0.1**	**+0.2%**
Group Ebitda*	410.2	375.1	35.1	+9.4%
Percentage weight	13.5%	14.8%	(1.3) pp	

* Adjusted results, as described in paragraph 1.02

CUSTOMERS (k)

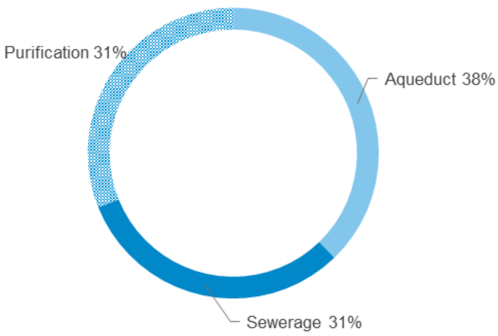


1.5
million
customers integrated water cycle (+0.6%)

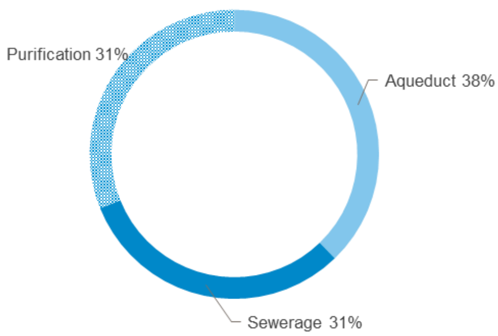
The number of water customers increased compared to March 2022 by 8.2 thousand, or 0.6%, confirming the moderate trend of internal growth in the areas served by the Group. The Emilia-Romagna area managed by Hera Spa accounted for 87% of this growth, while 7% occurred in the area served by AcegasApsAmga Spa and the remainder in the area served by the Marche Multiservizi Spa Group.

The main indicators for the area are as follows:

QUANTITY MANAGED 2023 (mn m^3)



QUANTITY MANAGED 2022 (mn m^3)



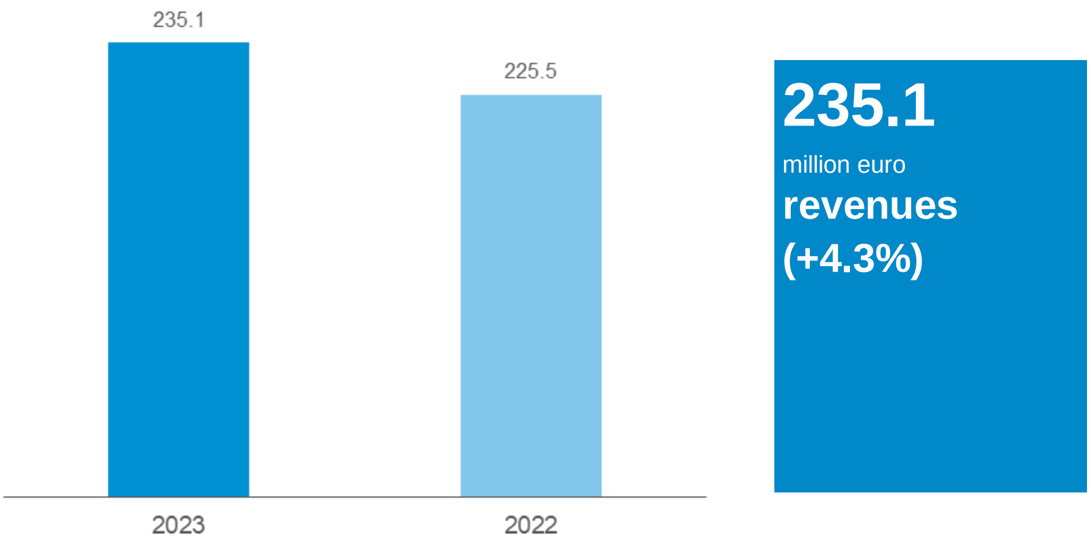
66.1 million m3: quantity managed in the aqueduct

The volumes supplied through the aqueduct, which amounted to 66.1 million cubic metres, decreased by 1.2%, or 0.8 million cubic metres, compared to March 2022. The quantities managed in March 2023 relating to sewerage amounted to 54.5 million cubic metres, down 1.0% compared to the previous year, while those related to purification stood at 54.4 million cubic metres, with a slight 0.3% decrease compared to March 2022. The volumes administered, following the Authority's Resolution 580/2019, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation 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 cycle area is provided in the table below:

Income statement (mn€)	March 23	% Inc.	March 22	% Inc.	Abs. change	% change
Revenues	235.1		225.5		9.6	+4.3%
Operating costs	(131.6)	(56.0)%	(125.7)	(55.7)%	5.9	+4.7%
Personnel costs	(49.0)	(20.9)%	(45.2)	(20.0)%	3.8	+8.4%
Capitalised costs	1.1	0.5%	0.9	0.4%	0.2	+23.1%
Ebitda	**55.6**	**23.6%**	**55.5**	**24.6%**	**0.1**	**+0.2%**

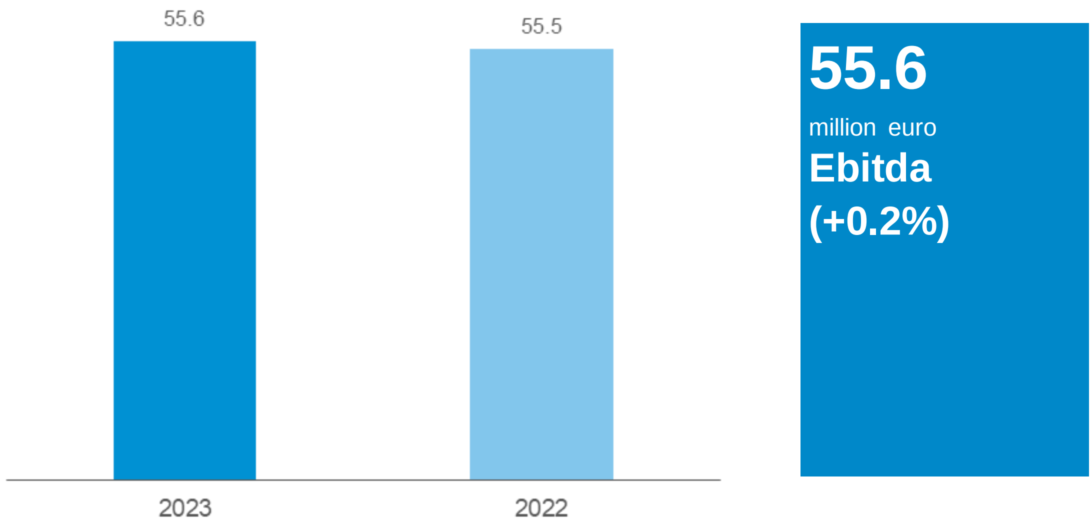
REVENUES (mn€)



The increase in revenues involved 7.5 million euro overall in higher revenues for contracts and third-party works realised in March 2023. Regulated revenues increased by 1.2% compared to March 2022, or approximately 1.8 million euro, due to the effect of tariff adjustments resulting from the application of ARERA's "MTI-3" tariff method as per Resolution No. 580-19.

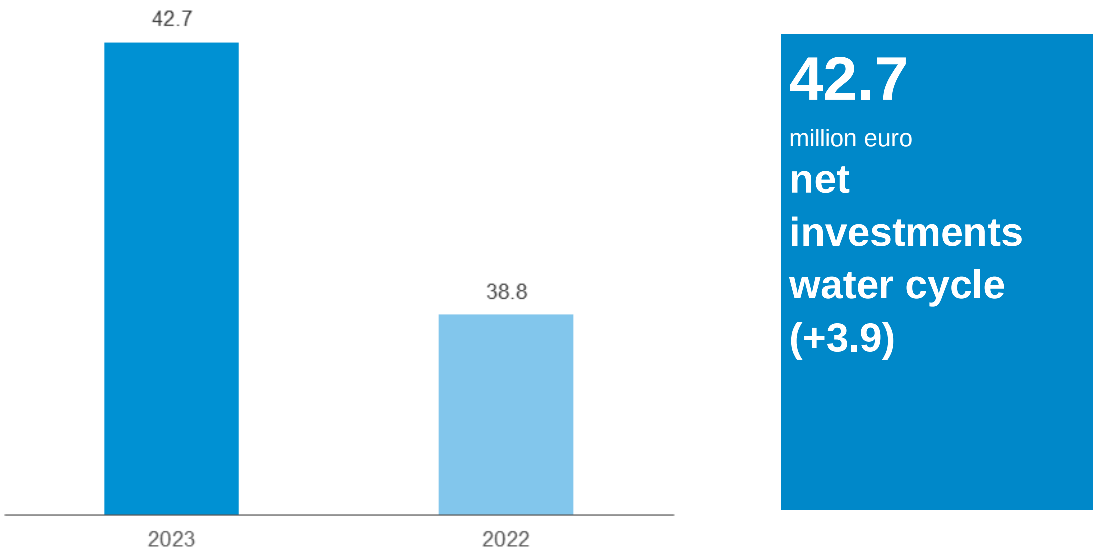
The increase in operating and personnel costs in March 2023 was mainly due to higher works for contracts and third-party works carried out in the first quarter of this year. There was also an increase in operating costs related to the increase, compared to last year, in the price lists of all the main supplies of materials and, in particular, chemical products and services. These factors were only partially contained by lower procurement costs for energy components resulting from the energy scenario, with energy raw material prices lower than one year earlier.

EBITDA (mn€)



Ebitda was essentially in line with the previous year, with slight growth coming to 0.2%, or 0.1 million euro.
In the first quarter of 2023, net investments in the integrated water cycle area amounted to 42.7 million euro, up 3.9 million euro compared to the previous year. Including the capital grants received, investments amounted to 47.2 million euro.
Investments mainly involved extensions, reclamation and upgrading on networks and plants, as well as regulatory adjustments mainly in the purification and sewerage area, and amounted to 29.8 million euro in the aqueduct, 12.4 million euro in sewerage, and 5.0 million euro in purification.

NET INVESTMENTS WATER CYCLE (mn€)



The main interventions included: in the aqueduct, ongoing reclamation activities on networks and connections related to Arera Resolution 917/2017 on the regulation of the technical quality of the integrated water service, with specific renewal and upgrading interventions also aimed at countering the risk of water shortages related to the increasingly frequent drought conditions, such as the construction of hydraulic connections capable of expanding the interconnections of the water systems. The significant maintenance of the intake on the Setta stream, serving the Sasso Marconi drinking water treatment plant, also continued, as did the reinforcement of water networks in other areas served and the large-scale replacement of meters; in addition, the development began on a project for the new Castel Bolognese supply system. In the sewerage area, in addition to ongoing work on the Rimini seawater protection plan (PSBO), note the maintenance works to upgrade the sewerage network in the other areas served and works to adapt drains to Dgr 201/2016. In the purification area, note the expansion of the plant in the municipality of San Giovanni in Persiceto and the ongoing revamping of the Gramicia purification plant in Ferrara. Requests for new water and sewerage connections decreased slightly compared to the previous year. Capital grants, amounting to 4.5 million euro, were in line with the previous year and entirely involved the tariff component of the New Investment Fund (FoNI).

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

Integrated water cycle (mn€)	March 23	March 22	Abs. change	% change
Aqueduct	29.8	28.3	1.5	+5.3%
Purification	5.0	6.6	(1.6)	(24.2)%
Sewerage	12.4	8.5	3.9	+45.9%
Total integrated water cycle gross	**47.2**	**43.3**	**3.9**	**+9.0%**
Capital grants	4.5	4.5	-	+0.0%
of which FoNI (New Investments Fund)	4.5	4.1	0.4	+9.8%
Total integrated water cycle net	**42.7**	**38.8**	**3.9**	**+10.1%**

1.04.04 Waste management

Ebitda rises

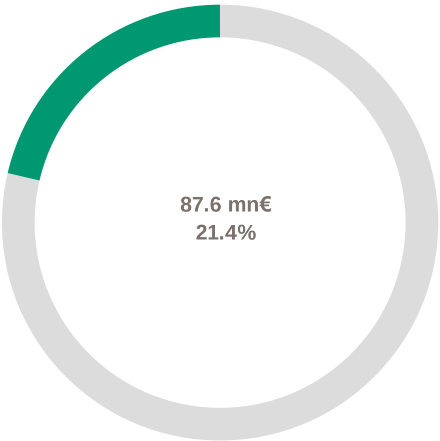
In the first quarter of 2023, the waste management area accounted for 21.4% to the Hera Group's overall Ebitda, with this area's Ebitda rising by 8.7 million euro compared to the previous year. At the beginning of the year as well, therefore, the Group continues to guarantee a significant degree of growth, in a context characterised by gradually decelerating inflation and declining domestic industrial production, with repercussions also on the production of waste in particular from industrial sources, and increased competitive pressure in the markets in which it is present.

Herambiente's leadership was consolidated, especially in the industrial market, with the acquisition formalised in the early months of 2023 of 60% of the company A.C.R. di Reggiani Albertino Spa, one of Italy's leading companies in the remediation sector, involved in industrial waste treatment, decommissioning industrial plants and civil works related to the oil & gas sector.

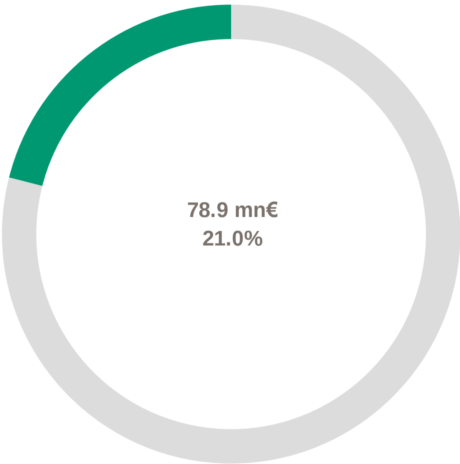
In the first three months of 2023, all main initiatives in the circular economy continued, from material recovery to renewable energy production. In addition, being awarded NRRP grants for the construction of material recovery platforms, the Group, in the area of waste management services, was awarded further funding for upgrading and digitalising collection centres and "smart" facilities in the localities served, which will make it possible to optimise collection and urban hygiene services, making them increasingly innovative and efficient.

Environmental resources protection was confirmed as a priority objective in 2023, as well as the maximisation of reuse. This was also demonstrated by the special attention dedicated to the increase of separate waste collection, which, thanks to the strong commitment that the Group has put in place in all areas served, was up by more than four percentage points compared to the amount seen in the first three months of 2022.

EBITDA WASTE MANAGEMENT AREA 2023



EBITDA WASTE MANAGEMENT AREA 2022



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

(mn€)	March 23	March 22 (redetermined)	Abs. change	% change
Area Ebitda	**87.6**	**78.9**	**8.7**	**+11.0%**
Group Ebitda*	410.2	375.1	35.1	+9.4%
Percentage weight	21.4%	21.0%	+0.4 p.p.	

* Adjusted results, as described in paragraph 1.02

The volumes marketed and treated by the Group in the first three months of 2023 are as follows:

Quantity (k tons)	March 23	March 22	Abs. change	% change
Municipal waste	527.5	514.5	13.0	+2.5%
Market waste	819.3	644.2	175.1	+27.2%
Waste commercialised	**1,346.8**	**1,158.7**	**188.1**	**+16.2%**
Plant by-products	698.4	556.3	142.1	+25.5%
Waste treated by type	**2,045.1**	**1,715.1**	**330.0**	**+19.2%**

An analysis of the quantitative data shows an increase in waste commercialised, mainly due to the increase in market waste. As far as municipal waste is concerned, a 2.5% increase was seen in the first quarter of 2023 compared to the previous year.

Market waste increased by 27.2% compared to the same period in 2022, due to the consolidation of existing business relationships, growth in the customer portfolio and new corporate acquisitions.

Lastly, plant by-products were up 25.5% year-on-year, mainly due to higher rainfall compared to the same period in 2022.

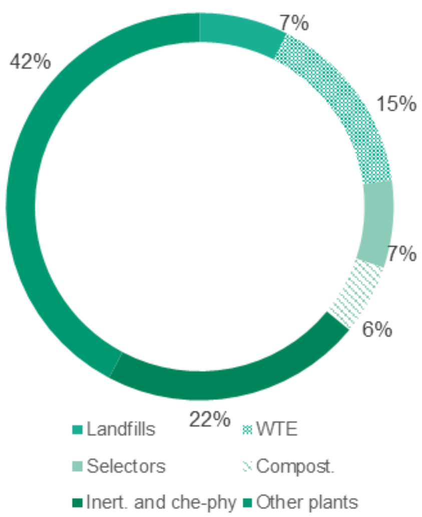
SORTED WASTE (%)

+4.5
percentage points
sorted waste

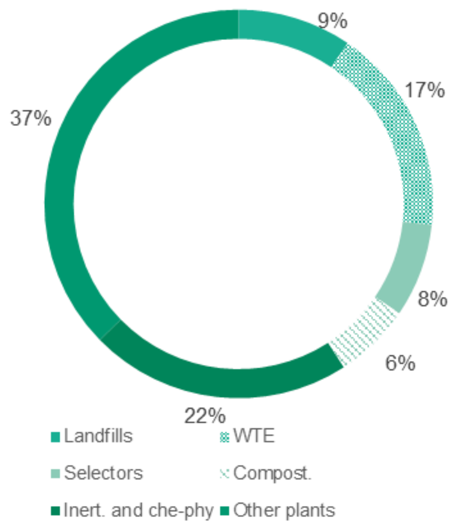
As mentioned above, sorted municipal waste settled at 70.7%, up +4.5 percentage points over the previous year, thanks to further development of projects in the areas served by the Group.

The Hera Group operates in the complete waste cycle with 101 municipal and special waste treatment and plastic regeneration plants. The main plants include: 9 waste-to-energy plants, 13 composting/digestion plants and 17 sorting plants.
The close attention paid to the set of plants has always been a distinctive element of the Group's propensity for excellence: operations are indeed ongoing to provide plants with the best available technologies.

WASTE TREATED BY TYPE OF PLANT 2023



WASTE TREATED BY TYPE OF PLANT 2022



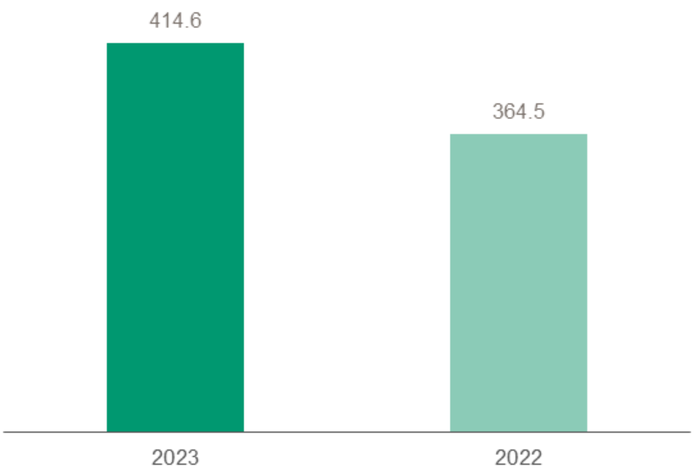
Quantity (k tons)	March 23	March 22	Abs. change	% change
Landfills	151.6	162.5	(10.9)	(6.7)%
WTE	315.3	295.7	19.6	+6.6%
Selecting plants and other	149.1	133.7	15.4	+11.5%
Composting and stabilisation plants	119.8	109.5	10.3	+9.4%
Inertisation and chemical-physical plants	445.5	373.2	72.3	+19.4%
Other plants	863.8	640.4	223.4	+34.9%
Waste treated by plant	**2,045.1**	**1,715.1**	**330.0**	**+19.2%**
Plastic recycled by Aliplast Spa	**20.8**	**18.2**	**2.6**	**+14.3%**

Waste treatment showed an overall increase of 19.2% compared to the first three months of 2022. Analysing the individual sectors, quantities decreased in landfills while, as regards waste-to-energy plants, the upward trend was mainly due to higher volumes in the Trieste plant, which was being revamped in the same period of 2022. The increase in quantities in sorting plants was due to the higher quantities processed in all plants thanks to increased sorted waste collection and recent acquisitions. In composting and stabilisation plants, volumes were up mainly due to changes in the scope of operations and higher quantities at the Sant'Agata plant, while in inertisation and chemical-physical plants, the increased quantities were mainly due to greater volumes of liquid waste treated. Lastly, an increase was also recorded in the other plants sector, mainly due to recent acquisitions and third-party plants.

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

Income statement (mn€)	March 23	% Inc.	March 22	% Inc.	Abs. change	% change
Revenues	414.6		364.5		50.1	+13.7%
Operating costs	(268.2)	(64.7)%	(231.8)	(63.6)%	36.4	+15.7%
Personnel costs	(63.0)	(15.2)%	(55.6)	(15.3)%	7.4	+13.3%
Capitalised costs	4.1	1.0%	1.9	0.5%	2.2	+117.2%
Ebitda	**87.6**	**21.1%**	**78.9**	**21.6%**	**8.7**	**+11.0%**

REVENUES (mn€)

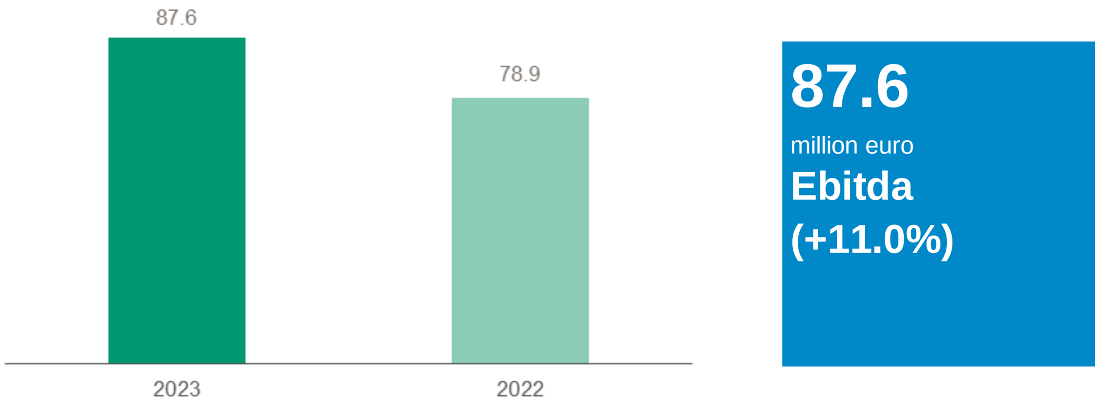


414.6
million euro
revenues (+13.7%)

In the first quarter of 2023, revenues increased by 13.7% year-on-year. Note the 37.9 million euro increase in revenues related to recent acquisitions in the industrial market, the higher contribution coming from Aliplast Spa, amounting to 1.8 million euro compared to the same period in 2022 due to higher volumes sold, and higher disposal revenues due to increased commercial activity in the utilities and industrial markets.

Operating costs increased by 15.7% in 2023. A decrease was seen in costs for purchasing raw materials as a result of the drop in commodity prices, and, in the treatment market, an increase in the costs of consumables, particularly chemicals. Higher costs were also due to the change in the scope of consolidation compared to the previous year and for transport and treatment services for by-product management, due to an increase in supplier prices. In the recovery market, note the increased costs incurred by Aliplast Spa related to the previously mentioned trend in revenues. With regard to urban hygiene, there was an increase in activities related to the development of new sorted waste collection projects.

EBITDA (mn€)



The rise in Ebitda was mainly due to increased margins from energy management coming to roughly 5 million euro, and the recent acquisitions totalling roughly 6 million euro. These positive factors were partially offset by an increase in purchase prices for consumables and treatment and transport costs.
Net investments in the waste management area were related to maintenance and upgrading of waste treatment plants and amounted to 19.9 million euro, down 5.0 million euro from the previous year.

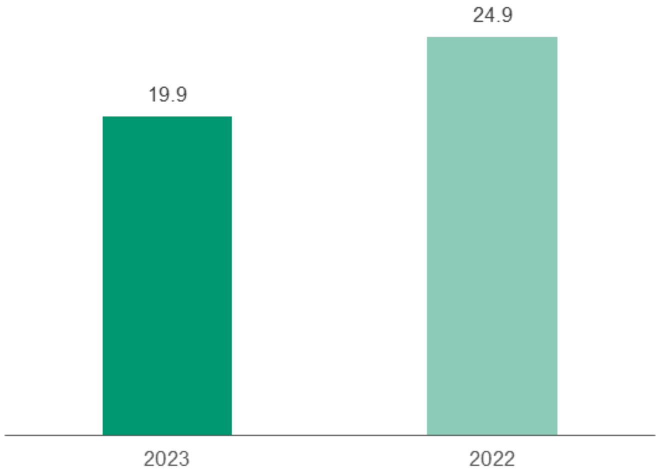
The composting/digestion plants sector showed a 1.9 million euro decrease, due to the construction in the first quarter of 2022 of a plant with biomethane production in Spilamberto.

Investments on landfills increased by 3.5 million euro, due to the work carried out on the Cordenons plant, in addition to the work done by Marche Multiservizi Spa on the fourth lot of the Cà Asprete plant.

The WTE sector saw a 4.0 million euro decrease, due to the significant work carried out in the first quarter of the previous year on revamping line two of the Trieste plant and non-recurring planned maintenance on the Rimini plant, while in the industrial waste plants sector, the 3.3 million euro decrease was due to revamping on the F3 plant in Ravenna carried out in 2022.

The collection areas and equipment sector showed an increase in investments coming to 1.2 million euro compared to the previous year, while in sorting and recovery plants sector saw a 0.6 million euro decrease, mainly due to the higher investments made in the previous year by Aliplast Spa for the purchase of buildings for its operating headquarters.

NET INVESTMENTS WASTE MANAGEMENT (mn€)



19.9
million euro
net investments waste management

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

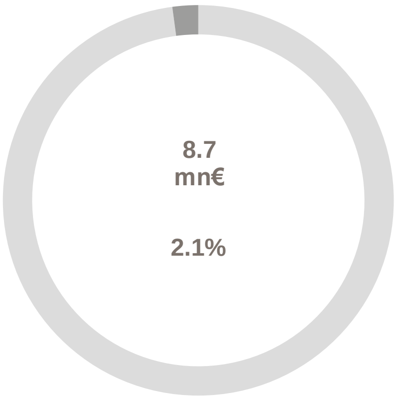
Waste management (mn€)	March 23	March 22	Abs. change	% change
Composters/digesters	1.1	3.0	(1.9)	(63.3)%
Landfills	4.9	1.4	3.5	+250.0%
WTE	2.2	6.2	(4.0)	(64.5)%
RS plants	2.7	6.0	(3.3)	(55.0)%
Collection areas and equipment	3.6	2.4	1.2	+50.0%
Transshipment, selecting and other plants	5.4	6.0	(0.6)	(10.0)%
Total waste management gross	**19.9**	**24.9**	**(5.0)**	**(20.1)%**
Capital grants	0.0	-	-	+0.0%
Total waste management net	**19.9**	**24.9**	**(5.0)**	**(20.1)%**

1.04.05 Other services

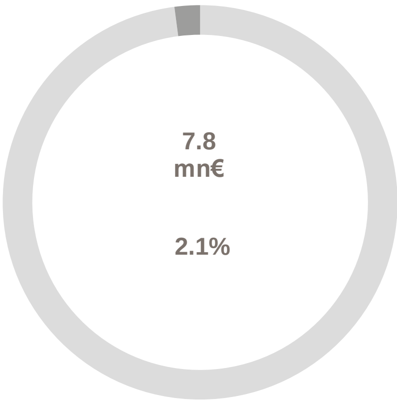
Ebitda rises

The other services area covers all minor businesses managed by the Group, including public lighting, in which the Hera Group's efforts go towards planning, constructing and maintaining lighting structures, contributing to safety across the areas served through avant-garde technologies and constant attention towards the circular economy and sustainability; telecommunications, in which the Group offers connectivity for private customers and companies, telephone and data centre services through its own digital company; and, lastly, cemetery services. In March 2023, results for the other services area stood at 8.7 million euro, up 0.9 million euro compared to the previous year.

EBITDA OTHER SERVICES 2023



EBITDA OTHER SERVICES 2022



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

(mn€)	March 23	March 22 (redetermined)	Abs. change	% change
Area Ebitda	**8.7**	**7.8**	**0.9**	**+11.5%**
Group Ebitda*	410.2	375.1	35.1	+9.4%
Percentage weight	2.1%	2.1%	-	

* Adjusted results, as described in paragraph 1.02

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

Quantity	March 23	March 22	Abs. change	% change
Public lighting				
Lighting points (k)	617.7	569.7	+48.0	+8.4%
of which LED	40.2%	38.8%	+1.4	
Municipalities served	201.0	187.0	+14.0	+7.5%

In the first three months of 2023, the Hera Group acquired approximately 70.5 thousand lighting points in 36 new municipalities. The most significant acquisitions were: approximately 10.8 thousand lighting points in Lombardy, approximately 10.8 thousand lighting points in Tuscany, approximately 12.9 thousand lighting points in Umbria and approximately 13.9 thousand lighting points in other regions of central Italy. Also note the acquisitions made in the Triveneto region, coming to roughly 14.0 thousand lighting points, and in Emilia Romagna, coming to roughly 8.0 thousand lighting points. The period's increases fully offset the loss of about 22.5 thousand lighting points and 22 municipalities served, mainly in the Triveneto and Emilia Romagna regions.

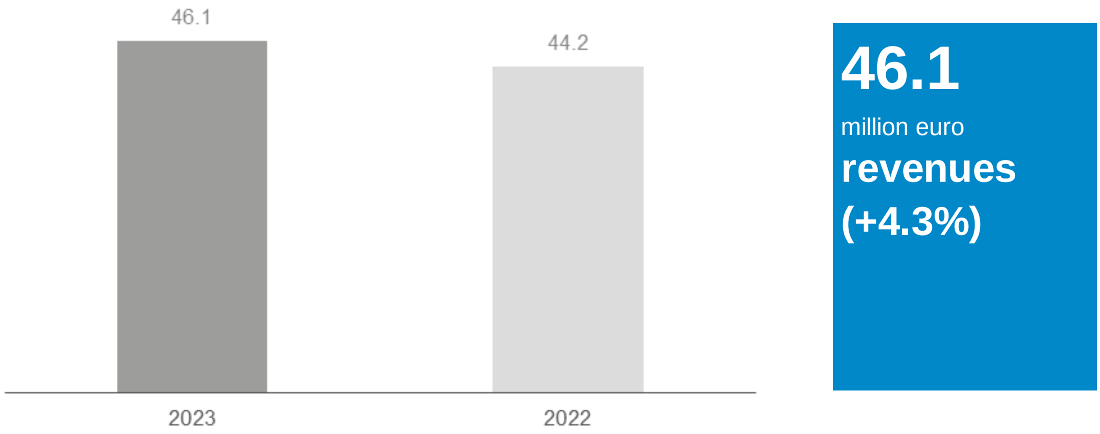
The percentage of lighting points that use LED bulbs also increased, reaching 40.2%, up 1.4 percentage points. This trend provides evidence of the Group's constant focus on an increasingly efficient and sustainable management of public lighting.

Quantitative indicators in the other services area also include the 4,450 km of proprietary ultra-wideband fibre optic network that the Hera Group owns through its digital company, Acantho Spa. This network serves the main cities in Emilia-Romagna, along with Padua and Trieste, and provides companies and individuals with high-performance connectivity, high reliability and maximum security for systems, data and service continuity.

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

Income statement (mn€)	March 23	% Inc.	March 22	% Inc.	Abs. change	% change
Revenues	46.1		44.2		1.9	+4.3%
Operating costs	(32.4)	(70.2)%	(31.4)	(70.9)%	1.0	+3.2%
Personnel costs	(5.7)	(12.4)%	(5.5)	(12.4)%	0.2	+3.6%
Capitalised costs	0.7	1.6%	0.4	1.0%	0.3	+69.9%
Ebitda	**8.7**	**18.9%**	**7.8**	**17.6%**	**0.9**	**+11.5%**

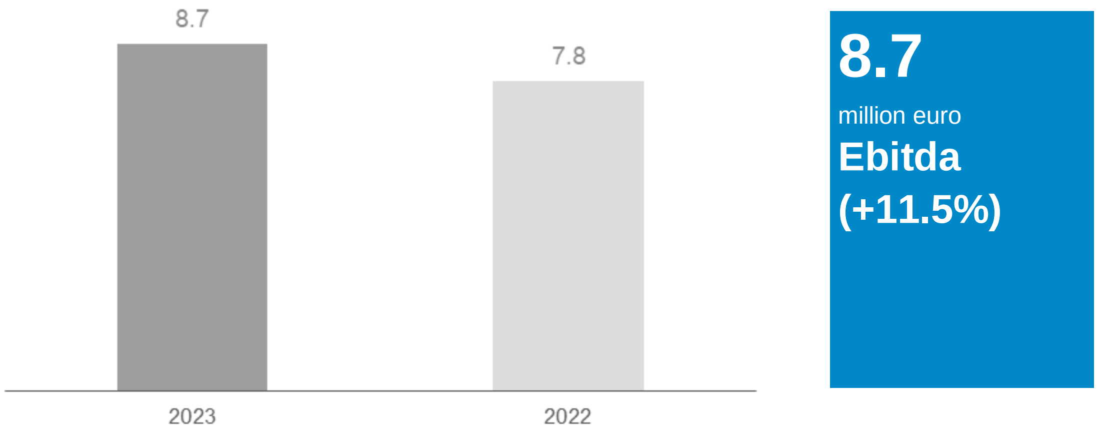
REVENUES (mn€)



The rise in revenues was mainly due to the contribution coming from telecommunications, which accounted for 1.7 million euro overall, thanks to increased activities in telephone and connectivity services.

The growth in operating expenses reflects the trend in telecommunications revenues, only partially contained by lower costs in the public lighting business, which was affected by the significant rise in energy carrier prices last year.

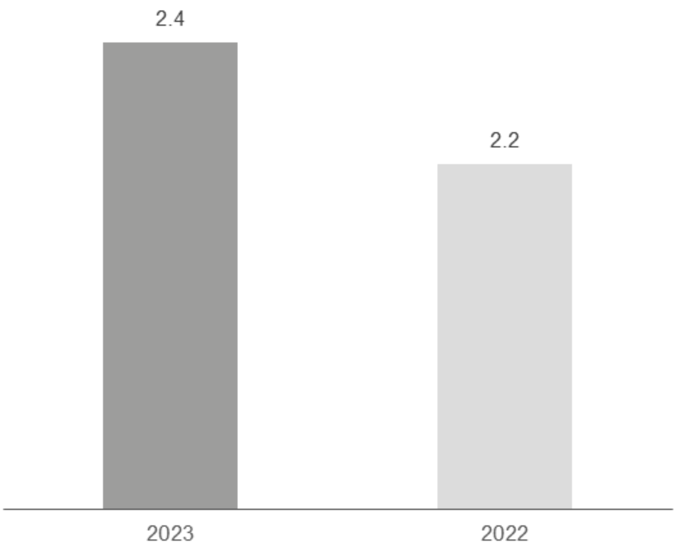
EBITDA (mn€)



Ebitda for the other services businesses increased by 11.5%, reaching 0.9 million euro, mainly due to the contribution coming from public lighting.

In the first quarter of 2023, net investments in the other services area amounted to 2.4 million euro, up 0.2 million compared to the previous year.
In telecommunications, 2.0 million euro of investments were made in network and TLC services, up 0.2 million euro year-on-year. In the public lighting service, investments involved maintenance, upgrading and modernisation of the lighting systems in the areas managed and amounted to 0.5 million euro, essentially in line with the previous year.

NET INVESTMENTS OTHER SERVICES (mn€)



2.4
million euro
net investments other services

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

Other services (mn€)	March 23	March 22	Abs. change	% change
TLC	2.0	1.8	0.2	+11.1%
Public lighting and traffic lights	0.5	0.4	0.1	+25.0%
Total other services gross	**2.4**	**2.2**	**0.2**	**+9.1%**
Capital grants	-	-	-	+0.0%
Total other services net	**2.4**	**2.2**	**0.2**	**+9.1%**

CONSOLIDATED FINANCIAL STATEMENTS

2.01 FINANCIAL STATEMENT FORMATS

2.01.01 Income statement

mn€	notes	31-Mar-2023 (3 months)	31-Mar-2022 (3 months)
Revenues		5,628.9	5,312.0
Other operating revenues		121.2	100.7
Raw and other materials		(4,391.1)	(4,307.8)
Service costs		(684.7)	(573.3)
Personnel costs		(165.4)	(154.5)
Other operating costs		(19.2)	(17.2)
Capitalised costs		13.5	14.1
Amortisation, provisions and depreciation		(174.1)	(153.9)
Operating revenues		**329.1**	**220.1**
Share of profits (losses) pertaining to joint ventures and associated companies		2.7	2.9
Financial income		26.3	10.6
Financial expenses		(73.4)	(43.0)
Financial management		**(44.4)**	**(29.5)**
Earnings before taxes		**284.7**	**190.6**
Taxes		(78.2)	(52.8)
Net profit for the period		**206.5**	**137.8**
Attributable to:			
parent company shareholders		194.4	126.5
minority shareholders		12.1	11.3
Earnings per share			
basic		0.134	0.087
diluted		0.134	0.087

2.01.02 Statement of financial position

mn€	notes	31-Mar-2023	31-Dec-22
ASSETS			
Non-current assets			
Tangible assets		1,986.6	1,984.4
Rights of use		80.5	84.2
Intangible assets		4,501.7	4,417.4
Goodwill		868.2	848.1
Shareholdings		208.8	190.3
Non-current financial assets		151.4	151.8
Deferred tax assets		257.4	240.4
Derivative instruments		0.6	1.0
Total non-current assets		**8,055.2**	**7,917.6**
Current assets			
Inventories		871.5	995.1
Trade receivables		3,249.1	3,875.0
Current financial assets		35.3	77.7
Current tax assets		45.6	46.0
Other current assets		687.1	642.5
Derivative instruments		828.8	1,622.2
Cash and cash equivalents		2,107.1	1,942.4
Total current assets		**7,824.5**	**9,200.9**
TOTAL ASSETS		**15,879.7**	**17,118.5**

mn€	notes	31-Mar-2023	31-Dec-22
NET EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital		1,447.7	1,450.3
Reserves		1,814.5	1,692.9
Profit (loss) for the period		194.4	255.2
Group net equity		**3,456.6**	**3,398.4**
Non-controlling interests		277.0	246.3
Total net equity		**3,733.6**	**3,644.7**
Non-current liabilities			
Non-current financial liabilities		5,108.6	5,689.9
Non-current lease liabilities		51.6	55.1
Post-employment and other benefits		89.3	92.0
Provisions for risks and charges		569.8	565.6
Deferred tax liabilities		190.8	215.7
Derivative instruments		11.3	6.3
Total non-current liabilities		**6,021.4**	**6,624.6**
Current liabilities			
Current financial liabilities		879.9	650.1
Current lease liabilities		20.6	21.3
Trade payables		2,631.5	3,093.1
Current tax liabilities		88.7	17.1
Other current liabilities		1,831.8	1,720.0
Derivative instruments		672.2	1,347.6
Total current liabilities		**6,124.7**	**6,849.2**
TOTAL LIABILITIES		**12,146.1**	**13,473.8**
TOTAL NET EQUITY AND LIABILITIES		**15,879.7**	**17,118.5**

2.01.03 Cash flow statement

mn€	notes	31-Mar-2023	31-Mar-2022
Earnings before taxes		**284.7**	**190.6**
Adjustments to reconcile net profit to the cashflow from operating activities			
Amortisation and impairment of assets		122.0	112.4
Allocation to provisions		52.1	41.5
Effects from valuation using the net equity method		(2.7)	(2.9)
Financial (income) expenses		47.1	32.4
(Capital gains) losses and other non-monetary elements		(57.0)	(62.5)
Change in provision for risks and charges		(11.9)	(10.1)
Change in provision for employee benefits		(3.2)	(3.7)
Total cash flow before changes in net working capital		**431.1**	**297.7**
(Increase) decrease in inventories		157.1	3.3
(Increase) decrease in trade receivables		511.7	(622.6)
Increase (decrease) in trade payables		(497.7)	302.9
Increase/decrease in other current assets/liabilities		168.7	11.8
Changes in working capital		**339.8**	**(304.6)**
Interest income and other financial income collected		30.2	1.8
Interest expenses, net charges on derivatives and other paid financial charges		(67.5)	(36.4)
Taxes paid		(7.8)	(5.0)
Cash flow from operating activities (a)		**725.8**	**(46.5)**
Investments in tangible assets		(33.2)	(35.5)
Investments in intangible assets		(122.6)	(93.6)
Investments in subsidiary companies and business units net of cash holdings		(57.1)	-
Other equity investments		(14.9)	-
Sale price of tangible and intangible assets		0.8	0.5
(Increase) decrease in other investment activities		44.8	4.8
Cash flow from (for) investing activities (b)		**(182.2)**	**(123.8)**
New issue of long-term binds		12.2	-
Repayments of non-current financial liabilities		(100.0)	-
Repayments and other net changes in financial liabilities		(277.1)	122.0
Total leasing liabilities		(5.5)	(26.5)
Acquisition of interests in consolidated companies		-	(10.6)
Dividends paid out to Hera shareholders and non-controlling interests		(1.7)	(3.2)
Changes in treasury share		(6.8)	(6.3)
Cash flow from (for) financing activities (c)		**(378.9)**	**75.4**
Increase (decrease) in cash holdings (a+b+c)		**164.7**	**(94.9)**
Cash and cash equivalents at the beginning of the period		1,942.4	885.6
Cash and cash equivalents at the end of the period		2,107.1	790.7

2.01.04 Statement of changes in net equity

mn €	Share capital	Reserves	Reserves derivatives valued at fair value	Reserves actuarial income (losses) employee and post-employment benefits	Reserves shares valued at fair value	Profit for the period	Net equity	Non-controlling interests	Total
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**
Profit 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 shareholdings, change for the period					0.1		0.1		0.1
Overall profit for the period	**-**	**-**	**63.6**	**-**	**0.1**	**126.5**	**190.2**	**11.3**	**201.5**
change 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:									
allocation to reserves		333.5				(333.5)	-		-
Balance at 31 December 2022	**1,457.7**	**1,673.1**	**158.4**	**(33.7)**	**(5.5)**	**126.5**	**3,376.5**	**224.8**	**3,601.3**
Balance at 31 December 2022	**1,450.3**	**1,485.8**	**256.6**	**(31.8)**	**(17.7)**	**255.2**	**3,398.4**	**246.3**	**3,644.7**
Profit for the period						194.4	194.4	12.1	206.5
Other components of comprehensive income:									
fair value of derivatives, change for the period			(133.1)				(133.1)	3.2	(129.9)
fair value shareholdings, change for the period					2.9		2.9		2.9
Overall profit for the period	**-**	**-**	**(133.1)**	**-**	**2.9**	**194.4**	**64.2**	**15.3**	**79.5**
change in treasury shares	(2.6)	(4.2)					(6.8)		(6.8)
change in equity investments		0.8					0.8	(0.8)	-
changes in the scope of consolidation							-	16.2	16.2
Allocation of revenues:									
allocation to reserves		255.2				(255.2)	-		-
Balance at 31 March 2023	**1,447.7**	**1,737.6**	**123.5**	**(31.8)**	**(14.8)**	**194.4**	**3,456.6**	**277.0**	**3,733.6**

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 three-month report as of 31 March 2023.

This 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 2022.

The preparation of this three-month 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 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 is also 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.

The data included in this consolidated three-month report are comparable to the same data of the previous periods, taking into account what is described in the following paragraph "Scope of consolidation".

The financial statement formats are expressed in millions of euro to one decimal point.

Scope of consolidation

The consolidated financial statements as of 31 March 2023 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 subsidiaries and associated companies are excluded from overall consolidation and valued at fair value.
The lists of the companies included in the scope of consolidation are shown at the end of these notes.

Changes in the scope of consolidation

On 8 March 2023, Herambiente Servizi Industriali Srl acquired 60% of the company A.C.R. di Reggiani Albertino Spa, operating in the field of environmental remediation, industrial waste treatment, decommissioning of industrial plants and civil works related to oil & gas, with headquarters in Mirandola (Modena). The company was fully consolidated, with accounting effects as of 1 January 2023.

Other corporate operations

With effect from 1 January 2023, Vallortigara Angelo Srl and Hydro Mud Srl were merged by incorporation into the parent company Vallortigara Servizi Ambientali Spa.

With effect beginning in 1 January 2023, Hera Servizi Energia Srl, with 67.61% shareholding, was merged by incorporation into the parent company AcegasApsAmga Servizi Energetici Spa (ASE Spa). As a consequence of the merger, the merging company changed its name to Hera Servizi Energia Spa. Additionally, as a result of the exchange ratio, AcegasApsAmga Spa's equity investment in Hera Servizi Energia Spa decreased from 100% to 84.5%.

With effect from 1 March 2023 and accounting effects backdated to 1 January 2023, Alibardi Fiorenzo Srl was merged by incorporation into the parent company Aliplast Spa.

On 14 March 2023 Acantho Spa acquired 36.8% of Asco Tlc Spa, a company active in the provision of ICT services mainly to corporate customers and public administrations. The company is recorded among investments in other shareholdings.

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-2023 (3 months)	31-Mar-2022 (3 months)
Profit (loss) for the period attributable to holders of ordinary shares of the parent entity (A)	194.4	126.5
Weighted average number of shares outstanding for the purposes of calculation of earnings (loss) per share		
basic (B)	1,448,396,366	1,458,431,790
diluted (C)	1,448,396,366	1,458,431,790
Earnings (loss) per share (in euro)		
basic (A/B)	**0.134**	**0.087**
diluted (A/C)	**0.134**	**0.087**

At the date of preparation of this three-month report, the share capital of the parent company, Hera Spa, consisted of 1,489,538,745 ordinary shares, unchanged from 31 December 2022, which were used in determining basic and diluted earnings per share.

Other information

This three-month consolidated financial statement at 31 March 2023 was drawn up by the Board of Directors and approved by the same at the meeting held on 10 May 2023.

2.03 LIST OF CONSOLIDATED COMPANIES

Subsidiaries

Registered name	Registered office	Share capital (€) (*)	Consolidated percentage		Total interest
			direct	indirect	
Acantho Spa	Imola (BO)	23,573,079	80.64%		80.64%
AcegasApsAmga Spa	Trieste	284,677,324	100.00%		100.00%
A.C.R. di Reggiani Albertino Spa	Mirandola (Mo)	390,000		60.00%	60.00%
Aliplast Spa	Istrana (TV)	5,000,000		75.00%	75.00%
Aliplast France Recyclage SAS	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%
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%
Atlas Utilities EAD	Varna (Bulgaria)	50,000 Lev		100.00%	100.00%
Biorg Srl	Bologna	10,000,000		75.00%	75.00%
Black Sea Gas Company Eood	Varna (Bulgaria)	5,000 Lev		100.00%	100.00%
Con Energia Spa	Forlì (FC)	500,000		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%
Frullo Energia Ambiente Srl	Bologna	17,139,100		38.25%	38.25%
Green Factory Srl	Pesaro	500,000		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 Spa	Udine	13,216,899		84.50%	84.50%
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%
Inrete Distribuzione Energia Spa	Bologna	10,091,815	100.00%		100.00%
Macero Maceratese Srl	Macerata (MC)	1,032,912		46.70%	46.70%
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		75.00%	75.00%
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%
Wolmann Spa	Bologna	400,000		100.00%	100.00%

(*) unless otherwise specified

Jointly controlled entities

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

Associated companies

Registered name	Registered office	Share capital (€) (*)	Percentage held		Total interest
			direct	indirect	
Aimag Spa*	Mirandola (MO)	78,027,681	25.00%		25.00%
ASM Servizi Energetici e Tecnologici-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.

Hera Spa
Registered office: Viale C. Berti Pichat 2/4 - 40127
Bologna tel.: +39.051.28.71.11 fax: +39.051.28.75.25

www.gruppohera.it

Share capital i.v. € 1.489.538.745,00
C.F. / Reg. Imp. 04245520376
Gruppo Iva "Gruppo Hera" P. IVA 03819031208