

# Consolidated Quarterly Report

at 30 September 2023





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Iren is the energy, environmental and infrastructure operator active in a multi-regional area with more than 10,000 employees, a portfolio of over 2 million customers in the energy sector, approximately 2.7 million residents served in the integrated water cycle and 3.8 million residents in the environmental cycle.



# COMPANY OFFICERS

## Board of Directors <sup>(1)</sup>

Chairperson

Luca Dal Fabbro <sup>(1)</sup>

Deputy Chairperson

Moris Ferretti <sup>(3)</sup>

Chief Executive Officer  
and General Manager

Paolo Emilio Signorini <sup>(4)</sup>

Directors

Francesca Culasso <sup>(5)</sup>

Enrica Maria Ghia <sup>(6)</sup>

Pietro Paolo Giampellegrini <sup>(7)</sup>

Francesca Grasselli <sup>(8)</sup>

Cristiano Lavaggi <sup>(9)</sup>

Giacomo Malmesi <sup>(10)</sup>

Giuliana Mattiazzo <sup>(11)</sup>

Tiziana Merlino <sup>(12)</sup>

Gianluca Micconi <sup>(13)</sup>

Patrizia Paglia <sup>(14)</sup>

Cristina Repetto <sup>(15)</sup>

Licia Soncini <sup>(16)</sup>

## Board of Statutory Auditors <sup>(17)</sup>

Chairperson

Michele Rutigliano

Standing auditors

Cristina Chiantia

Simone Caprari

Ugo Ballerini

Sonia Ferrero

Alternate Auditors

Lucia Tacchino

Fabrizio Riccardo Di Giusto

## Independent Auditors

KPMG S.p.A. <sup>(18)</sup>

## Manager in charge of financial reporting

Anna Tanganelli

<sup>(1)</sup> Appointed by the Shareholders' Meeting of 21 June 2022 for the 2022-2023-2024 three-year period.

<sup>(2)</sup> Appointed Chairperson by the Shareholders' Meeting of 21 June 2022. By a resolution passed on 30 August 2023, the Board of Directors of IREN S.p.A. appointed Mr. Dal Fabbro as Strategic Director Finance, Strategies and Delegated Areas.

<sup>(3)</sup> Deputy Chairperson in the three-year period 2019-2021. He was confirmed in office for the three-year period 2022-2024 at the meeting of the Board of Directors on 21 June 2022. With a resolution passed on 30 August 2023, the Board of Directors of IREN S.p.A. appointed Mr. Ferretti as Strategic Director Human Resources, CSR and Delegated Areas.

<sup>(4)</sup> Chief Executive Officer and General Manager from 30 August 2023.

<sup>(5)</sup> Chair of the Control, Risk and Sustainability Committee.

<sup>(6)</sup> Member of the Control, Risk and Sustainability Committee.

<sup>(7)</sup> Chair of the Remuneration and Appointments Committee.

<sup>(8)</sup> Member of the Related Party Transactions Committee.

<sup>(9)</sup> Member of the Remuneration and Appointments Committee.

<sup>(10)</sup> Member of the Control, Risk and Sustainability Committee.

<sup>(11)</sup> Member of the Related Party Transactions Committee.

<sup>(12)</sup> Member of the Control, Risk and Sustainability Committee.

<sup>(13)</sup> Member of the Remuneration and Appointments Committee.

<sup>(14)</sup> Member of the Remuneration and Appointments Committee.

<sup>(15)</sup> Member of the Related Party Transactions Committee.

<sup>(16)</sup> Chair of the Related Party Transactions Committee.

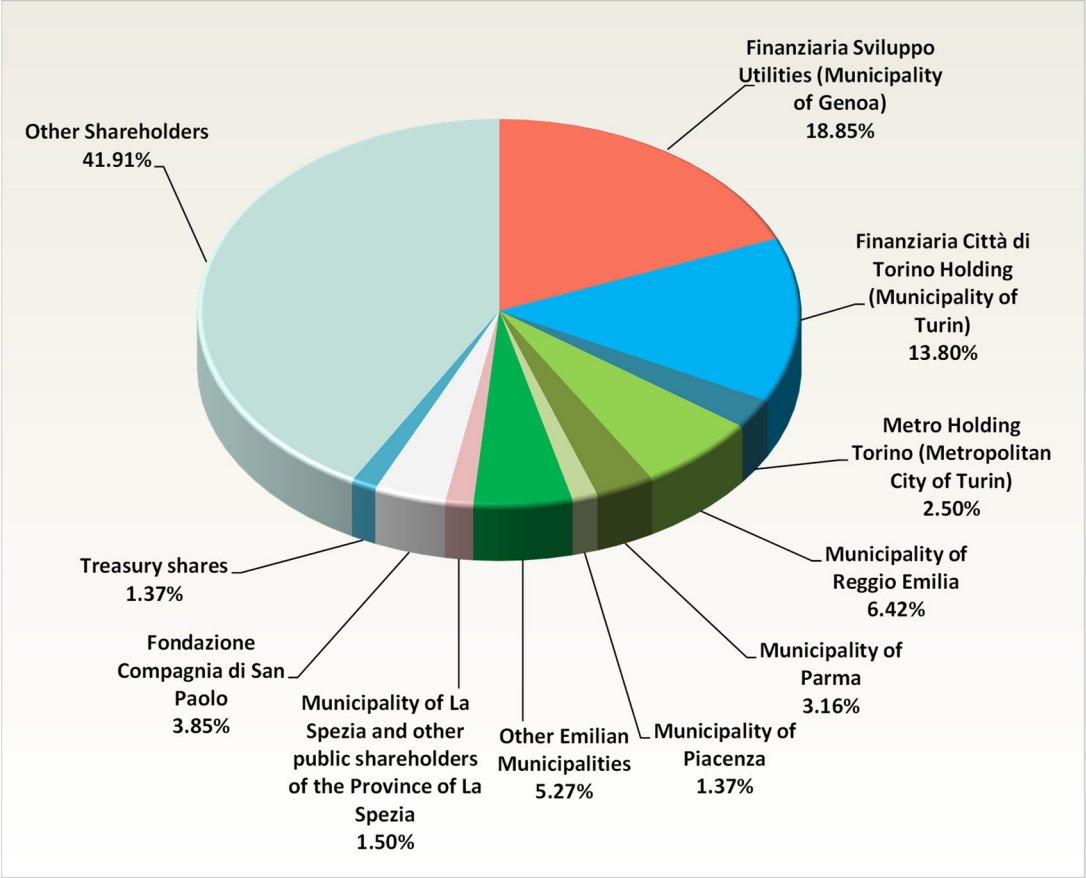
<sup>(17)</sup> Appointed by the Shareholders' Meeting of 06 May 2021 for the 2021-2022-2023 three-year period.

<sup>(18)</sup> Appointed by the Shareholders' Meeting of 22 May 2019 for the 2021-2029 nine-year period.

# OWNERSHIP STRUCTURE

The Company's share capital amounts to 1,300,931,377 euro, fully paid up, and is made up of ordinary shares with a nominal value of 1 euro each.

At 30 September 2023, based on available information, the Iren shareholding structure was as follows:



# A century of history

A company for over 110 years focused on the development of its territories and the needs of its customers.



**1905**

Parma's municipal electric lighting company is born



**1907**

The Turin municipal company AEM is born



**1922**

Genoa's municipal gas company is created



**1936**

AMGA is born from municipal gas company of Genoa



**2000**

AEM Turin listed on the Stock Exchange and ASM Piacenza become TESA



**2005**

AMPS, TESA and AGAC establish ENIA



**2006**

AEM Turin and AMGA Genoa form IRIDE



**2007**

ENIA listed on the Stock Exchange



**2010**

IRIDE and ENIA constitute IREN

## Mission

To offer our customers and areas the best integrated management of energy, water and environmental resources, with innovative and sustainable solutions in order to create value over time.

**For everyone, every day.**





1962

The Reggio Emilia municipal company AMG is born



1965

The Parma municipal company becomes AMPS



1972

The Piacenza municipal company ASM is born



1994

AGAC was set up from the Reggio Emilia municipal company



1996

AMGA Genoa listed on the Stock Exchange



2015

AMIAT joins the Iren Group



2016

Ireti is born, TRM and ATENA Vercelli enter the Group



2018

ACAM La Spezia joins the Group



2020

The Group acquires Unieco Waste Management Division



2022

Iren Green Generation for renewables development is born

## Vision

Improving people's quality of life, making businesses more competitive. To look at territorial growth with a focus on change. Merging development and sustainability into one unique value. We are the multi-utility company that wants to build this future through innovative choices.

**For everyone, every day.**

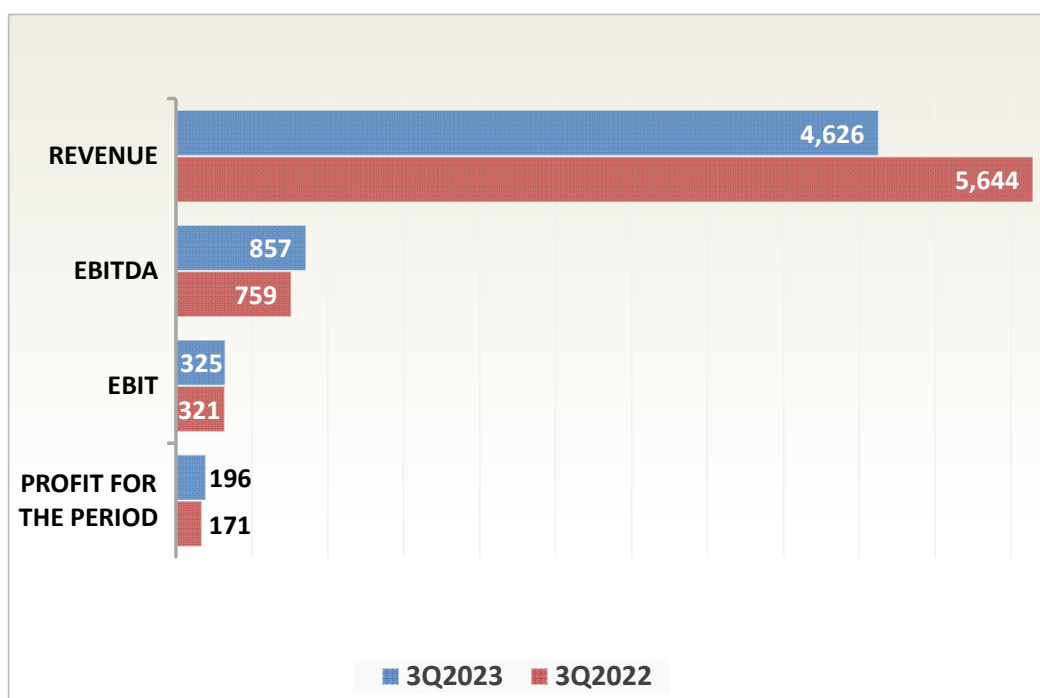
# KEY FIGURES OF IREN GROUP: HIGHLIGHTS FIRST NINE MONTHS 2023

## Results

	millions of euro		
	9M 2023	9M 2022 Restated	Change %
Revenue	4,626.2	5,643.6	(18.0)
Gross operating profit (EBITDA)	857.3	759.3	12.9
Operating profit (EBIT)	324.7	321.4	1.0
Profit for the period	195.6	170.7	14.6
<hr/>			
Gross operating profit (EBITDA) Margin (EBITDA/Revenue)	18.5%	13.5%	

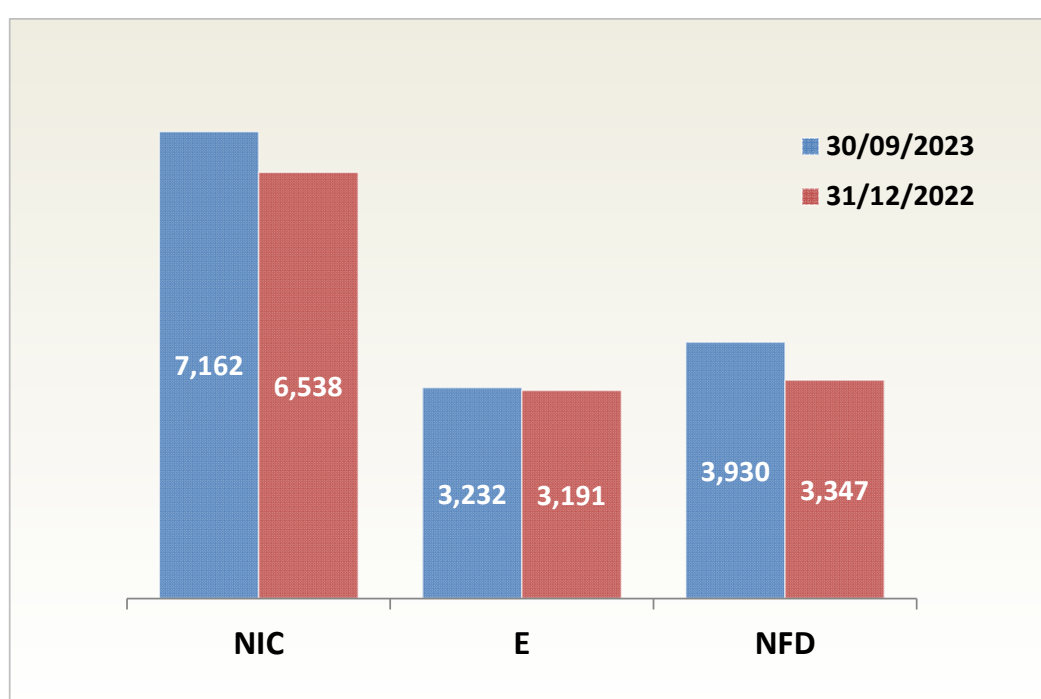
The comparative data for 9M 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.

For definitions of Alternative Performance Measures, see the relevant section in this Report.



## Financial position

	millions of euro		
	30.09.2023	31.12.2022	Change %
Net Invested Capital (NIC)	7,162.3	6,537.9	9.5
Equity (E)	3,232.2	3,191.1	1.3
Net Financial Debt (NFD)	3,930.1	3,346.8	17.4
Debt/Equity (Net Financial Debt/Equity)	1.22	1.05	

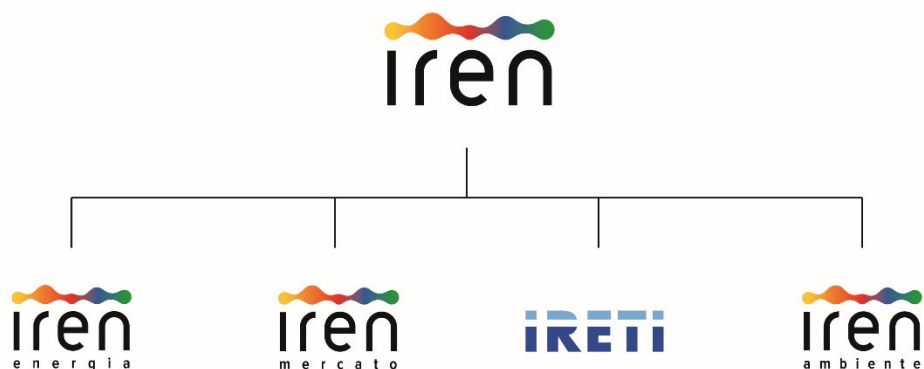


## Technical and commercial figures

	9M 2023	9M 2022	Change %
Electricity produced (GWh)	6,430.8	6,090.1	5.6
Thermal energy produced (GWht)	1,630.7	1,966.1	(17.1)
Electricity distributed (GWh)	2,621.9	2,786.5	(5.9)
Gas distributed (mln m <sup>3</sup> )	703.0	784.5	(10.4)
Water sold (mln m <sup>3</sup> )	129.0	126.1	2.3
Electricity sold (GWh)	9,549.3	10,028.4	(4.8)
Gas sold (mln m <sup>3</sup> ) (*)	1,715.0	1,700.0	0.9
District heating volume (mln m <sup>3</sup> )	102.3	99.3	3.0
Waste treated (tonnes)	2,879,268	2,627,551	9.6

\* of which for internal use 1,029.7 mln m<sup>3</sup> in 9M 2023 (1,037.5 mln m<sup>3</sup> in the same period of 2022, -0.8%)

# THE CORPORATE STRUCTURE OF IREN GROUP



The Group is structured according to a model that envisages an industrial holding company (Iren S.p.A., with registered office in Reggio Emilia) and four companies responsible for the individual business lines, located in the main operating sites of Genoa, Parma, Piacenza, Reggio Emilia, Turin, Vercelli and La Spezia.

Iren S.p.A. is responsible for strategic, development, coordination and control activities, while the four Business Units (BUs) have been entrusted with the coordination and direction of the companies operating in their respective sectors:

- Networks, which works in the areas of integrated water cycle, gas distribution and electricity distribution;
- Waste Management, which carries out waste collection, urban hygiene, treatment and disposal activities;
- Energy, operating in the sectors of electric and thermal energy production, district heating, energy efficiency and technological services, public lighting and traffic light networks;
- Market, active in the sale of electricity, gas, heat for district heating and products and services in the field of home automation, energy saving and electric mobility for customers.

## NETWORKS BU

### Integrated water services

IRETI, head of the Business Unit, directly and through its operating subsidiaries Iren Acqua, Iren Acqua Tigullio, ASM Vercelli and ACAM Acque operates in the water supply, sewerage and waste-water treatment sectors in the provinces of Genoa, Savona, Piacenza, Parma, Reggio Emilia, Vercelli, La Spezia and in some other municipalities located in Piedmont and Lombardy. Overall, in the Ambiti Territoriali Ottimali (ATO, Optimal Territorial Areas) managed, the service is provided in 239 municipalities through a distribution network of 20,358 kilometres, serving over 2.9 million residents. As regards wastewater, the Networks BU manages a sewerage network spanning a total of 11,279 kilometres.

On 1 January 2023, SAP Società dell'Acqua Potabile S.r.l., whose 100% shareholding was acquired from Siram S.p.A., a company of the French group Veolia in July 2022, was merged by incorporation into IRETI spa. SAP managed water service in the Ligurian municipalities of Sestri Levante, Casarza Ligure, and Ne, with expirations of the relevant agreements between 2023 and 2027, in addition to Carasco and Moneglia, whose agreements are currently being extended. With reference to these areas, the company serves a total of about 34 thousand inhabitants for the waterworks service and about 11 thousand inhabitants for sewerage and wastewater treatment services. The company also holds 49% of Egua S.r.l., which manages the water service in the municipality of Cogorno, whose concession expires in 2029.

At the end of March 2023, IRETI acquired control of the associate Amter S.p.A. through the acquisition of 51% of the share capital.

The company manages the water cycle in the western area of the province of Genoa, and more specifically in the municipalities of Campo Ligure, Cogoleto, Masone, Mele Rossiglione, Arenzano and Tiglieto, with a 300 km drinking water network and a 140 km sewerage network, as well as the district wastewater treatment plant in Rossiglione.

On 31 May 2023, IRETI increased its shareholding in the associate AcquaEnna S.c.p.A. allowing its consolidation. AcquaEnna is the joint stock company for consortium purposes entrusted with the management of the water service in all the municipalities of the Province of Enna until 2034, for a total of 177 thousand inhabitants served.

### **Gas distribution**

IRETI distributes natural gas in 70 municipalities of the Provinces of Reggio Emilia, Parma and Piacenza (including the capitals), in the Municipality of Genoa and in 20 other municipalities nearby. In addition, through ASM Vercelli it distributes gas in the city of Vercelli, in 10 municipalities of the same province and in 3 other municipalities in Piedmont and Lombardy.

The distribution network, made up of 8,160 kilometres of high, medium and low-pressure pipes, serves a catchment area of approximately 738 thousand redelivery points.

With the rationalisation of gas distribution concessions between Ascopiave and Iren, through the company Romeo 2, the Networks BU manages gas distribution concessions in 13 new municipalities: 9 in the province of Vercelli, 2 in the province of Piacenza, 1 in the province of Parma and finally the municipality of Albenga in the province of Savona.

### **Electricity distribution**

IRETI provides the electricity distribution service in the cities of Turin, Parma and, through ASM Vercelli, in the city of Vercelli with 7,872 kilometres of network in medium and low voltage, and a total of more than 729 thousand connected users.

## **WASTE MANAGEMENT BU**

Iren Ambiente, the head of this Business Unit, operates in particular in the sectors of waste collection, treatment and disposal in the historic Emilia catchment area, as well as managing a number of treatment and disposal plants in the provinces of Turin and Savona.

In addition, the Waste Management BU operates along the waste chain through companies located across other regions: AMIAT, ASM Vercelli (controlled by IRETI), TRM and Territorio e Risorse in Piedmont and ACAM Ambiente, ReCos and Rigenera Materiali in Liguria; San Germano instead carries out its main activity as waste collector in several regions, including Sardinia, Lombardy, Piedmont and Emilia-Romagna.

Again with reference to the territories in which the Group operates, the companies of the so-called "Divisione Ambiente Unieco" (Unieco Waste Management Division), located in a number of Italian regions (Emilia Romagna, Piedmont, Tuscany, the Marches and Apulia), are active in all stages of the supply chain: from intermediation to treatment and recovery, to the disposal of both municipal and special waste and, through SEI Toscana, which Iren Ambiente has controlled since July 2022, also in the collection of municipal waste.

Finally, I.Blu is active in the sorting of plastic waste for recovery and recycling and in the treatment of plastic waste for the production of Blupolymer (polymer for civil uses) and Bluair (reducing agent for steel plants).

The Business Unit therefore carries out all the activities of the municipal waste management cycle (collection, sorting, recovery and disposal), with particular attention to sustainable development and environmental protection confirmed by increasing levels of sorted waste collection; it also manages an important portfolio of customers to whom it provides all services for the disposal of special waste.

The Waste Management BU serves a total of 418 municipalities with more than 3.8 million residents in its operational areas. The integrated waste cycle is mainly made up of 3 waste-to-energy plants (TRM, owned by the company of the same name, in Turin, Polo Ambientale Integrato (PAI) (Integrated Environmental Hub), in Parma, and Tecnoborgo, in Piacenza, the latter owned by Iren Ambiente, which heads up the BU), 4 active landfills, 408 equipped technological stations and 53 treatment, selection, storage, recovery, biodigestion and composting plants.

In June 2023, Iren Ambiente concluded the purchase of a majority stake in ReMat S.r.l., an innovative start-up active in the recovery of polyurethane foam (in particular from mattresses, seat padding and furniture).

The transaction consolidates a collaboration with the start-up that began in 2021 as part of IrenUp, Iren's Corporate Venture Capital programme, which supports Italian start-ups with the highest potential in the cleantech sector.

## **ENERGY BU**

### **Production of electricity and heat**

The Energy BU has an installed electric power capacity of about 3,233 MW in electric power mode and 3,060 MW in cogeneration mode, and a thermal power capacity of about 2,350 MWt. Specifically, it has 43 electricity production plants directly available to it: 35 hydroelectric (including 3 mini-hydro) plants, 7 thermoelectric cogeneration plants, and 1 conventional thermoelectric plant. The Business Unit also has 105 photovoltaic production plants with an installed power that reached 140 MW in 2022 thanks to the acquisition of 100% of the capital of Puglia Holding (now Iren Green Generation), which through special purpose vehicles holds the authorisations for the construction and management of the photovoltaic parks in San Vincenzo and Montevergine (Province of Foggia) and the Palo del Colle complex (Province of Bari). With an installed capacity of 121.5 MW, the photovoltaic park in Apulia is the largest to date in Italy.

With respect to thermal production, at Group level, more than 34% of the total thermal power serving district heating comes from the cogeneration plants owned by Iren Energia, the company that heads up this BU and produces 74% of the heat for district heating. The share of thermal power related to conventional heat generators is 57%, with district heating production at 13%. The remainder of 12% is produced by group plants not belonging to the Business Unit (waste-to-energy plants).

Electricity produced by plants fuelled by environmentally friendly sources (renewable or high-efficiency cogeneration) is more than 72% of all output. In particular, the hydroelectric production system plays an important role in environmental protection, as it uses a renewable and clean resource, without the emission of pollutants, and reduces the need to make use of other forms of production that have a greater environmental impact.

In the second half of 2022, the new gas-fuelled, combined-cycle power generation plant at the Turbigio thermoelectric power plant came into operation, increasing the site's total installed capacity from the current 850 MW to approximately 1,280 MW.

Iren Energia also oversees the scheduling and dispatching of the Group's electricity production, as well as operations on the power exchange.

### **District heating**

Iren Energia has the most extensive district heating network in Italy (1,109 kilometres of double pipe network), with 743 kilometres in the Turin area, 10 in the Municipality of Genoa, 221 in the Municipality of Reggio Emilia, 104 in the Municipality of Parma and 31 in the Municipality of Piacenza; the total volume heated amounts to 102.3 million cubic metres.

### **Energy efficiency services**

Through its subsidiary Iren Smart Solutions, the Energy BU operates in the energy efficiency sector, designing, implementing and managing measures to reduce energy consumption; it provides energy services and global services for residential buildings, private and public facilities as well as industrial and commercial complexes, guaranteeing the maintenance and management of heating, air-conditioning, plumbing, sanitary, refrigeration, electrical and solar panel systems, as well as their design and installation. Iren Smart Solutions also handles the development and management of public lighting and traffic lights and similar services.

## **MARKET BU**

### **Sale of electricity**

Iren Mercato operates, in the context of the free market, all over the country, with a higher concentration of customers in Central and Northern Italy and handles the sale of the energy provided by the Group's various sources on the market of final customers and wholesalers. The main Group energy sources available for its activities are the thermoelectric and hydroelectric plants of Iren Energia. The company also operates as the

operator of the “greater protection” service for retail customers on the electricity market in the city of Turin, the territory of Parma and the catchment area of the municipality of Sanremo (IM).

The retail and small business electricity customers managed are over one million, distributed mainly in the traditionally served basin of Turin and Parma and in the other areas commercially covered by Iren Mercato and ATENA Trading.

#### **Sale of Natural Gas**

Retail gas customers managed by the Market Business Unit were mainly based throughout the traditional Genoa, Turin and Emilia Romagna catchment area and surrounding development areas, Vercelli, the Campania region (through ATENA Trading and Salerno Energia Vendite, respectively), and La Spezia. In particular, Salerno Energia Vendite is present in almost all the provinces in Campania as well as in a number of municipalities of the Basilicata, Calabria, Tuscany and Lazio regions.

With the completion during Q2 2022 of the purchase of 80% of the investment in the Alessandria-based company Alegas s.r.l., Iren Mercato increased its customer portfolio by strengthening its presence in Piedmont, with the aim of implementing new commercial campaigns that will favour the sale of products and services related to the reduction of consumption in buildings and electric mobility.

Alegas operates in the sale of gas and electricity and contributed a portfolio of 43 thousand customers, mostly retail, of which about 36 thousand gas and 7 thousand electricity customers, almost entirely distributed in the Province of Alessandria.

#### **Sale of heat through the district heating network**

Iren Mercato commercializes heat, supplied by Iren Energia, to district heating customers in the municipalities of Turin, Nichelino, Beinasco (Turin area), Genoa, Reggio Emilia, Piacenza and Parma and in the areas of new district heating installations.

The commercial offers that complement the sale of commodities include the “New downstream” business line, for the marketing to retail customers of innovative products in home automation, energy savings and the maintenance of domestic systems, and “IrenGO zero emissions”, the innovative offer for electric mobility aimed at private customers, companies and public bodies with the objective of reducing the environmental impact of travel. In this respect, the Group has also experimented with the potential and benefits of e-mobility by launching a series of internal initiatives such as the installation of charging infrastructures and the gradual introduction of electric vehicles. All the IrenGO internal and external electric mobility initiatives benefit from 100% green energy supply deriving from the Group’s hydroelectric plants.

# INFORMATION ON THE IREN STOCK IN THE FIRST NINE MONTHS OF 2023

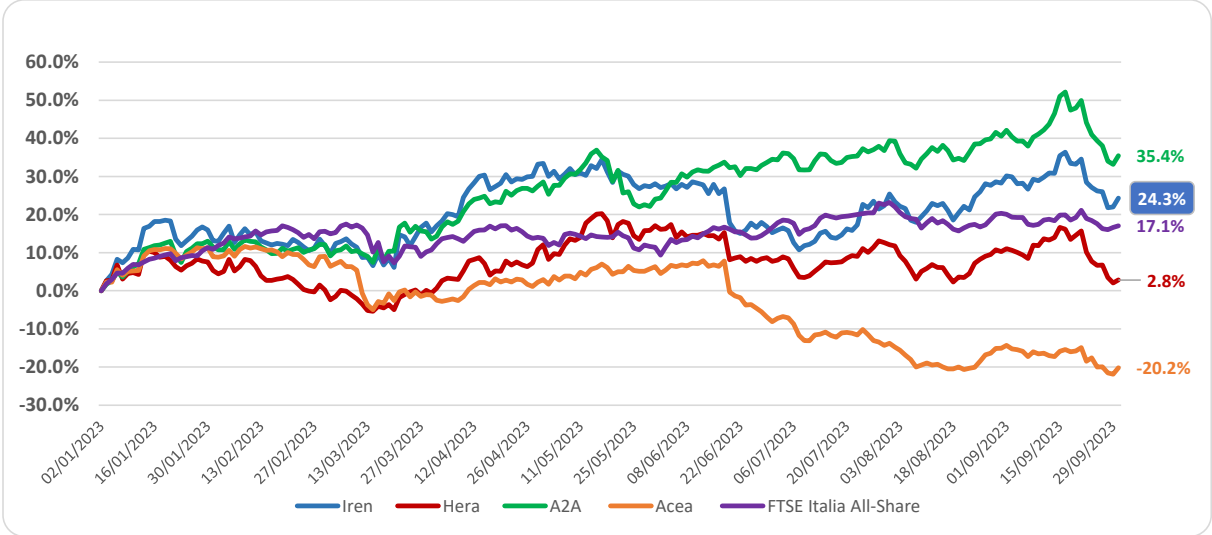
## IREN stock performance on the stock exchange

During 9M 2023, the main stock market indices reported a positive trend, mainly linked to the easing of the recession risk, albeit in a context of weak global growth, and lower risks related to the energy scenario, particularly regarding security of supply. It is important to emphasise that the positive performance of the financial markets occurred in a period of restrictive monetary policies, during which the major central banks raised interest rates to combat inflation.

In this context, in 9M 2023, the FTSE Italia All-Share (the main Italian Stock Exchange index) reported an increase of 17.1%, while the four Italian multi-utilities recorded dissimilar performances, linked to the different models of companies' business.

Iren Group reports a positive share price trend and among the best in the sector, supported by the update of the strategic plan to 2030, presented in March 2023, and by the improvement in the results expected for the 2023 financial year.

Performance of Iren stock compared to competitors

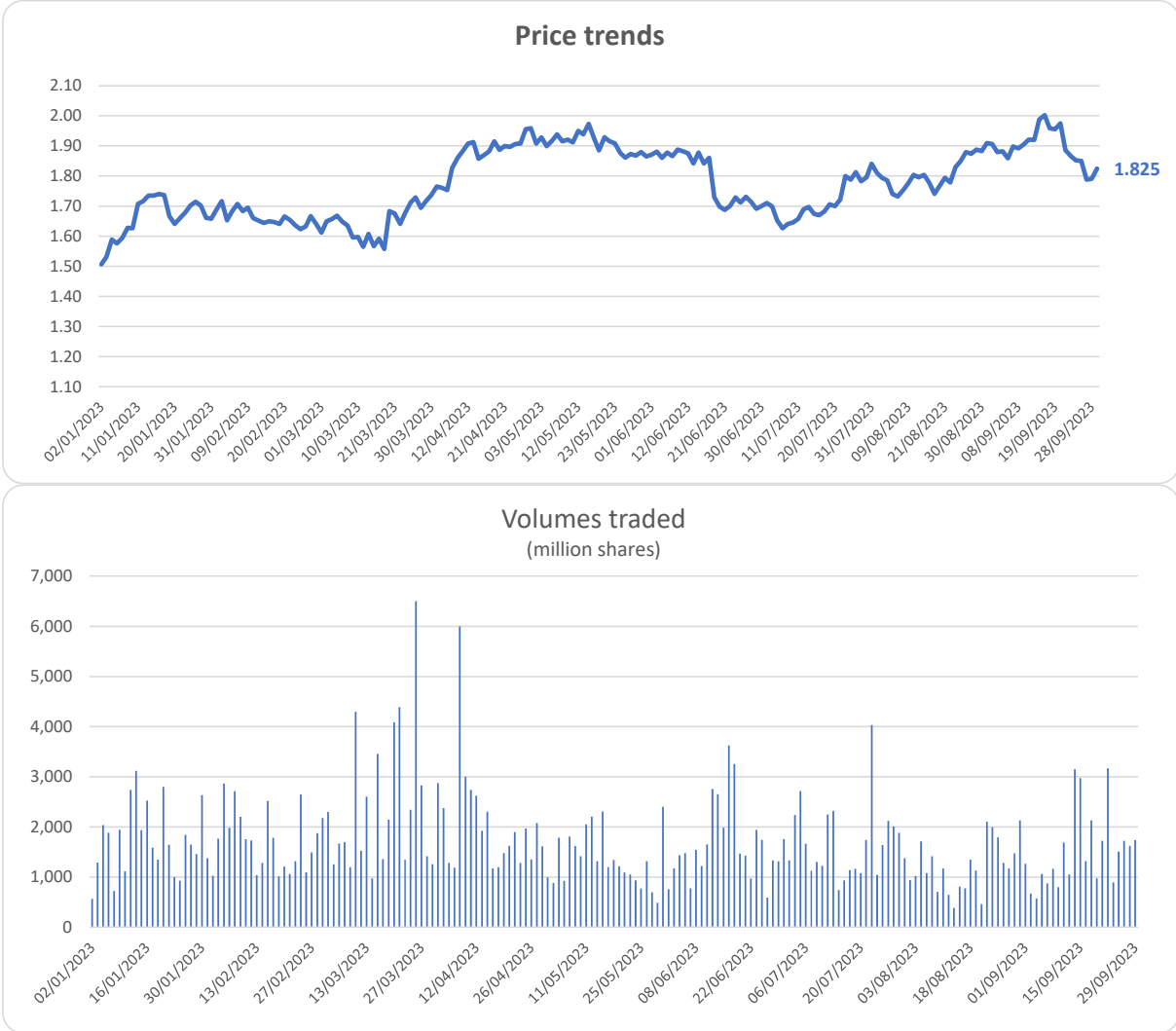


At 30 September 2023, the last trading day in the period, the price of IREN share stood at 1.825 euro/share, up by 24.3% compared to the price at the beginning of the year, with average trading volumes during the period amounting to 1.7 million units.

The average price for the period was 1.771 euro per share. The high for the period was recorded on 15 September (2.002 euro/share), while the low for the period, at 1.507 euro/share, was recorded on 2 January.



The two charts below show the price performance and volumes traded in Iren stock in the period.



**Share coverage**

During the year, IREN Group was followed by seven brokers: Banca Akros, Equita, Exane BNP Paribas (sponsored research), Intermonete, Intesa Sanpaolo, Kepler Cheuvreux and Mediobanca.





## SIGNIFICANT EVENTS OF THE PERIOD

### **Rationalisation of gas distribution concessions between Ascopiave and Iren**

On 31 January 2023, Ascopiave and Iren, shareholders of Romeo Gas with shares of 80.3% and 19.7%, respectively, following the exit of ACEA from the concessions of their own interest, finalised the rationalisation of certain assets in the natural gas distribution sector, with the exit of Iren Group from Romeo Gas itself. Specifically, the operation envisaged:

- the transfer by Ascopiave to Iren Group of the entire capital of a newly incorporated company, Romeo 2 S.r.l., to which the business branches relating to the management of the concessions of the Savona 1 and Vercelli ATEM owned by the Ascopiave Group were previously transferred, for a perimeter of 19,000 Redelivery Points;
- the sale by Iren in favour of Ascopiave of its shareholding in Romeo Gas, holder of concessions in Northern Italy for a total of 126,000 Redelivery Points;
- the waiver by Iren to acquire the Piacenza 1 and Pavia 4 business units from Romeo Gas;
- the sale by Romeo Gas to Iren Group of the business units related to the concessions of the Parma and Piacenza 2 ATEM, with about 3,000 Redelivery Points;
- the waiver of the right to acquire from the A2A Group the business unit related to the management of the gas network located in the province of Pavia.

Overall, the asset rationalisation transaction resulted in the payment to Ascopiave of a monetary adjustment of 4.7 million euro.

### **PNRR funds for projects on circular economy and network efficiency**

At the beginning of March 2023, the Group published the first tender using funds allocated by the National Recovery and Resilience Plan (PNRR). The call for tenders relates to engineering activities for the realisation of several interventions on the City of Turin's electricity network: a project worth a total of 44.3 million euro, of which 33.1 million euro will be covered by PNRR financing, which aims to make the city's electricity system more resilient to climatic events, ensuring greater reliability and stability of power supplies. The time horizon of the transaction is set in the first half of 2026.

The aforementioned financing is part of a total of 157 million euro obtained by the Group within the framework of the PNRR, for investments consistent with the objectives and planning envisaged in the 2030 Business Plan. Of this total amount, another 98 million are earmarked for circular economy projects concerning:

- the OFMSW treatment plant in Saliceti, in the province of La Spezia (40 million euro);
- separate collection, in the provinces of Arezzo, Grosseto, Livorno and Siena, as well as in the areas of La Spezia, Vercelli, Turin and Reggio Emilia (26 million euro);
- waste treatment plants in the provinces of Grosseto, Turin and Udine (16 million euro);
- sludge treatment, through localised interventions in the provinces of Genoa and Reggio Emilia (16 million).

In this context and regarding the remaining amount of total funds, the Group also envisaged the launch of specific funded projects on water loss reduction in Parma (11 million), on sewerage and purification in Piacenza, Genoa and Reggio Emilia (10 million), for district heating in Piacenza and Dogliani (Cuneo) (4 million) and in innovation through extended partnerships.

### **Business Plan to 2030**

On 23 March 2023, the Board of Directors approved the update of the Business Plan to 2030, confirming the strategic vision and envisaging a further increase in investments.

Iren's growth strategy is based on three pillars:

- **ecological transition**, with progressive decarbonisation of all activities and strengthening leadership in the circular economy and sustainable use of resources;
- **territoriality**, with an extension of the perimeter in the territories of reference, the creation of energy communities and the ability to work as a system with the territory, making its expertise available to the country;
- **quality**, through the improvement of performance and the maximisation of customer/citizen satisfaction levels.

On this subject, the Group is aiming for:

- an EBITDA of 1.87 billion euro by 2030, the growth of which concerns all business sectors, particularly regulated and semi-regulated sectors;
- total investments for 10.5 billion euro. Of these, 58%, equal to 6.1 billion, refer to development investments for internal lines, intended to foster the Group's growth in size, mainly relating to the development of the renewable energy sector, material recovery plants, the extension of district heating networks and energy community projects, while a further 30% (3.2 billion) concern 'maintenance' investments, aimed at increasing the efficiency and quality of service and concerning in particular the resilience of distribution networks. Lastly, investments for external lines, amounting to 12% (1.2 billion) are earmarked for the consolidation of investee companies, participation in gas, water service or waste collection tenders in strategic areas of the country;
- a Net financial position/EBITDA ratio by 2030 of 2.7x. Despite the significant investments planned and the expected increase in borrowing costs, the ratio is expected to remain below 3.4x over the plan horizon, confirming the commitment to a balanced capital structure aimed at maintaining the investment grade rating. The cost of debt is expected to be less than 2% until 2024, while for the remaining years the forecast is 2.4%. Finally, as of 2024, 90% of financial debt will be composed of sustainable finance instruments;
- Group net profit of 460 million euro in 2030;
- expected dividend growth of 10% per annum until 2025. In the second part of the plan horizon, the dividend per share will be 50-60% of the Group's net profit.

Finally, in addition to the aforementioned investments, there is a portfolio of additional strategic options, not reflected in the Plan's rationales, worth 1.5 billion euro, relating to the water service and the waste cycle in southern Italy. These additional investments will be realised through financial partnerships.

#### **Acquisition of control of Amter**

On 28 March 2023, IRETI finalised the acquisition of 51% of Amter S.p.A., held by the municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione (Province of Genoa). The remaining 49% of the company is already owned by the subsidiary Iren Acqua. The price of the acquisition was 2.6 million euro.

Amter manages the water cycle in the western area of the province of Genoa with a 300 km drinking water network and a 140 km sewerage network, as well as the district wastewater treatment plant in Rossiglione.

With this operation, IRETI anticipates its entry into the management of the water service in the municipalities of Campo Ligure, Cogoleto, Masone, Mele, and Rossiglione with respect to the deadlines set by the Agreement safeguarded between Amter and them, thus accelerating synergies and sustainability performance in these territories.

#### **EIB Sustainability Linked financing**

On 30 March 2023, Iren signed an 18-year 150 million euro Sustainability Linked Loan with the European Investment Bank (EIB), aimed at financing improvements to the water distribution network, wastewater collection and treatment plants in the provinces of Genoa and La Spezia, for a served catchment area of more than one million people.

The EIB loan provides for a margin adjustment (spread) based on the achievement of certain indicators (KPIs) related to water loss reduction and represents one of the first Green Loans granted by the Bank to the water sector globally.

#### **Standard & Poor's and Fitch Ratings**

On 27 April 2023, the Standard & Poor's Global Ratings Agency (S&P) communicated the upward revision of Iren Group's long-term credit rating to "BBB" Outlook "Stable" from the previous "BBB-" "Positive" Outlook. The same rating is also given to senior unsecured debt.

Furthermore, on 11 May 2023, the Agency Fitch Ratings revised the Group's outlook to "Positive" from "Stable", while confirming its "BBB" rating for both long-term creditworthiness and for senior unsecured debt.

The improvement in valuations reflects the resilience of the Group's business model demonstrated during 2022, the relevance of the strategic plan to 2030, which envisages a significant positioning in regulated businesses to support the stability of future cash flows, management's commitment to maintaining balanced financial metrics, good liquidity and strong credibility in the capital market.

### **Shareholders' Meeting**

On 04 May 2023, the Ordinary Shareholders' Meeting approved the Company's financial statements at 31 December 2022 and the Report on Operations, and resolved to distribute a dividend of 0.11 euro per ordinary share, confirming the proposal made by the Board of Directors.

The Shareholders also:

- approved the first section ("2023 Remuneration Policy") of the Report on the 2023 Remuneration Policy and on fees paid for 2022;
- issued a favourable vote on the second section ("Fees paid for 2022") of the same Report;
- approved the proposal for the adjustment of the fees to inflation for the statutory auditor engagement from the financial year 2022 to the end of the term of office;

The Ordinary Shareholders' Meeting also authorised the Board of Directors to purchase and dispose of Iren S.p.A. treasury shares, also on a fractional basis, pursuant to article 2357 et seq. of the Italian Civil Code.

The Board of Directors may purchase and dispose of treasury shares up to a maximum of a further no. 45,532,598 shares of the Company's share capital, not to exceed a further 3.5% of the share capital, in addition to the 17,855,645 shares equal to 1.37% of the share capital already purchased under previous programmes. The treasury share purchase programme is permitted for eighteen months starting from the date of the shareholders' meeting resolution.

### **Acquisition of control of AcquaEnna**

On 31 May 2023, Ireti acquired from its shareholder COGEN S.p.A. an additional 2.367% stake in the share capital of the associate AcquaEnna S.c.p.A. for a consideration of 0.6 million euro, bringing its shareholding to 50.867% and allowing its consolidation.

AcquaEnna is entrusted with the management of the water service in all the municipalities of the Province of Enna until 2034, for a total of 177 thousand inhabitants served.

### **Investment in the start-up ReMat**

In June 2023, Iren Ambiente concluded the purchase of a majority stake in ReMat S.r.l., an innovative start-up active in the recovery of polyurethane foam (from mattresses, seat padding and furniture).

The transaction involved a capital increase by Iren Ambiente, with the simultaneous purchase of all the shares held by the angel investors and the complex in Nichelino (TO), which includes the start-up's experimental production site, for a total investment of over 3.5 million euro. The new structure therefore sees Iren Ambiente owning 88.43% of the company's capital.

The transaction consolidates a collaboration with the start-up that began in 2021 as part of IrenUp, Iren's Corporate Venture Capital programme, which supports Italian start-ups with the highest potential in the cleantech sector. ReMat's plant development is also one of the projects for which the Group has obtained PNRR funding.

### **Acquisition of authorisation for the construction of a new 20MW photovoltaic plant in Sicily**

On 26 June 2023, Iren Green Generation signed a contract with European Energy for the acquisition of 100% of the vehicle company Limes 20 S.r.l., which holds the authorisation to build a new 20.39 MWp photovoltaic plant on land located in the municipalities of Noto and Pachino (SR), in Sicily.

This transaction is part of the commercial partnership signed in January 2022 with European Energy itself, relating to a development pipeline of 437.5 MWp of photovoltaic projects in Italy.

### **Resignation of Mr. Armani and appointment of the new Chief Executive Officer and General Manager Paolo Emilio Signorini, executive directors' proxies**

On 12 June 2023, Mr. Gianni Vittorio Armani resigned as Director, Chief Executive Officer and General Manager of Iren S.p.A. with immediate effect, contextually renouncing all proxies and powers granted to him.

On 30 August 2023, the Board of Directors co-opted Mr. Paolo Emilio Signorini as a director and appointed him as the new Chief Executive Officer and General Manager. The appointment follows the formal indication that the Supervisory Committee of the public shareholders of Iren S.p.A. - composed of Marco Bucci, Mayor of Genoa, Stefano Lo Russo, Mayor of Turin, and Luca Vecchi, Mayor of Reggio Emilia - formulated, pursuant to Article 4.1 of the Shareholders' Agreement.

With regard to the executive directors' management proxies, the Chief Executive Officer, to whom the proxies for the Waste Management, Energy, Market and Networks Business Units are confirmed, as well as those for the Administration, Planning and Control, Legal Affairs, Procurement, Logistics and Services, Information Technologies and Services, Business Development, and Energy Management Departments, was assigned responsibility for the Risk Management Department.

The Executive Chair, who was confirmed with the delegations for Communication and External Relations, Institutional Relations and Public Affairs, Innovation, Internationalisation, Merger & Acquisition and Corporate Secretary to the Board of Directors, was assigned responsibility for the Finance and Investor Relations, Regulatory Affairs and Permitting Departments.

Finally, the Executive Deputy Chair, who is confirmed with the delegations for Corporate Affairs, Internal Audit and Compliance, Corporate Social Responsibility and Territorial Committees, was assigned responsibility for the Personnel and Organisation Department.

## ALTERNATIVE PERFORMANCE MEASURES

Iren Group uses alternative performance measures (APMs) in order to convey more effectively the information on the profitability of its business lines, and on its financial position and financial performance. These measures differ from the financial measures explicitly required by the International Financial Reporting Standards (IFRS) adopted by the Group.

Regarding these measures, CONSOB issued Communication no. 92543/15 which makes applicable the Guidelines issued by the European Securities and Markets Authority (ESMA) on their presentation in the regulated information distributed or in prospectuses published. These Guidelines are aimed at promoting the usefulness and transparency of the alternative performance measures included in regulated information or prospectuses that fall within the scope of application of Directive 2003/71/EC, to improve their comparability, reliability and comprehensibility.

In line with the aforementioned communications, the criteria used to construct these measures presented in the present financial report are provided below.

**Net invested capital (NIC):** determined by the algebraic sum of non-current assets, other non-current assets (liabilities), net working capital, deferred tax assets (liabilities), provisions for risks, and employee benefits and assets (liabilities) held for sale.

This APM is used by the Group in the context of internal and external documents and is a useful measure for the purpose of measuring total net assets, both current and non-current, also through comparison between the reporting period and previous periods or financial years. This indicator also makes it possible to carry out the analyses of operating trends and to measure performance in terms of operating efficiency over time.

**Net financial debt:** calculated as the sum of non-current financial liabilities at net of non-current financial assets and current financial liabilities at net of current financial assets and cash and cash equivalents.

This APM is used by the Group in the context of documents both internal to the Group and external and represents a useful tool to assess the Group's financial structure, including by comparing the reporting period with those related to the previous periods or fiscal years.

**Net Working Capital (NWC):** determined as the algebraic sum of current and non-current assets and liabilities from contracts with customer, current and non-current trade receivables, inventories, current tax assets and liabilities, sundry receivables and other current assets, trade payables and sundry payables and other current liabilities. This APM is used by the Group in the context of both internal and external documents and represents a useful tool to assess the Group's operational efficiency, including by comparing the reporting period with those related to the previous periods or years.

**Gross operating profit or loss (EBITDA):** calculated as the sum of income before tax, income from equity-accounted investments, adjustments to the value of investments, financial income and expense, and amortisation, depreciation, provisions and write-downs. EBITDA is explicitly shown as a subtotal in the financial statements.

This APM is used by the Group in the context of documents both internal to the Group and external and is a useful tool for assessing the Group's operating performance (both as a whole and at the individual Business Units level), including by comparing the operating results for the reporting period with those for previous periods or fiscal years. This indicator also makes it possible to carry out the analyses of operating trends and to measure performance in terms of operating efficiency over time.

**Operating profit or loss (EBIT):** calculated as the sum of income before tax, income from equity-accounted investments, adjustments to the value of investments and finance income and costs. Operating Income is explicitly shown as a subtotal in the financial statements.

**Free cash flow:** determined as the sum of operating cash flow and cash flow from investing activities as indicated in the condensed cash flow statement.

**Investments:** represents the sum of investments in property, plant and equipment, intangible assets and financial assets (equity investments), presented gross of capital grants.

This APM is used by the Group in the context of internal documents of the Group and external documents, and measures the financial resources absorbed in purchases of consumer durable goods in the period.



**Gross operating profit or loss (EBITDA) margin:** calculated by comparing the adjusted EBITDA to the revenue from sales and services.

This APM is used by the Group in the context of both internal and external documents and is a useful instrument for assessing the Group's operating performance (both as a whole and for individual Business Units), also through comparison with previous periods or years.

**Net financial indebtedness:** determined as the ratio between net financial indebtedness and net equity including non-controlling interests.

This APM is used by the Group in the context of both internal and external documents and is a useful instrument for assessing the financial structure in terms of the impact of the different sources of financing (third-party funds and own funds).

Investors should note that:

- these indicators are not recognised as performance criteria under IFRS;
- they shall not be adopted as alternatives to operating profit, profit for the year, operating and investing cash flow, net financial position or other measures consistent with IFRS, Italian GAAP or any other generally accepted accounting principle; and
- they are used by management to monitor the performance of the business and its management, but are not indicative of historical operating results, nor are they intended to be predictive of future results.

# FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS OF IREN GROUP

## Income statement

### IREN GROUP INCOME STATEMENT

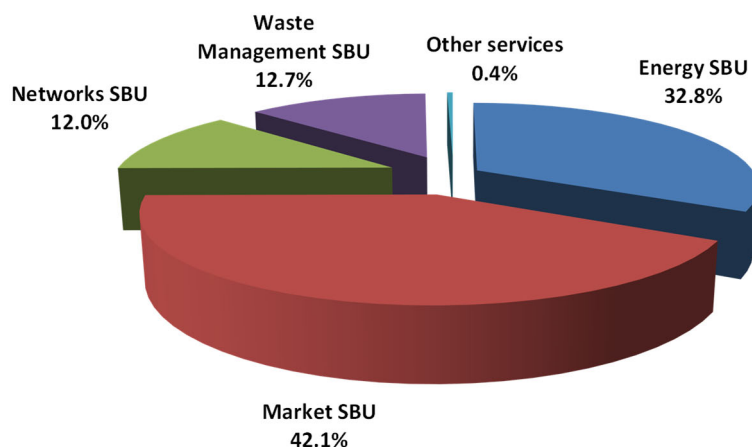
	thousands of euro		
	9M 2023	9M 2022 Restated	Change %
<b>Revenue</b>			
Revenue from goods and services	4,480,161	5,520,161	(18.8)
Other income	146,040	123,391	18.4
<b>Total revenue</b>	<b>4,626,201</b>	<b>5,643,552</b>	<b>(18.0)</b>
<b>Operating expenses</b>			
Raw materials, consumables, supplies and goods	(2,037,954)	(3,235,727)	(37.0)
Services and use of third-party assets	(1,258,051)	(1,227,250)	2.5
Other operating expenses	(79,085)	(62,705)	26.1
Capitalised costs for internal works	40,521	33,591	20.6
Personnel expense	(434,329)	(392,130)	10.8
<b>Total operating expenses</b>	<b>(3,768,898)</b>	<b>(4,884,221)</b>	<b>(22.8)</b>
<b>GROSS OPERATING PROFIT</b>	<b>857,303</b>	<b>759,331</b>	<b>12.9</b>
<b>Depreciation, amortisation, provisions and impairment losses</b>			
Depreciation and amortisation	(435,251)	(393,116)	10.7
Impairment losses on loans and receivables	(51,010)	(52,080)	(2.1)
Other provisions and impairment losses	(46,385)	7,303	(*)
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(532,646)</b>	<b>(437,893)</b>	<b>21.6</b>
<b>OPERATING PROFIT</b>	<b>324,657</b>	<b>321,438</b>	<b>1.0</b>
<b>Financial income and expense</b>			
Financial income	22,827	11,248	(*)
Financial expense	(91,087)	(61,529)	48.0
<b>Net financial expense</b>	<b>(68,260)</b>	<b>(50,281)</b>	<b>35.8</b>
Gains on equity investments	4,258	5,410	(21.3)
Share of profit of equity-accounted investees, net of tax effects	4,078	5,335	(23.6)
<b>Pre-tax result</b>	<b>264,733</b>	<b>281,902</b>	<b>(6.1)</b>
Income taxes	(69,131)	(111,162)	(37.8)
<b>Profit from continuing operations</b>	<b>195,602</b>	<b>170,740</b>	<b>14.6</b>
Profit (loss) from discontinued operations	-	-	-
<b>Profit for the period</b>	<b>195,602</b>	<b>170,740</b>	<b>14.6</b>
attributable to:			
- the owners of the parent	176,855	140,858	25.6
- non-controlling interests	18,747	29,882	(37.3)

(\*) Change of more than 100%

The comparative data for 9M 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.

## Revenue

At 30 September 2023, the Group reported revenue of 4,626.2 million euro, down -18% compared to 5,643.6 million euro in 9M 2022. The main factors contributing to the decline in sales were energy revenues, which were affected for more than 660 million euro by lower commodity prices and for about 490 million euro by a reduction in volumes due to the climatic effect, with a very mild winter, and a reduction in energy demand. Instead, contributing to the positive change in turnover are energy efficiency activities such as energy upgrading and the renovation of buildings, favoured by tax breaks (approximately +90 million). Finally, changes in the scope of consolidation affect revenues by approximately 165 million euro and refer to the consolidation of Valle Dora Energia (from June 2022), SEI Toscana (from July 2022) and AcquaEnna (from June 2023).



## Gross Operating Profit (EBITDA)

The gross operating profit amounted to 857.3 million euro, up +12.9% compared to 759.3 million euro in the same period of 2022.

The margin for the period was positively impacted by the change in consolidation scope for approximately 20 million euro, of which the main company is SEI Toscana (+14 million euro), which operates in waste collection, organic growth related to increases in tariff revenues as a result of the development of investments in network services (energy and water), and the commissioning of the Reggio Emilia organic waste fraction (OFMSW) treatment plant.

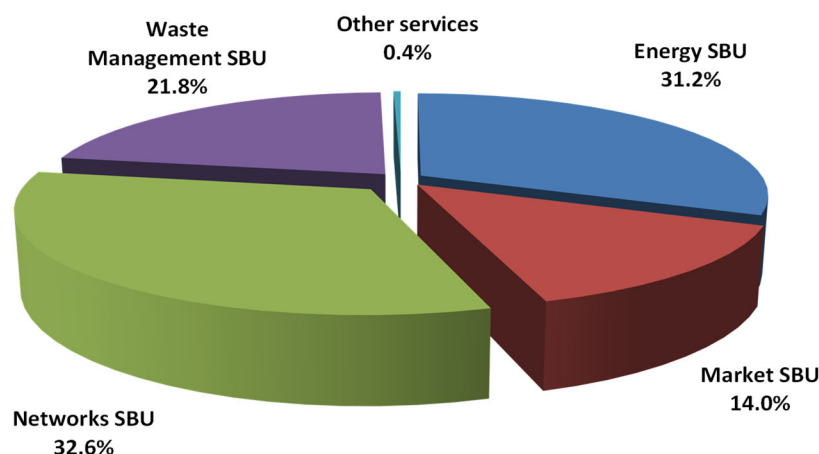
Sales activities for both electricity and gas benefited from a significant recovery in unit margins following the reversal of the trend in the energy scenario (+113 million euro).

A substantial improvement was also achieved with regard to the generation scenario (around +49 million euro), in which the trend in hydroelectric sales prices and the thermoelectric margin made it possible to absorb the sharp drop in sales in the MSD dispatching market, which was also sharply reduced at national level.

On the other hand, 9M 2023 were characterised by a contrasting trend in energy volumes, where an important increase in volumes from thermoelectric and hydroelectric sources, the latter resulting from good hydraulicity of the period, is contrasted by a sustained reduction in heat volumes as a consequence of the mild climate trend and a reduction in consumption as a consequence of the "high bills".

The margin for the period is impacted negatively by the higher costs for inflationary effects that will be recovered in future tariff periods, and the elimination of contingent assets related to the energy efficiency certificates of the Turin North cogeneration plant and the Council of State's ruling on the Water Service tariff adjustments of previous years, recorded in 2022.

Overall, the increase in margin with reference to the individual business units is broken down as follows: Waste Management -5%, Energy +2.9%, Networks -4.2%, while the Market business unit improved significantly (with an increase in excess of 100%); the latter trend to be considered together with the change in marginality of the Energy BU in the logic of integrated management of the energy supply chain (production and sale of energy).



### Operating profit (EBIT)

Operating profit (EBIT) amounted to 324.7 million euro, up +1.0% compared to 321.4 million euro in the same period of 2022. During the period, there was higher depreciation and amortisation of more than 42 million euro related to the commissioning of new investments and the expansion of the scope of consolidation, lower release of provisions of about 14 million euro, and higher provisions for risks of about 41 million euro related to the compensation mechanisms provided for in the Decree-Law “Sostegni Ter” (of which 14 million related to 2022). Without these extraordinary provisions, EBIT would have amounted to 365.7 million euro, a considerable improvement compared to 9M 2022.

### Financial income and expense

The financial management result shows a balance of net financial expense of 68.3 million euro, while in the comparative period, the figure stood at 50.3 million euro (+35.8%).

Financial income increased by 11.6 million euro compared to 9M 2022, to which higher interest income due to higher rates and provision discount income contributed.

On the financial expense side, there was an increase of 29.6 million euro (91.1 million in 9M 2023 against 61.5 million in the same period of 2022), mainly due to the increase in interest rates and the increase in debt.

### Gains on equity investments

The amount of 4.3 million euro refers mainly to the remeasurement at fair value, at the date of acquisition of control, of the prior interests in Amter and AcquaEnna. The amount in the comparative period (5.4 million) mostly related to the income from the acquisition of the net assets of Valle Dora Energia.

### Share of profit of equity-accounted investees, net of tax effects

This item, which amounts to +4.1 million euro (+5.3 million in 9M 2022), includes the share of the pro-rata results of the Group’s associates, the most significant of which regard Aguas de San Pedro, ASA and Asti Servizi Pubblici. The result for 9M 2022 included, among others, the result of Valle Dora Energia, now fully consolidated.

### Pre-tax profit

As a result of the above trends, consolidated profit before tax amounted to 264.7 million euro (281.9 million euro in 9M 2022).

**Income taxes**

Income taxes for 9M 2023 amounted to 69.1 million euro, down from 111.2 million euro in the comparative period.

The effective tax rate of 26.1% benefits from the positive effect of the non-taxability of tax credits recognised to counteract the energy costs of companies and the effect of the redemption of positive differentials deriving from business combination transactions. In the absence of this effect, the adjusted tax rate would be 29.1%, virtually unchanged from 9M 2022.

In the comparative period, the item also included the best estimate of the effects of the measure pursuant to article 37 of Decree Law 21/2022, which provided for a levy as an “extraordinary contribution against high bills” on the “extra-profits” of companies operating in the energy sector. For the Group, the total contribution was estimated at 30.5 million euro.

**Profit for the period**

As a result of the above, there was a net profit for the period of 195.6 million euro, an increase of 14.6% compared to the result of the same period in 2022.

The figure is due to the profit attributable to the owners of the parent of 176.9 million euro, while profit attributable to non-controlling interests was 18.7 million euro.

# Statement of Financial Position

## RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF IREN GROUP

	thousands of euro		
	30.09.2023	31.12.2022	Change %
Non-current assets	7,886,494	7,654,903	3.0
Other non-current assets (liabilities)	(423,407)	(416,214)	1.7
Net Working Capital	237,208	(223,927)	(*)
Deferred tax assets (liabilities)	204,009	198,645	2.7
Provisions for risks and employee benefits	(743,195)	(692,301)	7.4
Assets (Liabilities) held for sale	1,144	16,802	(93.2)
<b>Net invested capital</b>	<b>7,162,253</b>	<b>6,537,908</b>	<b>9.5</b>
Equity	3,232,155	3,191,154	1.3
Non-current financial assets	(168,842)	(169,057)	(0.1)
Non-current financial debt	4,330,818	4,266,014	1.5
Non-current net financial debt	4,161,976	4,096,957	1.6
Current financial assets	(440,215)	(1,044,778)	(57.9)
Current financial debt	208,337	294,575	(29.3)
Current net financial debt	(231,878)	(750,203)	(69.1)
Net financial debt	3,930,098	3,346,754	17.4
<b>Own funds and net financial debt</b>	<b>7,162,253</b>	<b>6,537,908</b>	<b>9.5</b>

(\*) Change of more than 100%

The main changes in the statement of financial position are commented on below.

Non-current assets at 30 September 2023 amounted to 7,886.5 million euro, up compared to 31 December 2022, when they were 7,654.9 million euro. The increase (+231.6 million euro) was mainly due to the effect of the following:

- investments in property, plant and equipment and intangible assets (+547.8 million euro) and depreciation and amortisation (-435.3 million euro) in the period;
- new assets, including goodwill, arising from M&A transactions in the period totalling 112.1 million euro related:
  - to the Networks BU, referring to the gas concessions acquired through the Romeo transaction and the acquisition of control of AMTER and AcquaEnna, respectively managers of the Integrated Water Service in five municipalities in the Province of Genoa and in the Province of Enna (101.7 million euro);
  - to the Energy BU, related to the development of photovoltaic parks (7.0 million euro);
  - to the Waste Management BU, referring to the ReMat material recovery plant (3.4 million euro);
- the change of rights of use in application of IFRS 16 - Leases for 9.2 million, largely relating to lease and rental contracts for buildings, plant and vehicles used for operating activities;

For more information on the segment details of investments in the period, reference should be made to the section "Segment Reporting" below.

Net working capital stood at 237.2 million euro, against -223.9 million euro as of 31 December 2022. The increase, mitigated by the decrease in gas inventory, is essentially attributable to commercial components.

The Provisions for Risks and Employee Benefits amounted to 743.2 million euro and increased compared to the figure at the end of 2022, when they amounted to 692.3 million euro, mainly due to the net effect between allocations and utilisations of the provision related to CO2 emission rights obligations and the provision related to the offsetting mechanisms provided for by the DL Sostegni Ter.

The change in Assets (Liabilities) held for sale relates to the sale of the investment in Romeo Gas.

Equity amounted to 3,232.2 million euro, compared with 3,191.1 million at 31 December 2022 (+41.1 million). The change is mainly due to the net result (+195.6 million euro), dividends paid (-183.4 million euro), the performance of the cash flow hedge reserve linked to interest rate and commodity hedging derivatives (+25.2 million euro), the change in the scope of consolidation (+4.8 million euro), the purchase of minorities in subsidiaries (-0.6 million euro) and other minor changes (-0.5 million euro).

Net financial debt stood at 3,920.1 million euro as at 30 September 2023, up (+17.4%) from the 31 December 2022 figure. For more details, please see the analysis of the statement of cash flows presented below.

## STATEMENT OF CASH FLOWS OF IREN GROUP - Change in net financial debt

The statement below details the movements in the Group's net financial debt that occurred in the period.

	thousands of euro		
	9M 2023	9M 2022 Restated	Change %
<b>Opening net financial (debt)</b>	<b>(3,346,754)</b>	<b>(2,906,401)</b>	<b>15.2</b>
Profit for the period	195,602	170,740	14.6
Non-monetary adjustments	850,423	697,658	21.9
Payment of employee benefits	(7,451)	(7,699)	(3.2)
Utilisations of provisions for risks and other charges	(170,979)	(30,190)	(*)
Change in other non-current assets and liabilities	6,383	(6,976)	(*)
Taxes paid	(49,081)	(128,708)	(61.9)
Cash flows for transactions on commodities derivatives markets	(21,698)	10,533	(*)
Other changes in equity	(371)	(96)	(*)
Cash flows from changes in NWC	(567,427)	(497,286)	14.1
<b>Operating cash flow</b>	<b>235,401</b>	<b>207,976</b>	<b>13.2</b>
Investments in property, plant and equipment and intangible assets	(547,784)	(557,097)	(1.7)
Investments in financial assets	(3,052)	(39,255)	(92.2)
Proceeds from the sale of investments and changes in assets held for sale	18,560	3,857	(*)
Acquisition of subsidiaries	(62,799)	(281,824)	(77.7)
Dividends received	3,213	1,969	63.2
<b>Total cash flows from investing activities</b>	<b>(591,862)</b>	<b>(872,350)</b>	<b>(32.2)</b>
<b>Free cash flow</b>	<b>(356,461)</b>	<b>(664,374)</b>	<b>(46.3)</b>
Cash flows from own capital	(183,398)	(164,710)	11.3
Other changes	(43,485)	(122,146)	(64.4)
<b>Change in Net financial debt</b>	<b>(583,344)</b>	<b>(951,230)</b>	<b>(38.7)</b>
<b>Closing Net financial debt</b>	<b>(3,930,098)</b>	<b>(3,857,631)</b>	<b>1.9</b>

(\*) Change of more than 100%

The comparative data for 9M 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.

The change in Net Financial Debt compared to 31 December 2022 of +583.3 million euro is due to the following factors:

- *operating cash flow* of +235.4 million, in which operating profitability was partially absorbed by the change in Net Working Capital;
- *cash flow from investing activities* of -591.8 million, which includes technical investments for the period (547.8 million, substantially in line with 9M 2022) and purchases of equity investments (under the items “Investments in financial assets” and “Acquisition of subsidiaries”) totalling 65.9 million. This amount relates to the consideration paid for AcquaEnna (31.0 million), the Romeo transaction (20.9 million), Limes 20 (5.3 million), ReMat (3.0 million), the investment in Sistema Ambiente (2.5 million), Amter (2.1 million), the minority interests in Futura (1.0 million), and other minor interests (0.1 million). The figure for 9M 2022 of 321.1 million was mostly related to the acquisitions of Iren Green Generation, SEI Toscana, Alegas and Valle Dora Energia.

It should also be noted that the item “Realisation of investments and changes in assets held for sale” includes the proceeds from the sale of Romeo Gas;

- *equity cash flow* of -183.4 million euro related to the payment of dividends for the period;
- the item *other changes*, amounting to -43.5 million euro (-122.1 million euro in the comparative period), mainly related to interest paid and new lease agreements, as well as the positive change in the fair value of hedging derivatives (significantly negative in 9M 2022).

We note finally that the statement of cash flows prepared according to the format of a change in cash and cash equivalents is presented in the section “Consolidated Financial Statements at 30 September 2023”.



## SEGMENT REPORTING

Iren Group identifies the following business segments:

- Networks (Electricity distribution networks, Gas distribution networks, Integrated Water Service)
- Waste Management (Waste collection, treatment and disposal)
- Energy (Hydroelectric production and other renewable sources, combined heat and power, district heating networks, thermoelectric production, energy efficiency services, public lighting, global services, heat management)
- Market (Sale of electricity, gas and other customer services)
- Other services (Laboratories, Telecommunications and other minor).

These operating segments are reported on pursuant to IFRS 8, which requires the disclosure about operating segments to be based on the elements which management uses in making operational and strategic decisions. For a proper interpretation of the income statements relating to individual operating segments presented and commented on below, revenue and expense referring to general activities were fully allocated to the segments based on actual usage of the services provided or according to technical and economic drivers.

Given the fact that the Group mainly operates in one area, the following segment information does not include a breakdown by geographical segment.

At 30 September 2023, non-regulated activities contributed 33% to EBITDA (19% at 30 September 2022), regulated activities accounted for 52% (60% in the corresponding period of 2022), and semi-regulated activities contributed 15% (21% in 9M of 2022).

## Networks SBU

At 30 September 2023, the Networks business segment, which includes the Gas Distribution, Electricity and Integrated Water Service businesses, reported revenue of 826.9 million euro, down -0.6% compared to 831.9 million euro in 9M 2022. The increase, which was mainly attributable to positive changes in tariff revenue constraints, was more than offset by lower revenue related to the construction of assets under concession falling under IFRIC 12 and the absence of contingencies arising in 2022.

The gross operating margin amounted to 279.5 million euro, down by -4.2% compared to the 291.8 million euro of the corresponding period of 2022, while the operating result amounted to 121.2 million euro, down by -14.6% compared to 141.9 million euro in 9M 2022, due to higher amortisation and depreciation of around 10 million euro partially offset by a higher release of provisions of around 2 million euro and lower impairment of receivables for about 3 million euro.

		9M 2023	9M 2022 restated	Change %	
Revenue	€/mln	826.9	831.9	(0.6)	
Gross Operating Profit (EBITDA)	€/mln	279.5	291.8	(4.2)	
% of revenues		33.8%	35.1%		
	<i>from Electricity Networks</i>	€/mln	58.7	56.6	3.8
	<i>from Gas Networks</i>	€/mln	60.2	60.3	(0.2)
	<i>from Integrated Water Service</i>	€/mln	160.7	175.0	(8.2)
Operating profit (EBIT)	€/mln	121.2	141.9	(14.6)	
Investments	€/mln	225.2	222.3	1.3	
	<i>in Electricity Networks</i>	€/mln	52.4	39.9	31.4
	<i>in Gas Networks</i>	€/mln	28.2	29.9	(5.7)
	<i>in Integrated Water Service</i>	€/mln	136.2	146.4	(6.9)
	<i>Other</i>	€/mln	8.3	6.1	36.5
Electricity distributed	GWh	2,621.9	2,786.5	(5.9)	
Gas distributed	Mm3	703.0	784.5	(10.4)	
Water sold	Mm3	129.0	126.1	2.2	

### Networks SBU - Electricity

The gross operating margin amounted to 58.7 million euro, an improvement of +3.8% compared to 56.6 million euro in the same period of 2022. The improvement in the margin resulting from the increase in the revenue constraint, generated mainly by the positive effect of the higher capital expenditure realised, is almost absorbed by the higher operating costs.

Investments amounted to 52.4 million euro, up +31.4% from 39.9 million euro in the corresponding period of 2022, and relate mainly to connections, LV/MV distribution network resilience activities in order to improve the quality of the service, the construction of new primary and secondary stations in addition to the continuation of the replacement plan for electronic meters with 2G technology.

### Networks SBU - Gas Distribution

The gross operating profit amounted to 60.2 million euro, substantially in line with 60.3 million euro in the corresponding period of 2022. The increase in the revenue constraint generated mainly by the positive effect of higher investments was absorbed by the increase in costs related to energy efficiency certificates (EEC) and operating costs.

Investments for the period amounted to 28.2 million euro, down -5.7% compared with 29.9 million euro in 9M 2022, and involved upgrading the network to cathodic protection and installing electronic meters.

### Networks SBU - Water Cycle

The gross operating margin amounted to 160.7 million euro, down -8.2% compared to 175 million euro in the same period of 2022. The increase in the tariff revenue constraint (VRG), mainly due to the increase in invested capital (RAB), was more than absorbed by the increase, also inflationary, in operating costs and by the elimination of the tariff adjustments of previous years determined by the Council of State ruling recorded in 2022 and no longer repeatable. Net of this extraordinary effect, the margin would have been aligned to 2022.

Investments amounted to 136.2 million euro, down -6.9% compared to 146.4 million euro in 9M 2022. These activities relate to the construction, development and extraordinary maintenance of distribution networks and plants and of the sewerage network, as well as the installation of measuring units mainly with new technology involving remote reading, as well as the construction and modernisation of wastewater treatment plants.

There were also investments of 8.3 million euro, up compared to 6.1 million euro in 9M 2022, across the three businesses, mainly related to information systems and to the development of electric mobility on operating vehicles.

### Waste Management SBU

As at 30 September 2023, the segment's revenue amounted to 878.8 million euro, up +12.2% from 783.6 million euro in the same period of 2022. The increase is mainly attributable to the change in the scope of consolidation related to the consolidation as of 1 July 2022 of SEI Toscana (for about 97 million euro), a company operating in the integrated cycle of municipal waste in the entire provinces of Arezzo, Grosseto, Siena, and 5 municipalities in the province of Livorno.

		9M 2023	9M 2022 restated	Change %
Revenue	€/mln	878.8	783.6	12.2
Gross Operating Profit (EBITDA)	€/mln	186.8	196.6	(5.0)
<i>% of revenues</i>		<i>21.3%</i>	<i>25.1%</i>	
Operating profit (EBIT)	€/mln	67.2	97.9	(31.3)
Investments	€/mln	136.6	117.6	16.2
Electricity sold	GWh	379.2	390.5	(2.9)
Thermal energy produced	GWh	204.3	221.2	(7.7)
Waste managed	tonnes	2,879,268	2,627,551	9.6
Separate collection historical territories	%	70.7	69.5	1.7
Separate collection other territories	%	60.1	60.5	(0.7)

The gross operating profit amounted to 186.8 million euro, a decrease of -5% compared to 196.6 million euro in the same period of 2022. The worsening trend in the margin can be attributed to the decline in brokerage activities and the disposal business, which, although benefiting from higher revenues from the sale of electricity and energy subsidies, recorded a drop generated by a contraction in revenues related to the sale of thermal energy, biogas and the reduction in incentives related to green certificates. Separate collection is substantially in line with the previous year.

The operating result amounted to 67.2 million euro, down -31.3% compared to 97.9 million euro in 9M 2022. Depreciation and amortisation increased by about 18 million euro during the period, mainly due to the enlarged scope of consolidation and the commissioning of some plants for sorting and recovering materials deriving from separate waste collection, and lower release of provisions only partially offset by lower allocations to provisions for risks.

Investments amounted to 136.6 million euro, up compared to 117.6 million euro in the corresponding period of 2022. Investments relate to the purchase of collection vehicles and equipment and the construction of plants; in particular, among the latter, we highlight the organic fraction treatment plant (OFMSW) of Reggio Emilia and the plastic treatment plant of Borgaro Torinese (TO) and the plant for the recovery of wood in the production of pallets (Vercelli).

### Energy SBU

As at 30 September 2023, the revenues of the Energy SBU, which includes the production of electricity and heat, management of district heating, activities related to public lighting and energy efficiency, amounted to 2,263.1 million euro, a decrease of -33.3% compared to 3,393.8 million euro in 9M 2022.

The reduction in revenues is mainly attributable to the decline in electricity sales prices, partially offset by the greater quantities produced. Revenues from heat sales also recorded a decline, both due to the reduction in sales prices and the lower volumes sold. On the other hand, revenues from activities related to energy requalification and building renovation favoured by tax breaks and energy service management activities increased (about +90 million euro).

		9M 2023	9M 2022 restated	Change %
Revenue	€/mln	2,263.1	3,393.8	(33.3)
Gross Operating Profit (EBITDA)	€/mln	267.7	260.0	2.9
<i>% of revenues</i>		11.8%	7.7%	
Operating profit (EBIT)	€/mln	102.2	156.1	(34.5)
Investments	€/mln	72.0	105.1	(31.5)
Electricity produced	GWh	6,021.3	5,669.9	6.2
<i>from hydroelectric sources</i>	GWh	907.3	607.7	49.3
<i>from photovoltaic</i>	GWh	173.9	176.6	(1.5)
<i>from cogeneration sources</i>	GWh	3,186.3	3,715.9	(14.3)
<i>from thermoelectric sources</i>	GWh	1,753.8	1,169.8	49.9
Heat produced	GWht	1,426.4	1,744.9	(18.3)
<i>from cogeneration sources</i>	GWht	1,234.0	1,525.1	(19.1)
<i>from non-cogeneration sources</i>	GWht	192.5	219.8	(12.5)
District heating volumes	Mm3	102.3	99.3	3.0

At 30 September 2023, electricity generated totalled 6,021.3 GWh, up +6.2% from 5,669.9 GWh in 9M 2022.

Electricity production from cogeneration sources amounted to 3,186.3 GWh, down (-14.3%) compared to 3,715.9 GWh in the corresponding period of 2022 mainly due to the lower demand for thermal energy related to a particularly mild climate trend, while thermoelectric production amounted to 1,753.8 GWh, up by +49.9% compared to 1,169.8 GWh in 2022, also thanks to the entry into operation of the new production unit of the Turbigio plant and the return to full operation of the existing production unit.

Production from renewable sources amounted to 1,081.2 GWh, up +37.9% from 784.3 GWh in the corresponding period of 2022. The increase concerns hydroelectric production, which amounted to 907.3 GWh compared to 607.7 GWh (+49.3%) in the corresponding period of 2022, thanks to the improved hydraulicity of the period, while photovoltaic production decreased to 173.9 GWh compared to 176.6 GWh in the corresponding period of 2022 (-1.5%) due to the lower irradiation on the ground.

The heat produced amounted to 1,426.4 GWht, a decrease of -18.3% compared to 1,744.9 GWht in 9M 2022 due to milder temperatures and energy-saving behaviour in the use of domestic heating, as well as energy efficiency measures in buildings.

The gross operating profit amounted to 267.7 million euro, an increase of +2.9% compared to 260 million euro in the corresponding period of 2022.

The trend in the energy scenario was characterised by a downward trend in commodity prices, mainly due to the contraction in demand for gas generated by a series of factors such as the climatic effect of a milder winter season, lower consumption related to the effect of “high utility bills”, a contraction in demand from manufacturing activities, particularly industrial ones, and last but not least, the high level of gas stocks.

These effects had a particularly significant impact on Heat Cogeneration, where the lower quantities sold due to climate trends and the reduction in sales prices led to a sharp contraction in margins, and on Photovoltaic production, also penalised by the lower prices of sale and lesser quantities produced due to the lesser radiation on the ground.

On the other hand, margins improved for thermoelectric production, also thanks to the new production unit and the return to full operation of the already existing plant of the Turbigio power plant, and for hydroelectric production, mainly as a result of the improved hydraulicity during the period, which allowed for a sharp increase in production and, at the same time, allowed for the full absorption of higher water derivation fees (+14 million euro).

In the period, there was also a significant contraction in the MSD dispatching market, which also fell sharply at national level.

The activities related to Energy Efficiency contributed positively to the margin, recording an improvement of +8 million euro compared to 9M 2022, also due to the activities related to the energy requalification works of buildings (Superbonus 110) and electricity management.

The operating result amounted to 102.2 million euro, down -34.5% compared to 156.1 million euro in 9M 2022. Contributing to the decrease in the margin were higher depreciation and amortisation of about 5 million euro, lower releases of provisions of 12 million euro, and higher provisions for risks of 41 million euro, related to electricity refunds for the “Sostegni Ter” decree (14 million euro relating to 2022). Without these non-recurring provisions, EBIT would have amounted to 144.2 million euro, down -7.6% compared to the corresponding period of 2022.

Investments amounted to 72 million euro, down -31.5% compared to 105 million euro in 9M 2022. The main ones include the repowering of the Turbigio thermoelectric plant, the new combined cycle of 430 MW, new heat accumulators, the development of district heating networks and the photovoltaic plants.

## Market SBU

At 30 September 2023, segment revenues amounted to 2,904 million euro, down -24.2% from 3,832 million euro in the corresponding period of 2022. The decrease in turnover is attributable to the lower quantities sold and the drop in prices for both electricity and gas.

The gross operating margin amounted to 120 million euro, up sharply on the 7.4 million euro in 9M 2022, which was characterised by extraordinarily negative margins. The improvement in margins is mainly attributable to electricity sales with a positive result of 45.3 million euro, compared to the -74 million euro in the corresponding period of 2022.

The operating result amounted to 33.1 million euro, an improvement compared to -75.9 million euro in 2022. During the period, higher depreciation and amortisation of approximately 2 million euro and lower provisions for the impairment of receivables of 1 million euro were recorded.

		9M 2023	9M 2022 restated	Change %	
Revenue	€/mln	2,904.0	3,832	(24.2)	
Gross Operating Profit (EBITDA)	€/mln	120.0	7.4	(*)	
% of revenues		4.1%	0.2%		
	<i>from Electricity</i>	€/mln	45.3	-74.0	(*)
	<i>from Gas</i>	€/mln	71.0	66.5	6.7
	<i>from Heat and other services</i>	€/mln	3.8	14.9	(74.7)
Operating profit (EBIT)	€/mln	33.1	-75.9	(*)	
Investments		60.2	60.6	(0.8)	
Electricity Sold	GWh	4,953.6	6,541.3	(24.3)	
Gas Purchased	Mm3	1,717.3	1,944.0	(11.7)	
	<i>Gas sold by the Group</i>	Mm3	685.2	662.4	3.4
	<i>Gas for internal use</i>	Mm3	1,029.7	1,037.5	(0.8)
	<i>Gas in storage</i>	Mm3	2.4	244.0	(99.0)

(\*) Change of more than 100%

### Sale of electricity

The volumes of electricity sold on the market amounted to 4,953.6 GWh, a decrease of -24.3% compared to 6,541.3 GWh in 9M 2022.

The drop in sales on the free market affected all segments, with particular reference to the business segment with sales of 1,022.2 GWh, down by -39% compared to 1,676.5 GWh in 2022, and the wholesalers segment with sales of 1,599.1 GWh and a drop of -30.5% compared to 2,301.1 GWh in 2022, which had also benefited from some sales of opportunities on the wholesale market. The Retail and Small Business segment also decreased (-7.8%) with sales of 2,197.5 GWh compared to 2,382.7 GWh in 2022.

Sales in the protected market amounted to 134.8 GWh, down by -25.5% compared to 180.9 GWh in 2022.

The gross operating margin from the sale of electricity was equal to 45.3 million euro, while it was negative for -74 million euro in the corresponding period of 2022. The improvement, despite the presence of lower quantities sold, is mainly attributable to a more favourable energy scenario with increasing margins in hedging and marketing activities which also made it possible to absorb the higher operating costs of customer management and invoicing.

The table below shows the quantities sold by class of customer sector:

#### Market SBU – Sale of electricity

	9M 2023	9M 2022	Change %
<i>Business</i>	1,022.2	1,676.5	(39.0)
<i>Retail and small business</i>	2,197.5	2,382.7	(7.8)
<i>Wholesalers</i>	1,599.1	2,301.1	(30.5)
<b>Free market</b>	<b>4,818.8</b>	<b>6,360.3</b>	<b>(24.2)</b>
<b>Protected market</b>	<b>134.8</b>	<b>180.9</b>	<b>(25.5)</b>
<b>Total Electricity sold</b>	<b>4,953.6</b>	<b>6,541.3</b>	<b>(24.3)</b>

#### *Sale of Natural Gas*

Purchased volumes amounted to 1,717.3 Mm3, down -11.7% compared with 1,944.0 Mm3 in 9M 2022.

Gas sold by the Group amounted to 685.2 Mm3, up by +3.4% compared to 662.4 Mm3 sold in 2022.

The gas used for internal consumption within the Group amounted to 1,029.7 Mm3, a decrease of -0.8% compared to 1,037.5 Mm3 in 2022.

The gross operating margin from the sale of gas amounted to 71 million euro, up +6.7% compared to 66.5 million euro in the corresponding period of 2022. This improvement is attributable, in continuity with previous quarters, to a more favourable energy scenario that allowed the normalisation of margins at pre-energy crisis levels and also allowed the higher operating costs of customer management and invoicing to be absorbed.

#### *Other sales services*

Other sales services show a gross operating margin of 3.8 million euro, down on the 14.9 million euro of the previous year. The decline is attributable to fewer activities related to energy efficiency.

Investments of the Market SBU amounted to 60.2 million euro, down -0.8% from the 60.6 million euro in the corresponding period of 2022.

#### **Other services**

At 30 September 2023, segment revenues, which include the activities of the analysis laboratories, telecommunications and other minor activities, amounted to 21.7 million euro and were up by +2% compared to 21.3 million euro in the corresponding period of 2022.

		9M 2023	9M 2022 restated	Change %
Revenue	€/mln	21.7	21.3	2.0
Gross Operating Profit (EBITDA)	€/mln	3.3	3.4	(2.4)
<i>% of revenues</i>		15.3%	16.0%	
Operating profit (EBIT)	€/mln	1.0	1.4	(30.9)
Investments	€/mln	54.2	51.6	5.1

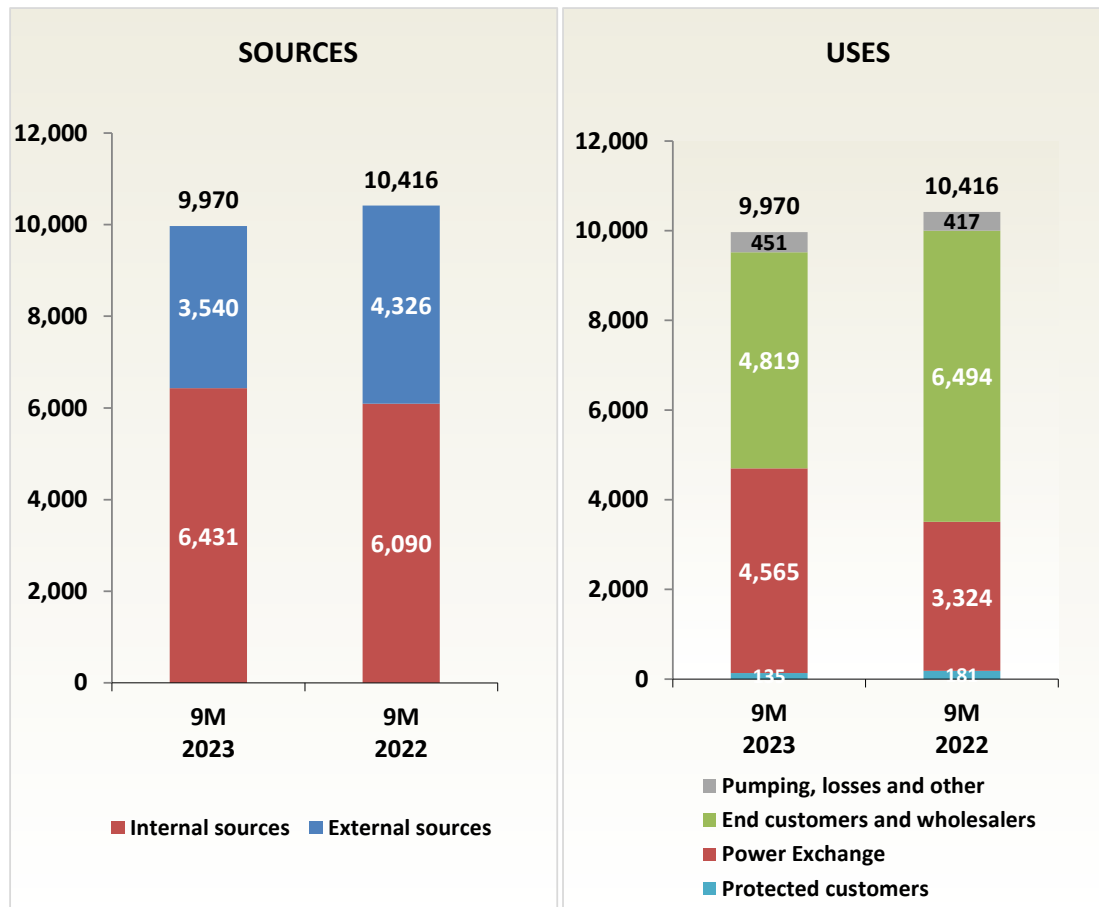
The gross operating margin amounted to 3.3 million euro and is substantially in line with the 3.4 million euro in 9M 2022.

Investments in the period amounted to 54.2 million euro, up compared to 51.6 million euro in 2022 and mainly related to information systems, vehicles and buildings.

## ENERGY BALANCES

### Electricity balance

GWh	9M 2023	9M 2022	Change %
<b>SOURCES</b>			
Group's gross production	6,430.9	6,090.2	5.6
<i>a) Hydroelectric</i>	907.3	607.7	49.3
<i>b) Photovoltaic</i>	173.9	176.6	(1.5)
<i>c) Cogeneration</i>	3,186.3	3,715.9	(14.3)
<i>d) Thermoelectric</i>	1,753.8	1,169.8	49.9
<i>e) Production from WTE and landfills</i>	409.6	420.2	(2.5)
Purchases from the Single Buyer (Acquirente Unico)	148.3	199.4	(25.6)
Energy purchased on the Power exchange	2,476.3	3,833.6	(35.4)
Energy purchased from wholesalers and imports	914.9	293.0	(*)
<b>Total Sources</b>	<b>9,970.4</b>	<b>10,416.2</b>	<b>(4.3)</b>
<b>USES</b>			
Sales to protected customers	134.8	180.9	(25.5)
Sales to end customers and wholesalers	4,818.8	6,494.3	(25.8)
Sales on the Power exchange	4,565.4	3,323.7	37.4
Pumping, distribution losses and other	451.4	417.3	8.2
<b>Total Uses</b>	<b>9,970.4</b>	<b>10,416.2</b>	<b>(4.3)</b>

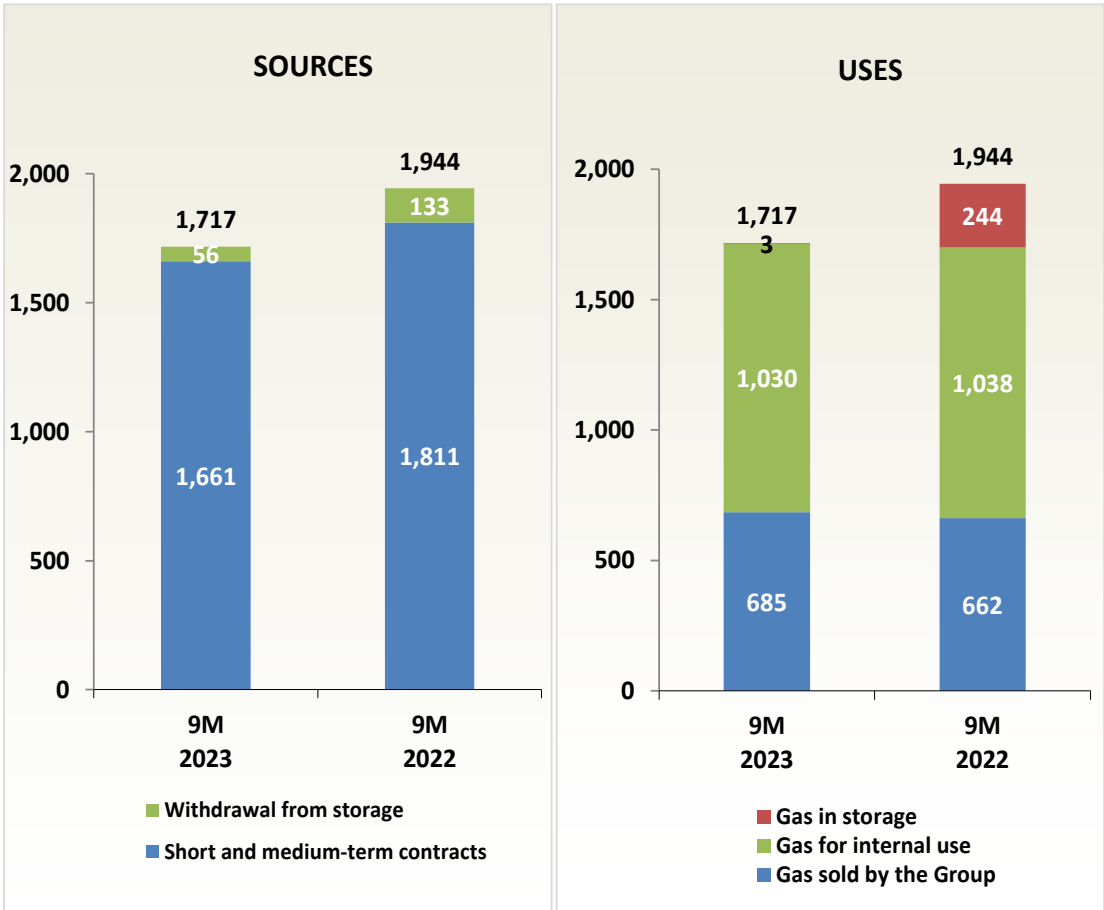




**Gas balance**

Millions of m <sup>3</sup>	9M 2023	9M 2022	Change %
<b>SOURCES</b>			
Short- and medium-term contracts	1,661.2	1,811.0	(8.3)
Withdrawals from storage	56.2	133.0	(57.7)
<b>Total Sources</b>	<b>1,717.4</b>	<b>1,944.0</b>	<b>(11.7)</b>
<b>USES</b>			
Gas sold by the Group	685.2	662.4	3.4
Gas for internal use (1)	1,029.7	1,037.5	(0.8)
Gas in storage	2.5	244.1	(99.0)
<b>Total Uses</b>	<b>1,717.4</b>	<b>1,944.0</b>	<b>(11.7)</b>

(1) Internal use concerns thermoelectric plants and use for heat services and internal consumption



# FINANCIAL MANAGEMENT

## General framework

In 9M 2023, the inversion of the interest rate curve became more pronounced. The levels of the short end of the curve are steadily rising, except for a brief repositioning in mid-March, and higher than those of the medium to long term.

The performance of rates incorporates the effect of inflationary pressures and the resulting restrictive monetary policy manoeuvres implemented and expected. The European Central Bank further raised rates by 0.5% in February and March, by 0.25% in May, June, July and September 2023, bringing the official discount rate to 4.5%. Looking at the six-month Euribor rate, the parameter continues its upward trend and is positioned at 4.1%, while fixed interest rates, reflected in the IRS values, are positioned at levels around 3.3%.

## Activities performed

In 9M 2023, work continued to consolidate Iren Group's financial structure. Changes in financial requirements are monitored through careful planning, which makes it possible to forecast the need for new resources, considering the repayments of outstanding loans, changes in debt, investments, the trend in working capital and the balance of short-term and long-term sources.

The organisational model adopted by Iren Group, with the goal of financial optimisation of the companies, entails centralising with the parent treasury management, non-current loans and financial risk monitoring and management. Iren has relationships with leading Italian and international banks, for the purpose of procuring the types of loans best suited to its needs and at the best market conditions.

With reference to operations carried out in 9M 2023, it should be noted that, as described in the "Significant events during the period", in March a contract was signed with the EIB for the provision of a new 150 million euro line (EIB Water Sector Green Loan) aimed at supporting the 2022-2026 investment programme in the integrated water service in Liguria; this line forms part of the broader framework of the Italian Utilities Programme Loan implemented by the EIB and is the first sustainability-linked loan granted by the EIB in favour of the water sector at global level.

In addition, also in March, a 5 million euro draught was finalised on the CEB (Council of Europe development Bank) line intended to finance projects for the development and efficiency of the district heating network in the Turin area.

Finally, in July, the disbursements of the EIB Green Energy credit lines for 50 million euro and CEB Idro credit lines for 45 million euro were completed, as the balance of their respective ceilings.

In this regard, direct loans with EIB and CEB, with a duration of up to 18 years, not used and available, amount to a total of 345 million euro at 30 September 2023.

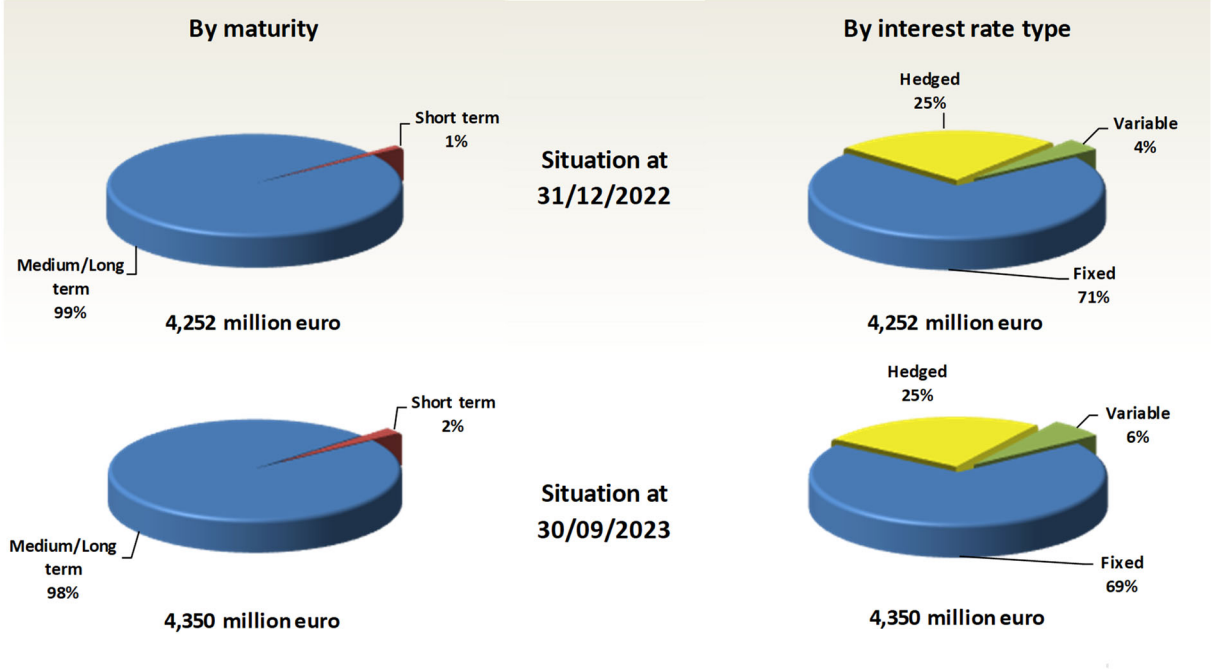
Within the Group, again with the aim of optimising centralised management and the structure of the overall financial profile, medium/long-term loans of the consolidated companies Ekovision, ReCos and AcquaEnna totalling 33.3 million euro were repaid early during the period.

Financial debt from financing, which does not include lease-related liabilities recognised in application of IFRS 16, at the end of the period consisted of 30% loans and 70% bonds; it should also be noted that 76% of total debt is financed by sustainable funds, consistent with the Iren Sustainable Finance Framework, such as Green Bonds and loans the interest rate of which is linked to ESG Key Performance Indicators.

As regards financial risks, Iren Group is exposed to various types of risk, including liquidity risk, interest rate risk, and currency risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risks of fluctuations in the interest rate. In 9M 2023, two new interest rate swap contracts were finalised to hedge a total of 100 million euro of debt, effective in June and December 2023 and maturing in 2028 and 2026, respectively; a pre-hedge activity was also carried out aimed at future capital market transactions.

At the end of the period, the portion of floating rate debt not hedged by derivatives was equal to 6% of financial debt from loans, in line with Iren Group's objective of maintaining adequate protection from significant increases in interest rates.

Overall, the activity carried out is aimed at refinancing debt with a view to improving the financial structure, with optimisation of the cost of capital and the average duration of financial debt. The composition of financial debt from loans by maturity and rate type, compared with the situation at 31 December 2022, is shown in the chart below.



**Rating**

On 27 April 2023, the Standard & Poor’s Global Ratings agency (S&P) acknowledged the upward revision of Iren Group’s long-term credit rating to “BBB” Outlook “Stable” from the previous “BBB-” “Positive” Outlook. The same rating is also given to senior unsecured debt. The improvement in the rating by S&P analysts reflects the resilience of the Group’s business model demonstrated during 2022 and the update of the strategic plan to 2030, which envisages a significant positioning in regulated businesses to support the stability of future cash flows. The stable outlook also reflects the expectations of S&P analysts regarding the commitment of Iren’s management to maintain the current rating level and its balanced financial policy. From a financial point of view, the assigned rating also expresses the good liquidity of the Group, with strong credibility on the capital market and excellent relations with banking counterparties, thanks also to an ever greater use of sustainable finance instruments.

Furthermore, on 11 May 2023, the Fitch Ratings agency confirmed the “BBB” rating, revising the Outlook upwards to “Positive” from “Stable” for Iren Group, and the same rating was also attributed to the senior unsecured debt. The revision of the Outlook is justified by Iren’s improvement in financial metrics and the rating reflects the Group’s well-integrated and diversified business mix, mainly exposed to regulated and semi-regulated activities, which allows for solid performance in the current volatile energy market context. Fitch, like S&P, also positively evaluates the Group’s liquidity profile.

Both ratings are mainly based on the analysis of the Business Plan to 2030, with particular reference to investments intended for organic growth and the energy transition. The maintenance of a business portfolio consisting mainly of regulated and semi-regulated activities, the creation of value and the stability guaranteed by the integration of the various businesses are elements considered positive, together with the Group’s liquidity profile.

At ESG level, for both agencies, sustainability issues have a neutral or scarcely relevant impact from a lending point of view, both due to the nature of the business and the way in which the issue of sustainability is managed in Group dynamics.

To support the liquidity profile of the Group and the rating, Iren has the aforementioned medium/long-term credit lines agreed and available but not used for 345 million euro, which are in addition to current liquid assets.

## SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

### **Acquisition of a wind farm**

On 3 October 2023, Iren Green Generation acquired from Granda Energie #3 S.r.l. 100% of the vehicle company WFL S.r.l., owner of the recently built wind farm in the municipality of Cairo Montenotte (SV), already in operation with a total capacity of 6 MW and for which procedures are underway to authorise an increase in capacity to 7 MW.

The consideration for the transaction is 2.2 million euro in addition to the repayment of the shareholder loan for the construction of the plant.

The acquisition represents the entry of Iren into the wind power sector: the expected output of the plant is approximately 18 GWh per year.

### **Subscription of a green loan with Cassa Depositi e Prestiti**

On 5 October 2023, Iren S.p.A. and Cassa Depositi e Prestiti (CDP) signed an agreement for a new 100 million euro, 12-year green loan facility to support the energy redevelopment project of about 800 buildings in the City of Turin. The project will be implemented by Iren Smart Solutions and will also include ordinary and extraordinary maintenance and plant upgrading activities, as well as the supply of energy carriers (electricity, natural gas and district heating).

The goal is to achieve energy consumption savings of more than 30% on completion of the planned measures. The implementation phase of the project began in July, with the start of work on the most energy-intensive public buildings.

### **Acquisition of Semia Green**

On 11 October 2023, Iren Ambiente Toscana finalised the acquisition of control of Semia Green S.r.l., active in the capture of biogas from landfills. The remaining share of the capital is held by Sienambiente, in which the Group already has a 40% stake.

The entry of Iren into the company structure will allow Semia Green to build an innovative photovoltaic panel recycling plant in the province of Siena by the end of 2024, which will be able to process up to 5 thousand tonnes/year of panels when fully operational, recycling 98% of the materials of which they are composed.

### **EGEA transaction**

On 31 October 2023, the Management Board of Egea S.p.A. resolved to accept the binding offer for some of its assets (assets and shareholdings) presented by Iren on 21 September within the negotiated crisis settlement procedure concerning the Egea group.

Egea is headquartered in Alba (CN) and is a multi-utility operating, through its subsidiaries, in a variety of sectors: gas distribution, Integrated Water Service, district heating and energy efficiency, sale of electricity and gas, production of electricity from renewable sources, public lighting, urban hygiene and management of waste treatment plants.

The offer submitted, considered by Egea to be complete, satisfactory, and suitable for the valorisation and relaunch of the company's assets, is based on a Plan that envisages its integration into Iren Group's operating model, aimed at strengthening the company from a financial and industrial point of view, while safeguarding employment levels. The achievable synergies in network and free market services may also lead to a relaunch of investments in a development perspective.

Following the acceptance of the offer, a subsequent exclusive negotiation began between the parties aimed at finalising the transaction. The parties will therefore continue their activities, in compliance with the time frames and formal steps envisaged by the negotiated crisis procedure, to define the relaunch plan envisaged by Iren, which involves, if the conditions defined in the proposal are met, the valorisation of all the stakeholders in the area.

## OUTLOOK

The macroeconomic context continues to remain weak, particularly due to the inflationary effects that, despite a reduction in energy prices during the nine months of 2023, generated a significant increase in interest rates. In this context, the strategic approach defined in the Business Plan is confirmed and reinforced in all strategic drivers: ecological transition, territoriality and service quality. The Group expects to invest approximately 1.3 billion euro in 2023, mainly for asset development in the networks, waste management and renewable generation sectors.

On the strength of this development capacity, financial results are expected to grow significantly compared to 2022 due to a recovery of the full value of the customer portfolio, the stabilisation of energy prices, the recovery of hydroelectric production and the complete availability of the electricity generation plants.

In particular, analysing the individual business units, the Networks sector will continue to be characterised by an increase in operating costs due to inflation that will be recovered from 2024 and is only partially offset by higher tariff revenues due to the increase in the tariff invested capital (RAB).

As far as the Waste Management sector is concerned, investments will be aimed at the construction of waste material recovery plants as envisaged in the business plan and at increasing the quality of the service. In particular, in the last quarter of 2023, we will have the full contribution of the organic waste treatment and biomethane production plant in Reggio Emilia and the start-up of the wood recovery and pallet production plants in Vercelli and the plastic selection plant in Turin, offset by lesser intermediation business and falling secondary raw material prices and a weak energy scenario.

In the Energy and Market segments, the Group expects the full recovery of the value of the customer portfolio, which in 2022 was strongly affected by the volatile energy scenario and the contribution of the new combined cycle line of the Turbigio thermoelectric plant, in addition to the complete availability of the electricity generation capacity. Higher production volumes from hydroelectric plants are expected in the last quarter, while heat sales through the district heating network are expected to be lower.

On the strength of a robust investment plan, considerable expected growth in economic results, and on the continuous attention to debt, the Group can confirm the development trend and maintenance of a solid financial structure.



# Consolidated financial statements

at 30 September 2023

# **BASIS OF PREPARATION**

## **CONTENT AND STRUCTURE**

These Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as with the provisions set forth in implementation of art. 9 of Italian Legislative Decree no. 38/2005. “IFRS” also includes the revised International Accounting Standards (“IAS”) and all interpretations issued by the International Financial Reporting Interpretations Committee (“IFRC”), previously known as the Standing Interpretations Committee (“SIC”).

The accounting standards applied in the preparation of the consolidated financial statements are the same as those adopted for the preparation of the previous year’s financial statements, to which reference should be made for a discussion of them, with the exception of the standards and interpretations adopted for the first time as from 1 January 2023 and illustrated in the following section “Accounting standards, amendments and interpretations applied as from 1 January 2023”.

The Consolidated Financial Statements are drawn up on the basis of the historical cost principle, with the exception of certain financial instruments measured at fair value and potential fees deriving from a business combination (i.e. put options to minority shareholders), which are also measured at fair value, as well as on the going concern assumption. The Group did not detect any particular risks connected with the Company’s business and/or any uncertainties that might cast doubt on its ability to continue as a going concern.

These Statements are stated in euro, the company’s functional currency. All amounts expressed in euro are rounded to the nearest thousand.

## **FINANCIAL STATEMENT FORMATS**

The financial statement formats adopted by Iren Group in preparing these financial statements are the same as those applied in preparing the financial statements at 31 December 2022.

In line with what was previously published, in the statement of financial position, assets and liabilities are classified as “current/non-current”. Assets and liabilities classified as discontinued or held for sale are shown separately. Current assets, which include cash and cash equivalents, are those that will be realised, transferred or consumed during the Group’s ordinary operating cycle or during the twelve months following the end of the period. Current liabilities are those for which settlement is envisaged during the Group’s ordinary operating cycle or during the twelve months following the end of the period.

The Income Statement is classified on the basis of the nature of the costs. In addition to the Operating Profit (EBIT), the Income Statement also shows the total intermediate of Gross Operating Profit (EBITDA) obtained by deducting total operating expense from total revenue.

The indirect method is used in the Statement of Cash Flows. The cash configuration analysed in the Statement of Cash Flows includes cash on hand and cash in current accounts.

It should also be remembered that these statements are not subject to independent auditing.

## **USE OF ESTIMATES AND ASSUMPTIONS BY MANAGEMENT**

Preparation of these Consolidated Financial Statements entails making estimates, opinions and assumptions that have an effect on the amounts of revenues, costs, assets and liabilities, including contingent liabilities, and on the information provided. These estimates and assumptions are based on past experience and other factors considered reasonable in the case in question, particularly when the value of assets and liabilities is not readily apparent from comparable sources.

Management’s significant judgements in the application of the Group’s accounting standards and the main sources of estimation uncertainty are unchanged from those already explained in the last annual report.



It should also be noted that certain complex valuation processes, such as the determination of any impairment losses on non-current assets, are generally carried out in full only at the time of preparing the annual financial statements, when all the information that may be needed is available, except in cases when there is evidence of impairment that requires an immediate measurement of any losses.

In accordance with IAS 36, during the period, the Group verified the non-existence of specific impairment triggers with particular reference to goodwill. Furthermore, no indicators of impairment emerged in respect of participations and assets.

In the same way, the actuarial valuations necessary to determine provisions for employee benefit are normally carried out on the occasion of preparing the annual financial statements.

## **SEASONALITY**

Iren Group does not operate in sectors characterised by seasonality with reference to the end markets of the goods and services provided. It should be noted, however, that the sectors of gas sales, hydroelectric production and heat production and sales are affected by the weather and the cyclicity of the thermal season.

The sale of electricity and the waste cycle show more consistent results for the year, albeit with a trend linked to the temporary situation. On the other hand, linear results are typical of regulated network businesses (gas distribution, electricity distribution and Integrated Water Service).

## **ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2023**

As of 1 January 2023, the following accounting standards and amendments to accounting standards, issued by the IASB and endorsed by the European Union, are obligatorily applicable:

### *IFRS 17 - Insurance contracts*

In May 2017, the IASB published IFRS 17 Insurance Contracts, which replaces IFRS 4, issued in 2004. The standard aims to improve investor understanding of insurers' risk exposure, profitability and financial position by requiring that all insurance contracts be accounted for consistently by overcoming the comparison problems created by IFRS 4.

This standard had no significant impact on the Group's economic and financial results and related financial reporting.

### *Amendments to IAS 1 and to IAS 8*

European Union Regulation 2022/357 of 2 March 2022 adopts the amendments to IAS 1 and IAS 8 published by the IASB on 12 February 2021. The amendments clarify the differences between accounting principles and accounting estimates in order to ensure the consistent application of accounting principles and the comparability of financial statements.

### *Amendments to IAS 12 Income Taxes: Deferred taxes on assets and liabilities arising from a single transaction*

The amendments to this standard require the recognition of deferred tax assets and liabilities for transactions that give rise to taxable and deductible temporary differences of equal amount upon initial recognition (e.g. leases and decommissioning obligations).

## BASIS OF CONSOLIDATION

The consolidation scope includes subsidiaries, joint ventures and associates.

### *Subsidiaries*

Entities controlled by the Group are considered subsidiaries, as defined by IFRS 10 – *Consolidated Financial Statements*. Control exists when the Parent has all of the following:

- power over the investee, i.e. the current ability to direct the relevant activities of the investee that significantly affect the investee's returns;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements beginning on the date when control is acquired until the time when control ceases.

Equity and the profit/loss attributable to non-controlling interests are identified separately in the consolidated statement of financial position and income statement.

Subsidiaries are consolidated on a line-by-line basis with the elimination of intra-group transactions and unrealised income and expenses.

Furthermore: a) all changes in the equity interest that do not constitute a loss of control are treated as equity transactions and, therefore, feature a corresponding asset item under net equity; b) when a parent company transfers control to one of its investees, but still continues to hold an interest in the company, it measures the equity investment retained in the financial statements at fair value and recognises any gains or losses deriving from loss of control in the income statement.

### *Joint ventures*

These are companies over which the Group has joint control, in virtue of contractual agreements. Joint control, as defined by IFRS 11 – *Joint Arrangements*, is the “contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control”.

With reference to entities jointly owned by mixed public and private companies, given the objective possibility for the public shareholder to influence the company not only by means of governance agreements, but also because of its nature as public entity, the existence of joint control is ascertained on the basis of contractual agreements, assessing the actual possibility for the private partner to jointly control strategic decisions regarding the joint venture.

Joint arrangements are divided into two types:

- a Joint Venture (JV) is an arrangement whereby the parties have rights to the net assets of the arrangement. Joint Ventures are measured using the equity method;
- a Joint Operation (JO) is an arrangement whereby the parties are not limited exclusively to participating in the company's profit or loss but have rights to its assets and obligations for its liabilities. In this case the assets/revenue on which the joint operator exercises such rights and the liabilities/costs of which the joint operator assumes the obligations are fully consolidated.

### *Associates (accounted for using the equity method)*

An associate is a company over which the Group has significant influence, but not control or joint control over its financial and operating policies. The consolidated financial statements include the Group's share of the associates' profit or loss recognised using the equity method from the date that significant influence commences until the date that significant influence ceases.

Equity investments valued at equity are accounted for an amount equal to the corresponding fraction of equity resulting from the latest available financial statements, adjusted to take into account the differences between the price paid and equity at the date of purchase and for any intra-group transactions, if significant.

The investor's share of profit or loss arising from application of the equity method is recognised as a “Share of profit or loss of equity-accounted associates and joint ventures”, while the share of other comprehensive income is recognised in the statement of comprehensive income.

The difference between the purchase cost and the portion of the fair value, attributable to the owners of the Parent, of the identifiable current and contingent assets and liabilities of the associate or joint venture at the acquisition date, is recognised as goodwill, included in the carrying amount of the investment, and tested for

impairment.

The risk deriving from losses which exceed the investor's share of equity is provided for in provisions for risks to the extent that the company has a legal or constructive obligation with the investee or is committed to covering its losses.

Dividends on equity investments are recognised when the right to receive payment is established. This usually coincides with the resolution passed by the Shareholders' Meeting.

#### *Business combinations*

The Group accounts for business combinations by applying the acquisition method when the set of assets and property acquired meets the definition of a business and the Group obtains control. In determining whether a particular set of activities and assets constitutes a business, the Group assesses whether that set includes, at a minimum, a substantial input and process and whether it has the capacity to create output.

The Group has the option to carry out a "concentration test", which enables it to ascertain through a simplified procedure that the acquired set of activities and assets is not a business. The optional concentration test is positive if almost all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of identifiable assets with similar characteristics.

The consideration transferred and the identifiable net assets acquired are usually recognised at fair value. The carrying amount of any goodwill that arises is tested annually for impairment. Any gain from a bargain purchase is recognised immediately in the Income Statement under Value Adjustment of Investments, while costs related to the combination, other than those related to the issuance of debt or equity instruments, are recognised as an expense in profit/(loss) for the year when incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Normally, these amounts are recognised in profit/(loss) for the year.

The potential consideration is booked at fair value on the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

#### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity related to the subsidiary. Any profit or loss deriving from the loss of control is recognised in profit/(loss) for the year. Any interest retained in the former subsidiary is measured at fair value when control has been lost.

#### *Transactions eliminated on consolidation*

Intra-group balances and significant transactions and any unrealised gains and losses arising from intra- group transactions are all eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. The related tax effect is calculated for all consolidation adjustments.

## CONSOLIDATION SCOPE

The consolidation scope includes companies directly or indirectly controlled by the Parent, in addition to joint ventures and associates.

Parent:

Iren S.p.A.

Companies consolidated on a line-by-line basis

The four companies responsible for the single business lines and their direct and indirect subsidiaries are consolidated on a line-by-line basis.

1) Iren Ambiente and its subsidiaries:

- ACAM Ambiente
- AMIAT V and the subsidiary:
  - AMIAT
- Bonifiche Servizi Ambientali
- Bonifica Autocisterne
- I.Blu
- Iren Ambiente Parma
- Iren Ambiente Piacenza
- Iren Ambiente Toscana and its subsidiaries:
  - Futura
  - Scarlino Energia
  - SEI Toscana and its subsidiaries:
    - Ekovision
    - Valdisieve
  - Valdarno Ambiente and its subsidiaries:
    - CRCM
    - TB
- Manduriambiente
- ReCos
- ReMat
- Rigenera Materiali
- San Germano
- Territorio e Risorse
- TRM
- Uniproject

2) Iren Energia and its subsidiaries:

- Asti Energia e Calore
- Dogliani Energia
- Iren Smart Solutions and its subsidiary:
  - Alfa Solutions and the subsidiary
    - Lab 231
- Maira and its subsidiary:
  - Formaira
- Iren Green Generation and its subsidiaries:
  - Iren Green Generation Tech
  - Limes 1
  - Limes 2
  - Limes 20
  - Mara Solar
  - Omnia Power
- Valle Dora Energia

3) Iren Mercato and its subsidiaries:

- Alegas
- Minerva and its subsidiary
  - ATENA Trading
- Salerno Energia Vendite

4) IRETI and its subsidiaries:

- ACAM Acque
- AcquaEnna
- Amter
- ASM Vercelli
- Consorzio GPO
- Iren Laboratori
- Iren Acqua and its subsidiary:
  - Iren Acqua Tigullio
- IRETI Gas and its subsidiary:
  - Romeo 2
- Nord Ovest Servizi

From the point of view of shareholding structures, it should be noted that the following interests have changed:

- on 2 February 2023, the share capital of the subsidiary Alegas was reduced to zero and reconstituted, with a consequent increase in the shareholding from 80% to 98%;
- on 22 February 2023, Iren Ambiente acquired a further 20% stake in its subsidiary Futura, thus reaching the 40% held directly. The company is also owned by the subsidiaries Iren Ambiente Toscana (40%) and SEI Toscana (20%).

Moreover, on 1 January 2023, certain corporate transactions became effective, which, while not involving changes in the scope of consolidation, resulted in a streamlining of the Group's ownership structure:

- the merger by incorporation of the companies Palo Energia, Piano Energia, Traversa Energia and Solleone Energia into Iren Green Generation Tech;
- the merger of Società dell'Acqua Potabile (SAP) into IRETI.

For details of the subsidiaries, joint ventures and associates please see the lists included in the Annexes.

## CHANGES IN CONSOLIDATION SCOPE

### Romeo 2 and Gas unit of Romeo Gas

As reported in “Significant events during the period”, as part of the rationalisation of certain natural gas distribution assets, linked to the sale of the subsidiary Romeo Gas to the Ascopiave group, the Group finalised the following on 1 February 2023:

- the acquisition by IRETI Gas of 100% of Romeo 2 S.r.l. from the company Edigas - Esercizio Distribuzione Gas S.p.A. (Ascopiave Group), for 19,536 thousand euro.  
Romeo 2 holds the management of gas distribution concessions in the municipalities of Albano Verellese, Carisio, Greggio, Olcenengo, Oldenico, San Germano Verellese - Frazione Stella, Quinto Verellese, Tronzano Verellese and Villarboit (Province of Vercelli), Albenga and Ceriale (Province of Savona);
- the acquisition from Romeo Gas, again by IRETI Gas, of the business unit related to the management of gas distribution concessions in the municipalities of Pontenure and Grazzano Visconti, in the municipality of Vigolzone (Province of Piacenza) and in Solignano (Province of Parma), for 1,318 thousand euro.

### Amter

On 28 March 2023, IRETI finalised the acquisition of 51% of Amter S.p.A., held by the municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione (Province of Genoa). The remaining 49% of the company is already owned by the subsidiary Iren Acqua. The total amount transferred (in terms of the acquisition of majority shares and the fair value of the interest held prior to the acquisition of control) amounted to 4,820 thousand euro.

Amter manages the water cycle in the western area of the province of Genoa with a 300 km drinking water network and a 140 km sewerage network, as well as the district wastewater treatment plant in Rossiglione. With this operation, IRETI anticipates its entry into the management of the water service in the municipalities of Campo Ligure, Cogoleto, Masone, Mele, and Rossiglione with respect to the deadlines set by the Agreement safeguarded between Amter and them, thus accelerating synergies and sustainability performance in these territories.

### AcquaEnna

On 31 May 2023, IRETI, through the acquisition from its shareholder COGEN of a 2.367% stake in the share capital, completed the acquisition of control of the company AcquaEnna, in which it already held 48.5%, bringing its shareholding to 50.867%. The total amount transferred (in terms of the acquisition of majority shares and the fair value of the interest held prior to the acquisition of control) amounted to 8,338 thousand euro.

AcquaEnna has managed the water service in all the municipalities of the Province of Enna since 2004 following the award of a tender procedure that ensured the entrusting of the service to the company set up for this purpose, until 2034. With reference to these territories, the company serves a total of approximately 177 thousand inhabitants.

### ReMat

On 13 June 2023, Iren Ambiente finalised the acquisition, partly through a capital increase and partly through the purchase of shares, of the majority of the share capital of ReMat S.r.l., a start-up active in the recovery of polyurethane foam (in particular from mattresses, seat padding and furniture), in which Iren Ambiente already owned a minority share of 9.09%. The new shareholding structure sees Iren Ambiente owning 88.43% of the ReMat share capital with a total amount transferred (in terms of obtaining the majority stake and the fair value of the interest held prior to the acquisition of control) of 2,189 thousand euro.

For these acquisitions, pending the definition of the Purchase Price Allocation (PPA) to be completed in accordance with IFRS 3, the positive difference between the price paid and the provisional fair value, at the date of obtaining control, of the identifiable assets acquired and the identifiable liabilities assumed was allocated to goodwill. Such provisional goodwill is not tax deductible.

In the event that this differential is negative, it is recorded in the income statement and is also subject to verification as part of the PPA definition.

The following table shows for each operation the provisional fair value of the consideration, identifiable assets acquired and liabilities assumed and the related differentials.

	thousands of euro				
	Romeo 2	Gas unit of Romeo Gas	Amter	AcquaEnna	ReMat
<b>Consideration transferred</b>					
Cash and cash equivalents	19,536	1,318	2,610	579	2,129
Fair value of interest held before acquisition of control	-	-	2,210	7,759	60
<b>Fair value of the price at the acquisition date</b>	<b>19,536</b>	<b>1,318</b>	<b>4,820</b>	<b>8,338</b>	<b>2,189</b>
<b>Provisional fair value of identifiable net assets</b>					
Property, plant and equipment	14	53	1,324	465	1,890
Intangible assets with a finite useful life	14,303	1,774	8,131	65,098	80
Goodwill					
Non-current contract assets	-	-	333	-	-
Non-current trade receivables	-	-	107	1,867	5
Other non-current assets	-	-	264	-	16
Deferred tax assets	269	-	684	-	250
Inventories	76	-	-	510	133
Trade receivables	-	56	4,715	34,778	836
Current tax assets	-	-	164	-	1
Sundry assets and other current assets	-	-	417	5,124	652
Current financial assets	-	-	-	1,316	-
Cash and cash equivalents	-	-	490	2,518	1,252
Non-current financial liabilities	-	-	-	(22,237)	(1,254)
Employee benefits	(289)	(52)	(268)	(1,362)	(31)
Provisions for risks and charges	-	-	(604)	(470)	-
Deferred tax liabilities	-	-	-	(316)	-
Sundry liabilities and other non-current liabilities	-	-	(2,034)	(41,335)	(4)
Current financial liabilities	-	-	-	(11,968)	(830)
Trade payables	(146)	(118)	(11,723)	(6,874)	(1,386)
Sundry liabilities and other current liabilities	(8)	(247)	-	(16,082)	(835)
Current tax liabilities	-	-	(417)	(113)	-
<b>Total fair value of net identifiable assets</b>	<b>14,219</b>	<b>1,466</b>	<b>1,583</b>	<b>10,919</b>	<b>775</b>
Non-controlling interests in identifiable net assets	-	-	634	(5,365)	(57)
<b>Interim Goodwill/(Badwill)</b>	<b>5,317</b>	<b>(148)</b>	<b>2,603</b>	<b>2,784</b>	<b>1,471</b>

## OTHER CHANGES IN THE SCOPE OF CONSOLIDATION IN 9M 2023

During the period, the Group acquired control of the special purpose vehicle Limes 20.

This acquisition does not have the characteristics to be defined as a business and is therefore excluded from the scope of IFRS 3 - *Business Combinations*.

As of the date of acquisition, the company was in fact substantially in possession, at the planning stage, of the authorisations for the forthcoming construction of photovoltaic plants in Sicily. Consequently, this transaction represents an acquisition of individual assets/liabilities.

The consideration transferred amounted to 5,395 thousand euro, the book value of the individual assets/liabilities acquired amounted to 1,873 thousand euro, and the value of the assets to which the price differential was attributed amounted to 3,522 thousand euro.

The surplus of the consideration transferred represents, net of the related tax effect, the value of the authorisations held by the acquired vehicle company.



## RESTATEMENT OF VALUES AT 30 SEPTEMBER 2022

In 9M 2022, the Group acquired control of the companies Iren Green Generation (formerly Puglia Holding), Iren Green Generation Tech (formerly ASI Troia FV1), Palo Energia, Piano Energia, Solleone Energia, Traversa Energia, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana. For said acquisitions, the final fair value of the identifiable assets acquired and liabilities assumed was determined in the fourth quarter of FY 2022, reflecting the best knowledge gained in the interim. In the consolidated financial statements as at 30 September 2022, they had therefore been recorded on a provisional basis as permitted by IFRS 3.

In accordance with the provisions of the standard, the update of the fair value occurred with effect from the date of acquisition and, therefore, all changes were made to the net worth of the company acquired at that date. The resulting balances in the consolidated financial statements at 30 September 2022 have been restated to reflect the new amounts.

Moreover, in order to improve the representation of the operations and obligations related to the Emission Trading Scheme (ETS), starting from the end of the financial year 2022, the Group decided to change its accounting treatment from the so-called 'gross method' to the so-called 'net method'. For 9M 2022, said change only had an impact on the presentation of cash flows.

The following are the changes that occurred with reference to the income statement balances and cash flow representation for 9M 2022.

		IFRS 3 accounting effect						thousands of euro
	9M 2022 Published	Iren Green Generation Group	Alegas	Valle Dora Energia	Società dell'Acqua Potabile (SAP)	SEI Toscana	9M 2022 Restated	
<b>Revenue</b>								
Revenue from goods and services	5,520,161						5,520,161	
Other income	123,391						123,391	
<b>Total revenue</b>	<b>5,643,552</b>	-	-	-	-	-	<b>5,643,552</b>	
<b>Operating expenses</b>								
Raw materials, consumables, supplies and goods	(3,235,727)						(3,235,727)	
Services and use of third-party assets	(1,227,250)						(1,227,250)	
Other operating expenses	(62,705)						(62,705)	
Capitalised costs for internal works	33,591						33,591	
Personnel expense	(392,130)						(392,130)	
<b>Total operating expenses</b>	<b>(4,884,221)</b>	-	-	-	-	-	<b>(4,884,221)</b>	
<b>GROSS OPERATING PROFIT</b>	<b>759,331</b>	-	-	-	-	-	<b>759,331</b>	
<b>Depreciation, amortisation, provisions and impairment losses</b>								
Depreciation and amortisation	(390,207)	(1,682)	(263)	(143)	(12)	(809)	(393,116)	
Impairment losses on loans and receivables	(52,080)						(52,080)	
Other provisions and impairment losses	7,303						7,303	
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(434,984)</b>	<b>(1,682)</b>	<b>(263)</b>	<b>(143)</b>	<b>(12)</b>	<b>(809)</b>	<b>(437,893)</b>	
<b>OPERATING PROFIT</b>	<b>324,347</b>	<b>(1,682)</b>	<b>(263)</b>	<b>(143)</b>	<b>(12)</b>	<b>(809)</b>	<b>321,438</b>	
<b>Financial income and expense</b>								
Financial income	11,248						11,248	
Financial expense	(61,529)						(61,529)	
<b>Net financial expense</b>	<b>(50,281)</b>	-	-	-	-	-	<b>(50,281)</b>	
Gains on equity investments	(13)			5,059		364	5,410	
Share of profit of equity-accounted investees, net of tax effects	5,867			(238)		(294)	5,335	
<b>Pre-tax profit</b>	<b>279,920</b>	<b>(1,682)</b>	<b>(263)</b>	<b>4,678</b>	<b>(12)</b>	<b>(739)</b>	<b>281,902</b>	
Income taxes	(111,988)	474	73	40	3	236	(111,162)	
- of which non-recurring	(30,479)						(30,479)	
<b>Profit from continuing operations</b>	<b>167,932</b>	<b>(1,208)</b>	<b>(190)</b>	<b>4,718</b>	<b>(9)</b>	<b>(503)</b>	<b>170,740</b>	
Profit (loss) from discontinued operations	-						-	
<b>Profit for the period</b>	<b>167,932</b>	<b>(1,208)</b>	<b>(190)</b>	<b>4,718</b>	<b>(9)</b>	<b>(503)</b>	<b>170,740</b>	
attributable to:								
- the owners of the parent	137,762	(1,208)	(152)	4,744	(9)	(279)	140,858	
- non-controlling interests	30,170		(38)	(26)		(224)	29,882	

	9M 2022 Published	IFRS 3 accounting effect					IAS8 - ETS	9M 2022 Restated
	Iren Green Generation Group	Alegas	Valle Dora Energia	Società dell'Acqua Potabile (SAP)	SEI Toscana			
<b>A. Opening cash and cash equivalents</b>	<b>606,888</b>						<b>606,888</b>	
<b>Cash flows from operating activities</b>								
Result for the period	167,932	(1,208)	(190)	4,718	(9)	(503)	170,740	
Adjustments:								
Income taxes for the period	111,988	(474)	(73)	(40)	(3)	(236)	111,162	
Share of profit (loss) of associates and joint ventures	(5,867)	-	-	238	-	294	(5,335)	
Net financial expense (income)	50,281						50,281	
Amortisation and depreciation	390,207	1,682	263	143	12	809	393,116	
Net impairment losses (reversals of impairment losses) on assets	901	-	-	(5,059)	-	(364)	(4,522)	
Impairment losses on loans and receivables	52,080						52,080	
Net provisions for risks and other charges	138,944					(36,020)	102,924	
Capital (gains) losses	(2,048)						(2,048)	
Payment of employee benefits	(7,699)						(7,699)	
Utilisations of provisions for risks and other charges	(29,674)					(516)	(30,190)	
Change in other non-current assets	(7,266)						(7,266)	
Change in other payables and other non-current liabilities	290						290	
Taxes paid	(128,708)						(128,708)	
ETS Purchase	(36,536)					36,536	-	
Cash flows for transactions on commodities derivatives markets	10,533						10,533	
Other changes in equity	(96)						(96)	
Change in inventories	(306,551)						(306,551)	
Change in assets from contracts with customers	(145,636)						(145,636)	
Change in trade receivables	(148,273)						(148,273)	
Change in current tax assets and other current assets	(33,676)						(33,676)	
Change in trade payables	196,915						196,915	
Change in liabilities from contracts with customers	(29,112)						(29,112)	
Change in current tax liabilities and other current liabilities	(30,953)						(30,953)	
<b>B. Net cash and cash equivalents generated by operating activities</b>	<b>207,976</b>	-	-	-	-	-	<b>207,976</b>	
<b>Cash flows from/(used in) investing activities</b>								
Investments in property, plant and equipment and intangible assets	(557,097)						(557,097)	
Investments in financial assets	(39,255)						(39,255)	
Investment realisation	3,857						3,857	
Acquisition of subsidiaries net of cash acquired	(217,777)						(217,777)	
Dividends received	1,969						1,969	
<b>C. Net cash and cash equivalents generated by investing activities</b>	<b>(808,303)</b>	-	-	-	-	-	<b>(808,303)</b>	
<b>Cash flows from/(used in) financing activities</b>								
Dividends paid	(157,172)						(157,172)	
Purchase of shareholdings in consolidated companies	(1,358)						(1,358)	
New non-current loans	580,000						580,000	
Repayment of non-current loans	(20,211)						(20,211)	
Repayment of financial payables for leasing	(9,575)						(9,575)	
Change in other financial payables	14,097						14,097	
Change in loan assets	100,668						100,668	
Interest paid	(31,837)						(31,837)	
Interest received	1,729						1,729	
<b>D. Net cash and cash equivalents generated by financing activities</b>	<b>476,341</b>	-	-	-	-	-	<b>476,341</b>	
<b>E. Cash flow for the period (B+C+D)</b>	<b>(123,986)</b>	-	-	-	-	-	<b>(123,986)</b>	
<b>F. Closing cash and cash equivalents (A+E)</b>	<b>482,902</b>	-	-	-	-	-	<b>482,902</b>	



## STATEMENT OF CONSOLIDATED FINANCIAL POSITION

thousands of euro

	30.09.2023	31.12.2022
<b>ASSETS</b>		
Property, plant and equipment	4,401,882	4,366,722
Investment property	1,974	2,015
Intangible assets with a finite useful life	3,010,552	2,826,692
Goodwill	250,141	237,966
Equity-accounted investments	211,189	211,320
Other equity investments	10,756	10,188
Non-current contract assets	172,567	146,286
Non-current trade receivables	32,191	30,888
Non-current financial assets	168,842	169,057
Other non-current assets	139,152	88,917
Deferred tax assets	378,090	340,866
<b>Total non-current assets</b>	<b>8,777,336</b>	<b>8,430,917</b>
Inventories	77,413	139,359
Current contract assets	192,765	198,590
Trade receivables	1,053,636	1,409,435
Current tax assets	2,688	38,263
Sundry assets and other current assets	424,311	438,915
Current financial assets	173,775	256,376
Cash and cash equivalents	266,440	788,402
Assets held for sale	1,144	16,802
<b>Total current assets</b>	<b>2,192,172</b>	<b>3,286,142</b>
<b>TOTAL ASSETS</b>	<b>10,969,508</b>	<b>11,717,059</b>

thousands of euro

	30.09.2023	31.12.2022
<b>EQUITY</b>		
<b>Equity attributable to the owners of the parent</b>		
Share capital	1,300,931	1,300,931
Reserves and Retained Earnings	1,326,464	1,218,137
Profit for the period	176,855	226,017
<b>Total equity attributable to the owners of the parent</b>	<b>2,804,250</b>	<b>2,745,085</b>
Equity attributable to non-controlling interests	427,905	446,069
<b>TOTAL EQUITY</b>	<b>3,232,155</b>	<b>3,191,154</b>
<b>LIABILITIES</b>		
Non-current financial liabilities	4,330,818	4,266,014
Employee benefits	87,865	90,948
Provisions for risks and charges	394,469	404,781
Deferred tax liabilities	174,081	142,221
Sundry liabilities and other non-current liabilities	562,559	505,131
<b>Total non-current liabilities</b>	<b>5,549,792</b>	<b>5,409,095</b>
Current financial liabilities	208,337	294,575
Trade payables	1,328,337	2,279,400
Current liabilities from contracts with customers	16,111	39,209
Sundry liabilities and other current liabilities	346,181	261,131
Current tax liabilities	18,019	34,969
Provisions for risks and charges - current portion	270,576	207,526
Liabilities associated with assets held for sale	-	-
<b>Total current liabilities</b>	<b>2,187,561</b>	<b>3,116,810</b>
<b>TOTAL LIABILITIES</b>	<b>7,737,353</b>	<b>8,525,905</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,969,508</b>	<b>11,717,059</b>

# CONSOLIDATED INCOME STATEMENT

thousands of euro

	9M 2023	9M 2022 Restated
<b>Revenue</b>		
Revenue from goods and services	4,480,161	5,520,161
Other income	146,040	123,391
<b>Total revenue</b>	<b>4,626,201</b>	<b>5,643,552</b>
<b>Operating expenses</b>		
Raw materials, consumables, supplies and goods	(2,037,954)	(3,235,727)
Services and use of third-party assets	(1,258,051)	(1,227,250)
Other operating expenses	(79,085)	(62,705)
Capitalised costs for internal works	40,521	33,591
Personnel expense	(434,329)	(392,130)
<b>Total operating expenses</b>	<b>(3,768,898)</b>	<b>(4,884,221)</b>
<b>GROSS OPERATING PROFIT</b>	<b>857,303</b>	<b>759,331</b>
<b>Depreciation, amortisation, provisions and impairment losses</b>		
Depreciation and amortisation	(435,251)	(393,116)
Impairment losses on loans and receivables	(51,010)	(52,080)
Other provisions and impairment losses	(46,385)	7,303
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(532,646)</b>	<b>(437,893)</b>
<b>OPERATING PROFIT</b>	<b>324,657</b>	<b>321,438</b>
<b>Financial income and expense</b>		
Financial income	22,827	11,248
Financial expense	(91,087)	(61,529)
<b>Net financial expense</b>	<b>(68,260)</b>	<b>(50,281)</b>
Gains on equity investments	4,258	5,410
Share of profit of equity-accounted investees, net of tax effects	4,078	5,335
<b>Pre-tax profit</b>	<b>264,733</b>	<b>281,902</b>
Income taxes	(69,131)	(111,162)
- of which non-recurring		(30,479)
<b>Profit from continuing operations</b>	<b>195,602</b>	<b>170,740</b>
Profit (loss) from discontinued operations	-	-
<b>Profit for the period</b>	<b>195,602</b>	<b>170,740</b>
attributable to:		
- the owners of the parent	176,855	140,858
- non-controlling interests	18,747	29,882

The comparative data for 9M 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.

## STATEMENT OF OTHER COMPREHENSIVE INCOME

	thousands of euro	
	9M 2023	9M 2022 Restated
<b>Profit/(loss) for the period - owners of the parent and non-controlling interests (A)</b>	<b>195,602</b>	<b>170,740</b>
<b>Other comprehensive income that will be subsequently reclassified to profit or loss</b>		
- effective portion of fair value gains on cash flow hedges	30,983	(36,122)
- fair value gains/(losses) on financial assets	-	-
- share of other gains/(losses) of equity-accounted investees	2,682	-
- change in translation reserve	185	2,440
Tax effect	(8,420)	13,216
<b>Other comprehensive income to be subsequently reclassified to profit or loss net of tax effect (B1)</b>	<b>25,430</b>	<b>(20,466)</b>
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss</b>		
- actuarial gains (losses) on defined benefit plans (IAS 19)	-	-
- share of other gains/(losses) of equity-accounted investees related to defined benefit plans (IAS 19)	-	-
Tax effect	-	-
<b>Other comprehensive income not to be subsequently reclassified to profit or loss net of tax effect (B2)</b>	<b>-</b>	<b>-</b>
<b>Comprehensive income (A)+(B1)+(B2)</b>	<b>221,032</b>	<b>150,274</b>
attributable to:		
- the owners of the parent	202,328	117,043
- non-controlling interests	18,704	33,231

The comparative data for 9M 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Share premium reserve	Legal reserve	Hedging reserve	Other reserves and Retained earnings
<b>31/12/2021 Restated</b>	<b>1,300,931</b>	<b>133,019</b>	<b>87,216</b>	<b>(14,465)</b>	<b>760,742</b>
<b>Owner transactions</b>					
Dividends					
Retained earnings			10,943		157,506
Repurchase of treasury shares					-
Changes in consolidation scope					-
Change in equity interests					(1,844)
Other changes					(9,400)
<b>Total owner transactions</b>	<b>-</b>	<b>-</b>	<b>10,943</b>	<b>-</b>	<b>146,262</b>
<b>Comprehensive income for the period</b>					
Profit for the period					
Other comprehensive income				(26,255)	2,440
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,255)</b>	<b>2,440</b>
<b>30/09/2022 Restated</b>	<b>1,300,931</b>	<b>133,019</b>	<b>98,159</b>	<b>(40,720)</b>	<b>909,444</b>

	Share capital	Share premium reserve	Legal reserve	Hedging reserve	Other reserves and Retained earnings
<b>31/12/2022</b>	<b>1,300,931</b>	<b>133,019</b>	<b>98,159</b>	<b>62,642</b>	<b>924,317</b>
<b>Owner transactions</b>					
Dividends					
Retained earnings			12,934		71,945
Repurchase of treasury shares					-
Changes in consolidation scope					
Change in equity interests					(1,263)
Other changes					(762)
<b>Total owner transactions</b>	<b>-</b>	<b>-</b>	<b>12,934</b>	<b>-</b>	<b>69,920</b>
<b>Comprehensive income for the period</b>					
Profit for the period					
Other comprehensive income				25,288	185
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,288</b>	<b>185</b>
<b>30/09/2023</b>	<b>1,300,931</b>	<b>133,019</b>	<b>111,093</b>	<b>87,930</b>	<b>994,422</b>

The comparative data at 30 September 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.



thousands of euro

	Total reserves and Retained earnings	Profit for the period	Total equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>31/12/2021 Restated</b>	<b>966,512</b>	<b>303,172</b>	<b>2,570,615</b>	<b>379,976</b>	<b>2,950,591</b>
<b>Owner transactions</b>					
Dividends	-	(134,723)	(134,723)	(29,987)	(164,710)
Retained earnings	168,449	(168,449)	-	-	-
Repurchase of treasury shares	-	-	-	-	-
Changes in consolidation scope	-	-	-	48,672	48,672
Change in equity interests	(1,844)	-	(1,844)	(1,373)	(3,217)
Other changes	(9,400)	-	(9,400)	776	(8,624)
<b>Total owner transactions</b>	<b>157,205</b>	<b>(303,172)</b>	<b>(145,967)</b>	<b>18,088</b>	<b>(127,879)</b>
<b>Comprehensive income for the period</b>					
Profit for the period	-	140,858	140,858	29,882	170,740
Other comprehensive income	(23,815)	-	(23,815)	3,349	(20,466)
<b>Total comprehensive income for the period</b>	<b>(23,815)</b>	<b>140,858</b>	<b>117,043</b>	<b>33,231</b>	<b>150,274</b>
<b>30/09/2022 Restated</b>	<b>1,099,902</b>	<b>140,858</b>	<b>2,541,691</b>	<b>431,295</b>	<b>2,972,986</b>

thousands of euro

	Total reserves and Retained earnings	Profit for the period	Total equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>31/12/2022</b>	<b>1,218,137</b>	<b>226,017</b>	<b>2,745,085</b>	<b>446,069</b>	<b>3,191,154</b>
<b>Owner transactions</b>					
Dividends	-	(141,138)	(141,138)	(42,260)	(183,398)
Retained earnings	84,879	(84,879)	-	-	-
Repurchase of treasury shares	-	-	-	-	-
Changes in consolidation scope	-	-	-	4,788	4,788
Change in equity interests	(1,263)	-	(1,263)	628	(635)
Other changes	(762)	-	(762)	(24)	(786)
<b>Total owner transactions</b>	<b>82,854</b>	<b>(226,017)</b>	<b>(143,163)</b>	<b>(36,868)</b>	<b>(180,031)</b>
<b>Comprehensive income for the period</b>					
Profit for the period	-	176,855	176,855	18,747	195,602
Other comprehensive income	25,473	-	25,473	(43)	25,430
<b>Total comprehensive income for the period</b>	<b>25,473</b>	<b>176,855</b>	<b>202,328</b>	<b>18,704</b>	<b>221,032</b>
<b>30/09/2023</b>	<b>1,326,464</b>	<b>176,855</b>	<b>2,804,250</b>	<b>427,905</b>	<b>3,232,155</b>

# STATEMENT OF CASH FLOWS

thousands of euro

	9M 2023	9M 2022 Restated
<b>A. Opening cash and cash equivalents</b>	<b>788,402</b>	<b>606,888</b>
<b>Cash flows from operating activities</b>		
Result for the period	195,602	170,740
Adjustments:		
Income taxes for the period	69,131	111,162
Share of profit (loss) of associates and joint ventures	(4,078)	(5,335)
Net financial expense	68,260	50,281
Amortisation and depreciation	435,251	393,116
Net impairment losses (reversals of impairment losses) on assets	(4,258)	(4,522)
Impairment losses on loans and receivables	51,010	52,080
Net provisions for risks and other charges	234,636	102,924
Capital (gains) losses	471	(2,048)
Payment of employee benefits	(7,451)	(7,699)
Utilisations of provisions for risks and other charges	(170,979)	(30,190)
Change in other non-current assets	(7,672)	(7,266)
Change in other payables and other non-current liabilities	14,055	290
Taxes paid	(49,081)	(128,708)
Cash flows for transactions on commodities derivatives markets	(21,698)	10,533
Other changes in equity	(371)	(96)
Change in inventories	62,192	(306,551)
Change in assets from contracts with customers	(20,123)	(145,636)
Change in trade receivables	360,063	(148,273)
Change in current tax assets and other current assets	(52,303)	(33,676)
Change in trade payables	(961,250)	196,915
Change in liabilities from contracts with customers	(23,098)	(29,112)
Change in current tax liabilities and other current liabilities	67,092	(30,953)
<b>B. Net cash and cash equivalents generated by operating activities</b>	<b>235,401</b>	<b>207,976</b>
<b>Cash flows from/(used in) investing activities</b>		
Investments in property, plant and equipment and intangible assets	(547,784)	(557,097)
Investments in financial assets	(3,052)	(39,255)
Investment realisation	18,560	3,857
Acquisition of subsidiaries net of cash acquired	(25,951)	(217,777)
Dividends received	3,213	1,969
<b>C. Net cash and cash equivalents generated by investing activities</b>	<b>(555,014)</b>	<b>(808,303)</b>
<b>Cash flows from/(used in) financing activities</b>		
Dividends paid	(176,531)	(157,172)
Purchase of shareholdings in consolidated companies	(635)	(1,358)
New non-current loans	100,000	580,000
Repayment of non-current loans	(58,119)	(20,211)
Repayment of financial payables for leasing	(12,523)	(9,575)
Change in other financial payables	19,142	14,097
Change in loan assets	(21,353)	100,668
Interest paid	(54,540)	(31,837)
Interest received	2,210	1,729
<b>D. Net cash and cash equivalents generated by financing activities</b>	<b>(202,349)</b>	<b>476,341</b>
<b>E. Cash flow for the period (B+C+D)</b>	<b>(521,962)</b>	<b>(123,986)</b>
<b>F. Closing cash and cash equivalents (A+E)</b>	<b>266,440</b>	<b>482,902</b>

The comparative data for 9M 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas, Valle Dora Energia, Società dell'Acqua Potabile (SAP) and SEI Toscana, which took place at the end of 2022. Please refer to the "Basis of preparation" section for more information.



## LIST OF FULLY CONSOLIDATED COMPANIES

Company	Registered office	Currency	Share capital	% interest	Investor
Iren Ambiente S.p.A.	Piacenza	Euro	63,622,002	100.00	Iren
Iren Energia S.p.A.	Turin	Euro	918,767,148	100.00	Iren
Iren Mercato S.p.A.	Genoa	Euro	61,356,220	100.00	Iren
Ireti S.p.A.	Genoa	Euro	196,832,103	100.00	Iren
Ireti Gas S.p.A.	Parma	Euro	120,000	100.00	Ireti
Acam Acque S.p.A.	La Spezia	Euro	24,260,050	100.00	Ireti
Acam Ambiente S.p.A.	La Spezia	Euro	1,000,000	100.00	Iren Ambiente
Acquaenna S.c.p.a.	Enna	Euro	3,000,000	50.87	Ireti
Alfa Solutions S.p.A.	Reggio Emilia	Euro	100,000	86.00	Iren Smart Solutions
Alegas S.r.l.	Alessandria	Euro	10,000	98.00	Iren Mercato
AMIAT S.p.A.	Turin	Euro	46,326,462	80.00	AMIAT V
AMIAT V. S.p.A.	Turin	Euro	1,000,000	93.06	Iren Ambiente
Amter S.p.A.	Cogoleto (GE)	Euro	404,263	51.00	Ireti
				49.00	Iren Acqua
ASM Vercelli S.p.A.	Vercelli	Euro	120,812,720	59.97	Ireti
Asti Energia e Calore S.p.A.	Asti	Euro	120,000	62.00	Iren Energia
Atena Trading S.r.l.	Vercelli	Euro	556,000	100.00	Minerva S.r.l.
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51.00	Iren Ambiente
Bonifiche Servizi Ambientali S.r.l.	Reggio Emilia	Euro	3,000,000	100.00	Iren Ambiente
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	Ireti
C.R.C.M. S.r.l.	Terranuova Bracciolini (AR)	Euro	3,062,000	76.06	Valdarno Ambiente
Dogliani Energia S.r.l.	Cuneo	Euro	10,000	100.00	Iren Energia
Ekovision S.r.l.	Prato	Euro	1,485,000	100.00	SEI Toscana
Formaira S.r.l.	San Damiano Macra (CN)	Euro	40,000	100.00	Maira
Futura S.p.A.	Grosseto	Euro	3,660,955	40.00	Iren Ambiente Toscana
				40.00	Iren Ambiente
				20.00	Sei Toscana
I. Blu S.r.l.	Pasian di Prato (UD)	Euro	9,001,000	80.00	Iren Ambiente
Iren Acqua S.p.A.	Genoa	Euro	19,203,420	60.00	Ireti
Iren Acqua Tigullio S.p.A.	Chiavari (GE)	Euro	979,000	66.55	Iren Acqua
Iren Ambiente Parma S.r.l.	Parma	Euro	4,000,000	100.00	Iren Ambiente
Iren Ambiente Piacenza S.r.l.	Piacenza	Euro	4,000,000	100.00	Iren Ambiente
Iren Ambiente Toscana S.p.A.	Florence	Euro	5,000,000	100.00	Iren Ambiente
Iren Laboratori S.p.A.	Genoa	Euro	2,000,000	90.89	Ireti
Iren Smart Solutions S.p.A.	Reggio Emilia	Euro	2,596,721	60.00	Iren Energia
				20.00	Iren Ambiente
				20.00	Iren Mercato
LAB 231 S.r.l.	Parma	Euro	10,000	100.00	Alfa Solutions
Limes 1 S.r.l.	Turin	Euro	20,408	51.00	Iren Green Generation
Limes 2 S.r.l.	Turin	Euro	20,408	51.00	Iren Green Generation
Limes 20 S.r.l.	Turin	Euro	10,000	100.00	Iren Green Generation
Maira S.p.A.	San Damiano Macra (CN)	Euro	596,442	82.00	Iren Energia
Manduriambiente S.p.A.	Manduria (TA)	Euro	4,111,820	95.28	Iren Ambiente
Mara Solar srl	Turin	Euro	10,000	100.00	Iren Green Generation
Minerva S.r.l.	Vercelli	Euro	10,000	59.97	Iren Mercato
Nord Ovest Servizi S.p.A.	Turin	Euro	7,800,000	45.00	Ireti
				30.00	Amiat
Iren Green Generation S.r.l.	Turin	Euro	10,000	100.00	Iren Energia
Iren Green Generation Tech S.r.l.	Turin	Euro	80,200	100.00	Iren Green Generation

Company	Registered office	Currency	Share capital	% interest	Investor
Omnia Power S.r.l.	Turin	Euro	10,000	100.00	Iren Green Generation
ReCos S.p.A.	La Spezia	Euro	1,000,000	99.51	Iren Ambiente
Re Mat Srl	Turin	Euro	180,000	88.43	Iren Ambiente
Rigenera Materiali S.r.l.	Genoa	Euro	3,000,000	100.00	Iren Ambiente
Romeo 2 S.r.l.	Parma	Euro	10,000	100.00	Ireti Gas
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50.00	Iren Mercato
San Germano S.p.A.	Turin	Euro	1,425,000	100.00	Iren Ambiente
Scarlino Energia S.p.A.	Scarlino (GR)	Euro	1,000,000	100.00	Iren Ambiente Toscana
SEI Toscana S.r.l.	Siena	Euro	45,388,913	41.78	Iren Ambiente Toscana
				16.37	Valdarno Ambiente
				0.20	C.R.C.M.
TB S.p.A.	Florence	Euro	2,220,000	100.00	Valdarno Ambiente
Territorio e Risorse S.r.l.	Turin	Euro	2,510,000	65.00	Iren Ambiente
				35.00	ASM Vercelli
TRM S.p.A.	Turin	Euro	86,794,220	80.00	Iren Ambiente
Uniproject S.r.l.	Maltignano (AP)	Euro	91,800	100.00	Iren Ambiente
Valdarno Ambiente S.r.l.	Terranuova Bracciolini (AR)		22,953,770	56.016	Iren Ambiente Toscana
Valdisieve S.c.a.r.l.	Florence	Euro	1,400,000	70.96	Sei Toscana
				0.96	Iren Ambiente Toscana
Valle Dora Energia S.r.l.	Turin	Euro	537,582	74.50	Iren Energia

## LIST OF JOINT VENTURES

Company	Registered office	Currency	Share capital	% interest	Investor
Acque Potabili S.p.A. in liquidazione (in liquidation)	Turin	Euro	7,633,096	47.546	Ireti

## LIST OF ASSOCIATES

Company	Registered office	Currency	Share capital	% interest	Investor
A2A Alfa S.r.l. (1)	Milan	Euro	100,000	30.00	Iren Mercato
Acos S.p.A.	Novi Ligure	Euro	17,075,864	25.00	Ireti
Acos Energia S.p.A.	Novi Ligure	Euro	150,000	25.00	Iren Mercato
Aguas de San Pedro S.A. de C.V.	S.Pedro Sula (Honduras)	Lempiras	159,900	39.34	Ireti
Aiga S.p.A. (1)	Ventimiglia	Euro	104,000	49.00	Ireti
Amat S.p.A. (1)	Imperia	Euro	5,435,372	48.00	Ireti
Arienes S.c.a.r.l.	Reggio Emilia	Euro	50,000	42.00	Iren Smart Solutions
ASA S.p.A.	Livorno	Euro	28,613,406	40.00	Ireti
Asa S.c.p.a.	Castel Maggiore (BO)	Euro	1,820,000	49.00	Iren Ambiente
Astea S.p.A.	Recanati (MC)	Euro	76,115,676	21.32	Consorzio GPO
Asti Servizi Pubblici S.p.A.	Asti	Euro	7,540,270	45.00	Nord Ovest Servizi
Barricalla S.p.A.	Turin	Euro	2,066,000	35.00	Iren Ambiente
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.50	Iren Energia
Centro Corsi S.r.l.	Reggio Emilia	Euro	12,000	33.00	Alfa Solutions S.p.A.
CSA S.p.A. (1)	Terranuova Bracciolini (AR)	Euro	1,369,502	47.97	Iren Ambiente Toscana
CSAI S.p.A.	Terranuova Bracciolini (AR)	Euro	1,610,511	40.32	Iren Ambiente Toscana
EGUA S.r.l.	Cogorno (GE)	Euro	119,000	49.00	Ireti
Fata Morgana S.p.A. (2)	Reggio Calabria	Euro	2,225,694	25.00	Ireti
Fin Gas S.r.l.	Milan	Euro	10,000	50.00	Iren Mercato
Fratello Sole Energie Solidali Impresa Sociale S.r.l.	Genoa	Euro	350,000	40.00	Iren Energia
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45.00	Iren Ambiente
Global Service Parma S.c.a.r.l. (1)	Parma	Euro	20,000	30.00	Ireti
Iniziative Ambientali S.r.l.	Novellara (RE)	Euro	100,000	40.00	Iren Ambiente
Mondo Acqua S.p.A.	Mondovì (CN)	Euro	1,100,000	38.50	Ireti
OMI Rinnovabili S.c.a.r.l.	Reggio Emilia	Euro	10,000	40.15	Alfa Solutions S.p.A.
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25.00	Ireti
Rimateria S.p.A. (3)	Piombino (LI)	Euro	4,589,273	30.00	Iren Ambiente
Seta S.p.A.	Turin	Euro	12,378,237	48.85	Iren Ambiente
Sienambiente S.p.A.	Siena	Euro	2,866,575	40.00	Iren Ambiente Toscana
Sinergie Italiane S.r.l. (1)	Milan	Euro	1,000,000	30.94	Iren Mercato
Sistema Ambiente S.p.A.	Lucca	Euro	2,487,657	36.56	Iren Ambiente
STU Reggiane S.p.A.	Reggio Emilia	Euro	14,650,879	30.00	Iren Smart Solutions
Tirana Acque S.c. a r.l. (1)	Genoa	Euro	95,000	50.00	Ireti

(1) Company in liquidation

(2) Company in liquidation classified under assets held for sale

(3) Company in bankruptcy

**CERTIFICATION BY THE MANAGER IN CHARGE OF FINANCIAL REPORTING PURSUANT TO ARTICLE 154-BIS, PARAGRAPH 2 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998 (“TESTO UNICO DELLA FINANZA” [CONSOLIDATED FINANCE ACT])**

The undersigned Anna Tanganelli, Manager in charge of financial reporting of IREN S.p.A declares, pursuant to paragraph 2 of Article 154-bis of the “Testo Unico della Finanza” [Consolidated Finance Act] that the accounting information contained in this Consolidated Quarterly Report at 30 September 2023 corresponds to the documentary records, books and accounting entries.

09 November 2023

The Financial Reporting Manager under Law  
262/05

Anna Tanganelli

(signed on the original)



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