

# Consolidated Quarterly Report



| At 30 September 2022





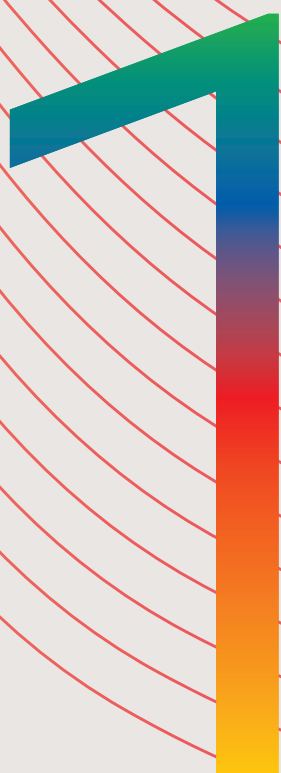
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Iren is the energy, environmental and infrastructure operator active in a multi-regional area with more than 10,000 employees, a portfolio of over 2 million customers in the energy sector, approximately 2.7 million residents served in the integrated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



# Introduction



At 30 September 2022

# COMPANY OFFICERS

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

Chairperson	Luca Dal Fabbro <sup>(2)</sup>
Deputy Chairperson	Moris Ferretti <sup>(3)</sup>
Chief Executive Officer and General Manager	Gianni Vittorio Armani <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 Merlini <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 Chair by the Shareholders' Meeting of 21 June 2022. Until that date, the office was held by Renato Boero.

<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.

<sup>(4)</sup> Chief Executive Officer and General Manager from 29 May 2021. He was confirmed in the offices for the three-year period 2022-2024 at the meeting of the Board of Directors on 21 June 2022.

<sup>(5)</sup> Chairperson of the Control, Risk and Sustainability Committee, appointed on 21 June 2022.

<sup>(6)</sup> Member of the Control, Risk and Sustainability Committee, in office for the three-year period 2019-2021 and confirmed for the three-year period 2022-2024 on 21 June 2022.

<sup>(7)</sup> Chairperson of the Remuneration and Appointments Committee, in office for the three-year period 2019-2021 and confirmed in the same office for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

<sup>(8)</sup> Member of the Remuneration and Appointments Committee from 30 May 2019 until 21 June 2022. From that date, for the three-year period 2022-2024, appointed as member of the Related Party Transactions Committee by the Board of Directors.

<sup>(9)</sup> Member of the Control, Risk and Sustainability Committee from 30 May 2019 until 21 June 2022. From that date, appointed as member of the Remuneration and Appointments Committee for the three-year period 2022-2024.

<sup>(10)</sup> Chairperson of the Control, Risk and Sustainability Committee and member of the Related Party Transactions Committee from 30 May 2019 until 21 June 2022. From that date, appointed as member of the Control, Risk and Sustainability Committee for the three-year period 2022-2024.

<sup>(11)</sup> Member of the Related Party Transactions Committee, appointed for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

<sup>(12)</sup> Member of the Control, Risk and Sustainability Committee, appointed for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

<sup>(13)</sup> Member of the Remuneration and Appointments Committee, appointed for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

<sup>(14)</sup> Member of the Remuneration and Appointments Committee, appointed for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

<sup>(15)</sup> Member of the Related Party Transactions Committee, appointed for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

<sup>(16)</sup> Chairperson of the Related Party Transactions Committee, in office for the three-year period 2019-2021 and confirmed in the same office for the three-year period 2022-2024 by the Board of Directors on 21 June 2022.

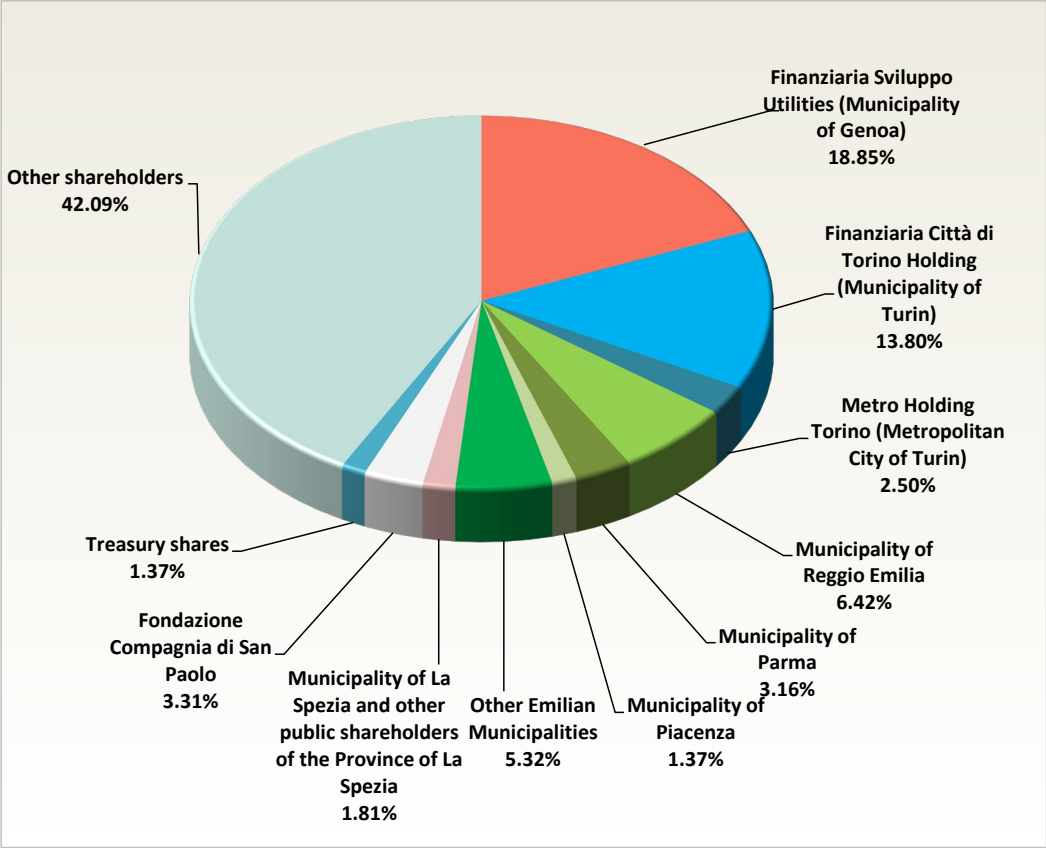
<sup>(17)</sup> Appointed by the Shareholders' Meeting of 06 May 2021 for the 2021-2022-2023 three-year period.

<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 2022, based on available information, the Iren's ownership structure was illustrated 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



1996

AMGA Genoa listed on the Stock Exchange



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

## 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



2010

IRIDE and ENIA constitute IREN



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

## 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.**

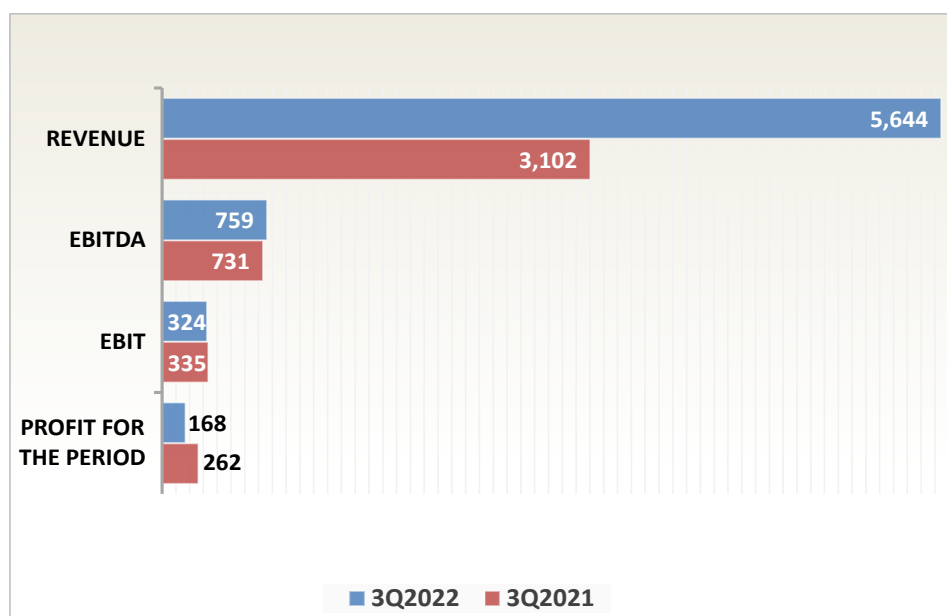
# KEY FIGURES OF THE IREN GROUP: HIGHLIGHTS FIRST NINE MONTHS 2022

## Results

	millions of euro		
	First 9 months 2022	First 9 months 2022 (restated)	Change %
Revenue	5,643.6	3,102.0	81.9
Gross operating profit (EBITDA)	759.3	730.8	3.9
Operating profit (EBIT)	324.3	334.8	(3.1)
Profit for the year	167.9	262.2	(35.9)
<hr/>			
Gross operating profit (EBITDA) Margin (EBITDA/Revenue)	13.5%	23.6%	

The comparative figures of the first nine months of 2021 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the acquisition price to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of the companies in the Waste Management Division of Unieco, Futura and I.Blu, which took place at the end of 2021, and Sidlren, which took place at the end of the first half of 2022. Please refer to the “Basis of preparation” section for more information.

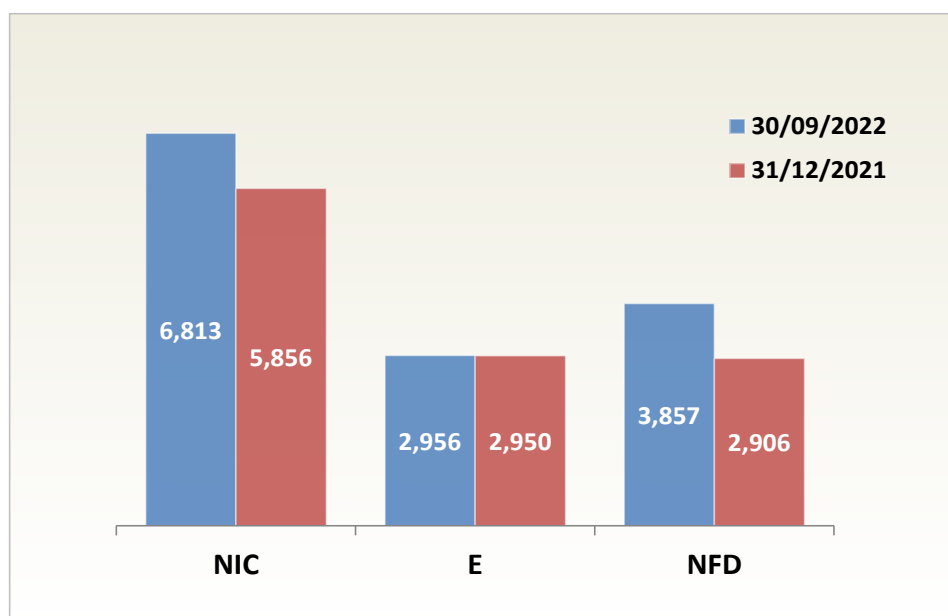
For definitions of Alternative Performance Measures, see the relevant section in this Report.



## Financial position

	millions of euro		
	30.09.2022	31.12.2021 Restated	Change %
Net Invested Capital (NIC)	6,812.8	5,856.2	16.3
Equity (E)	2,955.8	2,950.4	0.2
Net Financial Debt (NFD)	3,857.0	2,905.8	32.7
<b>Debt/Equity (Net Financial Debt/Equity)</b>	<b>1.30</b>	<b>0.98</b>	

The comparative figures at 31 December 2021 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the acquisition price to the final *fair value* of the assets and liabilities acquired (*Purchase Price Allocation*) of Sidren, which took place at the end of the first half of 2022. Please refer to the "Basis of preparation" section for more information.

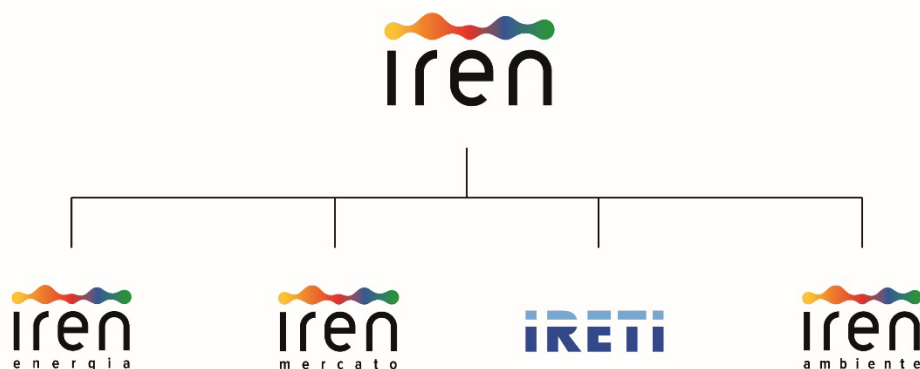


## Technical and commercial figures

	First 9 months 2022	First 9 months 2021	Change %
Electricity produced (GWh)	6,090.1	6,815.6	(10.6)
Thermal energy produced (GWht)	1,966.1	2,034.7	(3.4)
Electricity distributed (GWh)	2,786.5	2,732.8	2.0
Gas distributed (mln m <sup>3</sup> )	784.5	894.6	(12.3)
Water sold (mln m <sup>3</sup> )	126.2	130.1	(3.0)
Electricity sold (GWh)	10,028.4	11,032.3	(9.1)
Gas sold (mln m <sup>3</sup> ) (*)	1,700.0	1,801.1	(5.6)
District heating volume (mln m <sup>3</sup> )	99.1	97.5	1.6
Waste treated (tonnes)	2,627,551	2,612,318	0.6

\* of which 1,037.5 mln m<sup>3</sup> for internal use in the first nine months of 2022 (1,125.2 mln m<sup>3</sup> in the first nine months of 2021, -7.8%)

# THE CORPORATE STRUCTURE OF THE 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 238 municipalities through a distribution network of 20,088 kilometres, serving almost 2.8 million residents. As regards waste water, the Networks BU manages a sewerage network spanning a total of 11,291 kilometres.

The acquisition of 100% of Società dell'Acqua Potabile S.r.l. ('SAP') by Siram S.p.A., a company of the French Veolia group, became effective on 1 July 2022. SAP manages water service in the Genoa Metropolitan City 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 purification 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.

### **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 8,115 kilometres of high, medium and low-pressure pipes, serves a catchment area of approximately 741 thousand redelivery points.

### **Electricity distribution**

IRETI provides the electricity distribution service in the cities of Turin, Parma and, through ASM Vercelli, in the city of Vercelli with 7,849 kilometres of network in medium and low voltage, and a total of nearly 725 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 recently acquired 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 last July, 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 420 municipalities with 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, 317 equipped technological stations and 53 treatment, selection, storage, recovery, biodigestion and composting plants.

## **ENERGY BU**

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

The Energy BU's installed capacity totals 2,728 MW of electricity and approximately 2,350 MW of heat. Specifically, it has 31 electricity production plants directly available to it: 23 hydroelectric (including 3 mini-hydro) plants, 7 thermoelectric cogeneration plants, and 1 conventional thermoelectric plant. The Business Unit has 95 photovoltaic production plants with an installed capacity of 18 MW.

Also completed at the beginning of the year was 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 77% 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 10% 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), which account for 70% of the Group's plant portfolio, generate more than 73% 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 2020, a contract was signed with Ansaldo for the expansion of the Turbigio thermoelectric power plant through the design, supply and construction of a new gas-fired combined-cycle power generation plant, which will increase the site's total installed capacity from the current 850 MW to about 1,280 MW, project that was substantially completed in 2021 and will enter into operation in late 2022.

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

### **District heating**

Iren Energia has the most extensive district heating network in Italy (1,091 kilometres of double pipe network), with 726 kilometres in the Turin area, of which 79 kilometres in the municipalities of Grugliasco, Rivoli and Collegno (Metropolitan City of Turin), 10 in the Municipality of Genoa, 221 in the Municipality of Reggio Emilia, 104 in the Municipality of Parma and 30 in the Municipality of Piacenza; the total volume heated amounts to 99.1 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.

At the end of 2021, Iren Smart Solutions acquired 100% of Bosch Energy and Building Solutions Italy S.r.l. (later renamed Iren Energy Solutions and merged by incorporation into Iren Smart Solutions with effect from 1 March 2022), operating in the energy efficiency sector as an ESCo (Energy Service Company), specifically in the design, construction and management of integrated heating, air conditioning and cogeneration systems for public and private customers. The company, which operates mainly in northern Italy, will help expand, also in terms of know-how, the Group's activities in the energy efficiency sector, integrating the range of services offered.

## **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.

From July 2021, with the acquisition of 100% of the quota capital of SidIren S.r.l. operating in the sale of natural gas, Iren Mercato has extended its gas customer portfolio to 78 municipalities in the province of Avellino. The company was merged into Iren Mercato effective 1 January 2022.

With the completion during the second quarter of the purchase of 80% of the investment in the Alessandria-based multi-utility 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 has 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 manages the sale of heat, purchased from Iren Energia, to district heating customers in the municipalities of Turin, Nichelino, Beinasco (Turin area), Genoa, Reggio Emilia, Piacenza and Parma and the commercial development 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 the area of 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 SHARE IN THE FIRST NINE MONTHS OF 2022

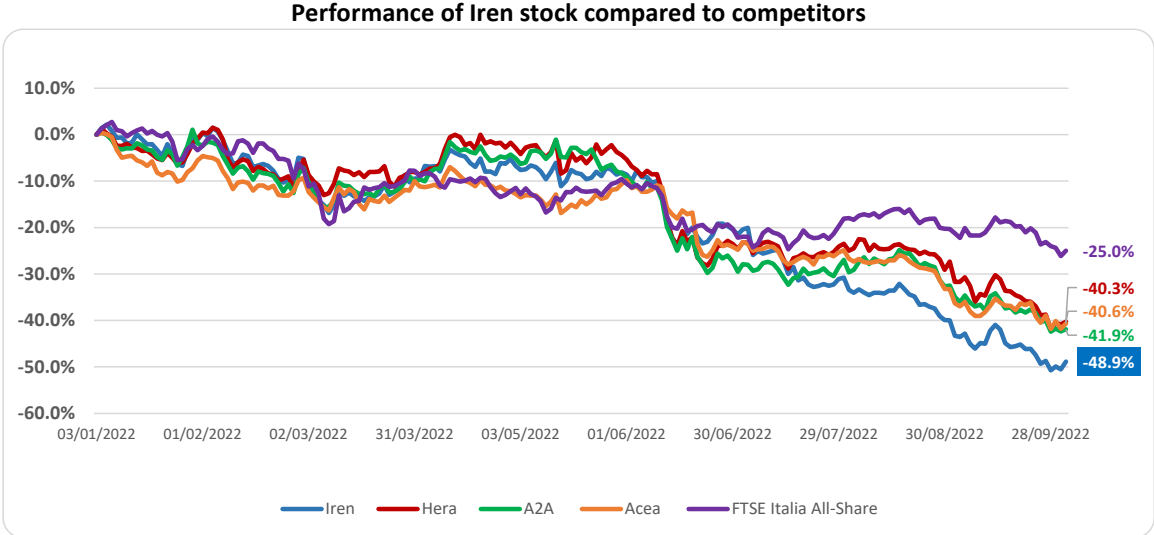
## Iren stock performance on the stock exchange

In the first nine months of 2022, the world's major stock market indexes reported a downward trend due, at first, to expectations regarding inflation, supported by energy commodity prices, and the resulting monetary policy decisions, oriented toward higher interest rates. Adding to the uncertainty was Russia's invasion of Ukraine, which, among other effects, exacerbated the rise in commodity prices, particularly natural gas and oil.

In the second and third quarters of the year, the worsening of this scenario then led to expectations of higher inflation growth, prompting central banks to further raise interest rates to counteract rising prices, affecting economic growth expectations.

During the period, the FTSE Italia All-Share (the main index of the Italian Stock Exchange) fell by 25%, mainly due to the events described above, in a context of Italy's high dependence on natural gas supplies from Russia, the generalised increase in prices driven by energy costs, the restrictive monetary policy of the European Central Bank and the uncertainty arising from the change of government.

The four multi-utilities underperformed the FTSE index, being impacted by the high volatility of the energy scenario and the regulatory uncertainty related to the measures introduced by the Italian government to contain energy prices in favour of end consumers.

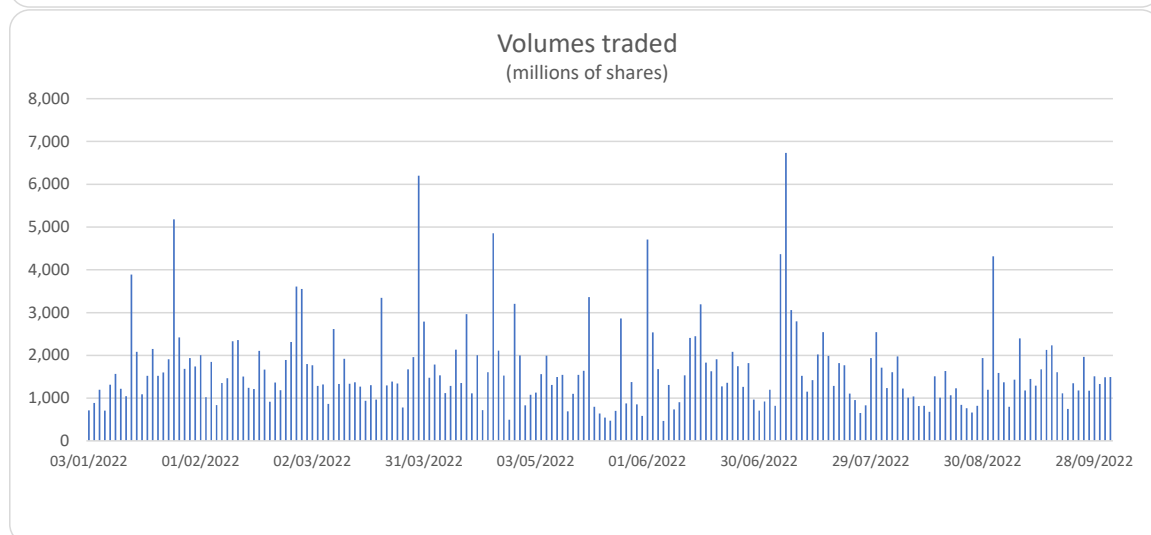


At 30 September 2022, the last trading day in the period, the price of IREN share stood at 1.357 euro/share, down by 48.9% compared to the price at the beginning of the year, with average trading volumes during the period amounting to approximately 1.7 million units. The average price for the period was 2.17 euro per share.

The high for the period was recorded on 04 January 2022, at 2.712 euro/share; the low for the period, at 1.308 euro/share, was recorded on 27 September.



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

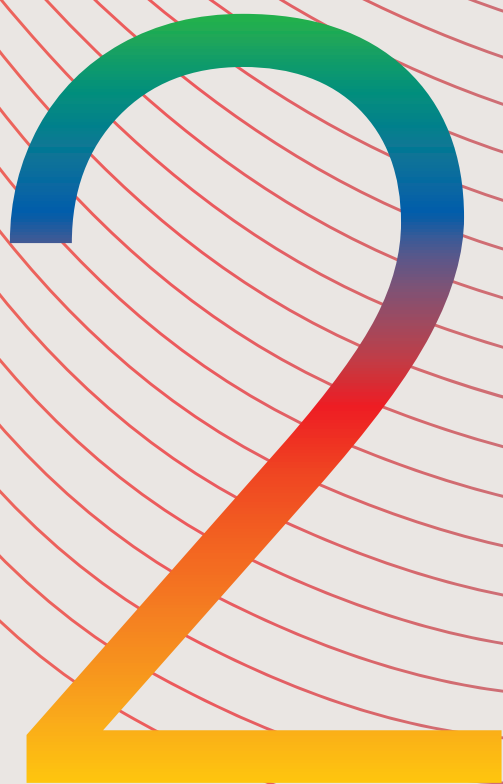


### Share coverage

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



# Directors' Report



| At 30 September 2022

## SIGNIFICANT EVENTS OF THE PERIOD

### **Acquisition of photovoltaic plants from European Energy**

On 16 February 2022, the Group finalised the acquisition from European Energy S/A, a Danish company that develops and manages wind and photovoltaic plants, of 100% of Puglia Holding S.r.l. (now Iren Green Generation), owner of five special-purpose vehicles (SPVs) holding construction and management authorisations for the ASI Troia photovoltaic parks in San Vincenzo and Montevergine (Province of Foggia) and the Palo del Colle complex (Province of Bari).

The acquired plants were built between 2019 and early 2022 and have an installed capacity of 121.5 MW, making them the largest photovoltaic park built in Italy to date. The acquired business has an Enterprise Value of 166 million euro.

Together with the Puglia Holding operation, Iren Energia entered into a commercial agreement relating to the European Energy plants under development for a total capacity of 437.5 MW in four sites located in Lazio, Sicily and Apulia. The agreement provides for the possibility of exercising rights to invest in such assets over a period of exclusivity and at various stages of development.

Pursuant to this agreement, on 26 September 2022 Iren Green Generation entered into a contract for the acquisition, through a share capital increase, of 51% of the SPVs Limes 1 S.r.l. and Limes 2 S.r.l., owned by European Energy, which hold the authorisations for the construction of two photovoltaic plants with a total capacity of 39 MW on land located in the municipality of Tuscania, in the province of Viterbo. The value of the shares acquired in the two SPVs is 4.1 million euro.

### **Financing to support investments for the development of district heating in Turin**

Continuing the cooperation in the field of environmental sustainability started in 2020, on 25 March 2022, the Council of Europe Development Bank (CEB) and Iren S.p.A. signed a Public Finance Facility (PFF) loan for 80 million euro to support the investments for the development of the district heating network in the metropolitan area of Turin, provided for in the Business Plan.

The investments financed are aimed at saturating and extending district heating to new areas by connecting new users and improving the operational efficiency and flexibility of the network.

### **Acquisition of concessions in the field of gas distribution**

Following the award of the tender in December 2021, on 1 April 2022, the consortium formed by Ascopiave, ACEA, and Iren finalised the closing of the agreement with the A2A Group for the acquisition of assets in the natural gas distribution service.

The overall scope of activities covered by the transaction includes 157 thousand Redelivery Points (PDR), distributed in 8 regions and forming part of 24 Ambiti Territoriali Minimi (ATEM, Minimum Territorial Areas), for over 2,800 km of network. The economic value of the acquisition in terms of Enterprise Value is 125.4 million euro.

These assets were transferred in the first quarter to a dedicated company, Romeo Gas S.p.A., of which IRETI acquired 13.77% on 1 April 2022. The Enterprise Value of this portion is 15.7 million euro.

### **Acquisition of Alegas**

On 21 April 2022 Iren Mercato signed for the acquisition of 80% of Alegas S.r.l. from AMAG S.p.A., a multi-utility based in Alessandria.

Alegas operates in the sale of gas and electricity and has a portfolio of approximately 43 thousand customers, mostly retail, of which 36 thousand gas and 7 thousand electricity customers, almost entirely distributed in the Province of Alessandria. The price for the acquisition was 17.1 million euro.

The acquisition enables the Iren Group to increase its customer portfolio by strengthening its presence in Piedmont, with the aim of implementing new commercial campaigns that will promote the sale of products and services related to consumption reduction in buildings and electric mobility.

### **Contracting of sustainability-linked loans**

During the period, Iren S.p.A. contracted five term loans, all with maturities between five and six years and a bullet repayment structure, from Intesa Sanpaolo and Cassa Depositi e Prestiti (150 million euro each), BPER Banca (100 million euro), BBVA - BancoBilbao Vizcaya Argentaria (50 million euro) and CaixaBank (100 million euro).

The amount of the spread of the new credit lines is linked to the achievement of specific objectives outlined in the Sustainability Report and Sustainable Financing Framework published in March: the reduction of climate-altering emissions, the progressive growth in production from renewable sources and the rational use of water resources. In this regard, these goals are expected to be achieved through the set of investments envisaged throughout the plan.

The operations described aim to combine sustainability and development through the bonus/penalty mechanism linked to the achievement of the targets set and are part of the context of strengthening the liquidity profile, with interest rate and duration conditions appropriate to the Group's standards. The total amount of ESG-linked loans signed during the period thus stands at 550 million euro.

In sustainable financing, in August 2022 Iren S.p.A. also signed a 50 million euro private placement under the 4 billion Euro Medium Term Note (EMTN) programme with the aim of financing a number of green investment projects selected among the eligible projects identified within the Sustainable Financing Framework.

### **Shareholders' Meeting**

On 21 June 2022, the Ordinary Shareholders' Meeting approved the Company's financial statements at 31 December 2021 and the Directors' Report, and resolved to distribute a dividend of 0.105 euro per ordinary share, confirming the proposal made by the Board of Directors.

The Shareholders also:

- approved the first section ("2022 Remuneration Policy") of the Report on the 2022 Remuneration Policy and on fees paid for 2021;
- issued a favourable vote on the second section ("Fees paid for 2021") of the same Report;
- appointed the new Board of Directors and its Chairperson for the three-year period 2022-2023-2024 (expiring on the date of approval of the financial statements for the financial year 2024) and determined the annual remuneration to be paid to the members.

### **Acquisition of Società dell'Acqua Potabile (SAP)**

Following an agreement signed at the end of April, the acquisition became effective on 1 July 2022 of 100% of Società dell'Acqua Potabile S.r.l. ('SAP') by Siram S.p.A., a company of the French Veolia group.

SAP manages water service in the Genoa Metropolitan City municipalities of Sestri Levante, Casarza Ligure, and Ne, with expirations of the relevant agreements between 2023 and 2027, as well as in the municipalities of 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 purification 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. The price of the transaction was 11.3 million euro.

The transaction effectively anticipates the Ireti takeover of the management of concessions intended for it as the sole operator of the area of reference, making it possible to initiate in advance actions aimed at achieving significant synergies with other operations already exercised in neighboring territories.

### **Acquisition of control of SEI Toscana**

On 1 July 2022, the Group acquired control of the investee SEI Toscana S.r.l., the company that manages the integrated municipal waste service of the ATO "Toscana Sud", operating in over one hundred municipalities in the provinces of Arezzo, Grosseto, Siena and Livorno. The company also holds controlling stakes in Ekovision S.r.l., which designs, develops and provides software assistance for applications dedicated to companies operating in the waste sector, and Valdisieve S.c. a r.l.

The acquisition of control follows the entry into force of the amendments to SEI Toscana articles of association concerning governance structures, and comes after the transactions that led Iren Ambiente

Toscana to hold, in the first half of 2022, directly 41.77% of the company and 16.57% through Valdarno Ambiente and CRCM.

**Acquisition of ready-to-build projects of photovoltaic plants**

On 22 July 2022 the Group signed binding agreements for the acquisition, for a total value of 6.1 million euro, of authorisations and land rights for the development of two photovoltaic plants with a total capacity of 29.9 MW located in southern Italy, for a production of approximately 50 GWh per year. The purchase of the special purpose vehicle Mara Solar, referring to the development of one of the two plants, with a capacity of 19.9 MW, was finalised at the end of July.

## ALTERNATIVE PERFORMANCE MEASURES

The 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.

On the subject of 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, in order to improve their comparability, reliability and comprehensibility.

In line with the aforementioned communications, the criteria used to construct these measures presented in this 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 both internal and external documents and represents a useful tool to assess the Group's financial structure, including by comparing the reporting period with that of the previous periods or 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 (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 both internal and external documents and is a useful tool for assessing the Group's operating performance (both as a whole and for the individual Business Units), including by comparing the operating profit or loss for the reporting period with that for previous periods or 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 income (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 Profit 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.

**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 business performance and its management, but are not indicative of historic operating results, nor are they intended to be predictive of future results.



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

## Income statement

### IREN GROUP INCOME STATEMENT

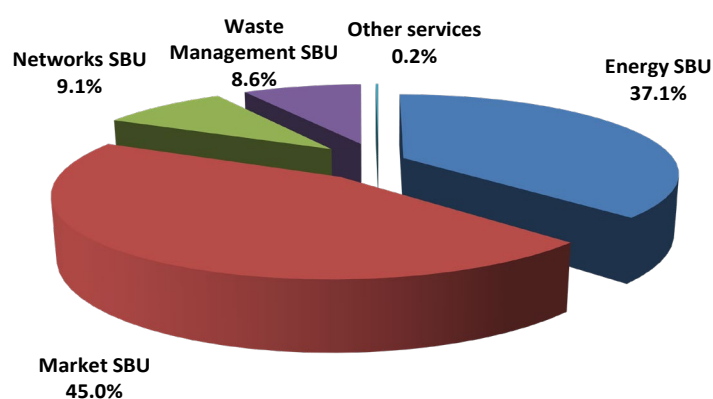
	thousands of euro		
	First 9 months 2022	First 9 months 2021 Restated	Change %
<b>Revenue</b>			
Revenue from goods and services	5,520,161	3,015,256	83.1
Other income	123,391	86,709	42.3
<b>Total revenue</b>	<b>5,643,552</b>	<b>3,101,965</b>	<b>81.9</b>
<b>Operating expenses</b>			
Raw materials, consumables, supplies and goods	(3,235,727)	(970,558)	(*)
Services and use of third-party assets	(1,227,250)	(1,018,553)	20.5
Other operating expenses	(62,705)	(52,036)	20.5
Internal work capitalised	33,591	31,189	7.7
Personnel expense	(392,130)	(361,228)	8.6
<b>Total operating expenses</b>	<b>(4,884,221)</b>	<b>(2,371,186)</b>	<b>(*)</b>
<b>GROSS OPERATING PROFIT</b>	<b>759,331</b>	<b>730,779</b>	<b>3.9</b>
<b>Depreciation, amortisation, provisions and impairment losses</b>			
Depreciation and amortisation	(390,207)	(345,156)	13.1
Impairment losses on loans and receivables	(52,080)	(44,627)	16.7
Other provisions and impairment losses	7,303	(6,191)	(*)
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(434,984)</b>	<b>(395,974)</b>	<b>9.9</b>
<b>OPERATING PROFIT</b>	<b>324,347</b>	<b>334,805</b>	<b>(3.1)</b>
<b>Financial management</b>			
Financial income	11,248	32,157	(65.0)
Financial expense	(61,529)	(59,330)	3.7
<b>Net financial income</b>	<b>(50,281)</b>	<b>(27,173)</b>	<b>85.0</b>
Gains on equity-accounted investments	(13)	1,305	(*)
Share of profit of equity-accounted investees, net of tax effects	5,867	4,701	24.8
<b>Profit before tax</b>	<b>279,920</b>	<b>313,638</b>	<b>(10.8)</b>
Income taxes	(111,988)	(51,472)	(*)
<b>Profit from continuing operations</b>	<b>167,932</b>	<b>262,166</b>	<b>(35.9)</b>
Profit (loss) from discontinued operations	-	-	-
<b>Profit for the period</b>	<b>167,932</b>	<b>262,166</b>	<b>(35.9)</b>
attributable to:			
- Profit (loss) for the period attributable to the owners of the parent	137,762	240,554	(42.7)
- Profit (loss) for the period attributable to non-controlling interests	30,170	21,612	39.6

(\*) Change of more than 100%

The comparative figures of the first nine months of 2021 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the acquisition price to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of the companies in the Waste Management Division of Unieco, Futura and I.Blu, which took place at the end of 2021, and Sidren, which took place at the end of the first half of 2022. Please refer to the "Basis of preparation" section for more information.

## Revenue

At 30 September 2022, the Group reported revenue of 5,643.6 million euro, up +81.9% compared to 3,102.0 million euro in the corresponding period of 2021. The main factors contributing to the increase include higher energy revenues, which were influenced by the rise in commodity prices (over 2,170 million euro) and the climate effect (approximately -73 million euro). Energy efficiency activities such as energy upgrades and building renovations, which are favoured by tax breaks, also contribute around 190 million euro to the change in turnover. Finally, changes in the scope of consolidation affect revenues by approximately 100 million euro and refer to the consolidation of Puglia Holding (now Iren Green Generation) from February 2022 and SEI Toscana from 1 July 2022 onwards.



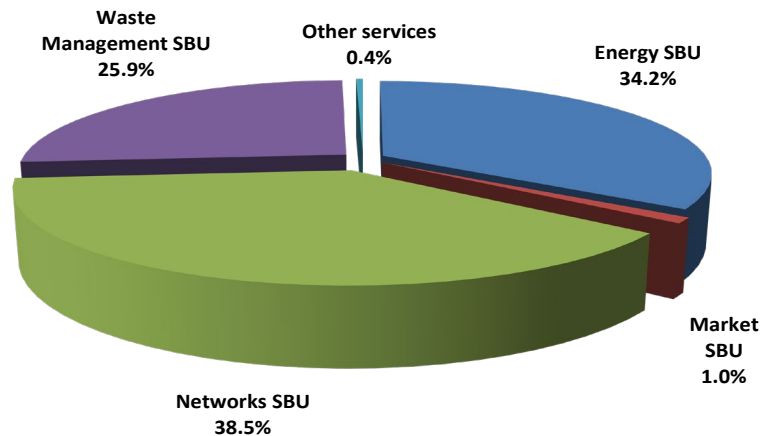
## Gross Operating Profit

Gross Operating Profit amounted to 759.3 million euro, an increase of +3.9% compared to 730.8 million euro for the same period in 2021.

The margin for the period was positively impacted by the expansion of the perimeter of consolidation for the acquisition of Puglia Holding for approximately 44 million euro, the organic growth related to the tariff increases of the network services linked to the investments made to improve the infrastructures, the development of the activities related to the energy requalification works and the full operation, following the expansion of capacity, of the biodigesters in Cairo Montenotte and Santhià.

The energy scenario characterised by a sharp increase in electricity and gas prices compared to the first nine months of 2021 had a negative impact on the margin. The integrated management of the energy supply chain did not make it possible, in a highly volatile context, to offset the positive effects (margins on electricity and heat production and consideration for the capacity market) and the negative effects (margins on electricity sales down sharply, significant decrease of the volumes of energy produced the hydroelectric sources as a result of the drought and fault on the steam turbine of the Turbigio thermoelectric plant).

Overall, the increase in margin with reference to the individual business units is broken down as follows: Waste Management (+19.8%), Energy (+52.7%), Networks (+0.8%) while the Market business unit declined (-92.8%), the latter trend being related to the increase in the Energy BU in the logic of integrated management of the energy supply chain (production and marketing of electricity produce from renewable sources).



### Operating profit

Operating Profit amounted to 324.3 million euro, a decrease of -3.1% compared to 334.8 million euro for the first 9 months of 2021. Amortisation and depreciation for the period rose by 45 million euro, due to the start-up of new investments and expansion of the consolidation scope, and to higher allocations to the provision for impairment of receivables for 7 million euro. There were also higher releases of provisions of roughly 15 million euro, mainly related to the settlement of disputes with suppliers.

### Financial management

The financial management result shows a balance of net financial expense of 50.3 million euro; in the comparative period, the figure stood at 27.1 million euro.

The change is mainly attributable to lower financial income, which amounted to 11.2 million compared to 32.2 million in the first nine months of 2021, which included income from early settlement of financial liabilities. Financial expenses increased by 2.2 million euro.

### Gains on equity-accounted investments

This item, of minimal amount in the first nine months of 2022, refers to the write-down of shares in an investee of the Market business unit. In the comparative period, the amount of 1.3 million euro referred to the remeasurement at fair value, at the date of acquisition of control, of the prior interest in Futura.

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

This item, which amounts to +5.9 million euro (+4.7 million in the first nine months of 2021), includes the share of the pro-rata results of the Group's associates, the most significant of which regard Valle Dora Energia (associate until May 2022, then subsidiary), ASA and ASTEA.

### Profit before tax

As a result of the above trends, consolidated profit before tax amounted to 279.9 million euro (313.6 million euro in the first nine months of 2022).

### Income taxes

Income taxes for the period amounted to 81.5 million euro, up from 51.5 million euro in the comparative period, which included non-recurring tax income of 32.3 million euro related to the exercise of the option on realignments of accounting and tax values pursuant to Decree-Law no. 104/20 (so-called "DL Agosto"). The tax rate for the first nine months of 2022 stands at 29.1%. Income taxes include the best estimate of the effects of the measure referred to in article 37 of DL 21/2022, which provides for a non-recurring levy as an "extraordinary contribution against high utility bills" equal to 25% of the "extra-profits" of companies operating in the energy sector. For the Group, the total contribution is 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 167.9 million euro, a decrease of 35.9% compared to the result of the same period in 2021. The figure is due to the profit attributable to the owners of the parent of 137.8 million euro, while profit attributable to non-controlling interests was 30.1 million euro.

# Statement of Financial Position

## RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

	thousands of euro		
	30.09.2022	31.12.2021 Restated	Change %
Non-current assets	7,434,303	7,026,225	5.8
Net other non-current liabilities	(439,084)	(458,642)	(4.3)
Net Working Capital	228,640	(222,501)	(*)
Net deferred tax assets	276,877	238,847	15.9
Provisions for risks and employee benefits	(689,037)	(728,898)	(5.5)
Net Assets (L held for sale)	1,144	1,144	-
<b>Net invested capital</b>	<b>6,812,843</b>	<b>5,856,175</b>	<b>16.3</b>
Equity	2,955,792	2,950,354	0.2
<i>Non-current financial assets</i>	<i>(173,833)</i>	<i>(131,766)</i>	<i>31.9</i>
<i>Non-current financial debt</i>	<i>4,108,969</i>	<i>3,549,612</i>	<i>15.8</i>
Non-current net financial debt	3,935,136	3,417,846	15.1
<i>Current financial assets</i>	<i>(779,790)</i>	<i>(979,612)</i>	<i>(20.4)</i>
<i>Current financial debt</i>	<i>701,705</i>	<i>467,587</i>	<i>50.1</i>
Current net financial debt	(78,085)	(512,025)	(84.7)
Net financial debt	3,857,051	2,905,821	32.7
<b>Own funds and net financial debt</b>	<b>6,812,843</b>	<b>5,856,175</b>	<b>16.3</b>

(\*) Change of more than 100%

The comparative figures at 31 December 2021 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the acquisition price to the final *fair value* of the assets and liabilities acquired (*Purchase Price Allocation*) of Sidren, which took place at the end of the first half of 2022. Please refer to the "Basis of preparation" section for more information.

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

Non-current assets at 30 September 2022 amounted to 7,434.3 million euro, up compared to 31 December 2021, when they were 7,026.2 million euro. The increase (+408.1 million euro) was mainly due to the effect of the following:

- investments in property, plant and equipment and intangible assets (+557.3 million euro) and depreciation and amortisation (-390.2 million euro) in the year;
- the purchase of the shareholding in Romeo Gas (16.4 million euro);
- new assets, including goodwill, arising from M&A transactions in the period totalling 329.4 million euro and broken down as follows:
  - Energy BU: 204.8 million, referring to photovoltaic parks and hydroelectric generation plants;
  - Environment BU: 92.4 million, in the waste collection and treatment sector;
  - Market BU: 21.1 million (Alegas);
  - Networks BU: 11.1 million, related to Integrated Water Service concessions;
- the change in the portfolio of CO2 emission rights (-106.6 million euro);
- the recognition of rights of use in application of IFRS 16 - Leases for 14.5 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 amounted to 228.6 million euro (-222.5 million euro as at 31 December 2021). The significant change is mainly attributable to the increase in gas inventories in storage and the increase in contract assets in the building energy efficiency sector.

Net deferred tax increased to 276.9 million euro (238.8 million as at 31 December 2021) due to the tax effect on the change in the fair value of commodity derivatives.

The "Provisions for Risks and Employee Benefits" amounted to 689.0 million euro and decreased compared to the figure at the end of 2021 (728.9 million euro) as a result of the use and release of allocated risks, which exceeded the provisions for the period.

Equity amounted to 2,955.8 million euro, compared with 2,950.4 million at 31 December 2021 (+5.4 million). The change refers to the net result (+167.9 million), dividends distributed (-164.7 million), the change in the scope of consolidation (+34.7 million), the performance of the cash flow hedge reserve linked to interest rate and commodities hedging derivatives (-22.9 million), the recognition of put options on minority interests in subsidiaries (-8.7 million) and other changes (-0.9 million).

Net financial debt stood at 3,857.1 million euro as at 30 September 2022, up (+32.7%) from the 31 December 2021 figure. In this regard, the cash flow generated by operating activities helped to mitigate the effect of the outlays made for investments and M&A transactions during the period and dividends paid. For more details please see the analysis of the statement of cash flows presented below.

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

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

	thousands of euro		
	First 9 months 2022	First 9 months 2021 Restated	Change %
<b>Opening net financial debt</b>	<b>(2,905,821)</b>	<b>(2,948,241)</b>	<b>(1.4)</b>
Profit for the year	167,932	262,166	(35.9)
Non-monetary adjustments	736,486	565,487	30.2
Payment of employee benefits	(7,699)	(7,238)	6.4
Utilisations of provisions for risks and other charges	(29,674)	(15,620)	90.0
Change in other non-current assets and liabilities	(6,976)	(35,005)	(80.1)
Taxes paid	(128,708)	(42,831)	(*)
ETS Purchase	(36,536)	(65,429)	(44.2)
Cash flows for transactions on commodities derivatives markets	10,533	63,426	(83.4)
Other changes in equity	(96)	(1,703)	(94.4)
Cash flows from changes in NWC	(497,286)	(71,604)	(*)
<b>Cash flows from operating activities</b>	<b>207,976</b>	<b>651,649</b>	<b>(68.1)</b>
Investments in property, plant and equipment and intangible assets	(557,097)	(466,026)	19.5
Investments in financial assets	(39,255)	(1,832)	(*)
Proceeds from the sale of investments and changes in assets held for sale	3,857	8,232	(53.1)
Changes in consolidation scope	(280,466)	(55,982)	(*)
Dividends received	1,969	3,261	(39.6)
<b>Total cash flows used in investing activities</b>	<b>(870,992)</b>	<b>(512,347)</b>	<b>70.0</b>
<b>Free cash flow</b>	<b>(663,016)</b>	<b>139,302</b>	<b>(*)</b>
Equity cash flows	(164,710)	(153,374)	7.4
Other changes	(123,504)	102,935	(*)
<b>Change in net financial debt</b>	<b>(951,230)</b>	<b>88,863</b>	<b>(*)</b>
<b>Closing Net financial debt</b>	<b>(3,857,051)</b>	<b>(2,859,378)</b>	<b>34.9</b>

(\*) Change of more than 100%

The comparative figures of the first nine months of 2021 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the acquisition price to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of the companies in the Waste Management Division of Unieco, Futura and I.Blu, which took place at the end of 2021, and Sidren, which took place at the end of the first half of 2022. Please refer to the "Basis of preparation" section for more information.

The change in Net Financial Debt compared to 31 December 2021 of +951.3 million euro is due to the following factors:

- *cash flows from operating activities* of +209.4 million, down by 67.9% on the first nine months of 2021, due to the absorption of net working capital;
- *cash flows used in investing activities* of -870.1 million euro, which includes, in particular, technical investments for the period (557.1 million euro, 19.5% higher than in the same period of 2021) and purchases of equity investments (under the items Investments in financial assets and Change in consolidation scope) totalling 319.7 million euro. This amount refers to the consideration paid, including the net financial debt assumed, for the acquisition of Puglia Holding (181.5 million euro), Valdarno Ambiente/CRCM (9.1 million euro), Alegas (32.8 million euro), Dogliani Energia (0.5 million euro), Valle Dora Energia (16.9 million euro), Società dell'Acqua Potabile (10.6 million euro), SEI Toscana (41.3 million euro), Mara Solar (4.1 million euro), Limes (7.0 million euro), the equity investment in Romeo Gas (15.7 million euro) and other minor items (0.2 million euro). The first nine months of 2021 figure of 57.8 million euro was related in particular to the acquisitions of Futura and Sidren;

- *equity cash flow* of -164.7 million euro related to the payment of dividends for the period. The figure for the first nine months of 2021 (-153.4 million euro) also included the purchase of treasury shares of 4.1 million euro;
- the item *other changes*, amounting to -123.5 million (+102.9 million in the comparative period), relating mainly to the decrease in the fair value of hedging instruments (positive in the comparative period), new lease contracts and interest paid.

We note finally that the statement of cash flows prepared according to the format of a change in cash and cash equivalents is presented at the start of the section "Consolidated Financial Statements at 30 September 2022".

## SEGMENT REPORTING

The 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, heat 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 2022, non-regulated activities contributed 19% to EBITDA (29% at 30 September 2021), regulated activities accounted for 60% (substantially in line compared to 59% in the corresponding period of 2021), and semi-regulated activities contributed 21% (12% in the first nine months of 2021).



## Networks SBU

At 30 September 2022, the Networks business segment, which includes the Gas Distribution, Electricity and Integrated Water Service businesses, reported revenue of 831.9 million euro, up +20.5% compared to 690.4 million euro in the corresponding period of 2021. The increase in revenue is attributable for about 37 million euro to the effect generated by the recognition in 2021, both as revenue and expenses, of the obligation of energy efficiency certificates (TEE) related to previous years, and no longer repeatable.

There were also increases in revenues related to the construction of assets under concession falling within the scope of IFRIC 12, and contingent assets related to the ruling of the Council of State on tariff awards from previous years.

The gross operating profit amounted to 291.8 million euro, up +0.8% on the 289.6 million euro in the corresponding period of 2021, while net operating profit (EBIT) was 141.9 million euro, a decrease of -2.8% compared to 146 million euro in the first nine months of 2021.

The trend in operating profit was characterised by higher depreciation and amortisation of about 7 million euro, related to increasing investments, and lower accruals to provisions for impairment of receivables of about 2 million euro and higher accruals to the provision for risks of about 1 million euro.

		First 9 months 2022	First 9 months 2021	Change %	
Revenue	€/mln	831.9	690.4	20.5	
Gross Operating Profit	€/mln	291.8	289.6	0.8	
% of revenues		35.1%	41.9%		
	<i>from Electricity Networks</i>	€/mln	56.6	62.5	(9.5)
	<i>from Gas Networks</i>	€/mln	60.3	69.3	(13.0)
	<i>from Integrated Water Service</i>	€/mln	175.0	157.7	10.9
Operating profit	€/mln	141.9	146.0	(2.8)	
Investments	€/mln	222.3	185.1	20.1	
	<i>in Electricity Networks</i>	€/mln	39.9	37.7	5.7
	<i>in Gas Networks</i>	€/mln	29.9	28.6	4.7
	<i>in Integrated Water Service</i>	€/mln	146.4	115.7	26.5
	<i>Other</i>	€/mln	6.1	3.1	99.0
Electricity distributed	GWh	2,786.5	2,732.8	2.0	
Gas distributed	Mm3	784.5	894.6	(12.3)	
Water sold	Mm3	126.2	130.1	(3.0)	

### *Networks SBU - Electricity*

The gross operating profit amounted to 56.6 million euro, down -9.5% compared to 62.5 million euro in the first nine months of 2021. The decrease in margins is attributable to the contraction of the revenue constraint characterised by a reduction in the remuneration of invested capital (WACC) provided for by the ARERA tariff measures, only partially offset by the positive effect of higher investments, and by penalties related to technical quality referring to previous years.

Investments amounted to 39.9 million euro, up +5.7% from 37.7 million euro in the corresponding period of 2021, relating mainly to connections, distribution network resilience activities, the construction of new stations and LV/MV lines in addition to the launch of the replacement plan for electronic meters with 2G technology.

### *Networks SBU - Gas Distribution*

The gross operating profit amounted to 60.3 million euro, a decrease of -13% compared to 69.3 million euro in the first nine months of 2021. The decrease in the margin can be attributed to a contraction in the revenue constraint resulting from a reduction in the rate of return on capital employed (WACC) provided for at the beginning of the year by ARERA tariff measures, and higher operating costs, including mainly the higher cost of gas (energy sector effect) used in the decompression stations, and the effect of some extraordinary items referable to previous years.

Investments for the period amounted to 29.9 million euro, up +4.7% compared with 28.6 million euro in the corresponding period of 2021, and involved upgrading the network to cathodic protection and installing electronic meters.

### *Networks SBU - Water Cycle*

The gross operating profit amounted to 175.0 million euro, up +10.9% compared to 157.7 million euro in the corresponding period of 2021. The improvement in the margin is mainly attributable to the implementation of the Council of State rulings on the recognition of tariff adjustments for the 2011-2013 periods and the increase in the tariff revenue constraint (VRG) as a result of the increase in invested capital (RAB), even though the remuneration of invested capital (WACC) was reduced as provided for by ARERA tariff measures. These increases made it possible to absorb the non-contribution to the margin of some minor concessions sold, higher operating costs, and the absence of extraordinary items related to insurance claims present in the previous year.

Investments amounted to 146.4 million euro, up +26.5% compared to 115.7 million euro in the first nine months of 2021. 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.

There were also investments of 6 million euro, across the three businesses, mainly in information systems and in the development of electric mobility on operating vehicles.

## Waste Management SBU

At 30 September 2022, the segment's revenue amounted to 783.6 million euro, up +17.5% from 666.7 million euro in the same period of 2021. The increase is attributable for approximately 50 million euro to the change in the scope of consolidation of SEI Toscana from 1 July 2022.

Higher energy revenues were also recorded (+27 million euro approx.) due to the increase in the price of electricity produced, higher revenues from the treatment and enhancement of recovered materials from separate waste collection, plus higher revenues from waste disposal activities.

		First 9 months 2022	First 9 months 2021 (restated)	Change %
Revenue	€/mln	783.6	666.7	17.5
Gross Operating Profit	€/mln	196.6	164.1	19.8
<i>% of revenues</i>		25.1%	24.6%	
Operating profit	€/mln	98.7	80.9	21.9
Investments	€/mln	117.6	102.9	14.3
Electricity sold	GWh	390.5	375.9	3.9
Thermal energy produced	GWht	221.2	180.0	22.9
Waste managed	tonnes	2,627,551	2,612,318	0.6
Emilia area sorted waste collection	%	77.6	78.3	(0.9)
Piedmont area sorted waste collection	%	57.7	57.5	0.2
Liguria area sorted waste collection	%	74.2	74.0	0.3

The gross operating profit amounted to 196.6 million euro, an increase of +19.8% compared to 164.1 million euro in the same period of 2021. The increase in the margin is due to the significant improvement in energy margins following the increase in the sale price of electricity and thermal energy, the collection and sale of recovered materials and the treatment and enhancement of organic waste mainly due to the entry into full operation of the biodigesters of the Organic Fraction of Municipal Solid Waste in Cairo Montenotte (SV) and Santhià (VC).

The operating result amounted to 98.7 million euro, up +21.9% compared to 80.9 million euro in the first nine months of 2021. During the period, depreciation and amortisation were up by around 16 million euro, mainly due to the commissioning of several sorting and recovery plants, provisions and impairment by about 4 million euro and releases of provisions by about 5 million euro.

Investments amounted to 117.6 million euro, up +14.3% compared to 102.9 million euro in the first nine months of 2021. Investments related to the purchase of collection vehicles and equipment and the construction of plants; in particular, the latter include the wood treatment and recycling plant in Vercelli and the FORSU plant in Reggio Emilia.

## Energy SBU

As at 30 September 2022, the revenues of the Energy SBU, which includes the production of electricity and heat, management of district heating, public lighting and energy efficiency, amounted to 3,393.8 million euro, a significant increase compared to 1,213.6 million euro in the same period of 2021.

The increase in revenues is primarily due to the higher sales prices for electricity (around 1,900 million euro). Revenues from heat production are also up, for over 151 million euro, mainly as a result of higher sales prices, correlated to the increased costs of combustible gas, as well as revenues from activities connected with energy requalification and building restructuring favoured by recent tax breaks and other activities of energy services (up +191 million euro).

With effect from February, the photovoltaic plants of Puglia Holding, recently renamed Iren Green Generation, became part of the scope of consolidation.

		First 9 months 2022	First 9 months 2021	Change %
Revenue	€/mln	3,393.8	1,213.6	(*)
Gross Operating Profit	€/mln	260.0	170.3	52.7
% of revenues		7.7%	14.0%	
Operating profit	€/mln	157.9	66.2	(*)
Investments	€/mln	105.1	107.2	(2.0)
Electricity produced	GWh	5,669.9	6,418.1	(11.7)
<i>from hydroelectric and other renewable sources</i>	GWh	784.2	1,020.8	(23.2)
<i>from cogeneration sources</i>	GWh	3,715.9	3,824.2	(2.8)
<i>from thermoelectric sources</i>	GWh	1,169.8	1,573.1	(25.6)
Heat produced	GWht	1,744.9	1,854.7	(5.9)
<i>from cogeneration sources</i>	GWht	1,525.1	1,565.2	(2.6)
<i>from non-cogeneration sources</i>	GWht	219.8	289.5	(24.1)
District heating volumes	Mm3	99.1	97.5	1.7

(\*) Change of more than 100%

At 30 September 2022, electricity generated totalled 5,669.9 GWh, down -11.7% from 6,418.1 GWh in the same period of 2021.

Electricity production from cogeneration sources was 3,715.9 GWh, down (-2.8%) compared to 3,824.2 GWh in the first nine months of 2021 due to the drought, which limited the cooling capacity of the plants, while thermoelectric production was 1,169.8 GWh, down (-25.6%) compared to 1,573.1 GWh in 2021, also due to a breakdown of a steam turbine at the Turbigo plant that is not yet fully operational.

Production from renewable sources amounted to 784.2 GWh, down -23.2% from 1,020.8 GWh in the first nine months of 2021. The decrease can be attributed to hydroelectric production, which amounted to 607.7 GWh compared to 1,003.4 GWh (-39.4%) in the corresponding period of 2021 due to low water availability during the period. On the other hand, photovoltaic production increased, standing at 176.6 GWh (17.4 GWh in 2021), thanks to the production of Iren Green Generation's plants.

The heat produced amounted to 1,744.9 GWht, a decrease of -5.9% compared to 1,854.7 GWht in the same period of 2021.

District heated volumes amounted to 99.1 Mm, an increase of +1.7% compared to 97.5 Mm in the corresponding period of 2021.

National electricity demand amounted to 240.9 TWh and remained essentially stable compared to 239 TWh in 2021 (+0.8%), not yet showing any significant decreasing effects related to price increases.

The gross operating profit amounted to 260.0 million euro, up +52.7% compared to 170.3 million euro in the same period of 2021.

The trend in the energy scenario was characterised by a sharp increase in electricity prices and in the price of gas used as a raw material in Generation activities. These dynamics have led to an increase in generation margins for renewable production and heat cogeneration.

On the other hand, there was a deterioration in the margin of hydroelectric production, which, despite the sharp increase in sales prices, suffered a sharp reduction in the quantities produced due to the low level of the reservoirs at the end of 2021 and the continuing lack of water availability during the course of 2022, also leading to a reduction in the number of green certificates earned. These effects are more than offset by the greater margin in the Photovoltaic business thanks to the inclusion in the scope of consolidation of Iren Green Generation's plants, which contribute approximately 44 million euro to EBITDA for the period. The positive effects linked to the recognition of the Capacity Market that the Group was awarded through the competitive tenders managed by Terna should also be noted. By contrast, it should be noted that from the beginning of the year the recognition of energy efficiency certificates for the cogeneration plant in Torino Nord ceased, which had contributed approximately 23 million euro to EBITDA in the first nine months of 2021.

Energy Efficiency related activities show an improvement of up +16 million euro compared to the corresponding period of 2021, due to the development of activities related to energy requalification works (Superbonus 110%).

The operating result amounted to 157.9 million euro, up +138.5% compared to 66.2 million euro in the same period of 2021. Contributing to the strong increase, in addition to the trend in EBITDA, were the higher release of provisions of about 10 million euro, relating to settled disputes with suppliers/entities for which there is therefore no longer a need to maintain the related provisions, higher depreciation and amortisation of about 9 million euro, and lower accruals to provisions for risks of about 2 million euro.

Investments amounted to 105.1 million euro, down -4.1% compared to 107.2 million euro in the first nine months of 2021. The main investments in the period included the repowering of the Turbigio thermoelectric power plant and the development of district heating networks.

### **Market SBU**

As at 30 September 2022, the segment's revenue amounted to 4,110.2 million euro, up 135.2% from 1,747.3 million euro in the same period of 2021. The increase in revenues is primarily due to the sharp rise in the prices of both gas and electricity, and in a lesser degree is due to the higher quantities of electricity and gas sold.

The gross operating profit amounted to 7.5 million euro, down -92.8% on the 104.1 million euro of the same period of 2021, which was characterised by extraordinarily positive margins that cannot be replicated in subsequent periods. The sharp decline in margins is primarily due to electricity sales, which registered a negative gross operating profit of -74.0 million euro, whilst gas sales, although down considerably, were less affected by the unfavourable energy scenario.

The other services sector made a positive contribution to the margin, thanks to significant development of the services and accessory products marketed (e-mobility, boilers, energy system maintenance, etc.).

The operating result was negative and amounted to -75.6 million euro, significantly down compared to 40.6 million euro in the first nine months of 2021. During the period, higher depreciation and amortisation of approximately 11 million euro and higher provisions for the impairment of receivables of approximately 9 million euro were recorded.

		First 9 months 2022	First 9 months 2021 Restated	Change %
Revenue	€/mln	4,110.2	1,747.3	(*)
Gross Operating Profit	€/mln	7.5	104.1	(92.8)
% of revenues		0.2%	6.0%	
	<i>from Electricity</i>	€/mln	16.2	(*)
	<i>from Gas</i>	€/mln	82.2	(18.9)
	<i>from Heat and other services</i>	€/mln	5.8	(*)
Operating profit	€/mln	-75.6	40.6	(*)
Investments		60.6	43.7	38.6
Electricity Sold	GWh	6,541.3	5,297.3	23.5
Gas Purchased	Mm3	1,944.0	2,015.3	(3.5)
	<i>Gas sold by the Group</i>	Mm3	662.4	(2.0)
	<i>Gas for internal use</i>	Mm3	1,037.5	(7.8)
	<i>Gas in storage</i>	Mm3	244.0	13.9

(\*) Change of more than 100%

#### Sale of electricity

The volumes of electricity sold on the free market amounted to 6,360.3 GWh, an increase of +26.2% compared to 5,040.6 GWh in the first nine months of 2021.

The increase in the deregulated market affected all segments with the sole exception of the Business segment; in particular, the wholesalers segment recorded sales of 2,301.1 GWh (+126.8%) compared to 1,169.2 GWh in 2021, the retail and small business segment recorded sales of 2,382.7 GWh (+95.7%), also thanks to the greater quantities deriving from the auctions of gradual residential protection. On the other hand, sales were down in the Business segment (-20.8%) with sales of 1,676.5 GWh compared to 2,116.3 in 2021.

Sales in the protected market amounted to 180.9 GWh, down by -29.5% compared to 256.7 GWh in 2021.

The gross operating margin from the sale of electricity was negative and equal to -74.0 million euro, compared to +16.2 million euro in the same period of 2021. In addition to a negative scenario effect, the sharp contraction was also due to the combination of two factors, namely the disappearance of the natural hedging volumes of the Power BU hydroelectric production, characterised by a sharp drop in production (-39.4%), and the balancing effect of the consumption profiles of retail customers with fixed-price contracts. The combined effect of the two factors resulted in the recourse to the spot market for the procurement of raw material at high prices, with a strongly negative effect on margins. The above effects were partially offset by the trade policy adopted.

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

#### Market SBU – Sale of electricity

	First 9 months 2022	First 9 months 2021	Change %
<i>Business</i>	1,676.5	2,116.3	(20.8)
<i>Retail and small business</i>	2,382.7	1,755.1	(*)
<i>Wholesalers</i>	2,301.1	1,169.2	(*)
<b>Free market</b>	<b>6,360.3</b>	<b>5,040.6</b>	<b>26.2</b>
<b>Protected market</b>	<b>180.9</b>	<b>256.7</b>	<b>(29.5)</b>
<b>Total Electricity sold</b>	<b>6,541.3</b>	<b>5,297.3</b>	<b>23.5</b>

### *Sale of Natural Gas*

Purchased volumes amounted to 1,944.0 Mcm, down -3.5% compared with 2,015.3 Mcm in the first nine months of 2021.

Gas sold by the Group amounted to 662.4 Mm<sup>3</sup>, down slightly, by -2% compared to 675.9 Mm<sup>3</sup> marketed in the same period of 2021.

The gas used for internal consumption within the Group amounted to 1,037.5 Mm<sup>3</sup>, a decrease of -7.8% compared to 1,125.2 Mm<sup>3</sup> in 2021.

The gross operating profit from the sale of gas amounted to 66.6 million euro, down -18.9% compared to 82.2 million euro in the same period of 2021.

The decline in the margin, which already occurred in the first half, is attributable to the energy scenario and in particular to the higher costs of imbalance due to the atypical climatic trend of the period of March/April 2022, characterised by various peaks with unpredictable very low temperatures. These effects are partially offset by the trade policies adopted.

### *Sale of heat and other services*

The sale of heat and other services have a gross operating profit (EBITDA) of 14.9 million euro, up from 5.8 million euro in the same period of 2021. The positive change is primarily attributable to the commercial activities of Iren Plus and Iren GO, the two business lines marketing goods and services ancillary to the supply of commodities and electric mobility.

Investments of the Market SBU amounted to 60.6 million euro, up +38.6% from the 43.7 million euro in 2021.

### **Other services**

As at 30 September 2022, revenue of the segment, which includes the activities of the analysis laboratories, telecommunications and other minor activities, was 21.3 million euro, up by +17.9% compared to the 18 million euro in the first nine months of 2021.

		<b>First 9 months 2022</b>	<b>First 9 months 2021</b>	<b>Change %</b>
Revenue	€/mln	21.3	18.0	17.9
Gross Operating Profit	€/mln	3.4	2.7	26.9
<i>% of revenues</i>		<i>16.0%</i>	<i>14.9%</i>	
Operating profit	€/mln	1.4	1.0	50.9
Investments	€/mln	51.6	27.1	90.4

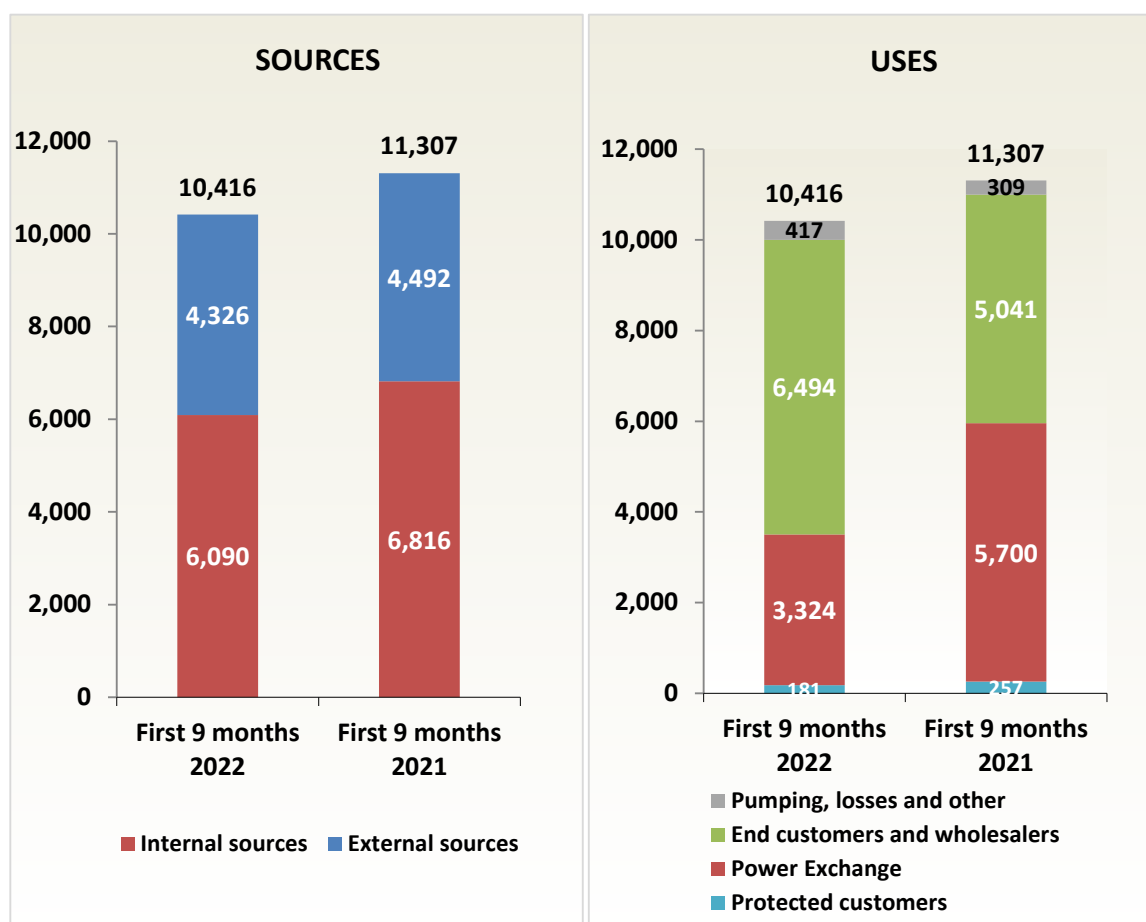
The gross operating profit amounted to 3.4 million euro, an improvement compared to 2.7 million euro in 2021.

Investments in the period amounted to 51.6 million euro, up compared to 27.1 million euro in 2021 and mainly related to information systems, vehicles and buildings.

## ENERGY BALANCES

### Electricity balance

GWh	First 9 months 2022	First 9 months 2021	Change %
<b>SOURCES</b>			
Group's gross production	6,090.1	6,815.6	(10.6)
<i>a) Hydroelectric and other renewables</i>	784.2	1,020.8	(23.2)
<i>b) Cogeneration</i>	3,715.9	3,824.2	(2.8)
<i>c) Thermoelectric</i>	1,169.8	1,573.1	(25.6)
<i>d) Production from WTE plants and landfills</i>	420.2	397.5	5.7
Purchases from the Single Buyer (Acquirente Unico)	199.4	282.9	(29.5)
Energy purchased on the Power exchange	3,833.6	3,871.5	(1.0)
Energy purchased from wholesalers and imports	293.0	337.1	(13.1)
<b>Total Sources</b>	<b>10,416.1</b>	<b>11,307.1</b>	<b>(7.9)</b>
<b>USES</b>			
Sales to protected customers	180.9	256.7	(29.5)
Sales to end customers and wholesalers	6,494.3	5,040.6	28.8
Sales on the Power exchange	3,323.7	5,700.4	(41.7)
Pumping, distribution losses and other	417.1	309.4	0.3
<b>Total Uses</b>	<b>10,416.1</b>	<b>11,307.1</b>	<b>(7.9)</b>

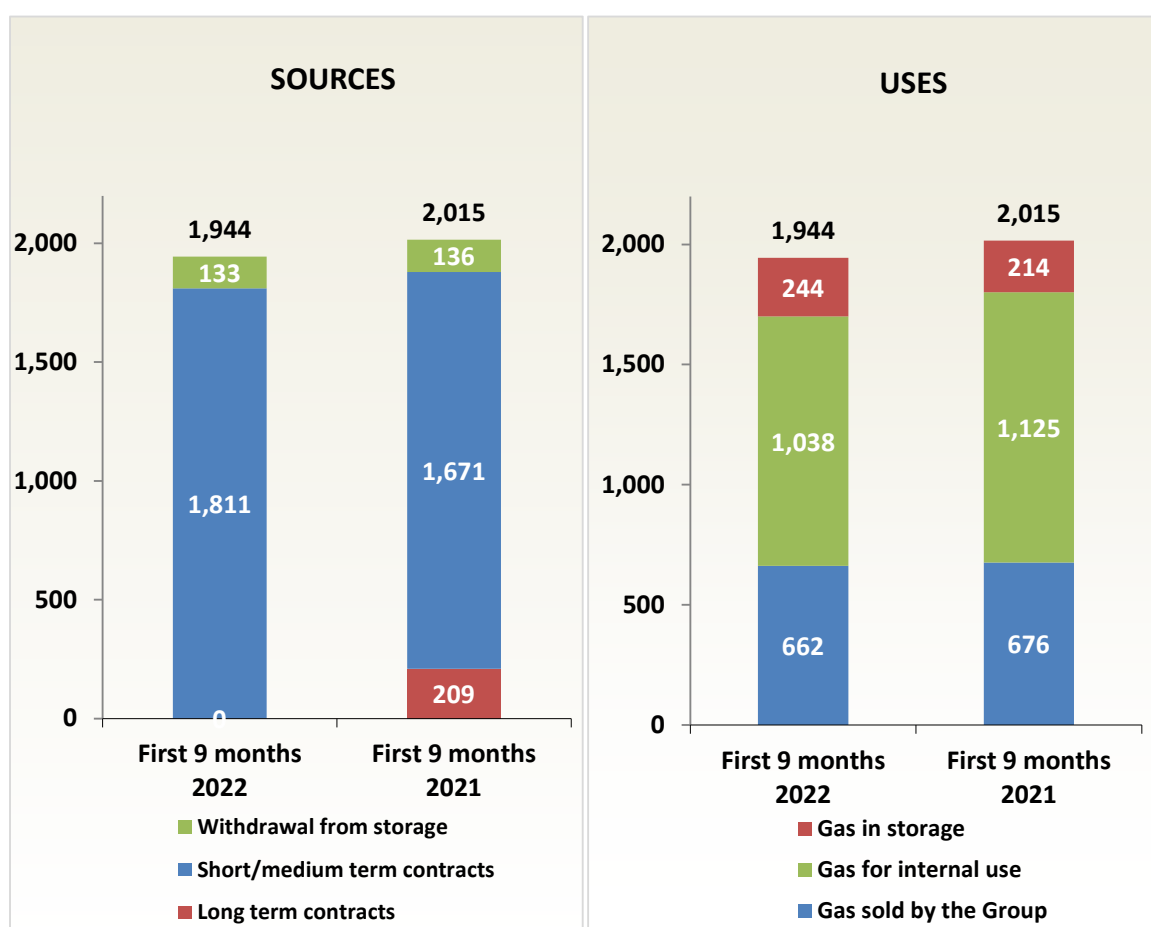




## Gas balance

Millions of m <sup>3</sup>	First 9 months 2022	First 9 months 2021	Change %
<b>SOURCES</b>			
Long-term contracts	0.0	209.0	(100.0)
Short- and medium-term contracts	1,811.0	1,670.7	8.4
Withdrawals from storage	133.0	135.7	(2.0)
<b>Total Sources</b>	<b>1,944.0</b>	<b>2,015.3</b>	<b>(3.5)</b>
<b>USES</b>			
Gas sold by the Group	662.4	675.9	(2.0)
Gas for internal use (1)	1,037.5	1,125.2	(7.8)
Gas in storage	244.0	214.3	13.9
<b>Total Uses</b>	<b>1,944.0</b>	<b>2,015.3</b>	<b>(3.5)</b>

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



# FINANCIAL MANAGEMENT

## General framework

During the first nine months of 2022, the short-term part of the rate curve, after a long period of stability at minimum levels, shows a sudden increase, particularly from the summer months. The medium/long-term part of the rates also showed a marked upward trend, which resumed since late summer after a brief slowdown between July and August. The performance of rates incorporates the effect of inflationary pressures and the resulting restrictive monetary policy manoeuvres implemented and expected.

The European Central Bank, which had kept rates unchanged since March 2016, first raised rates by 0.5% in July 2022, followed by further rises of 0.75% in September and 0.75% in October 2022. Another rise is expected by the end of the year. Examining the six-month Euribor rate, it is found that the parameter has left the negative territory and has reached 2%.

The fixed interest rates, reflected in the IRS values, exceeded 3% following the sharp rises, which had not been seen for 10 years even for medium/long-term maturities.

## Activities performed

During the first nine months of 2022, work continued to consolidate the 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, taking into account 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 the 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 transactions completed in the first nine months of 2022, it should be noted that, as described in "Significant events of the period," in March, a loan agreement was signed with CEB (Council of Europe Development Bank) for 80 million euro to support the investment plan for the development and efficiency of the district heating network in the Turin area. In addition, the following were used in August:

- the second tranche of 30 million euro of the CEB loan totalling 80 million euro to support the water infrastructure investment plan;
- the first tranche of 50 million euro of the EIB loan totalling 100 million euro to support the investment plan for the development and efficiency-enhancement of the district heating network in the Turin area.

Direct loans with EIB and CEB, with a duration of up to 16 years, not used and available, amount to a total of 295 million euro.

Consistent with the provisions of the new Sustainability Financing Framework, published in March, new ESG-linked term loans were also negotiated: in particular, during the first nine months two lines for a total of 450 million euro were contracted and collected with Intesa Sanpaolo, Cassa Depositi e Prestiti, BPER Banca and BBVA for a total of 450 million euro, with repayment over five or six years in a lump sum (bullet). The amount of the spread of the new credit lines is linked to the achievement of specific objectives outlined in the Sustainable Financing Framework itself: the reduction to pre-established levels of the carbon intensity of the Group's activities and of water losses. In this regard, these goals are expected to be achieved through the set of investments envisaged throughout the plan. The described operation aims to combine sustainability and development through the premium/penalty mechanism linked to the achievement of set targets and testifies to the Group's role of growth in sustainable finance by improving its liquidity profile.

In market transactions, under the Euro Medium Term Notes (EMTN) Programme, the issue of a private placement-type bond in green format of 50 million euro and with a maturity of six years.

Within the Group, during the period, as a result of the acquisition of Alegas and control of SEI Toscana, the related total medium/long-term loans of 11 million euro entered the scope of consolidation.

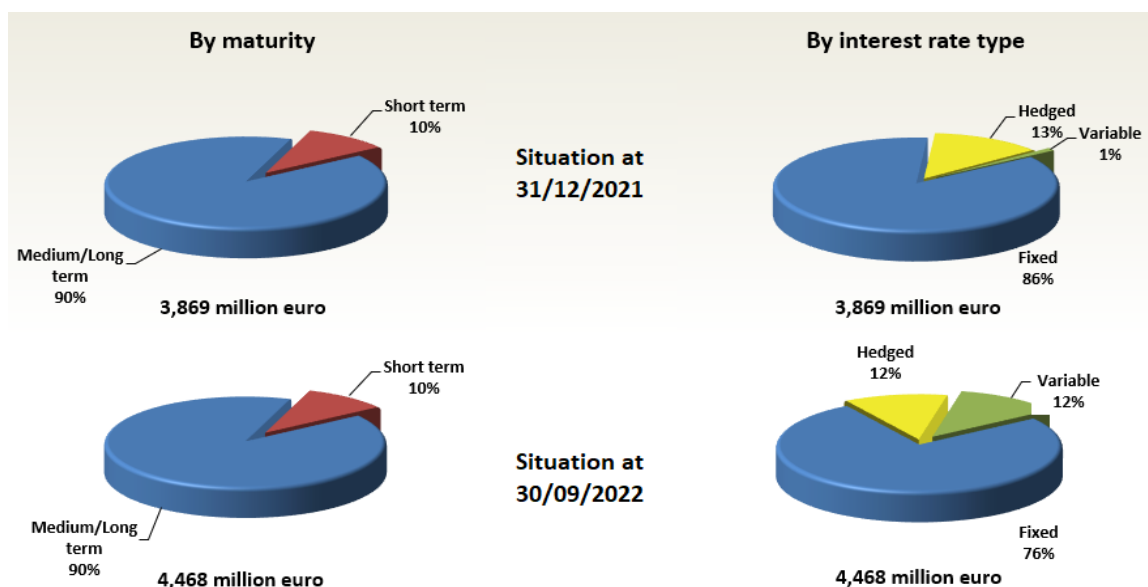
Financial debt from loans, which does not include lease liabilities recognised in accordance with IFRS 16, consisted of 24% loans and 76% bonds at the end of the period.

As regards financial risks, the 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. During the period, six new interest rate swap contracts were signed to hedge a total debt of 300 million, maturing in 2028 and 2029 and deferred effects as from December 2023 and December 2024. In addition, four new interest rate swap contracts were finalised to cover the year 2023, totalling 200 million euro of debt.

At the end of the period, the portion of floating rate debt not hedged by derivatives was equal to 12% of financial debt from loans, in line with the 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, structurally reducing the cost of capital and extending 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 2021, is shown in the chart below.



### Rating

On 9 December 2021, the Standard & Poor's rating agency assigned, for the first time to the Iren Group, its long-term credit rating at the "BBB-" level with a "Positive" outlook. The same rating is also given to senior unsecured debt.

The "Investment Grade" rating from a second agency, after Fitch, expresses the Group's solid positioning in Italy, with a wide diversification of activities especially in regulated sectors and a significant territorial presence. Capital expenditures under the new Business Plan, primarily targeting organic growth and energy transition, combined with an expected continued improvement in credit metrics, support the "positive" outlook. From a financial point of view, the rating level assigned also expresses the Group's good liquidity profile.

Also in this context, on 22 December, the agency Fitch confirmed its "BBB" rating for Iren with a "Stable" outlook. This assessment is also based primarily on an analysis of the Business Plan to 2030, with particular reference to the investments planned in relation to the financial structure. 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 by the rating agency, together with the Group's liquidity profile.

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 295 million euro, which are in addition to current liquid assets.

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND OUTLOOK

No significant events occurred after the balance sheet date.

### BUSINESS OUTLOOK

In the final quarter of 2022, the significant growth in investments will be confirmed, which will allow the Group to seize various development opportunities as envisaged in the Business Plan. The latter rests its rationale on three strategic pillars that guide investment choices: ecological transition, territoriality and quality of service. The goals of the green transition are to progressively decarbonise all activities and strengthen leadership in the circular economy. With territoriality, Iren wants to extend its perimeter of activity in the reference territories and be the reference partner for local stakeholders. Finally, with service quality, Iren aims to improve the performance of network services and maximise customer satisfaction in all businesses.

The last few months of 2022 in the Networks sector will be characterised by a major investment plan, which will be positively reflected in the remunerated invested capital (RAB) and, consequently, in tariff revenues. Investments in the integrated water system will encourage increased purification capacity, reuse of resources and reduction of water losses through increased efficiency. In the electricity and gas distribution network, the goal will be to increase the power supported by the first and replace the non-compliant material in the second, keeping in common the continuous improvement of the quality of the service.

With regard to the Waste Management sector, investments will be aimed at building the waste treatment and disposal plants envisaged in the business plan and at increasing the quality of the service by extending door-to-door collection and consumption-based pricing. These investments, together with the complete coverage of the waste cycle (from collection to treatment and disposal), will make it possible to increase the volumes of recovered material.

Regarding the Energy and Market segments, Iren will continue to implement a series of actions aimed at mitigating the impact of volatility in electricity and gas prices thanks to a hedging policy oriented to stabilising margins in the entire energy supply chain. The development of the generation park will benefit from the commissioning of the new production line of the Turbigio thermoelectric plant, the consolidation of the acquired photovoltaic plants and the organic development of new renewable capacity, accompanied by the growth of our customer base.

Finally, the Smart Solutions segment, focused on the energy efficiency of buildings, will be able to seize the opportunities offered by government incentives related to building requalification, to the development of electric mobility and will be able to act as the main interlocutor for public administrations to ground complex urban requalification projects.

In relation to the international geopolitical crisis arising from the Russia-Ukraine conflict, it is difficult as well as uncertain to assess the effects and repercussions that could arise from the continuation of the international crisis. In such a scenario, there are three main risks to be borne in mind: the procurement of natural gas to replace the quantities previously purchased from Russia, the volatility of commodity prices and the simultaneous inflationary effect. Iren monitors the evolution of the situation on a daily basis, defining the possible risk scenarios for its activities and identifying, where possible, mitigation actions with particular reference to net financial debt.

In addition, in order to contain the impact resulting from the increase in commodity prices, whose upward trend took hold in the fourth quarter of 2021, the government has already approved measures aimed at controlling the imbalance between the production and sales prices of electricity and gas. On the so-called 'high bills' issue, further measures are being defined by the EU and the government, the impact of which cannot be estimated at present.



# Consolidated Financial Statements



At 30 September 2022

# **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 2022 and illustrated in the following section "Accounting standards, amendments and interpretations applied as from 1 January 2022".

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 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 the Iren Group in preparing these financial statements are the same as those applied in preparing the financial statements at 31 December 2021.

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. In this context, it should be noted that the estimates of the Group's charges relating to the extraordinary contribution on the extra profits of energy companies (the so-called Solidarity Contribution as per DL



21/2022 "Tagliaprezzi") and the compensation mechanism on the price of energy introduced by the DL "Sostegni Ter" are subject, in particular, to the uncertainty due to the definition of the scope of application of these rules and, in general, to the ongoing regulatory developments related to the measures to counter the effects of high energy prices.

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

The 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.

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 2022

As of 1 January 2022, the following accounting standards and amendments to accounting standards, issued by the IASB and endorsed by the European Union, are obligatorily applicable:

### *Amendment to IAS 37 - Onerous Contracts*

The document, issued by the IASB in May 2020 and endorsed by the European Union through Reg. 2021/1080 of 28 June 2021, specifies which costs should be included in the cost of performing a contract in order to identify any onerous contract. In particular, paragraph 68A clarifies that costs necessary to perform the contract include: (a) incremental costs incurred by the entity in performing the contract, such as materials and direct labour; and (b) an allocation of other costs, such as a portion of the depreciation of a facility used to perform the contract on a non-exclusive basis. The amendment must be applied as of 1 January 2022, with respect only to contracts in effect on the date of initial application. An entity shall not restate prior years; the cumulative effect of applying the amendment for the first time shall be recognised in the opening balance of retained earnings (or other equity component if appropriate).

### *Amendment to IAS 16 - Property, plant and equipment - income before intended use*

The document, issued by the IASB in May 2020 and endorsed by the European Union through Reg. 2021/1080 of 28 June 2021, introduces some changes to IAS 16 - *Property, Plant and Equipment* with reference to the accounting for any revenue from the sale of items produced by the entity to "bring the asset to the location and condition necessary for it to operate in the manner intended by management" (e.g. samples produced during the testing of machinery). Such revenue no longer has to be deducted from the cost of property, plant and equipment (the offset is therefore cancelled). Sales revenue and costs of such items shall be recognised in profit or loss in accordance with the standards applicable to them.

If not presented separately in the statement of comprehensive income, an entity shall disclose in the notes to the financial statements the amounts of income and expense to items produced that are not an output of the entity's ordinary activities and specify which lines of the statement of comprehensive income include them.

The amendment is to be applied retrospectively from 1 January 2022, but only with respect to property and equipment that came into use or became available for use after the beginning of the first comparative

period presented. The cumulative effect of applying the amendment for the first time shall be recognised in the opening balance of retained earnings (or other equity component if appropriate).

#### *Annual cycle of improvements to IFRS 2018-2020*

The amendment will be applicable for annual reporting periods beginning 1 January 2022.

The main amendments regard:

- IFRS 1 First-time Adoption of IFRS - Subsidiary as a First-time adopter - A subsidiary that applies the IFRS for the first time after its parent, may apply paragraph D16(a) of IFRS 1 and measure cumulative translation differences using the amounts recognised in the group's consolidated financial statements, which were determined based on the parent's date of transition to IFRS. The above exemption can also be applied by associates and joint ventures that apply IFRS for the first time after their investor.
- IFRS 9 Financial instruments - Fees included in the "10% test" for the purposes of derecognition of financial liabilities - The amendment to IFRS 9 has clarified that the fees to be considered in the above 10% test are only the fees paid or received between the financed entity and the lender and the fees paid or received by the financed entity or the lender on behalf of the other party.
- Illustrative Examples of IFRS 16 Leases - Lease Incentives - Removed from Illustrative Example 13 accompanying IFRS 16, the accounting treatment in a lessee's financial statements of collection received from the lessor for leasehold improvement costs, as the conclusion of the example was not supported by an adequate explanation.

#### *Amendment to IFRS 3 - Reference to the framework for the preparation and presentation of financial statements.*

The amendments are intended to update the definitions of assets and liabilities in this standard to refer to those defined in the Conceptual Framework for Financial Reporting issued in March 2018 ("Conceptual Framework"). However, as an exception, the acquirer does not apply the definitions of assets and liabilities of the Conceptual Framework but those of the reference principles in the following cases:

- provisions or contingent liabilities within the scope of "IAS 37 Provisions, Contingent Liabilities and Contingent Assets";
- levies within the scope of "IFRIC 21 Levies".

Finally, the amendments clarify that at the acquisition date, the acquirer does not have to recognise the acquired contingent asset in a business combination. The amendment will be applicable for annual reporting periods beginning 1 January 2022.

The application of these changes and improvements to the aforementioned IFRS did not have any significant effects on the Group's financial position and results of operations.

New standards or amendments to standards will come into force for financial years beginning after 1 January 2022, the early application of which is permitted.

The Group decided not to adopt them in advance for the preparation of these consolidated financial statements.

## RESTATEMENT OF AMOUNTS

### Restatement of amounts at 30 September 2021

In the second half of 2020, the Group acquired control of the companies of the Unieco Environment Division and I.Blu, and in 2021, the companies Futura and Sidlren.

For said acquisitions, the final fair value of the identifiable assets acquired and liabilities assumed was determined in the fourth quarter of FY 2021 (Unieco Environment Division, I.Blu and Futura) and the first half of 2022 (Sidlren), reflecting the best knowledge gained in the interim. In the Consolidated Financial Statements as at 30 September 2021, these business combinations were therefore recognised provisionally, as permitted by IFRS 3.

In accordance with the provisions of the standard, the fair value was updated effective from the respective acquisition dates, restating the relevant opening balance sheets and definitively allocating the consideration paid for the net assets acquired (purchase price allocation). Consequently, the resulting balances in the consolidated financial statements as at 30 September 2021 have been restated to reflect the new amounts.

In this regard, the following are the changes that occurred with reference to the income statement balances and cash flow representation for the first nine months of 2021.

	IFRS 3 accounting effect					thousands of euro
	First 9 months 2021 published	Unieco Waste Management Division	I. Blu	Futura	Sidlren	First 9 months 2021 Restated
Revenue from goods and services	3,017,089	(1,833)	-	-	-	3,015,256
<b>Total revenue</b>	<b>3,103,798</b>	<b>(1,833)</b>	-	-	-	<b>3,101,965</b>
<b>GROSS OPERATING PROFIT</b>	<b>732,612</b>	<b>(1,833)</b>	-	-	-	<b>730,779</b>
Depreciation and amortisation	(345,428)	1,088	(537)	(64)	(215)	(345,156)
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(396,246)</b>	<b>1,088</b>	<b>(537)</b>	<b>(64)</b>	<b>(215)</b>	<b>(395,974)</b>
<b>OPERATING PROFIT</b>	<b>336,366</b>	<b>(745)</b>	<b>(537)</b>	<b>(64)</b>	<b>(215)</b>	<b>334,805</b>
Gains (losses) on equity-accounted investments	-	-	-	1,305	-	1,305
Share of profit of equity-accounted investees, net of tax effects	6,075	(1,409)	-	35	-	4,701
<b>Profit before tax</b>	<b>315,268</b>	<b>(2,154)</b>	<b>(537)</b>	<b>1,276</b>	<b>(215)</b>	<b>313,638</b>
Income taxes	(51,897)	211	150	17	47	(51,472)
<b>Profit for the period</b>	<b>263,371</b>	<b>(1,943)</b>	<b>(387)</b>	<b>1,293</b>	<b>(168)</b>	<b>262,166</b>
attributable to:						
- Profit (loss) for the period attributable to the owners of the parent	241,520	(1,884)	(309)	1,311	(84)	240,554
- Profit (loss) for the period attributable to non-controlling interests	21,851	(59)	(78)	(18)	(84)	21,612

	30.09.2021 Published	IFRS 3 accounting effect				thousands of euro
		Unieco Waste Management Division	I. Blu	Futura	Sidiren	30.09.2021 Restated
<b>Cash flows from operating activities</b>						
Profit for the year	263,371	(1,943)	(387)	1,293	(168)	262,166
Adjustments:						-
Income taxes for the period	51,897	(211)	(150)	(17)	(47)	51,472
Share of profit (loss) of associates and joint ventures	(6,075)	1,409		(35)		(4,701)
Amortisation and depreciation	345,428	(1,088)	537	64	215	345,156
Other changes in equity	(398)	-		(1,305)		(1,703)
<b>B. Net cash and cash equivalents generated by operating activities</b>	<b>653,482</b>	<b>(1,833)</b>	-	-	-	<b>651,649</b>
<b>Cash flows from/(used in) financing activities</b>						
Change in loan assets	(38,515)	1,833				(36,682)
<b>D. Net cash and cash equivalents generated by financing activities</b>	<b>(514,770)</b>	<b>1,833</b>	-	-	-	<b>(512,937)</b>
<b>E. Cash flow for the period (B+C+D)</b>	<b>(345,855)</b>	-	-	-	-	<b>(345,855)</b>

#### Restatement of amounts as at 31 December 2021

As stated in the previous section, for the acquisition of Sidiren, the final fair value of the identifiable assets acquired and liabilities assumed was determined in the first half of 2022, with an effect from the acquisition date (16 July 2021). For this reason, and similarly to the income statement, the balance sheet figures in the consolidated financial statements as at 31 December 2021 have been restated to reflect the new values.

	thousands of euro		
	31.12.2021 Published	IFRS 3 Sidiren	31.12.2021 Restated
<b>ASSETS</b>			
Intangible assets with a finite useful life	2,646,864	19,772	2,666,636
Goodwill	208,089	(14,350)	193,739
<b>Total non-current assets</b>	<b>7,715,394</b>	<b>5,422</b>	<b>7,720,816</b>
<b>TOTAL ASSETS</b>	<b>10,310,454</b>	<b>5,422</b>	<b>10,315,876</b>

	thousands of euro		
	31.12.2021 Published	IFRS 3 Sidiren	31.12.2021 Published
<b>EQUITY</b>			
<b>Equity attributable to the owners of the parent</b>			
Profit for the year	303,088	(153)	302,935
<b>Total equity attributable to the owners of the parent</b>	<b>2,570,531</b>	<b>(153)</b>	<b>2,570,378</b>
Equity attributable to non-controlling interests	380,129	(153)	379,976
<b>TOTAL EQUITY</b>	<b>2,950,660</b>	<b>(306)</b>	<b>2,950,354</b>
<b>LIABILITIES</b>			
Deferred tax liabilities	182,997	5,728	188,725
<b>Total non-current liabilities</b>	<b>4,757,008</b>	<b>5,728</b>	<b>4,762,736</b>
<b>TOTAL LIABILITIES</b>	<b>7,359,794</b>	<b>5,728</b>	<b>7,365,522</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,310,454</b>	<b>5,422</b>	<b>10,315,876</b>

## 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:

- decision-making power over the investee, i.e. the power to direct the relevant activities of the investee, therefore the activities that bear a significant influence on the results of said investee;
- the right to variable (positive or negative) returns from its equity in the entity;
- the ability to use its decision-making power to determine the amount of the returns deriving from its equity in the entity.

The financial statements of the subsidiaries are consolidated from the date that control commences until the date that 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 balances, transactions, 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 2 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-accounted investments are accounted for an amount equal to the corresponding portion 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 group of assets and property acquired meets the definition of a business and the Group obtains control. In determining whether a particular group of assets constitutes a business, the Group assesses whether that group 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 group of 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 profit or loss under Gains on equity-accounted 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 contingent consideration is recognised 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:

- Waste Management ACAM
- AMIAT V and the subsidiary:
  - AMIAT
- Bonifiche Servizi Ambientali (formerly Unieco Holding Ambiente) and its subsidiary:
  - Borgo Ambiente
- 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
- Manduriamambiente
- ReCos
- 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 its subsidiary
    - Lab 231
- Maira and its subsidiary:
  - Formaira
- Iren Green Generation (formerly Puglia Holding) and subsidiaries:
  - Iren Green Generation Tech (formerly ASI Troia FV1)
  - Limes 1
  - Limes 2
  - Mara Solar
  - Palo Energia
  - Piano Energia

- Solleone Energia
- Traversa Energia
- Valle Dora Energia

3) Iren Mercato and its subsidiaries:

- Alegas
- Salerno Energia Vendite

4) IRETI and its subsidiaries:

- ACAM Acque
- ASM Vercelli and its subsidiary:
  - ATENA Trading
- Consorzio GPO
- Iren Laboratori
- Iren Acqua and its subsidiary:
  - Iren Acqua Tigullio
- IRETI Gas
- Nord Ovest Servizi
- Acquisition of Società dell'Acqua Potabile (SAP)

During the period, several corporate transactions became effective; while not involving changes in the consolidation scope, they resulted in a streamlining of the Group's ownership structure:

- the merger of SidIren into Salerno Energia Vendite, effective 1 February 2022;
- the merger of Iren Energy Solutions into Iren Smart Solutions effective 1 March 2022;
- the merger by incorporation of Produrre Pulito into Iren Ambiente, effective as of 1 June 2022;
- the mergers by incorporation of Picena Depur into Uniproject and of Scarlino Immobiliare into Iren Ambiente, both effective as of 1 July 2022;
- the establishment of the company IRETI Gas on 15 September 2022.

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

## CHANGES IN CONSOLIDATION SCOPE

The change in the scope of consolidation on a line-by-line basis for the first nine months of 2022 is due to the acquisition of control of the companies deriving from the "Puglia Holding" transaction (the lead company Iren Green Generation – formerly Puglia Holding, Iren Green Generation Tech – formerly ASI Troia FV1, Palo Energia, Piano Energia, Solleone Energia and Traversa Energia), Valdarno Ambiente/C.R.C.M., Alegas, Dogliani Energia, Valle Dora Energia, Società dell'Acqua Potabile (SAP), SEI Toscana (with subsidiaries Ekovision and Valdisieve), Mara Solar, Limes 1 and Limes 2.

On 16 February 2022, the Group finalised the acquisition from European Energy of 100% of Puglia Holding (now Iren Green Generation), the holder of five Special Purpose Vehicles (SPVs) dedicated to solar photovoltaic power generation:

- ASI Troia FV1 (now Iren Green Generation Tech), in the municipality of Troia (province of Foggia), holder of authorisations for the construction and operation of two photovoltaic parks operating since 2021, in San Vincenzo and Montevergine, with a total installed capacity of 103 MW;
- Palo Energia, Piano Energia, Solleone Energia, and Traversa Energia, owners of four photovoltaic parks related to the Palo del Colle complex (Province of Bari), with a total installed capacity of 18.5 MW, which came into operation in early 2022.

At the same time, the Group entered into a commercial agreement with European Energy that provides for the possibility to exercise rights to invest, over an exclusive period, in certain photovoltaic assets under development, with a total installed capacity of 437.5 MW.



On 20 April 2022, the Group finalised the acquisition of control of the newly-formed Valdarno Ambiente through an investment contribution transaction. In particular, the corporate changes that took place were as follows:

- on 1 April 2022, the associated company CSAI, 40.32% owned by Iren Ambiente Toscana, established Valdarno Ambiente, with a share capital of 10,000 euro;
- Valdarno Ambiente approved a capital increase for a total of 17,870,000 euro, which was subscribed on 20 April 2022
  - by CSAI for 10,086,000 euro, through the contribution of 76.06% of the company CRCM (active in waste treatment and collection), 16.367% of the company SEI Toscana and 9.91% of the company TB, and
  - by Iren Ambiente Toscana for 7,784,000 euro, through the contribution of the remaining 90.09% of TB;
- on the same date as the capital increase transaction, shareholders' agreements were signed by CSAI and IREN Ambiente Toscana for the governance of the investee, which conferred to Iren Ambiente Toscana the current ability to manage the relevant activities of Valdarno Ambiente. The shareholders' agreements also provide for the right of the shareholder CSAI to transfer to Iren Ambiente Toscana the investment, or part of it, held in Valdarno Ambiente.

Finally, on 29 June 2022, Iren Ambiente Toscana subscribed a further cash capital increase for 5,073,770 euro, and as a result of the transactions described above, Iren Ambiente Toscana holds 56.02% and CSAI 43.98% of the shares in Valdarno Ambiente.

On 21 April 2022, the Group finalised the acquisition of 80% of Alegas from AMAG S.p.A., a multi-utility company based in Alessandria. Alegas operates in the sale of gas and electricity and has a portfolio of 43 thousand customers, mostly retail, of which 36 thousand gas and 7 thousand electricity customers, almost entirely distributed in the Province of Alessandria.

On 29 April 2022, the Group, through its subsidiary Iren Energia, completed the purchase of 25.5% of the associate Valle Dora Energia, in which it already held 49% of the shares. In June, following the acquisition of the majority of shares, the company's articles of association were finalised, allowing Iren Energia to control Valle Dora Energia.

The acquisition of 100% of Società dell'Acqua Potabile ('SAP') by Siram S.p.A., a company of the French Veolia group, became effective on 1 July 2022. SAP manages water service in the Genoa Metropolitan City municipalities of Sestri Levante, Casarza Ligure, and Ne, with expirations of the relevant agreements between 2023 and 2027, as well as in the municipalities of 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 purification 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.

On 1 July 2022, the Group also acquired control of the investee SEI Toscana, the company that manages the integrated municipal waste service of the ATO "Toscana Sud", operating in over one hundred municipalities in the provinces of Arezzo, Grosseto, Siena and Livorno. The company also holds controlling stakes in Ekovision, which designs, develops and provides software assistance for applications dedicated to companies operating in the waste sector, and Valdisieve.

The acquisition of control follows the entry into force of the amendments to SEI Toscana articles of association concerning governance structures, and comes after the transactions that led Iren Ambiente Toscana to hold, in the first half of 2022, directly 41.77% of the company and, as stated in the previous section on the Valdarno Ambiente/CRCM transaction, 16.57% through Valdarno Ambiente and CRCM.

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.

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

thousands of euro

	Iren Green Generation Group	Valdarno Ambiente/ C.R.C.M.	Alegas	Valle Dora Energia	Società dell'Acqua Potabile (SAP)	SEI Toscana and subsidiaries
<b>Consideration transferred</b>						
Cash and cash equivalents	188,478	-	17,150	1,560	11,286	-
Equity instruments	-	4,114	-	-	-	-
Fair value of interest held before acquisition of control	-	-	-	2,998	-	36,709
<b>Fair value of the price at the acquisition date</b>	<b>188,478</b>	<b>4,114</b>	<b>17,150</b>	<b>4,558</b>	<b>11,286</b>	<b>36,709</b>
<b>Provisional fair value of identifiable net assets</b>						
Property, plant and equipment	98,346	2,471	44	20,586	56	72,175
Intangible assets with a finite useful life	1,294	191	8	524	8,988	5,525
Investments accounted for using the equity method	-	6,262	-	-	707	1,860
Other equity investments	-	-	-	-	-	1,677
Non-current contract assets	-	-	-	-	2,447	-
Non-current trade receivables	-	-	-	-	-	11,690
Non-current financial assets	-	164	-	-	-	513
Other non-current assets	-	8	-	-	101	16,953
Deferred tax assets	-	10	3,234	28	96	8,700
Inventories	-	35	-	-	477	1,081
Trade receivables	8,199	1,071	53,022	-	2,407	50,011
Current tax assets	3	46	19	24	30	1,700
Sundry assets and other current assets	14,303	300	11,084	2,815	181	21,012
Current financial assets	-	10	-	7	-	23,250
Cash and cash equivalents	6,968	1,284	2,362	-	663	3,229
Non-current financial liabilities	-	(1,756)	(2,746)	(15,376)	-	(39,115)
Employee benefits	-	(106)	(72)	-	(904)	(4,204)
Provisions for risks and charges	(384)	-	-	-	(11)	-
Deferred tax liabilities	(15)	-	(174)	-	-	(531)
Sundry liabilities and other non-current liabilities	-	(1)	(990)	-	(1,203)	(2,608)
Current financial liabilities	-	-	(15,301)	-	-	(7,354)
Trade payables	(4,787)	(221)	(39,792)	(1,691)	(4,368)	(101,817)
Sundry liabilities and other current liabilities	(784)	(97)	(14,869)	-	(318)	(13,573)
Current tax liabilities	(2,330)	(28)	(518)	(420)	(136)	-
Provisions for risks and charges - current portion	(73)	-	(185)	(1,021)	-	(224)
<b>Total provisional fair value of identifiable net assets</b>	<b>120,740</b>	<b>9,643</b>	<b>(4,874)</b>	<b>5,476</b>	<b>9,213</b>	<b>49,950</b>
Non-controlling interests in identifiable net assets	-	(5,803)	975	(1,396)	-	(25,044)
<b>Interim Goodwill/(Badwill)</b>	<b>67,738</b>	<b>274</b>	<b>21,049</b>	<b>478</b>	<b>2,073</b>	<b>11,803</b>

Lastly, during the period, the Group acquired the vehicle companies Dogliani Energia, party to an agreement for the construction of a district heating network in the municipality of Dogliani (Province of Cuneo), Mara Solar and Limes 1/Limes 2, authorised and in the planning stage for the construction of photovoltaic parks in Basilicata and Lazio.

# STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	thousands of euro	
	30.09.2022	31.12.2021 Restated
<b>ASSETS</b>		
Property, plant and equipment	4,205,129	3,937,586
Investment property	2,413	2,456
Intangible assets with a finite useful life	2,689,027	2,666,636
Goodwill	305,184	193,739
Equity-accounted investments	206,704	217,339
Other equity investments	25,846	8,469
Non-current contract assets	132,187	77,262
Non-current trade receivables	31,572	20,824
Non-current financial assets	173,833	131,766
Other non-current assets	62,167	37,167
Deferred tax assets	442,116	427,572
<b>Total non-current assets</b>	<b>8,276,178</b>	<b>7,720,816</b>
Inventories	419,890	111,812
Current contract assets	139,549	46,391
Trade receivables	1,297,156	1,063,926
Current tax assets	26,562	7,114
Sundry assets and other current assets	448,286	385,061
Current financial assets	296,888	372,724
Cash and cash equivalents	482,902	606,888
Assets held for sale	1,144	1,144
<b>Total current assets</b>	<b>3,112,377</b>	<b>2,595,060</b>
<b>TOTAL ASSETS</b>	<b>11,388,555</b>	<b>10,315,876</b>

	thousands of euro	
	<b>30.09.2022</b>	<b>31.12.2021 Restated</b>
<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	1,099,538	966,512
Profit for the year	137,762	302,935
<b>Total equity attributable to the owners of the parent</b>	<b>2,538,231</b>	<b>2,570,378</b>
Equity attributable to non-controlling interests	417,561	379,976
<b>TOTAL EQUITY</b>	<b>2,955,792</b>	<b>2,950,354</b>
<b>LIABILITIES</b>		
Non-current financial liabilities	4,108,969	3,549,612
Employee benefits	105,097	105,601
Provisions for risks and charges	402,818	422,989
Deferred tax liabilities	165,239	188,725
Sundry liabilities and other non-current liabilities	501,251	495,809
<b>Total non-current liabilities</b>	<b>5,283,374</b>	<b>4,762,736</b>
Current financial liabilities	701,705	467,587
Trade payables	1,873,644	1,523,705
Current contract liabilities	60,150	89,262
Sundry liabilities and other current liabilities	273,312	261,057
Current tax liabilities	48,169	48,674
Provisions for risks and charges - current portion	192,409	212,501
Liabilities associated with assets held for sale	-	-
<b>Total current liabilities</b>	<b>3,149,389</b>	<b>2,602,786</b>
<b>TOTAL LIABILITIES</b>	<b>8,432,763</b>	<b>7,365,522</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,388,555</b>	<b>10,315,876</b>

# CONSOLIDATED INCOME STATEMENT

	thousands of euro	
	First 9 months 2022	First 9 months 2021 Restated
<b>Revenue</b>		
Revenue from goods and services	5,520,161	3,015,256
Other income	123,391	86,709
<b>Total revenue</b>	<b>5,643,552</b>	<b>3,101,965</b>
<b>Operating expenses</b>		
Raw materials, consumables, supplies and goods	(3,235,727)	(970,558)
Services and use of third-party assets	(1,227,250)	(1,018,553)
Other operating expenses	(62,705)	(52,036)
Internal work capitalised	33,591	31,189
Personnel expense	(392,130)	(361,228)
<b>Total operating expenses</b>	<b>(4,884,221)</b>	<b>(2,371,186)</b>
<b>GROSS OPERATING PROFIT</b>	<b>759,331</b>	<b>730,779</b>
<b>Depreciation, amortisation, provisions and impairment losses</b>		
Depreciation and amortisation	(390,207)	(345,156)
Impairment losses on loans and receivables	(52,080)	(44,627)
Other provisions and impairment losses	7,303	(6,191)
<b>Total depreciation, amortisation, provisions and impairment losses</b>	<b>(434,984)</b>	<b>(395,974)</b>
<b>OPERATING PROFIT</b>	<b>324,347</b>	<b>334,805</b>
<b>Financial management</b>		
Financial income	11,248	32,157
Financial expense	(61,529)	(59,330)
<b>Net financial income</b>	<b>(50,281)</b>	<b>(27,173)</b>
Gains on equity-accounted investments	(13)	1,305
Share of profit of equity-accounted investees, net of tax effects	5,867	4,701
<b>Profit before tax</b>	<b>279,920</b>	<b>313,638</b>
Income taxes	(111,988)	(51,472)
- of which non-recurring	(30,479)	32,268
<b>Profit from continuing operations</b>	<b>167,932</b>	<b>262,166</b>
Profit (loss) from discontinued operations	-	-
<b>Profit for the period</b>	<b>167,932</b>	<b>262,166</b>
attributable to:		
- Profit (loss) for the period attributable to owners of the parent	137,762	240,554
- Profit (loss) for the period attributable to non-controlling interests	30,170	21,612

## STATEMENT OF OTHER COMPREHENSIVE INCOME

	thousands of euro	
	First 9 months 2022	First 9 months 2021 Restated
<b>Profit/(loss) for the year - owners of the parent and non-controlling interests (A)</b>	<b>167,932</b>	<b>262,166</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	(36,122)	80,410
- fair value gains/(losses) on financial assets	-	-
- share of other gains/(losses) of equity-accounted investees	-	(331)
- change in translation reserve	2,440	674
Tax effect	13,216	(22,040)
<b>Total other comprehensive income to be subsequently reclassified to profit or loss net of tax effect (B1)</b>	<b>(20,466)</b>	<b>58,713</b>
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss</b>		
- actuarial 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>Total 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>147,466</b>	<b>320,879</b>
attributable to:		
- Profit (loss) for the period attributable to owners of the parent	113,947	298,609
- Profit (loss) for the period attributable to non-controlling interests	33,519	22,270

## STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Share premium reserve	Legal reserve
<b>31/12/2020 Restated</b>	<b>1,300,931</b>	<b>133,019</b>	<b>76,713</b>
<b>Owner transactions</b>			
Dividends			
Retained earnings			10,503
Repurchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
<b>Total owner transactions</b>	<b>-</b>	<b>-</b>	<b>10,503</b>
<b>Comprehensive income for the period</b>			
Profit for the period			
Other comprehensive income			
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30/09/2021 Restated</b>	<b>1,300,931</b>	<b>133,019</b>	<b>87,216</b>
<b>31/12/2021 Restated</b>	<b>1,300,931</b>	<b>133,019</b>	<b>87,216</b>
<b>Owner transactions</b>			
Dividends			
Retained earnings			10,943
Repurchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
<b>Total owner transactions</b>	<b>-</b>	<b>-</b>	<b>10,943</b>
<b>Comprehensive income for the period</b>			
Profit for the period			
Other comprehensive income			
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>30/09/2022</b>	<b>1,300,931</b>	<b>133,019</b>	<b>98,159</b>



thousands of euro

Hedging reserve	Other reserves and retained earnings	Total reserves and retained earnings (losses carried forward)	Profit for the period	Total equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
<b>(19,501)</b>	<b>657,569</b>	<b>847,800</b>	<b>239,172</b>	<b>2,387,903</b>	<b>376,844</b>	<b>2,764,747</b>
		-	(121,892)	(121,892)	(27,390)	(149,282)
	106,777	117,280	(117,280)	-		-
	(4,092)	(4,092)		(4,092)		(4,092)
	-	-		-	2,114	2,114
	201	201		201	(1,755)	(1,554)
	968	968		968	(970)	(2)
-	<b>103,854</b>	<b>114,357</b>	<b>(239,172)</b>	<b>(124,815)</b>	<b>(28,001)</b>	<b>(152,816)</b>
			240,554	240,554	21,612	262,166
57,381	674	58,055		58,055	658	58,713
<b>57,381</b>	<b>674</b>	<b>58,055</b>	<b>240,554</b>	<b>298,609</b>	<b>22,270</b>	<b>320,879</b>
<b>37,880</b>	<b>762,097</b>	<b>1,020,212</b>	<b>240,554</b>	<b>2,561,697</b>	<b>371,113</b>	<b>2,932,810</b>
<b>(14,465)</b>	<b>760,742</b>	<b>966,512</b>	<b>302,935</b>	<b>2,570,378</b>	<b>379,976</b>	<b>2,950,354</b>
			(134,723)	(134,723)	(29,987)	(164,710)
	157,269	168,212	(168,212)	-		-
	-	-		-		-
	(19)	(19)		(19)	34,670	34,651
	(1,844)	(1,844)		(1,844)	(1,374)	(3,218)
	(9,508)	(9,508)		(9,508)	757	(8,751)
-	<b>145,898</b>	<b>156,841</b>	<b>(302,935)</b>	<b>(146,094)</b>	<b>4,066</b>	<b>(142,028)</b>
			137,762	137,762	30,170	167,932
(26,255)	2,440	(23,815)		(23,815)	3,349	(20,466)
<b>(26,255)</b>	<b>2,440</b>	<b>(23,815)</b>	<b>137,762</b>	<b>113,947</b>	<b>33,519</b>	<b>147,466</b>
<b>(40,720)</b>	<b>909,080</b>	<b>1,099,538</b>	<b>137,762</b>	<b>2,538,231</b>	<b>417,561</b>	<b>2,955,792</b>

# STATEMENT OF CASH FLOWS

	First 9 months 2022	thousands of euro First 9 months 2021 Restated
<b>A. Opening cash and cash equivalents</b>	<b>606,888</b>	<b>890,169</b>
<b>Cash flows from operating activities</b>		
Profit for the year	167,932	262,166
Adjustments:		
Income taxes for the period	111,988	51,472
Share of profit (loss) of associates and joint ventures	(5,867)	(4,701)
Net financial expense (income)	50,281	27,173
Amortisation and depreciation	390,207	345,156
Net impairment losses (reversals of impairment losses) on assets	901	392
Impairment losses on loans and receivables	52,080	44,627
Net provisions for risks and other charges	138,944	102,823
Capital (gains) losses	(2,048)	(1,455)
Payment of employee benefits	(7,699)	(7,238)
Utilisations of provisions for risks and other charges	(29,674)	(15,620)
Change in other non-current assets	(7,266)	(35,294)
Change in sundry liabilities and other non-current liabilities	290	289
Taxes paid	(128,708)	(42,831)
ETS Purchase	(36,536)	(65,429)
Cash flows for transactions on commodities derivatives markets	10,533	63,426
Other changes in equity	(96)	(1,703)
Change in inventories	(306,551)	(57,464)
Change in contract assets	(145,636)	(34,619)
Change in trade receivables	(148,273)	(5,032)
Change in current tax assets and other current assets	(33,676)	20,310
Change in trade payables	196,915	4,187
Change in contract liabilities	(29,112)	4,781
Change in current tax liabilities and other current liabilities	(30,953)	(3,767)
<b>B. Net cash and cash equivalents generated by operating activities</b>	<b>207,976</b>	<b>651,649</b>
<b>Cash flows from/(used in) investing activities</b>		
Investments in property, plant and equipment and intangible assets	(557,097)	(466,026)
Investments in financial assets	(39,255)	(1,832)
Proceeds from the sale of investments	3,857	8,232
Changes in consolidation scope	(217,777)	(28,202)
Dividends received	1,969	3,261
<b>C. Net cash and cash equivalents used in investing activities</b>	<b>(808,303)</b>	<b>(484,567)</b>
<b>Cash flows from/(used in) financing activities</b>		
Capital increase	-	-
Repurchase of treasury shares	-	(4,092)
Dividends paid	(157,172)	(149,195)
Purchase of interests in consolidated companies	(1,358)	(1,554)
New non-current loans	580,000	5,000
Repayment of non-current loans	(20,211)	(275,191)
Change in lease liabilities	(9,575)	(7,963)
Change in other financial liabilities	14,097	(15,105)
Change in loan assets	100,668	(36,682)
Interest paid	(31,837)	(30,477)
Interest received	1,729	2,322
<b>D. Net cash and cash equivalents generated by financing activities</b>	<b>476,341</b>	<b>(512,937)</b>
<b>E. Cash flow for the period (B+C+D)</b>	<b>(123,986)</b>	<b>(345,855)</b>
<b>F. Closing cash and cash equivalents (A+E)</b>	<b>482,902</b>	<b>544,314</b>

## 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.	Genoa	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
Alfa Solutions S.p.A.	Reggio Emilia	Euro	100,000	86.00	Iren Smart Solutions
Alegas S.r.l.	Alessandria	Euro	1,810,000	80.00	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
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	ASM Vercelli
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51.00	Iren Ambiente
Bonifiche Servizi Ambientali (formerly UHA) S.r.l.	Reggio Emilia	Euro	49,324,031	100.00	Iren Ambiente
Borgo Ambiente S.c.a.r.l.	Reggio Emilia	Euro	100,000	51.00	UHA
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	81.00	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
				20.00	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
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 S.r.l.	Nichelino (TO)	Euro	10,000	100.00	Iren Green Generation
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

Palo Energia S.r.l.	Turin	Euro	10,000	100.00	Iren Green Generation
Piano Energia S.r.l.	Turin	Euro	10,000	100.00	Iren Green Generation
Solleone Energia S.r.l.	Turin	Euro	10,000	100.00	Iren Green Generation
Traversa Energia 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
Rigenera Materiali S.r.l.	Genoa	Euro	3,000,000	100.00	Iren Ambiente
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	75,272,566	41.77	Iren Ambiente Toscana
				16.37	Valdarno Ambiente
				0.20	CRCM
Società dell'Acqua Potabile S.r.l.	Sestri Levante (GE)	Euro	110,000	100.00	Ireti
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
Acquaenna S.c.p.a.	Enna	Euro	3,000,000	48.50	Ireti
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
Amter S.p.A.	Cogoleto (GE)	Euro	404,263	49.00	Iren Acqua
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 Solution
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	Società dell'Acqua Potabile
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
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
STU Reggiane S.p.A.	Reggio Emilia	Euro	12,222,580	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 as at 30 September 2022 corresponds to the documentary records, books and accounting entries.

3 November 2022

The Financial Reporting Manager under Law  
262/05

Anna Tanganelli

(signed on the original)



**Iren S.p.A.**  
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