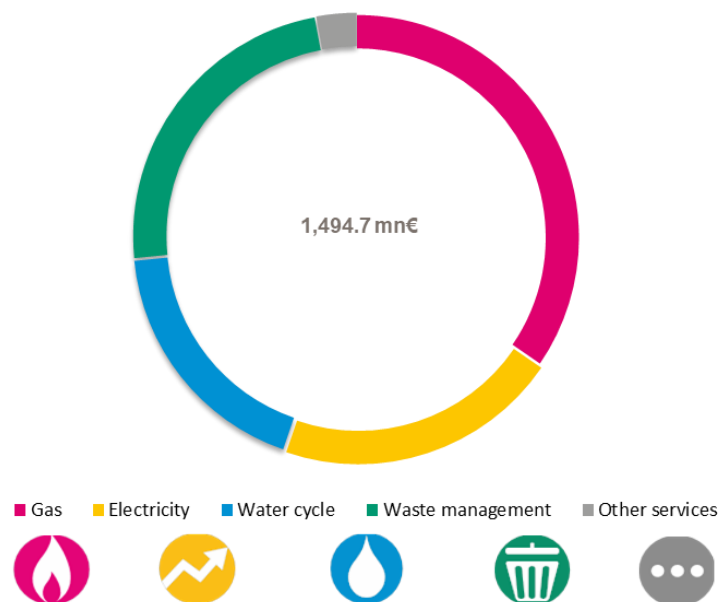


1.07 ANALYSIS BY BUSINESS AREA

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

A multi-business strategy

EBITDA* DECEMBER 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 and public lighting services.

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

(mn€)	Dec 23		Dec 22	
	Ebitda*	Ebitda	Ebitda*	Ebitda
Gas Area	516.9	609.9	585.1	491.1
Electricity Area	309.2	309.2	71.6	71.6
Integrated water cycle Area	271.4	271.4	261.9	261.9
Waste management Area	353.4	353.4	338.0	338.0
Other services Area	43.8	43.8	38.4	38.4
Total	1,494.7	1,587.7	1,295.0	1,200.9

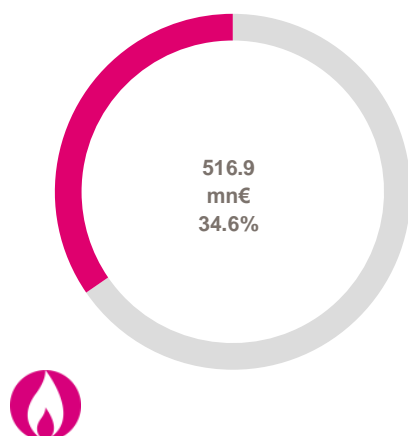
* adjusted results, as described in paragraph 1.04

1.07.01 Gas

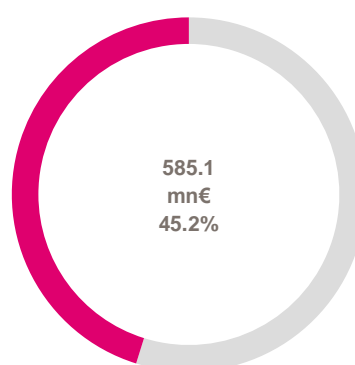
A downward trend occurred in 2023 compared to 2022, due to both a reduction in volumes, on account of the mild climate seen in the first part of the year, and lower trading activities, as well as a drop in average prices for energy raw materials. We must recall, in fact, that 2022 was characterised by significant price fluctuations, with a peak recorded in August 2022, followed by a gradual descent starting in December, with an increasingly tendency towards stabilisation during 2023, but with prices still higher than prior to the crisis. Opportunities remained in the energy services segment for energy efficiency incentives, 110% super-bonus and insulation bonuses, and the tenders awarded to Hera Comm Spa in the following lots in Italy:

- eight of the nine lots of the last resort gas service (for customers involved in public services or without a supplier) for the period from 1 October 2023 - 30 September 2025 in: Valle d'Aosta, Piedmont, Liguria, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, Lazio and Campania. In the previous tender, Hera Comm was awarded six out of nine lots.
- all nine lots of the default gas distribution service (for customers in arrears), for the period from 1 October 2023 - 30 September 2025 in: Valle d'Aosta, Piedmont, Liguria, Lombardy, Trentino A.A., Veneto, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany, Umbria, Marche, Abruzzo, Molise, Basilicata, Puglia, Lazio, Campania, Sicily and Calabria. In the previous tender, Hera Comm was awarded nine out of nine lots.
- three of the 12 lots of the Consip GAS15bis tender for supplying natural gas to public administrations in 2023-24: the 2 lots in Lombardy were confirmed and a new lot, including Emilia Romagna and Friuli Venezia Giulia, was awarded.

EBITDA* GAS AREA 2023



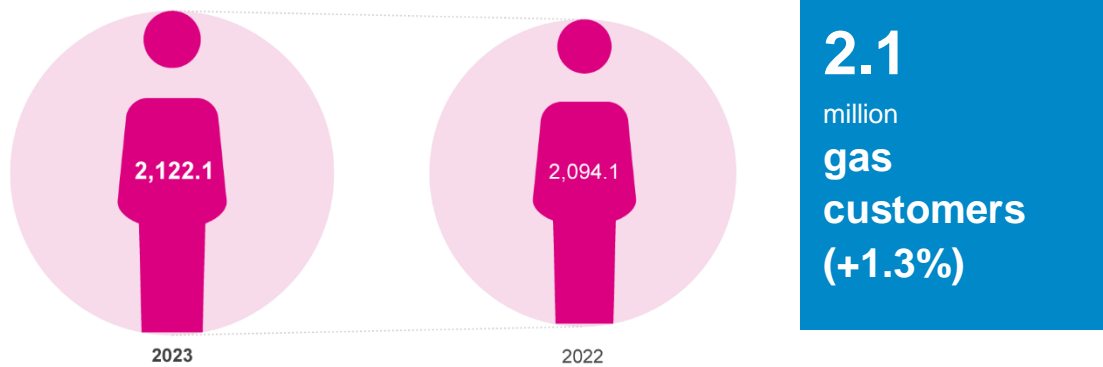
EBITDA* GAS AREA 2022



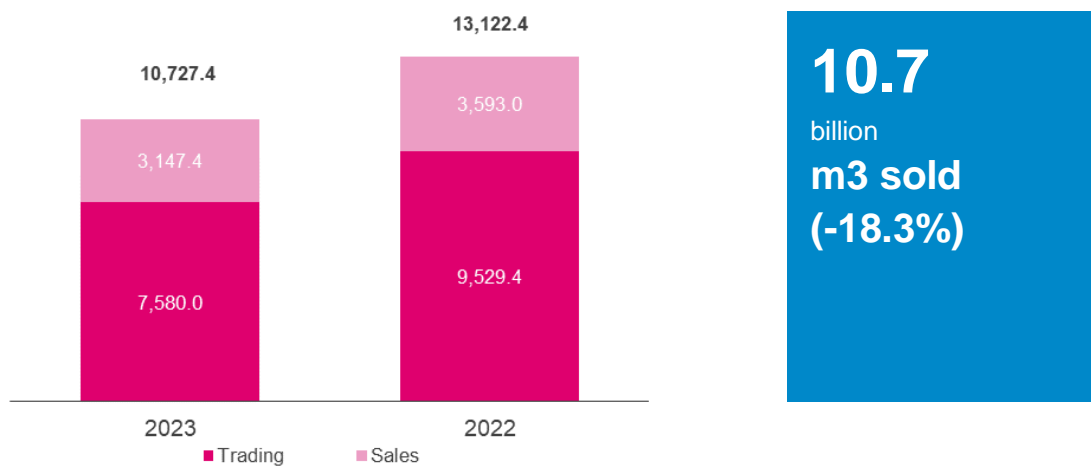
The following table shows the changes occurred in terms of adjusted Ebitda:

(mn€)	Dec 23	Dec 22	Abs. change	% change
Area Ebitda*	516.9	585.1	(68.2)	(11.7)%
Group Ebitda*	1,494.7	1,295.0	199.7	+15.4%
Percentage weight	34.6%	45.2%	(10.6) pp	

* adjusted results, as described in paragraph 1.04

CUSTOMERS (K)

The number of gas customers increased by 28 thousand, up 1.3% compared to the previous year. This trend was seen mainly in traditional markets, which rose by 23.9 thousand customers, and to a lesser degree in last resort markets, which showed growth coming to 4.1 thousand customers.

VOLUMES SOLD (mn/m³)

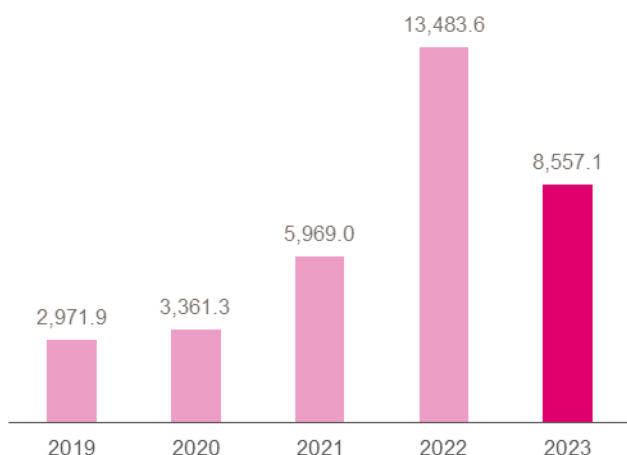
Total volumes of gas sold decreased by 2,395.0 million m³ (-18.3%), mainly due to reduced intermediation, amounting to 1,949.4 million m³. Volumes sold to end customers also fell by 445.6 million m³ (-12.4%), a decrease which mainly occurred on traditional markets, coming to 444.8 million m³ (-14.3%) and, to a much lesser extent, on last resort markets, amounting to 0.9 million m³ (-0.2%). This trend was affected by both the climatic factors mentioned above, with higher average temperatures compared to the previous year, and lower consumption, linked to the changed habits of the customer base.

The following table summarises operating results for the gas area:

Income statement (mn€)	Dec 23	% Inc.	Dec 22	% Inc.	Abs. change	% change
Revenues	8,557.1		13,483.6		(4,926.5)	(36.5)%
Operating costs	(7,936.7)	(92.8)%	(12,780.4)	(94.8)%	(4,843.7)	(37.9)%
Personnel costs	(119.9)	(1.4)%	(134.4)	(1.0)%	(14.5)	(10.8)%
Capitalised costs	16.5	0.2%	16.4	0.1%	0.1	+0.6%
Ebitda*	516.9	6.0%	585.1	4.3%	(68.2)	(11.7)%

* adjusted results, as described in paragraph 1.04

REVENUES (mn€)



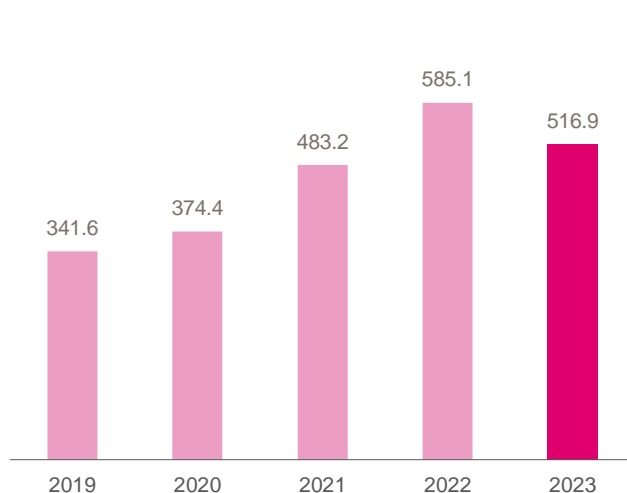
8.6
billion euro
revenues
(-36.5%)

Revenues decreased by 4,926.5 million euro compared to the previous year. The reasons for this mainly lie in lower sales and brokerage activities totalling 5,304 million euro due to the aforementioned unfavourable weather conditions, lower consumption by the customer base and lower prices for raw materials. Revenues also decreased due to lower activities in Bulgaria and lower district heating volumes totalling 79 million euro. These trends were partially offset by higher revenues related to energy efficiency activities amounting to 413 million euro overall, and higher revenues from IFRIC 12 concession assets and energy efficiency certificates, which on the whole increased by approximately 32 million euro.

Regulated revenues were up by 5 million euro, partially thanks to initial activities in the Udine2 ATEM by AcegasApsAmga Spa. 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.

The drop in revenues was proportionally reflected by operating costs, which showed an overall decrease coming to 4,843.7 million euro. This trend was mainly due to lower sales and trading activities, on account of the lower volumes and the fall in prices for raw materials.

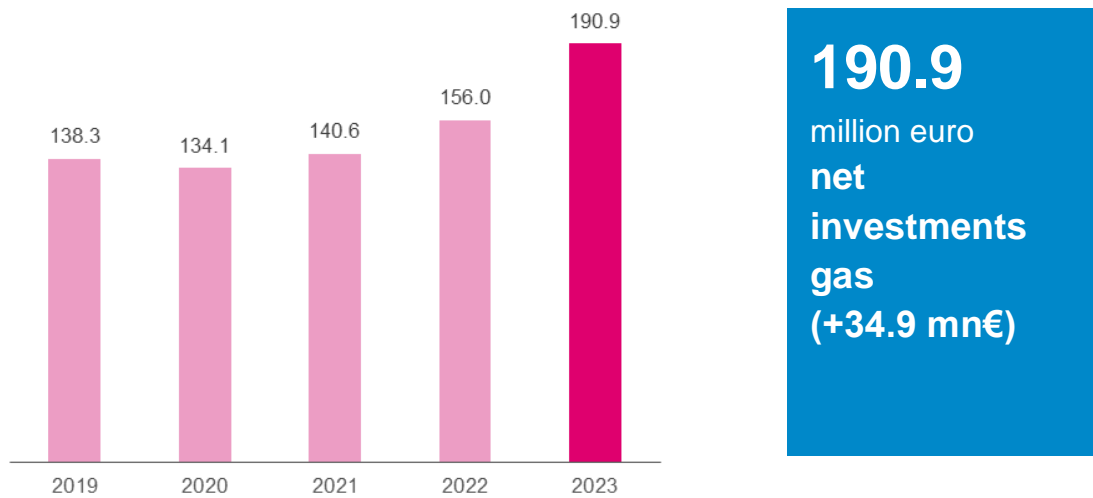
EBITDA* (mn€)



516.9
million euro
Ebitda *
(-11.7%)

* adjusted results, as described in paragraph 1.04

Adjusted Ebitda showed a 68.2 million euro decrease, down 11.7% due to both lower volumes, caused by both the weather and the change in customers' habits, as mentioned above, and lesser intermediation activities. These were contrasted by the ongoing opportunities grasped in energy services, related to incentivised energy efficiency activities.

NET INVESTMENTS GAS (mn€)

In 2023, net investments in the gas area increased by 34.9 million euro compared to the previous year, totalling 190.9 million euro. In gas distribution, an overall increase coming to 20.6 million euro was recorded, 12.1 million euro of which was linked to the investment involving the reimbursement value for plants and networks in complementary municipalities, awarded through the ATEM Udine2 tender, in addition to the increased non-recurring maintenance work on networks and plants and the replacement of metering units for remote management, pursuant to resolution 631/2013/R/GAS.

In gas sales, investments increased by 14.5 million euro due to activities related to the acquisition of new customers. Investments were essentially in line with the previous year in district heating and energy services, and mainly involved the activities of the company Hera Servizi Energia Spa and the work done on district heating networks and plants. Requests for new connections were also up compared to the previous year.

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

Gas (mn€)	Dec 23	Dec 22	Abs. change	% change
Networks and plants	136.8	116.2	20.6	+17.7%
Acquisition gas customers	27.8	13.3	14.5	+109.0%
DH/Energy services	27.3	27.2	0.1	+0.4%
Total gas gross	191.8	156.7	35.1	+22.4%
Capital grants	1.0	0.7	0.3	+42.9%
Total gas net	190.9	156.0	34.9	+22.4%

The Regulatory asset base (RAB) for assets owned in the gas area, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2022.

RAB (bn€)



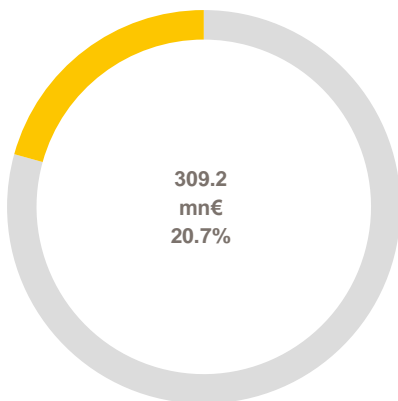
1.12
billion euro
2023 RAB

1.07.02 Electricity

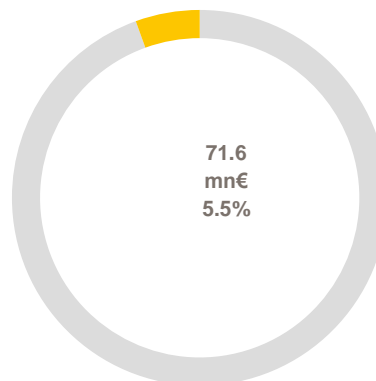
At the end of 2023, significant growth was recorded compared to the previous year, in terms of both volumes sold to end customers thanks to commercial development, mainly on the free market, and margins due to the lower cost of modulation activities, value-added services and innovative offers (relating to electric mobility, photovoltaics, heating and air conditioning). In this regard, note the entry, as of 2023, of the company F.lli Franchini Srl, specialised in the development and installation of high-efficiency photovoltaic systems. In addition, Hera Comm Spa was awarded the following lots nationwide:

- four of the 17 lots in the Consip EE20 tender for supplying 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 supplying electricity to public administrations for the period from 1 July 2021 to 30 June 2024, in Campania, Marche, Umbria, Abruzzo, Molise, Basilicata, Calabria, Sicily and Sardinia.
- two of the nine lots for the safeguarded service for 2023 and 2024 in: Campania, Abruzzo, Umbria and Calabria, with one additional lot awarded compared to the previous two-year period;
- one of the 12 lots in the gradual protection service for supplying electricity to micro-businesses for the period from 1 April 2023 to 31 March 2027 in: Friuli-Venezia Giulia, Trentino-Alto Adige and in the Provinces of Belluno, Venezia and Verona.

EBITDA ELECTRICITY AREA 2023



EBITDA ELECTRICITY AREA 2022

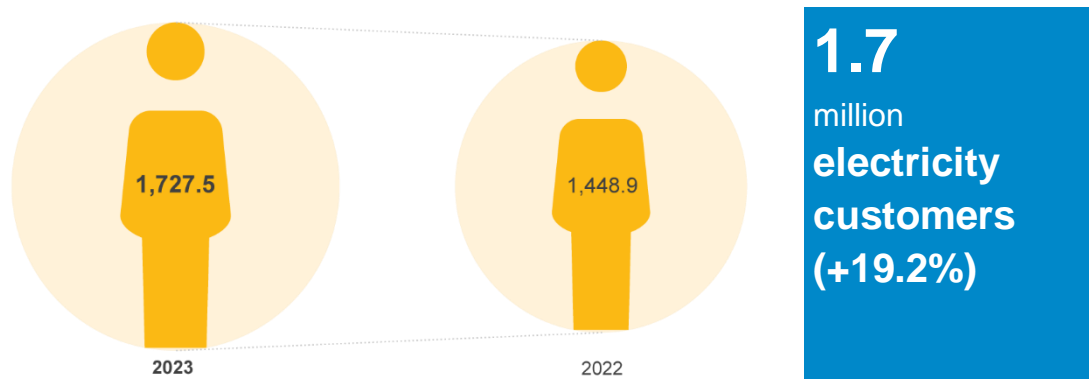


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Dec 23	Dec 22	Abs. change	Change %
Area Ebitda	309.2	71.6	237.6	331.8%
Group Ebitda*	1,494.7	1,295.0	199.7	15.4%
Percentage weight	20.7%	5.5%	+15.2 p.p.	

* adjusted results, as described in paragraph 1.04

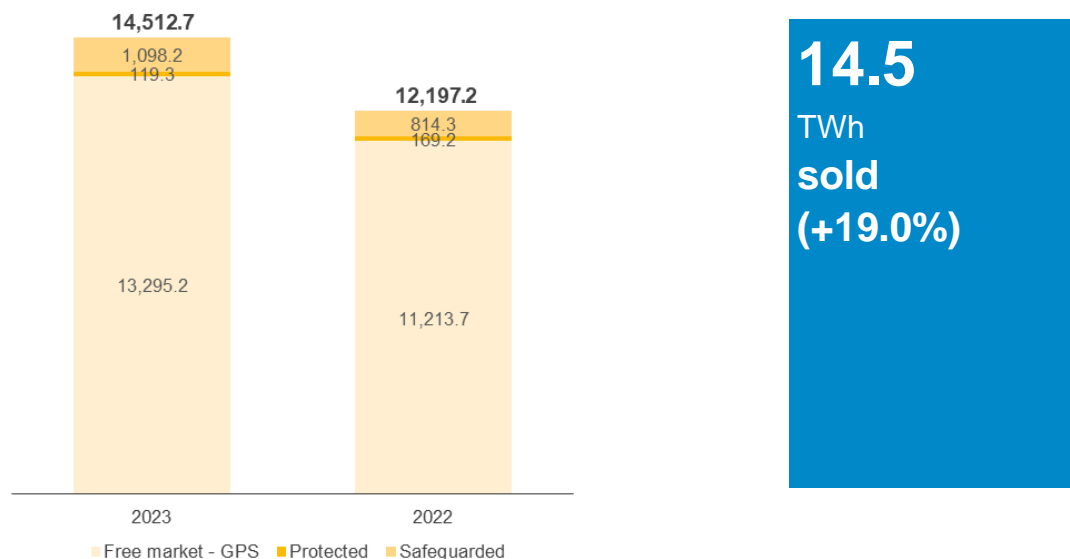
CUSTOMERS (K)



The number of electricity customers at the end of 2023 increased by 278.6 thousand, corresponding to a 19.2% increase compared to 2022. This growth occurred mainly in the free market, with roughly 299.5 thousand customers (+22.5%, equivalent to +20.7% of total customers), due to both the reinforced commercial actions implemented and the positive contribution coming from the CONSIP tenders and the gradual protection service, partially thanks to the new lot awarded, as mentioned above, which will supply electricity for micro-businesses. The safeguarded market also grew by 6.2 thousand customers (+29.7%, equivalent to +0.4% of the total) thanks to the additional lot awarded in the tender for 2023-2024. These effects easily offset the drop of about 27.1 thousand customers (-28.6%, equivalent to -1.9% of the total) seen in the protected market.

Customer appreciation and loyalty was confirmed, including the value-added services offered by the Group, which were requested by roughly 88,000 customers during the 12 months of 2023.

VOLUMES SOLD (GWh)

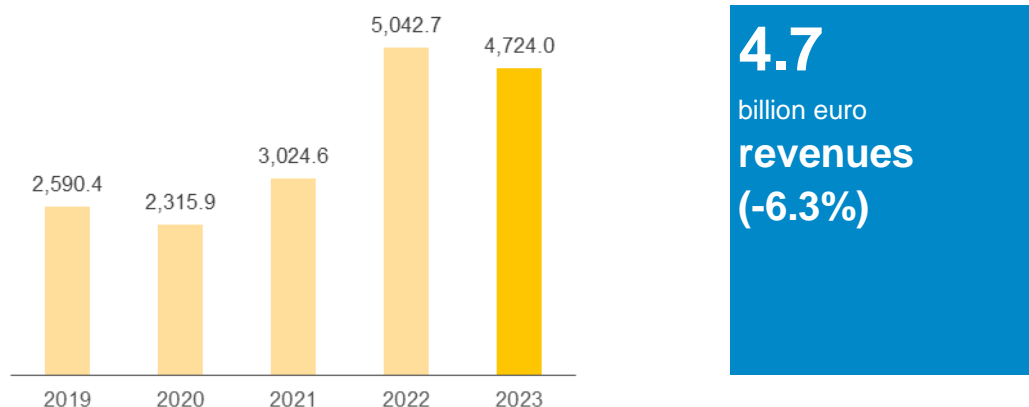


Volumes of electricity sold increased by 2,315.5 GWh, or 19%, compared to the same period of the previous year. This trend was caused by the increase in volumes sold in the traditional markets in the amount of 2,031.5 GWh (16.7% of the total), from 11,383.0 GWh in 2022 to 13,414.5 GWh in 2023, mainly driven by CONSIP tenders for the free market, which was partially offset by a slight decrease in the safeguarded market. A 284 GWh increase occurred in the safeguarded market, equivalent to 2.3% of the total, due to changes in the scope of operations.

The following table summarises operating results for the gas area:

Income statement (mn€)	Dec 23	% Inc.	Dec 22	% Inc.	Change Abs. change	% change
Revenues	4,724.0		5,042.7		(318.7)	(6.3)%
Operating costs	(4,385.9)	(92.8)%	(4,950.9)	(98.2)%	(565.0)	(11.4)%
Personnel costs	(59.7)	(1.3)%	(44.0)	(0.9)%	15.7	35.7%
Capitalised costs	30.8	0.7%	23.7	0.5%	7.1	29.9%
Ebitda	309.2	6.5%	71.6	1.4%	237.6	331.8%

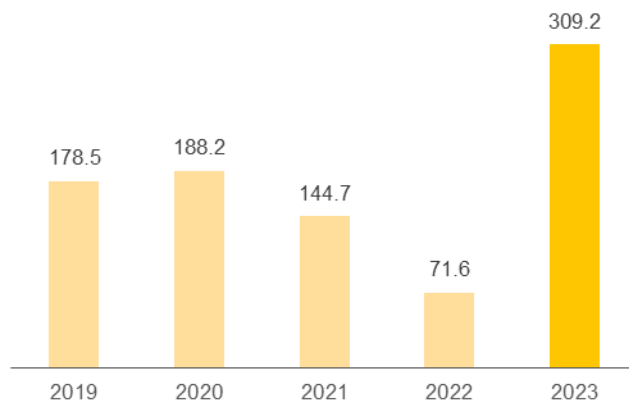
REVENUES (mn€)



Revenues dropped by 318.7 million euro compared to the previous year. This performance was due to lower revenues from sales, brokerage and production coming to 346 million, mainly caused by energy prices, which recorded a 58% drop in the average PUN compared to the previous year. The effect mentioned above was partially offset by higher revenues related to the increase in volumes sold and system charges. The latter, which had been set at zero during the previous year to deal with the energy crisis, were fully restored.

Lastly, higher revenues amounting to 19 million euro were seen for value-added services for customers, and higher revenues for IFRIC 12 concession goods and energy efficiency certificates, up by roughly 8 million euro overall.

The decrease in revenues was more than proportionally reflected in operating expenses, which fell by 565 million euro. This trend was mainly due to the drop in prices for raw materials, thanks to more stability in markets over 2023, which impacted sales and production activities.

EBITDA (mn€)

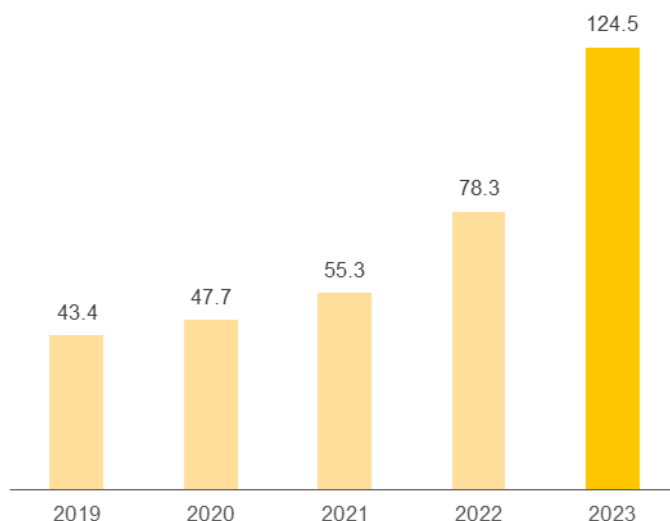
309.2
million euro
Ebitda
(+331.8%)

Ebitda increased by 237.6 million euro compared to 2022, mainly due to sales activities, which benefited from the lower impact of modulation and higher volumes sold resulting from the increased customer base both in traditional markets, driven by the free market, and in the safeguarded market, due to the new lot awarded. Activities in value-added services grew, recording an increase in Ebitda coming to about 3 million euro, for reasons including the entry of the company F.lli Franchini, mentioned above, within the Group's scope of operations.

In the electricity area, investments amounted to 124.5 million euro in 2023, up by 46.2 million euro compared to the previous year.

In electricity distribution, the interventions carried out mainly concerned non-recurring maintenance and upgrading of plants and distribution networks in the Modena, Imola, Trieste and Gorizia areas, as well as the ongoing mass meter replacement, substituting older generation devices with modern 2G meters, and interventions to improve network resilience. These investments were up by 17.6 million euro compared to the previous year.

In energy sales, investments coming to 28.5 million euro were recorded for activities related to the acquisition of new customers. Requests for new connections increased compared to the previous year.

NET INVESTMENTS ELECTRICITY (mn€)

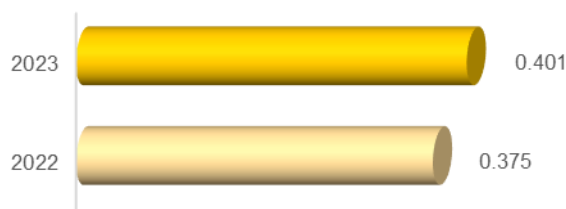
124.5
million euro
net investments
electricity
(+46.2 mn€)

Operating investments in the electricity area were as follows:

Electricity (mn€)	Dec 23	Dec 22	Abs. change	% change
Networks and plants	71.7	54.1	17.6	+32.5%
Acquisition electricity customers	52.7	24.2	28.5	+117.8%
Total electricity gross	124.5	78.3	46.2	+59.0%
Capital grants	-	-	-	+0.0%
Total electricity net	124.5	78.3	46.2	+59.0%

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2022.

RAB (bn€)



0.401
billion euro
2023
electricity RAB

1.04.03 Integrated water cycle

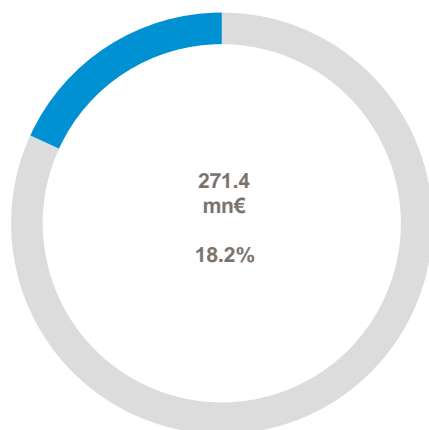
Growth in results for 2023

In 2023, the integrated water cycle area showed increased results compared to the previous year, with Ebitda coming to 271.4 million euro.

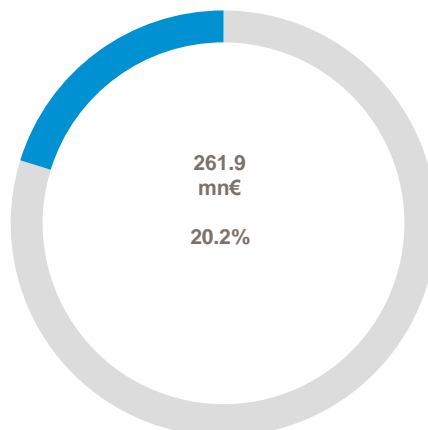
As regards regulations, note that 2023 was the fourth year in which the tariff method defined by the Authority for the third regulatory period (Mti-3), 2020-2023 (resolution 580/2019), was applied. A revenue (VRG) is assigned to each operator, defined on the basis of operating costs and capital costs, according to the investments made, with a view to increasing efficiency in costs, in addition to measures intended to promote and valorise interventions for sustainability and resilience.

In the second half of October 2023, with resolutions 476/2023/R/idr and 477/2023/R/idr, the Authority communicated the results of its analysis of the achievement of contractual quality and technical quality improvement goals by Italian water operators during the 2020-2021 two-year period. In particular, as regards the level of excellence reached in technical quality, which identifies and rewards the top three positions nationwide considering all the macro-indicators defined by the Authority, the Hera Group was awarded first and third place in the general ranking of Italian utilities, confirming the very high quality standards adopted by the Group in managing this service.

EBITDA WATER CYCLE 2023



EBITDA WATER CYCLE 2022

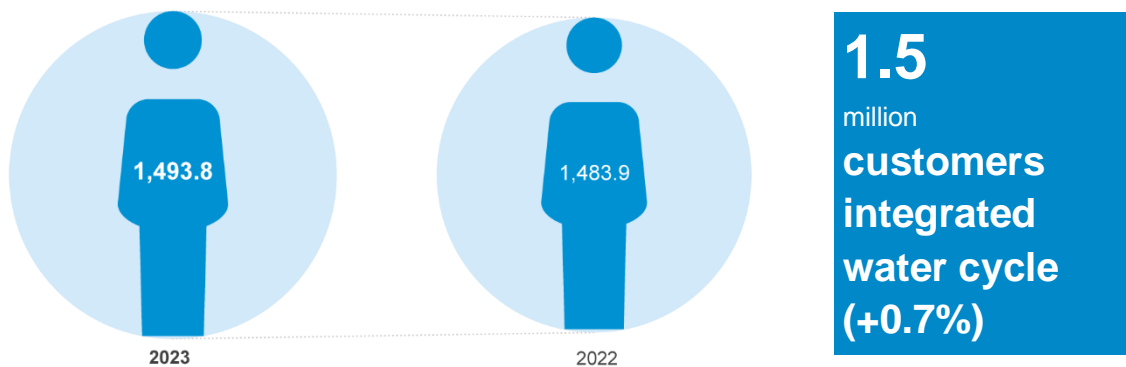


The following table shows the changes occurred in terms of Ebitda:

(mn€)	Dec 23	Dec 22	Abs. change	% change
Area Ebitda	271.4	261.9	9.5	+3.6%
Group Ebitda*	1,494.7	1,295.0	199.7	+15.4%
Percentage weight	18.2%	20.2%	(2.0) pp	

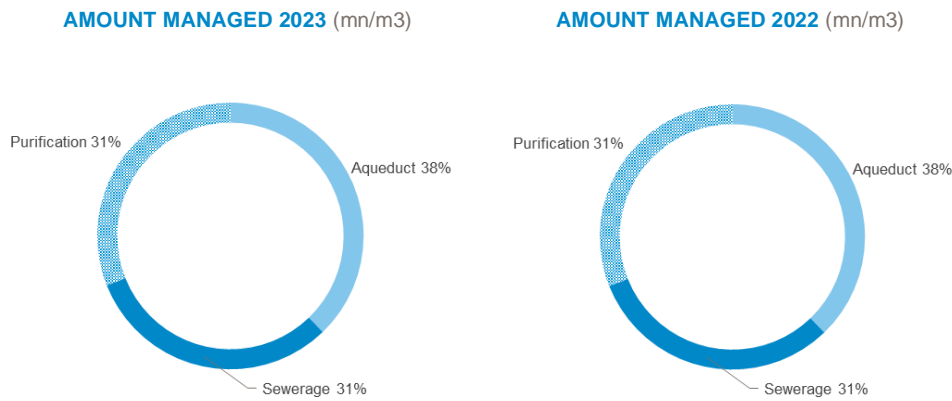
* adjusted results, as described in paragraph 1.04

CUSTOMERS (K)



The number of water customers increased by 9.9 thousand over 2022, up 0.7%, confirming the moderate trend of internal growth in the Group's reference areas. The Emilia-Romagna area managed by Hera Spa accounted for 86% of this growth, while the area served by AcegasApsAmga Spa accounted for 9% and the remainder involved the area served by Marche Multiservizi Spa.

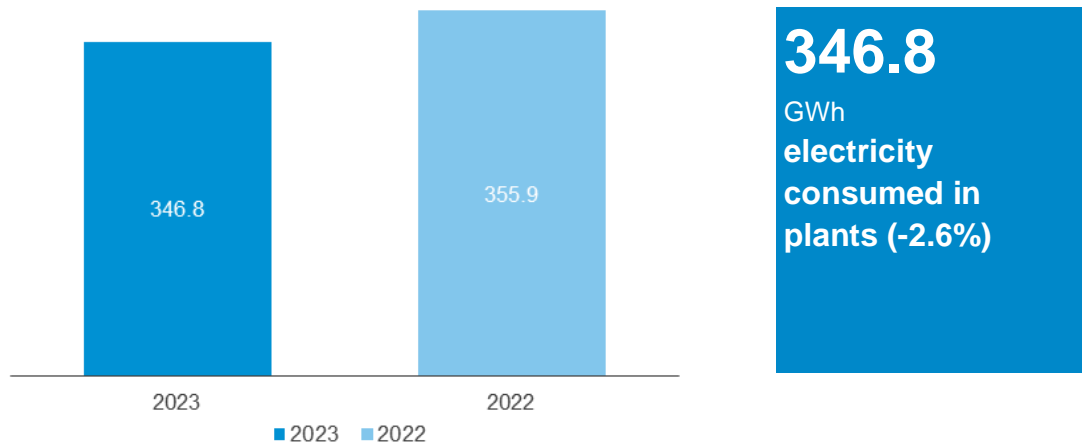
The main indicators for the area are as follows:



The volumes supplied through the aqueduct, which amounted to 283.4 million m³, decreased by 2% compared to December 2022, down by 5.9 million m³. This trend is partially due to a more aware and efficient use of water resources, with a view to water savings and limiting consumption for the good of the environment. At December 2023, the quantity managed in sewerage came to 232.7 million m³, down by 2.3% compared to the previous year, while the amount involved in purification settled at 232.2 million m³, down by 2.3% compared to December 2022. The volumes supplied, following the Authority's resolution 580/2019, are an indicator of the activity of the areas in which the Group operates and are subject to equalisation, owing to legislation that provides for a regulated revenue, recognised independently from volumes distributed.

283.4 million m³: amount managed in the aqueduct

ELECTRICITY CONSUMED (GWh)

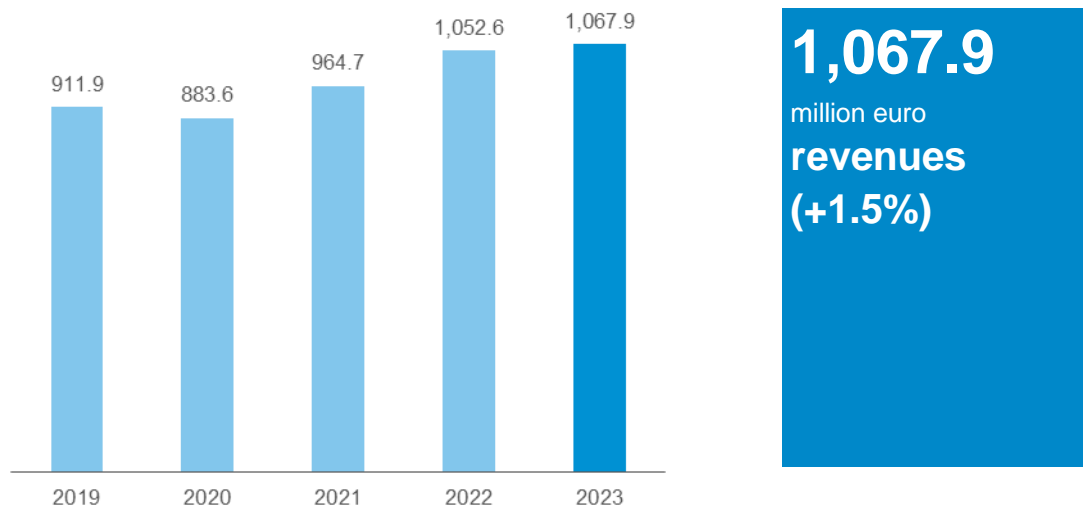


Electricity consumed in plants decreased by 9.1 GWh. This drop is related mainly to the Group's commitment to increasingly efficient and prudent management of energy resources, carried out by implementing innovative measures in plants.

The following table summarises operating results for the gas area:

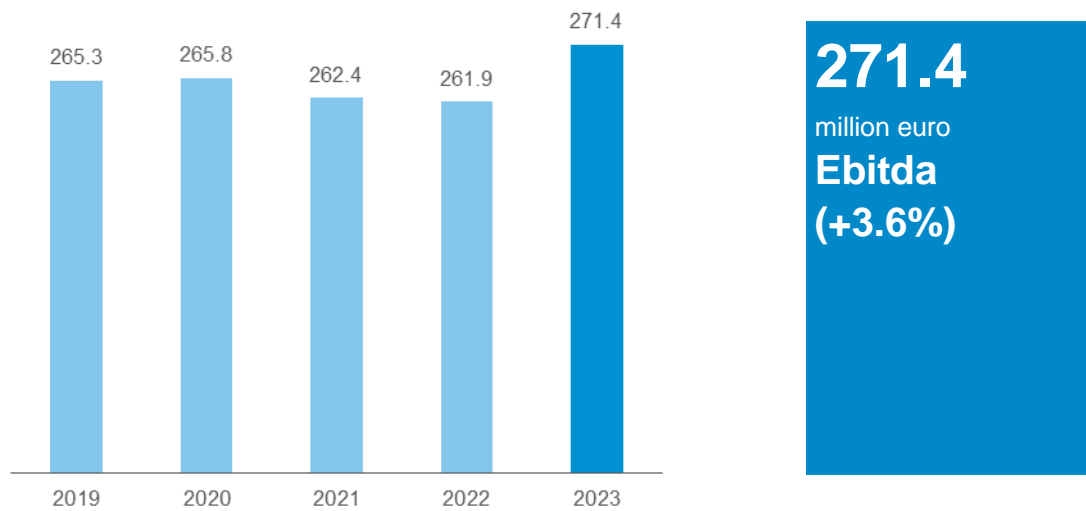
Income statement (mn€)	Dec 23	% Inc.	Dec 22	% Inc.	Abs. change	% change
Revenues	1,067.9		1,052.6		15.3	+1.5%
Operating costs	(607.7)	(56.9)%	(611.9)	(58.1)%	(4.2)	(0.7)%
Personnel costs	(193.9)	(18.2)%	(185.6)	(17.6)%	8.3	+4.5%
Capitalised costs	5.1	0.5%	6.7	0.6%	(1.6)	(23.9)%
Ebitda	271.4	25.4%	261.9	24.9%	9.5	+3.6%

REVENUES (mn€)



Water cycle revenues increased by 1.5% year-on-year, going from 1,052.6 million euro in December 2022 to 1,067.9 million euro in 2023. Note the lower revenues for equalisations of energy components, as described in further detail under operating expenses, and higher accrued tariff revenues related to the increase in RAB. Bonuses were essentially in line with the previous year, reflecting the excellent performances achieved by the Group in terms of quality in managing the integrated water service. Overall, the aforementioned effects account for roughly 5.7 million euro of lower revenues. Lastly, the higher works for contracts carried out in 2023 amounted to approximately 20.0 million euro.

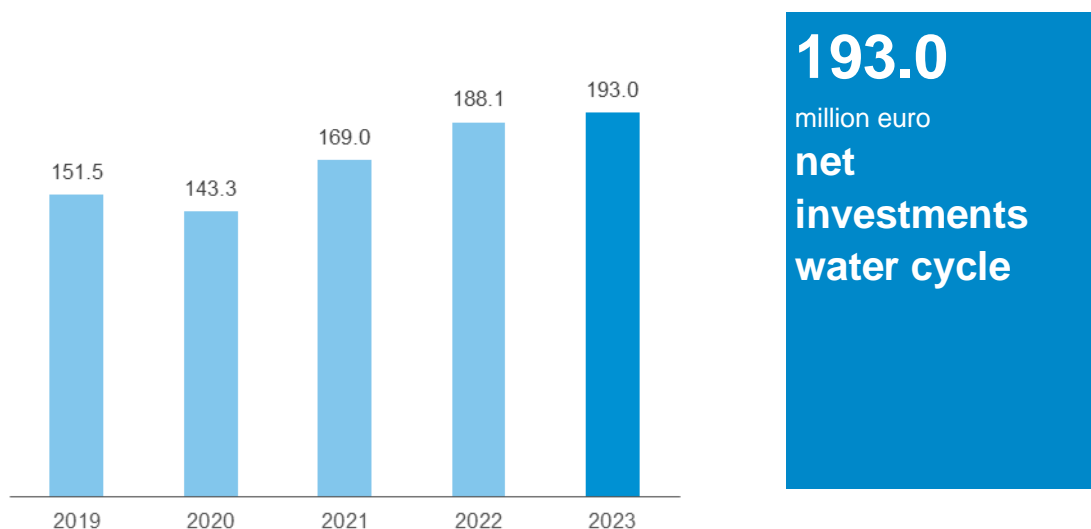
The decrease in operating costs in December 2023 mainly involved lower procurement costs for energy components as a result of an energy scenario with lower prices for raw materials than the previous year. This effect was only partially offset by growth in costs due to the increased works for contracts carried out in 2023. Lastly, note the higher operating costs for the management of networks and plants and the higher costs related to the increase in the list prices of all major supplies of materials and, in particular, chemical products and services.

EBITDA (mn€)

Ebitda increased by 9.5 million euro, up 3.6%, going from 261.9 million euro in December 2022 to 271.4 million euro in 2023. Revenues related to the increased RAB were partially offset by higher operating costs, due to factors including higher prices for all main supplies.

In 2023, net investments in the integrated water cycle area amounted to 193.0 million euro, as against 188.1 million euro during the previous year. The overall 4.9 million euro increase was influenced by a rise in capital grants, which reduced net investments more than the previous year. Including the capital grants received, capital expenditures amounted in fact to 228.2 million euro, up 20.2 million euro over the previous year.

These investments mainly referred to extensions, reclamation and upgrades on networks and plants, as well as regulatory adjustments mainly in the purification and sewerage sectors, and amounted to 131.7 million euro in the aqueduct, 58.9 million euro in sewerage and 37.5 million euro in purification.

NET INVESTMENTS WATER CYCLE (mn€)

The main interventions include: 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, as well as major non-recurring maintenance and restoration activities following the May 2023 flood emergency. Important maintenance work continued on the intake works on the Setta stream serving the Sasso Marconi (BO) drinking water treatment plant, the expansion of water networks

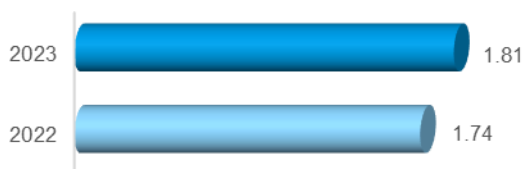
in other areas served, and the large-scale meter replacement. In addition, development has begun for the project involving the new Castel Bolognese (RA) supply system, and for an important reclamation work on a water adduction pipeline from Pontelagoscuro to Ferrara. In sewerage, in addition to continuing to implement the Rimini seawater safety plan (PSB), maintenance work was carried out to upgrade the sewerage network in other areas served along with work to update drains to comply with Regional Decree no. 201/2016. In purification, note the upgrading on the plant in the municipality of San Giovanni in Persiceto (BO) and the ongoing revamping of the Gramicia purification plant in Ferrara, with the replacement of the sludge centrifuges, as well as the construction of a new "Power to gas" plant at the IDAR purification plant in Bologna. Requests for new water and sewerage connections decreased slightly compared to the previous year. Capital grants, amounting to 35.2 million euro, were down by 15.4 million euro and included 19.5 million euro deriving from the tariff component of the tariff method for the New Investments Fund (FoNI).

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

Integrated water cycle (mn€)	Dec 23	Dec 22	Abs. change	% change
Aqueduct	131.7	126.8	4.9	+3.9%
Purification	37.5	35.6	1.9	+5.3%
Sewerage	58.9	45.5	13.4	+29.5%
Total integrated water cycle gross	228.2	208.0	20.2	+9.7%
Capital grants	35.2	19.8	15.4	+77.8%
of which FoNi (New Investments Fund)	19.5	17.4	2.1	+12.1%
Total integrated water cycle net	193.0	188.1	4.9	+2.6%

RAB, which defines the value of the assets recognised by the Authority as regards return on invested capital, increased compared to 2022.

RAB (bn€)



1.81
billion euro
**RAB water
cycle 2023**

1.07.04 Waste management

Ebitda rises

In 2023, the waste management area accounted for 23.6% of the Hera Group's overall Ebitda, with this area's Ebitda up by 15.4 million euro compared to the previous year. The Group therefore continued to guarantee a significant amount of growth, within a context marked by a slowdown in national GDP and a slightly decelerating inflation rate, with a consequent drop in industrial production and an ensuing impact on waste production, in particular having an industrial origin, where an increase was seen in competitive pressure, including from international companies, in the markets covered.

For 2023 as well, the lines of development that best represent the Group's activities were confirmed: transforming incoming waste into products with a view to the circular economy, while guaranteeing, at the same time, a correct and rapid management of all types of wastes that, by their very nature, must be disposed of.

One example of this is the new plant in Spilamberto (MO), which became fully operational in 2023. Born out of a partnership between Herambiente and Inalca, it converted an old biodigester into a state-of-the-art plant able to transform organic and agrifood waste into 100% renewable methane and compost. At

the Responsible Innovators Awards organised by the Emilia-Romagna Region, this plant received a special mention in the "Ecological Transition" category for its concrete contribution to decarbonisation. With a potential annual production coming to approximately 3.7 million m³ of biomethane, about 3 thousand TOE (tonnes of oil equivalent) of fossil fuel can be saved and roughly 7 thousand tonnes of CO₂ emissions into the atmosphere avoided.

Protecting environmental resources was confirmed as a priority objective in 2023, as was maximizing their reuse. This is also proven by the special attention the Group dedicated to increasing sorted waste collection. Thanks to the Group's substantial commitment to this area in all geographical areas served, sorted waste collection increased by more than four percentage points compared to the 2022 figures.

EBITDA WASTE MANAGEMENT AREA 2023 EBITDA WASTE MANAGEMENT AREA 2022



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

(mn€)	Dec 23	Dec 22	Abs. change	% change
Area Ebitda	353.4	338.0	15.4	+4.6%
Group Ebitda*	1,494.7	1,295.0	199.7	+15.4%
Percentage weight	23.6%	26.1%	(2.5) pp	

* adjusted results, as described in paragraph 1.04

Volumes marketed and treated by the Group in 2023 are as follows:

Quantity (k tons)	Dec 23	Dec 22	Abs. change	Change %
Municipal waste	2,310.2	2,207.1	103.1	+4.7%
Market waste	2,766.9	2,554.2	212.7	+8.3%
Waste commercialised	5,077.1	4,761.2	315.9	+6.6%
Plant by-products	2,661.0	2,161.7	499.3	+23.1%
Waste treated by type	7,738.1	6,922.9	815.2	+11.8%

An analysis of this data shows a rise in waste commercialised, due to increases in both municipal and market. As regards municipal waste, in 2023 a 4.7% rise was seen compared to the previous year, mainly due to the waste produced by the flood. For further details, see paragraph 1.03.01, entirely dedicated to the flood.

Market volumes increased by 8.3% compared to 2022, due to the consolidation of previously existing commercial relations, growth in the customer portfolio and recent corporate acquisitions.

Lastly, plant by-products show amounts rising by 23.1% compared to the previous year, mainly due to an increasing in liquid waste caused by the higher rainfall compared to 2022, one of the driest years since these phenomena have been recorded.

SORTED WASTE (%)

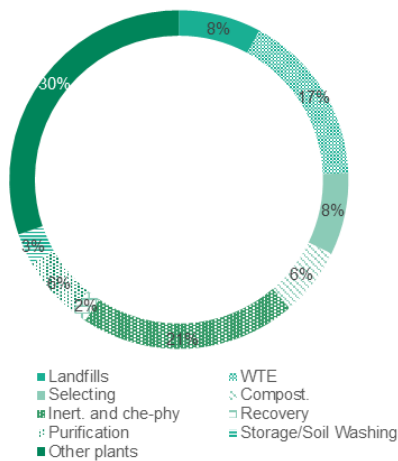


As previously mentioned, sorted municipal waste collection stood at 72.2%, up 4.4 percentage points over the previous year, thanks to the development of projects in the areas managed by the Group.

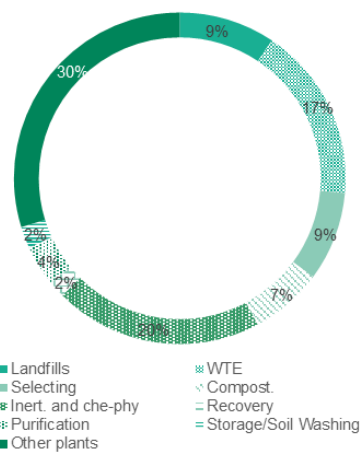
The Hera Group operates in the entire waste cycle, with 101 plants for treating municipal and special waste and regenerating plastic materials. The main plants include: 9 waste-to-energy plants, 13 composting/digestion plants and 17 selecting plants.

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

WASTE TREATED BY TYPE OF PLANT 2023



WASTE TREATED BY TYPE OF PLANT 2022



Quantity (k tons)	Dec 23	Dec 22	Abs. change	Change %
Landfills	608.9	648.5	(39.6)	(6.1)%
WTE	1,277.7	1,180.2	97.5	+8.3%
Selecting plants	605.6	603.8	1.8	+0.3%
Composting and stabilisation plants	502.6	490.4	12.2	+2.5%
Inertisation and chemical-physical plants	1,597.5	1,405.1	192.4	+13.7%
Recovery plants	120.6	113.1	7.5	+6.6%
Purification plants	453.7	276.1	177.6	+64.3%
Storage/Soil Washing	230.7	145.7	85.0	+58.3%
Other plants	2,340.6	2,060.1	280.5	+13.6%
Waste treated by plant	7,738.1	6,922.9	815.2	+11.8%
Plastic recycled by Aliplast	84.6	79.2	5.4	+6.8%

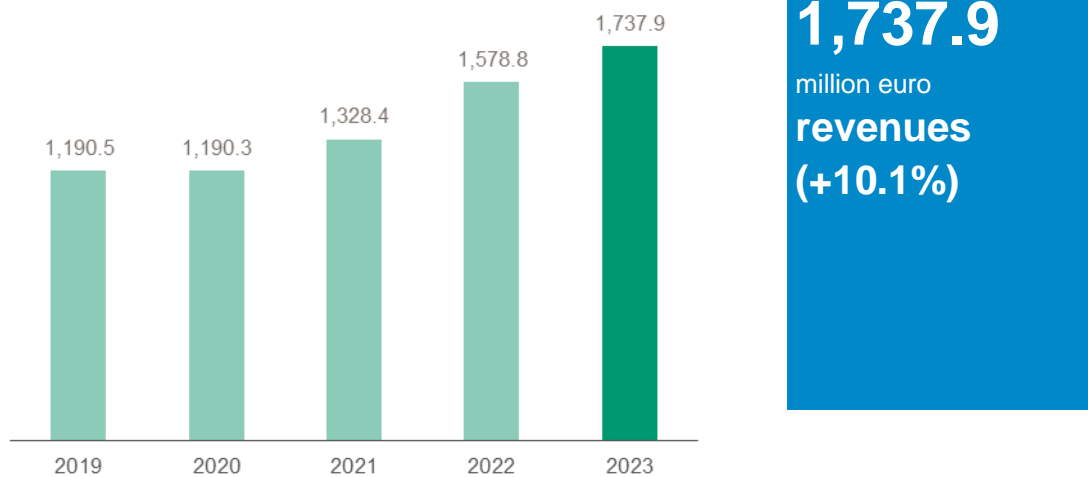
Waste treatment showed overall growth coming to 11.8% compared to 2022. An analysis of the individual sectors shows quantities decreasing in landfills while, as regards waste-to-energy plants, the upward trend was mainly due to greater volumes in the Trieste plant, which was revamped in 2022. The increased quantity in sorting plants was due to the greater quantities treated, thanks to the rise in sorted waste collection. In composting and stabilisation plants, volumes increased mainly due to greater quantities treated in the Spilamberto (MO) and Nonantola (MO) plants, fully operational in 2023, while in inertisation and chemical-physical plants, the increased quantities were mainly due to greater volumes of liquid waste treated.

In recovery plants, volumes increased due to a growing demand for high-quality recycled plastic products.

Lastly, an increase in waste treated at purification plants occurred due to greater liquid by-products. In the storage/soil washing sector the increase was mainly caused by changes in the perimeter, while the increase in Other plants was due to greater quantities intermediated at third-party plants, partially on account of flood waste management.

The following table summarises operating results for the area:

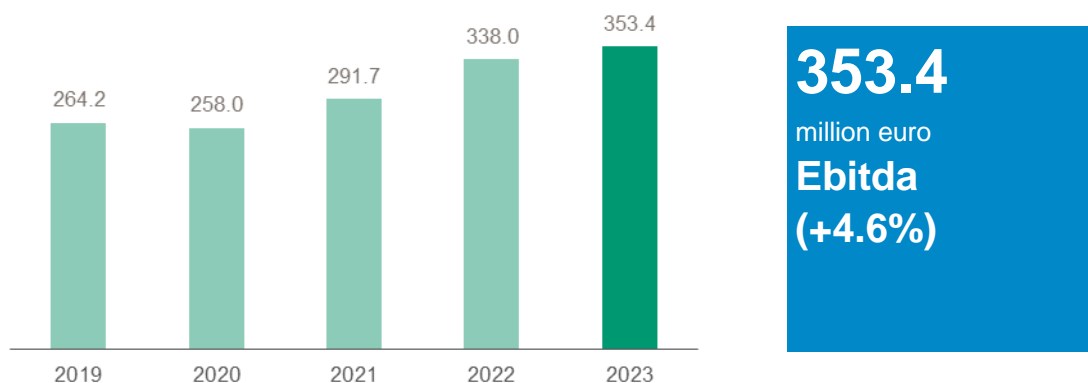
Income statement (mn€)	Dec 23	% Inc.	Dec 22	% Inc.	Abs. change	% change
Revenues	1,737.9		1,578.8		159.1	+10.1%
Operating costs	(1,166.5)	(67.1)%	(1,058.0)	(67.0)%	108.5	+10.3%
Personnel costs	(244.6)	(14.1)%	(215.8)	(13.7)%	28.8	+13.3%
Capitalised costs	26.6	1.5%	33.0	2.1%	(6.4)	+(19.4)%
Ebitda	353.4	20.3%	338.0	21.4%	15.4	+4.6%

REVENUES (mn€)

In 2023, revenues increased by 10.1% compared to the previous year. Note the 132.1 million euro increase in revenues due to changes in the scope of consolidation caused by recent acquisitions in the Industry market, and the higher revenues from disposal coming from increased commercial activities in the utilities market, in terms of both volumes and prices, amounting to approximately 42.2 million euro, partially offset by the drop in prices in the recovery market. Note, furthermore, the approximately 30 million euro in contributions received linked to the flood emergency to cover costs having the same amount.

Operating costs for 2023 grew by 10.3%. Note the higher costs due to both the change in the scope of consolidation compared to the previous year, on account of recent acquisitions, and for transport and treatment services involving by-product management, due to higher volumes and an increase in supplier prices. Decreased costs were also seen for purchasing raw materials due to the drop in commodity prices, while in the treatment market an increase occurred in maintenance costs and consumables, particularly chemicals.

As far as municipal waste collection is concerned, the increased activities were related to developing new sorted waste collection projects.

EBITDA (mn€)

The increase in Ebitda was mainly due to the good performance of the treatment area. The contribution coming from changes in the scope of operations due to recent acquisitions amounted to roughly 20.9 million euro, and the excellent performance in energy management came to 15.2 million euro. The positive change resulting from higher volumes treated offset the increases in costs due to inflation, the closure of the Ca' Lucio landfill in the Marche region and the downward trend in the recovery market.

Net investments in the waste management area were related to maintenance and upgrading on waste treatment plants and amounted to 150.4 million euro, up 2 million euro compared to the previous year.

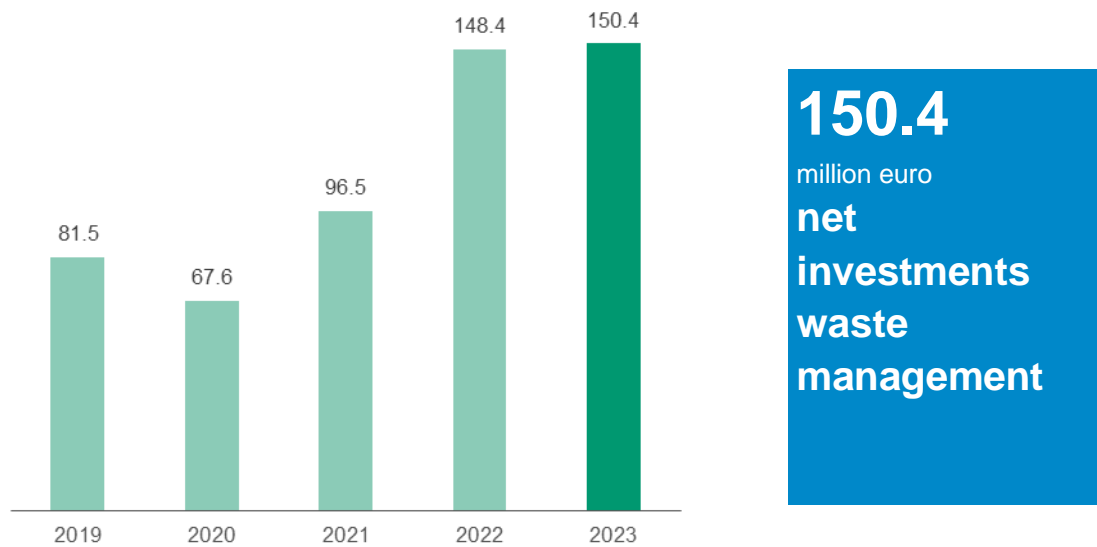
The composting/digester sector showed a decrease in investments coming to 9.4 million compared to the previous year, linked to the construction in the first part of 2022 of the biomethane production plant in Spilamberto (MO), which created a non-permanent increase in capitalisations for 2022.

Investments in landfills increased by 6.4 million euro, mainly due to the work done by Marche Multiservizi Spa on the fourth lot of the Cà Asprete plant, in addition to the interventions carried out on the Feronia and Galliera plants by Herambiente Spa.

The WTE sector saw an 8.1 million euro decrease in investments, caused by the significant work carried out during the first period of the previous year for revamping line two of the Trieste plant and the planned non-recurring maintenance on the Rimini, Modena and Bologna plants. In the industrial waste plants sector, the 11.7 million euro drop was mainly due to revamping on the Ravenna F3 plant, also carried out in the first part of 2022.

The collection area and equipment sector showed a 1 million euro decrease in investments compared to the previous year, while the sorting and recovery plants sector saw an overall increase coming to 25.4 million euro, due to the perimeter delta caused by the acquisition of A.C.R. Spa and other interventions, including the construction of the rigid plastics processing plant owned by Aliplast Spa.

NET INVESTMENTS WASTE MANAGEMENT (mn€)



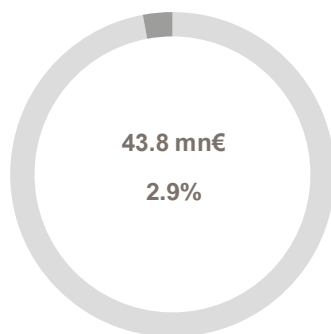
Details of operating investments in the waste management area are as follows:

Waste management (mn€)	Dec 23	Dec 22	Change Abs. change	% change
Composters/digesters	10.4	19.8	(9.4)	(47.5)%
Landfills	23.7	17.3	6.4	+37.0%
WTE	21.9	30.0	(8.1)	(27.0)%
SW plants	16.7	28.4	(11.7)	(41.2)%
Collection areas and equipment	18.1	19.1	(1.0)	(5.2)%
Transshipment, selecting and other plants	59.9	34.5	25.4	+73.6%
Total waste management gross	150.8	149.2	1.6	+1.1%
Capital grants	0.4	0.8	(0.4)	(50.0)%
Total waste management net	150.4	148.4	2.0	+1.3%

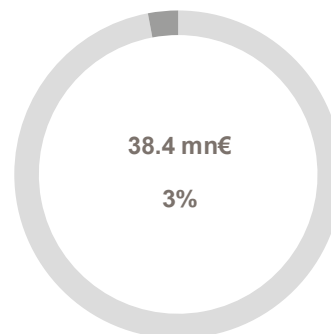
1.04.05 Other services

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. At December 2023, results in this area stood at 43.8 million euro, up 5.4 million euro over the previous year.

OTHER SERVICES EBITDA 2023



OTHER SERVICES EBITDA 2022



The changes occurred in terms of Ebitda are as follows:

(mn€)	Dec 23	Dec 22	Abs. change	% change
Area Ebitda	43.8	38.4	5.4	+14.1%
Group Ebitda*	1,494.7	1,295.0	199.7	+15.4%
Percentage weight	2.9%	3.0%	(0.1) pp	

* adjusted results, as described in paragraph 1.04

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

Quantity	Dec 23	Dec 22	Abs. change	% change
Public lighting				
Lighting points (k)	644.7	614.3	+30.4	+4.9%
of which LED	45.1%	40.7%	+4.4	
Municipalities served	210.0	197.0	+13.0	+6.6%

In 2023, the Hera Group acquired approximately 56.3 thousand lighting points in 24 new municipalities. From a geographical point of view, the most significant acquisition included 27.7 thousand lighting points in Tuscany, 7.8 thousand lighting points in Emilia-Romagna, 8.5 thousand lighting points in Umbria, 5.1 thousand lighting points in the Triveneto area and 2.2 thousand lighting points in Lombardy. Also note the acquisitions made in other regions, mainly in central Italy, coming to 5.0 thousand lighting points. The increases seen during the period fully offset the loss of 25.9 thousand lighting points and 11 municipalities served, mainly in the Triveneto area.

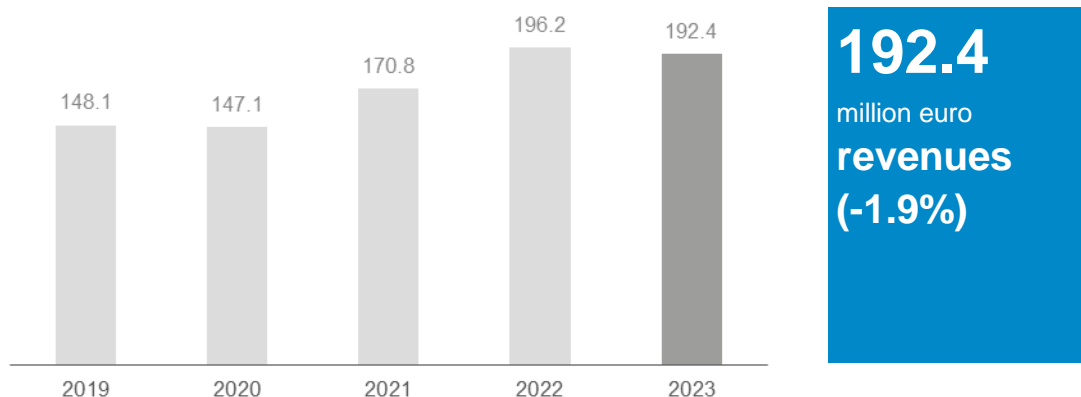
The percentage of lighting points using LED lamps also rose, standing at 45.1%, up 4.4 percentage points. This trend highlights the Group's continued focus on an increasingly efficient and sustainable management of public lighting.

Quantitative indicators in the other services area also include the 6,748 km of proprietary ultra-wideband fibre optic network that the Hera Group owns through its digital company, Acantho Spa. This network serves the main cities in Emilia-Romagna, Padua and Trieste, and provides companies and individuals with high-performance connectivity, high reliability and maximum security for systems, data and service continuity. The network infrastructure became even more extensive in 2023 thanks to the acquisition of Asco TLC Spa, later merged into Acantho. This merger represents a strategic step in the evolution of the Group's business portfolio and its offer of efficient, innovative and competitive solutions, both in terms of cost and sustainability.

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

Income statement (mn€)	Dec 23	% Inc.	Dec 22	% Inc.	Abs. change	% change
Revenues	192.4		196.2		(3.8)	(1.9)%
Operating costs	(128.8)	(66.9)%	(139.2)	(71.0)%	(10.4)	(7.5)%
Personnel costs	(22.9)	(11.9)%	(21.3)	(10.9)%	1.6	+7.5%
Capitalised costs	3.1	1.6%	2.7	1.4%	0.4	+14.8%
Ebitda	43.8	22.7%	38.4	19.6%	5.4	+14.1%

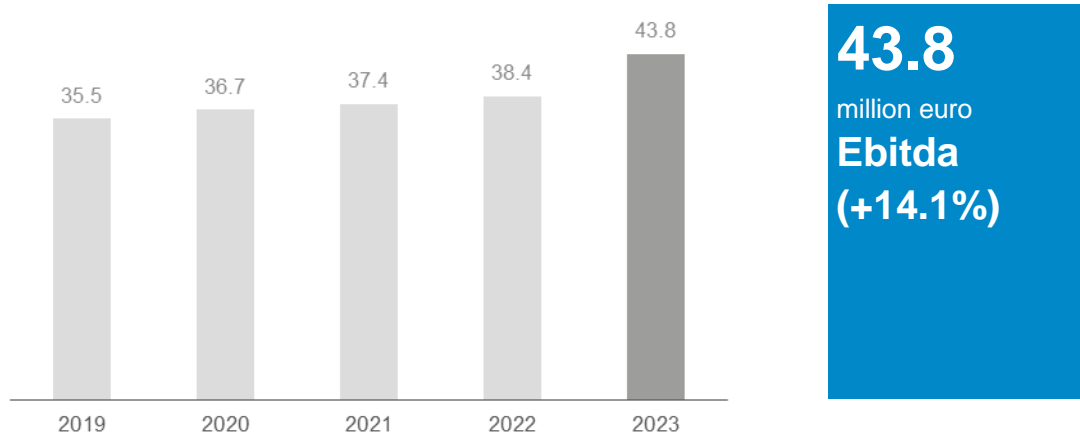
REVENUES (mn€)



The decrease in revenues mainly concerned the public lighting business, due to lower energy adjustments on service management fees, as described in further detail under costs, which were only partly reduced by the progress made in energy upgrading works compared to 2022. Telecommunications contributed with a total of 7.3 million euro to higher revenues, due to both increased activities in telephony and connectivity services and the acquisition of Asco TLC Spa.

The decreased costs in the public lighting business were due to lower costs for the energy component of raw materials, affected during the previous year by the significant rise in prices of energy vectors, despite the increased upgrading activities mentioned above among revenues. Consistently with the trend in revenues, an increase was seen in operating costs related to telecommunications.

EBITDA (mn€)

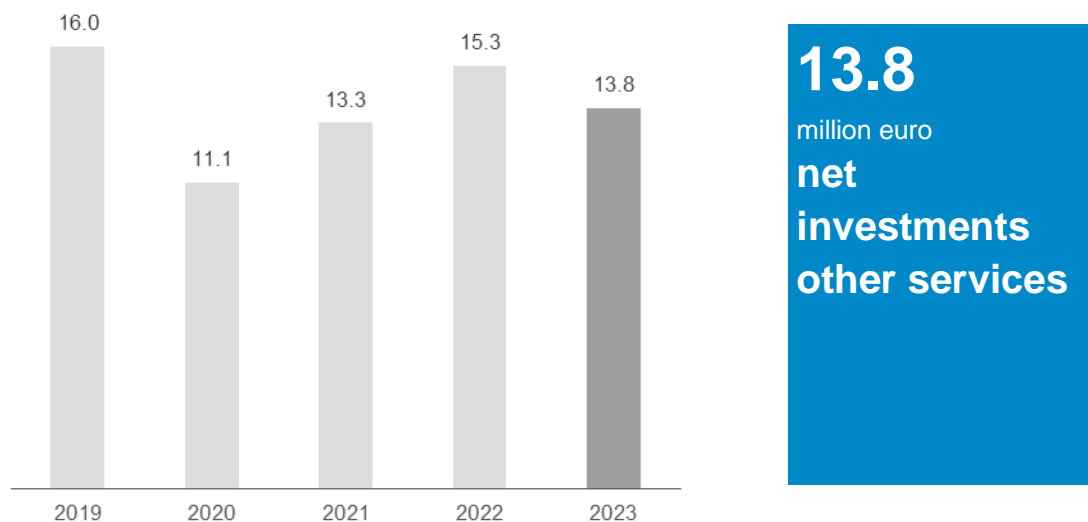


Ebitda for the other services area as a whole increased by 14.1%, up 5.4 million euro due to the contribution coming from public lighting and telecommunications.

Net investments in 2023 for the other services area amounted to 13.8 million euro, down 1.5 million euro compared to the previous year.

In telecommunications, 9.8 million euro in investments were made in network and TLC services, up 0.7 million euro. In public lighting, investments were related to maintenance, upgrading and modernisation for lighting systems in the areas managed and came to 4.0 million euro, down 2.2 million euro compared to the previous year.

NET INVESTMENTS OTHER SERVICES (mn€)



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

Other services (mn€)	Dec 23	Dec 22	Abs. change	% change
TLC	9.8	9.1	0.7	+7.7%
Public lighting and traffic lights	4.0	6.2	(2.2)	(35.5)%
Total other services gross	13.8	15.3	(1.5)	(9.8)%
Capital grants	-	-	-	+0.0%
Total other services net	13.8	15.3	(1.5)	(9.8)%