

Consolidated Quarterly Report

at 31 March 2021



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COMPANY OFFICERS

Board of Directors ⁽¹⁾

Chairperson	Renato Boero ⁽²⁾
Deputy Chairperson	Moris Ferretti ⁽³⁾
Chief Executive Officer and General Manager	Massimiliano Bianco ⁽⁴⁾
Directors	Sonia Maria Margherita Cantoni ⁽⁵⁾ Enrica Maria Ghia ⁽⁶⁾ Pietro Paolo Giampellegrini ⁽⁷⁾ Alessandro Giglio ⁽⁸⁾ Francesca Grasselli ⁽⁹⁾ Maurizio Irrera ⁽¹⁰⁾ Cristiano Lavaggi ⁽¹¹⁾ Ginevra Virginia Lombardi ⁽¹²⁾ Giacomo Malmesi ⁽¹³⁾ Gianluca Micconi Tiziana Merlino Licia Soncini ⁽¹⁴⁾

Board of Statutory Auditors ⁽¹⁵⁾

Chairperson	Michele Rutigliano
Standing auditors	Cristina Chiantia Simone Caprari Ugo Ballerini Sonia Ferrero

Supplementary Auditors	Lucia Tacchino Fabrizio Riccardo Di Giusto
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Financial Reporting Manager

Massimo Levrino

Independent Auditors

KPMG S.p.A. ⁽¹⁶⁾

⁽¹⁾ Appointed by the Shareholders' Meeting of 22 May 2019 for the 2019-2020-2021 three-year period

⁽²⁾ Appointed Chairperson by the Shareholders' Meeting of 22 May 2019.

⁽³⁾ Appointed Deputy Chairman at the Board of Directors meeting held on 22 May 2019.

⁽⁴⁾ Appointed Chief Executive Officer at the Board of Directors meeting held on 22 May 2019. At the Board of Directors meeting held on 2 July 2019, Mr Bianco was also appointed Chief Executive Officer of the Company.

⁽⁵⁾ Member of the Control, Risk and Sustainability Committee, appointed on 22 May 2019.

⁽⁶⁾ Member of the Control, Risk and Sustainability Committee, appointed on 22 May 2019.

⁽⁷⁾ Member of the Remuneration and Appointments Committee, appointed on 22 May 2019. Mr Giampellegrini was also appointed President of the Remuneration and Appointments Committee at the Board of Directors meeting held on 30 May 2019.

⁽⁸⁾ Member of the Transactions with Related Parties Committee, appointed on 22 May 2019.

⁽⁹⁾ Member of the Transactions with Related Parties Committee from 22 May to 30 May 2019, and member of the Remuneration and Appointments Committee as of 30 May 2019.

⁽¹⁰⁾ Member of the Remuneration and Appointments Committee, appointed on 22 May 2019.

⁽¹¹⁾ Member of the Remuneration and Appointments Committee from 22 May to 30 May 2019, and member of the Control, Risk and Sustainability Committee from 30 May 2019.

⁽¹²⁾ Member of the Transactions with Related Parties Committee, appointed on 30 May 2019.

⁽¹³⁾ Member of the Audit, Risk and Sustainability Committee, appointed on 22 May 2019 and member of the Transactions with Related Parties Committee, appointed on 30 May 2019. Mr Malmesi was also appointed Chairperson of the Control, Risk and Sustainability Committee at the Board meeting held on 30 May 2019.

⁽¹⁴⁾ Member of the Transactions with Related Parties Committee, appointed on 22 May 2019. Ms. Soncini was also appointed Chairperson of the Transactions with Related Parties Committee at the full Committee meeting held on 29 May 2019.

⁽¹⁵⁾ Appointed by the Shareholders' Meeting of 6 May 2021 for the 2021-2022-2023 three-year period.

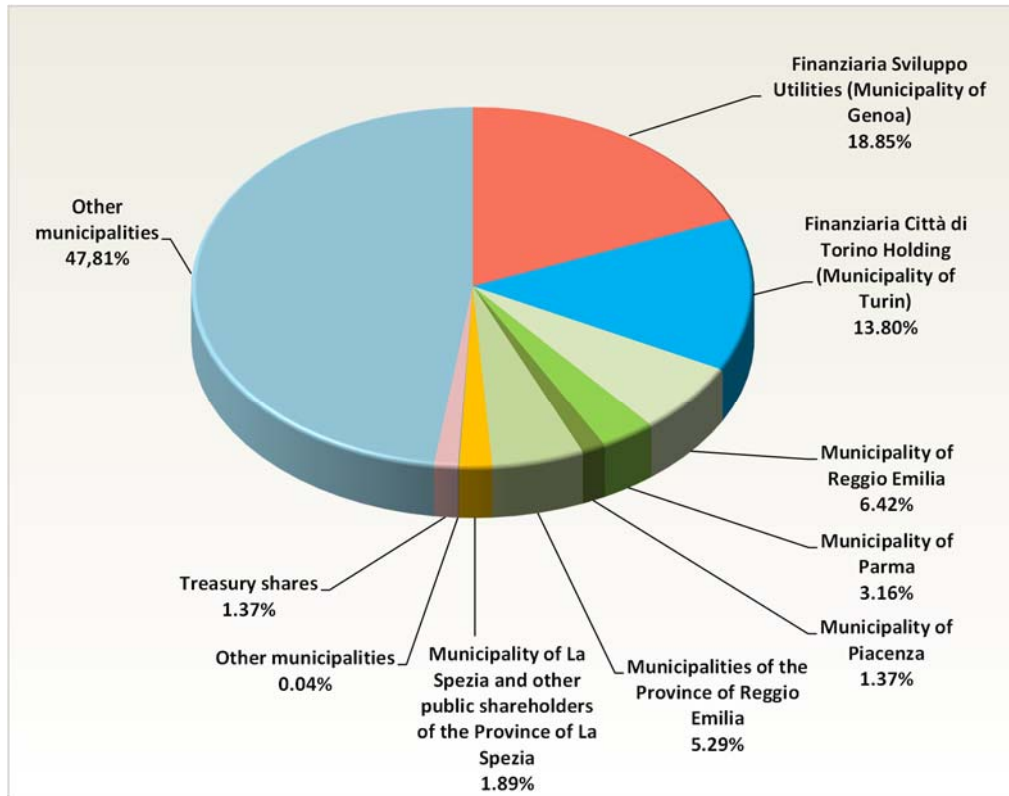
⁽¹⁶⁾ Appointed by the Shareholders' Meeting of 22 May 2019 for the 2021-2029 nine-year period.

SHAREHOLDING 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 par value of 1 euro each.

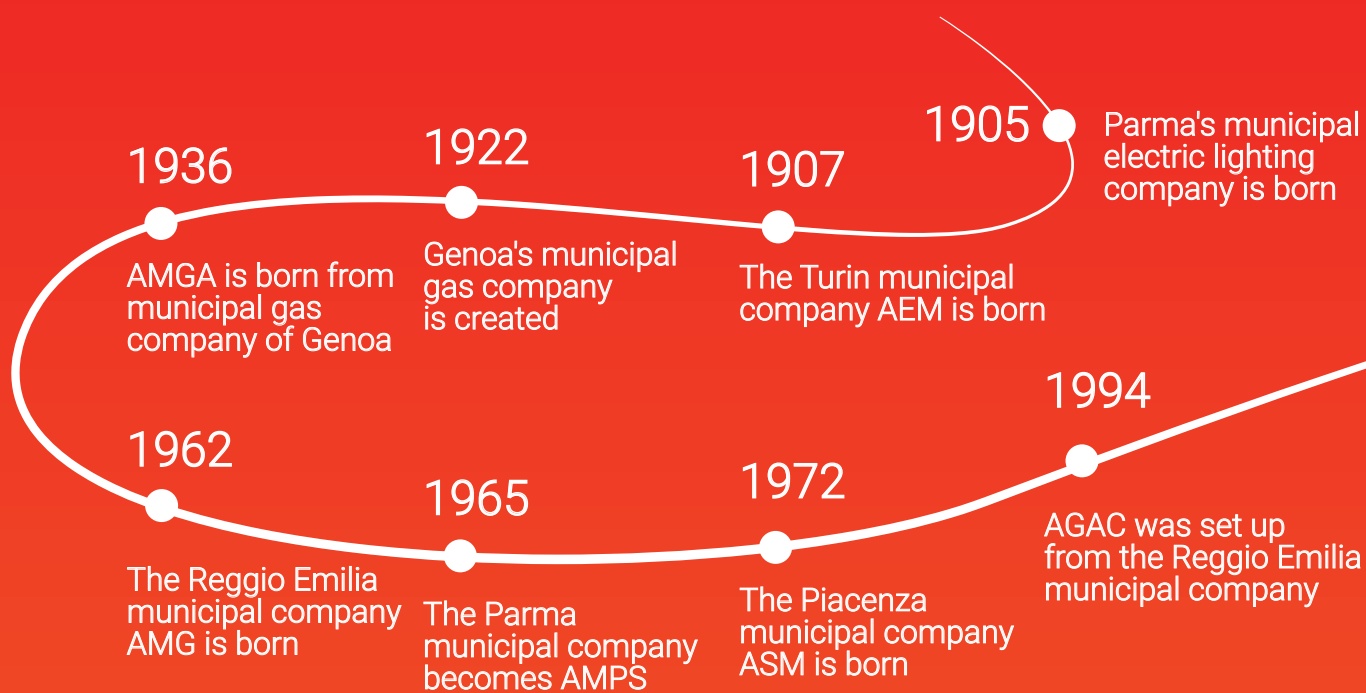
At 31 March 2021, Iren S.p.A. held 17,855,645 treasury shares, equal to 1.37% of the share capital.

At the same date, based on the information available to the company, Iren's shareholding structure was as follows.



At the same date there were no private shareholders that held a stake of more than 3% of the share capital.

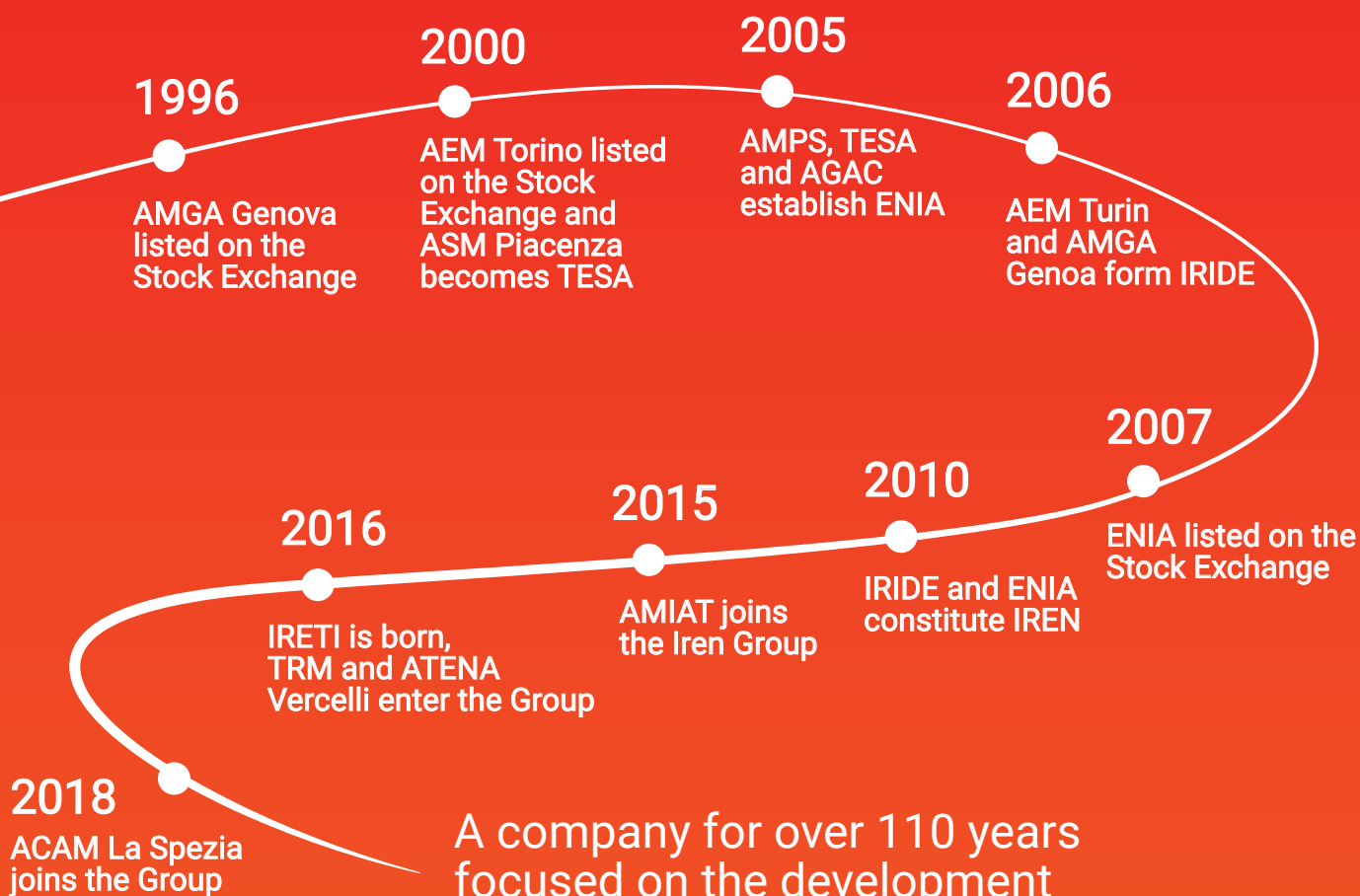
A century of history



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.



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

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.

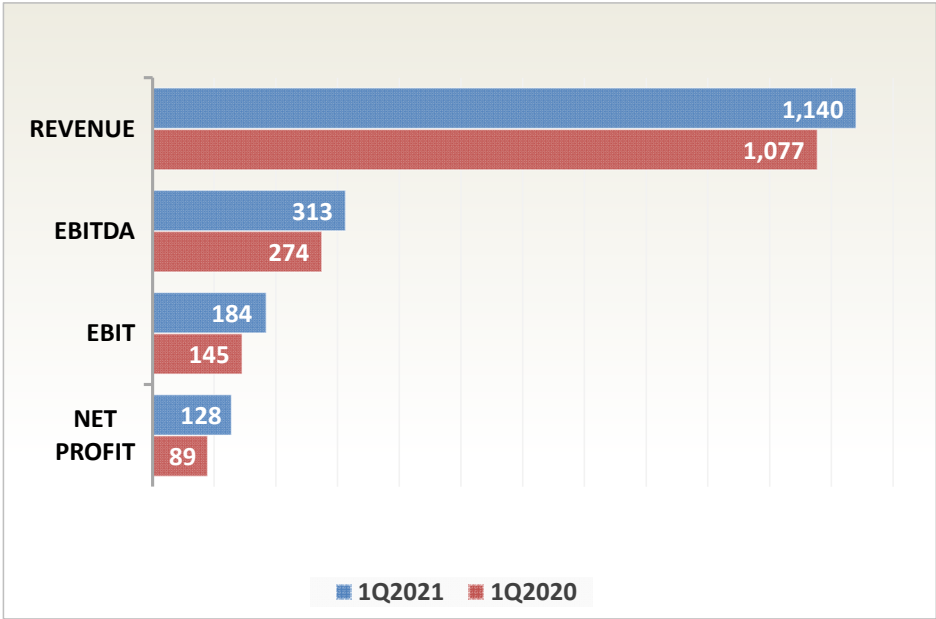
For everyone, every day.

KEY FIGURES OF THE IREN GROUP: FIRST QUARTER 2021 HIGHLIGHTS

Economic data

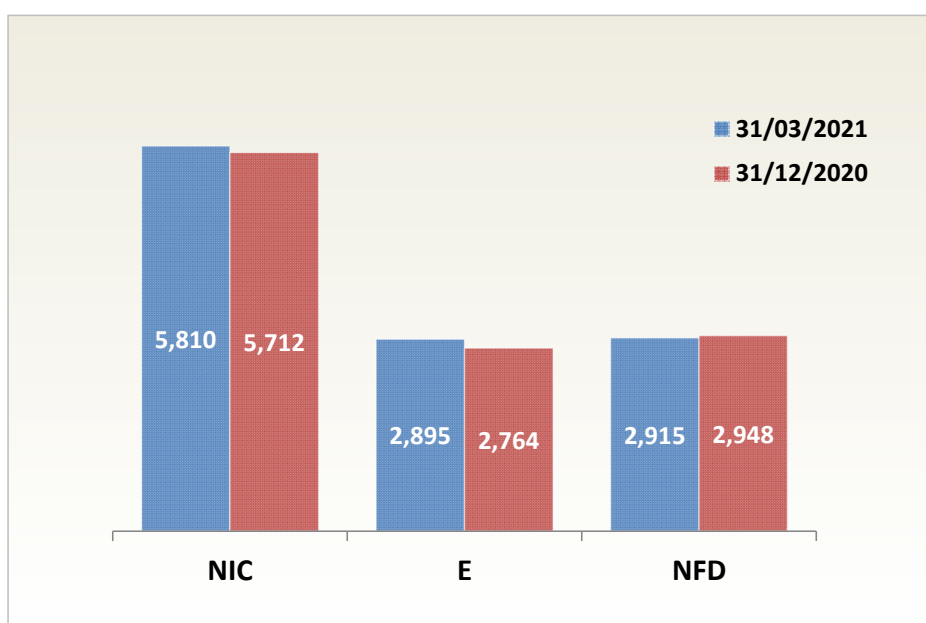
	millions of euro		
	First 3 months 2021	First 3 months 2020 (restated)	Changes %
Revenue	1,140.1	1,077.2	5.8
EBITDA	312.9	274.4	14.0
EBIT	184.2	145.4	26.7
Net profit	127.8	89.3	43.0
<hr/>			
EBITDA Margin (EBITDA/Revenue)	27.4%	25.5%	

As required by IFRS 3, the cash flow balances of the first 3 months of 2020 have been recalculated to take into account, at the acquisition date, the effects of the completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.



Financial position data

	millions of euro		
	31.03.2021	31.12.2020	Changes %
Net Invested Capital (NIC)	5,810.0	5,711.5	1.7
Equity (E)	2,894.7	2,763.5	4.7
Net Financial Debt (NFD)	2,915.3	2,948.0	(1.1)
Debt/Equity (Net Financial Debt/Equity)	1.01	1.07	

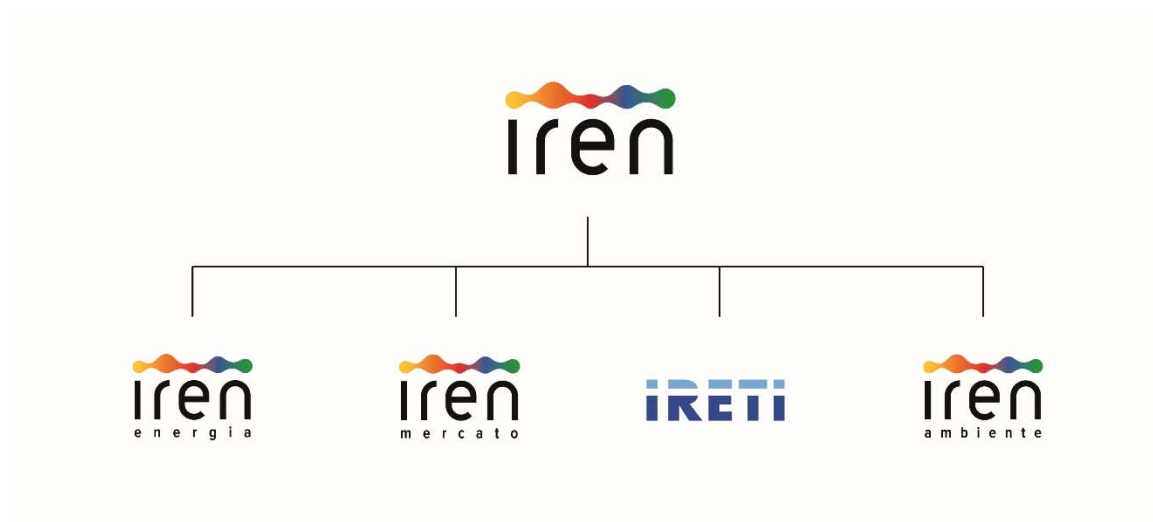


Technical and commercial figures

	First 3 months 2021	First 3 months 2020	Changes %
Electricity produced (GWh)	2,952.3	2,776.8	6.3
Thermal energy produced (GWht)	1,476.1	1,323.8	11.5
Electricity distributed (GWh)	917.5	932.0	(1.6)
Gas distributed (mln m ³)	570.4	527.6	8.1
Water distributed (mln m ³)	43.5	43.2	0.7
Electricity sold (GWh)	4,112.9	4,778.6	(13.9)
Gas sold (mln m ³) (*)	1,001.0	977.8	2.4
District heating volume (mln m ³)	96.7	95.0	1.8
Waste treated (tonnes)	842,165	670,511	25.6

* of which 531.3 mln m³ for internal use in the first 3 months of 2021 (500 mln m³ in the first 3 months of 2020, +6.3%)

THE CORPORATE STRUCTURE OF THE IREN GROUP



The Group is structured according to a model which provides for an industrial holding company, with registered office in Reggio Emilia, and four companies responsible for individual business lines at the main operating bases in Genoa, Parma, Piacenza, Reggio Emilia, Torino, Vercelli, and La Spezia.

The Holding is responsible for the strategic, development, coordination and control activities, while the four Business Units (BUs) have been entrusted with the coordination and guidance of the companies operating in their respective sectors:

- Networks, which operates in the field of the integrated water cycle, and in the gas distribution and electricity distribution sectors;
- Waste Management, which performs the activities of waste collection and disposal;
- Energy, operating in the sectors of electricity production, district heating and energy efficiency;
- Market, active in the sale of electricity, gas, heat, and customer services.

NETWORKS BU

The lead company IRETI and the business unit's subsidiaries handle the integrated water cycle, electricity distribution, natural gas distribution, and other minor activities.

Integrated Water Services

IRETI, directly and through the operating subsidiaries Iren Acqua, Iren Acqua Tigullio, ASM Vercelli and ACAM Acque, as mentioned above, operates in the field of water supply, sewerage and waste water treatment in the provinces of Genoa, Savona, Piacenza, Parma, Reggio Emilia, Vercelli, La Spezia, and several municipalities in Piedmont and Lombardy.

Overall, in the Ambiti Territoriali Ottimali (ATO, Optimal Territorial Areas) managed, the service is provided in 241 municipalities through a distribution network of 20,258 kilometres, serving almost 2.8 million residents. As regards waste water, the Networks BU manages a sewerage network spanning a total of 11,189 kilometres.

On 21 July 2020, the group, through IRETI and AMIAT, acquired the majority stake in Nord Ovest Servizi S.p.A., which holds a 45% stake in Asti Servizi Pubblici operating in the integrated water cycle, and in the environment and transport sectors in the province.

Gas distribution

IRETI distributes natural gas in 70 municipalities of the Provinces of Reggio Emilia, Parma and Piacenza, in the Municipality of Genoa and in 20 other municipalities nearby. Through ASM Vercelli, it distributes gas in the city of Vercelli, in 10 municipalities of the same province and in 3 other municipalities located 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 743 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 7,795 kilometres of network in medium and low voltage, and a total of more than 724 thousand connected users.

WASTE MANAGEMENT BU

The Waste Management Business Unit carries out waste collection, processing and disposal activities mainly through geographically-distributed companies: AMIAT, TRM, ASM Vercelli (controlled by IRETI) and Territorio e Risorse operating in the Piedmont area, ACAM Ambiente, ReCos and Rigenera Materiali, a newly created project company, operating in the Liguria area; San Germano, on the other hand, carries out its main activity as collection operator in several areas, including the main ones in Sardinia, Lombardy, Piedmont and Emilia Romagna.

Iren Ambiente, the parent company of the Waste Management Business Unit, operates in the historical basin of Emilia Romagna and, following the merger by incorporation in 2020 of two minor companies, also in the provinces of Turin and Savona.

Through important acquisitions in 2020, I.Blu and the Unieco's Waste Management Division, which includes Unieco Holding Ambiente and other subsidiaries and associates, also became part of the Iren Group and, in particular, of the Waste Management BU.

Finally, as part of the process of rationalising Unieco's Waste Management Division, on 30 March, the acquisition of a further stake by Iren Ambiente in Futura S.p.A. was finalised, which will allow its economic consolidation from 1 April 2021.

The Business Unit thus carries out all the activities of the urban waste management chain (collection, selection, recovery and disposal), with particular attention to sustainable development and environmental protection confirmed by growing levels of the separated waste collection; it also manages a substantial customer portfolio to which it provides all the services for special waste disposal.

The Waste Management BU serves a total of 307 municipalities with more than 3.0 million inhabitants 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), in Parma, and Tecnoborgo, in Piacenza, these latter owned by the lead company Iren Ambiente), 2 active landfills, 197 equipped technological stations and 36 treatment, selection, storage, biodigestion and composting plants.

In addition, the corporate transactions involving the Waste Management BU during 2020 have enabled the Group to extend and consolidate its presence in all phases of the waste cycle.

In particular, with the establishment in January 2020 of the special purpose company Rigenera Materiali, based in Genoa and fully controlled by Iren Ambiente, the Business Unit will increase its plant equipment. The company engages in the design, construction, management and operation of a plant for the Mechanical-Biological Treatment (MBT) of urban waste, to be built in the plant hub in Scarpino (Genoa). The plant will have a processing capacity of 100 Ktonnes/year and will have the function of separating the wet fraction from the dry fraction of municipal solid waste, sending them to disposal or recovery, obtaining from the latter secondary solid fuel.

The operation, in August 2020, to acquire the majority shareholding in the company I.Blu, which operates in the selection of plastic waste to be sent for recovery and recycling in two plants, with a total capacity of 200 Ktonnes/year, and in the treatment of plastic waste for the production of Blupolymer (polymer for civil uses) and Bluair ("reducing agent" for steel-making plants), was carried out to enable Iren to become a national leader in the selection of Corepla plastics and, prospectively, in the treatment of the so-called *plasmix*, heterogeneous plastics that currently do not find an outlet in the recycling market downstream of separate waste collection.

Finally, the acquisition in November 2020 of Unieco's Waste Management Division, which includes the company Unieco Holding Ambiente (UHA) and other subsidiaries and associates located in several Italian regions (Emilia Romagna, Piedmont, Tuscany, Marche and Puglia), will enable the Waste Management Business Unit to consolidate its position among the leading national operators in the environmental sector, significantly expanding the geographical area served, strengthening its role as a leading national operator

in the treatment and disposal of special waste, and acquiring a strategic position in the collection of waste from a large area of the Tuscany region.

The companies belonging to Unieco's Waste Management Division are active in all stages of the supply chain: from waste brokerage to the treatment and disposal of urban and special waste, both hazardous and non-hazardous, and through the associate SEI Toscana which also operates in the field of collection of urban waste.

Unieco's Waste Management Division can rely on a considerable amount of facilities consisting of: 2 landfills, 2 storage and transfer plants, 3 material recovery plants, 2 liquid waste treatment plants and 3 mechanical-biological treatment plants.

ENERGY BU

Production of electricity and heat

The Energy BU's installed capacity totals 2,858 MW of electricity and approximately 2,373 MW of heat. Specifically, it has 30 electricity production plants directly available to it: 22 hydroelectric (including 3 mini-hydro) plants, 7 thermoelectric cogeneration plants, and 1 conventional thermoelectric plant. The Business Unit has 85 photovoltaic production plants with an installed capacity of 20 MW.

All primary energy sources used are eco-friendly because they are mainly hydroelectric and co-generative. 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.

On the thermoelectric side, at Group level, more than 34% of the total thermal power at the service of district heating originates from the cogeneration plants owned by Iren Energia and produces 80% of the heat intended for district heating. The share of thermal output related to conventional heat generators is 58%, with district heating production at 16%. The remaining portion is produced by group plants not belonging to the Energy BU (waste to energy plants).

In 2020, Iren signed with Ansaldo a contract for the expansion of the Turbigio thermal power plant through the design, supply and construction of a new gas-powered combined cycle electricity generation plant, which will increase the overall installed capacity of the Turbigio site from the current 850 MW to approximately 1,280 MW.

Iren Energia also oversees the Group's electricity and thermal energy planning and dispatching activities, as well as operations on the power exchange.

District heating

Iren Energia has the largest district heating network in the country (1,064 kilometres of dual pipes). The extension of the network amounts to 700 kilometres in the Turin area, of which 76 kilometres of network recently acquired (district heating business unit of SEI Energia) 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, 103 in the Municipality of Parma, and 29 in the Municipality of Piacenza. The total volume heated amounts to 96.7 million cubic metres, of which 5.3 million relating to the SEI Energia business unit. The acquisition of this business, which occurred in April 2020, includes also 49% of the company Nove S.p.A.

Energy efficiency services

Iren Energia, through its subsidiary Iren Smart Solutions operates in the energy efficiency sector, carrying out activities of planning, creation and management of projects for the reduction of energy consumption; it handles the supply of energy services and global services destined for residential buildings, private and public structures and industrial and commercial complexes guaranteeing maintenance and conduction of heating, conditioning, plumbing, sanitary, refrigeration and electrical systems, and of solar panels, 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.

On 21 July 2020, Iren Energia acquired from ASTA S.p.A. (Gavio group) 28% of Asti Energia e Calore S.p.A., thus consolidating its equity investment in the company (currently 62%).

MARKET BU

Through Iren Mercato, ATENA Trading and Salerno Energia Vendite, the Group sells electricity, gas and heat, through district heating networks, supplies fuel for internal consumption and provides customer management services to the investee companies.

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

Iren Mercato also acts as "higher protection" service operator for retail customers in the electricity market in the Province of Turin, in the Parma area and in the catchment area of the municipality of Sanremo (IM) that was acquired at the beginning of 2020.

Historically, Iren Mercato is active in the direct sale of methane gas in the areas of Genoa, Turin and the Emilia Romagna region.

Lastly, it handles heat sales to district heating customers in the Municipality of Turin and the provincial capitals of Reggio Emilia, Parma, Piacenza and Genoa and sales development in new district heating areas.

Among existing commercial proposals, we note the "New downstream" business line, destined for the sale to retail customer of innovative products in the area of domotics, energy saving and maintenance of domestic systems, and "IrenGO at zero emissions", the innovative offer for electric mobility aimed at private customers, businesses and public bodies with the objective of reducing the environmental impact of movements. In this regard, the Group has already tested the potentials and benefits of e-mobility through the internal launch of a series of initiatives, such as the installation of recharging 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.

Sale of Natural Gas

Retail gas customers managed by the Market Business Unit amounted to more than 906 thousand, mainly spread throughout the traditional Genoa, Turin and Emilia Romagna catchment area and surrounding development and the catchment areas of Vercelli and the area in Campania (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.

Sale of electricity

The retail electricity customers managed are approximately 979 thousand, distributed mainly in the traditionally served Turin and Parma areas and the other areas commercially covered by Iren Mercato and ATENA Trading.

Sale of heat through the district heating network

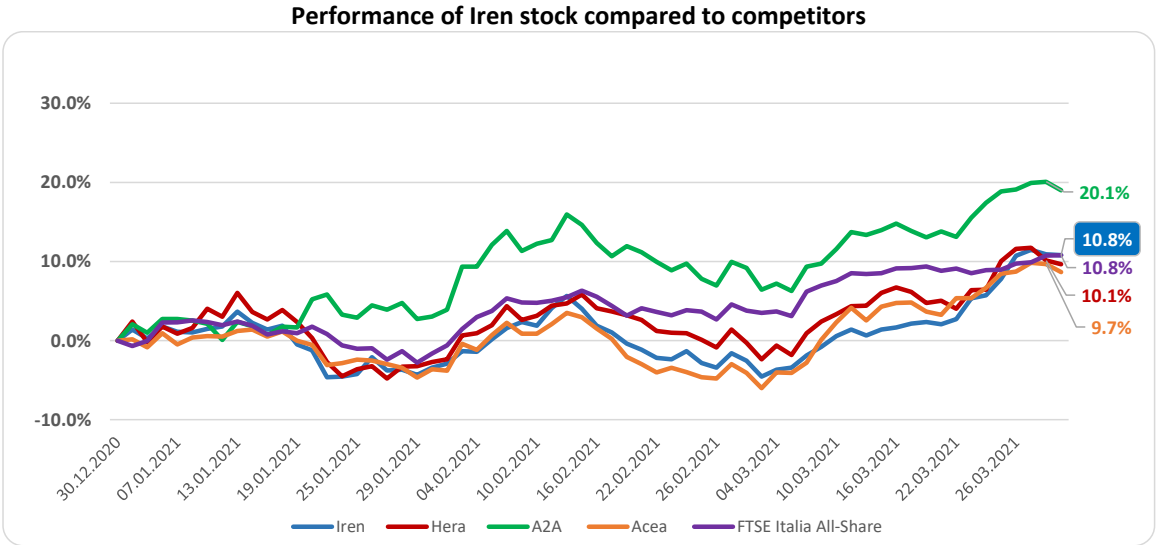
Iren Mercato manages the sale of heat, purchased from Iren Energia, to customers receiving district heating in the municipalities of Turin, Nichelino, Beinasco (Turin area), Genoa, Reggio Emilia, Piacenza and Parma.

INFORMATION ON THE IREN STOCK IN THE FIRST QUARTER OF 2021

Iren stock performance on the Stock Exchange

In the first quarter of 2021, the leading world stock exchange indices reported an upward trend, thanks mainly to the launch of the vaccination campaign to combat the spread of Covid-19 and the resulting expectations of an economic recovery, supported by the expansionary monetary policies of the major central banks.

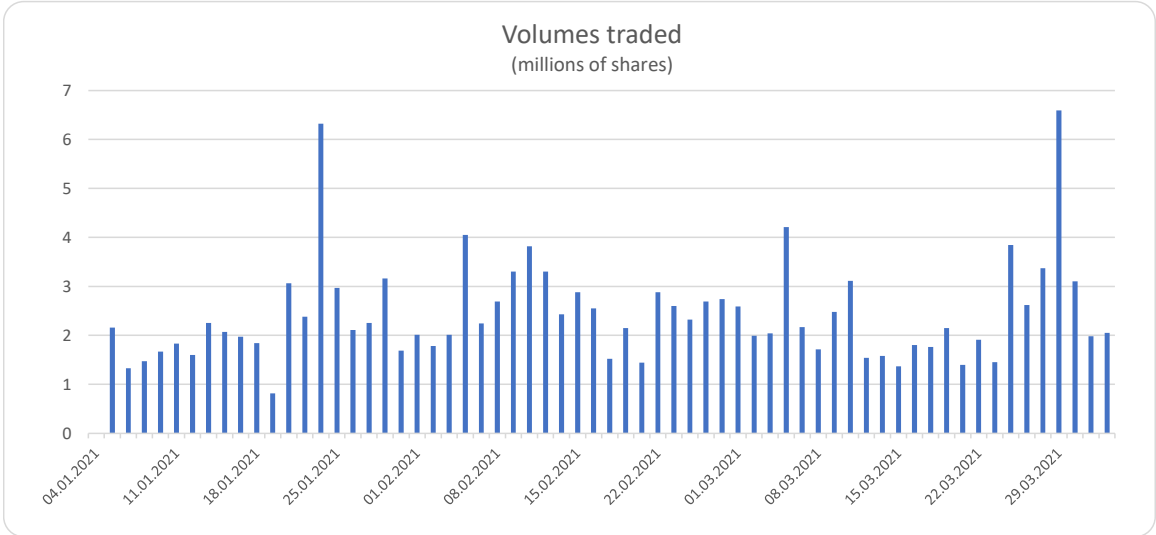
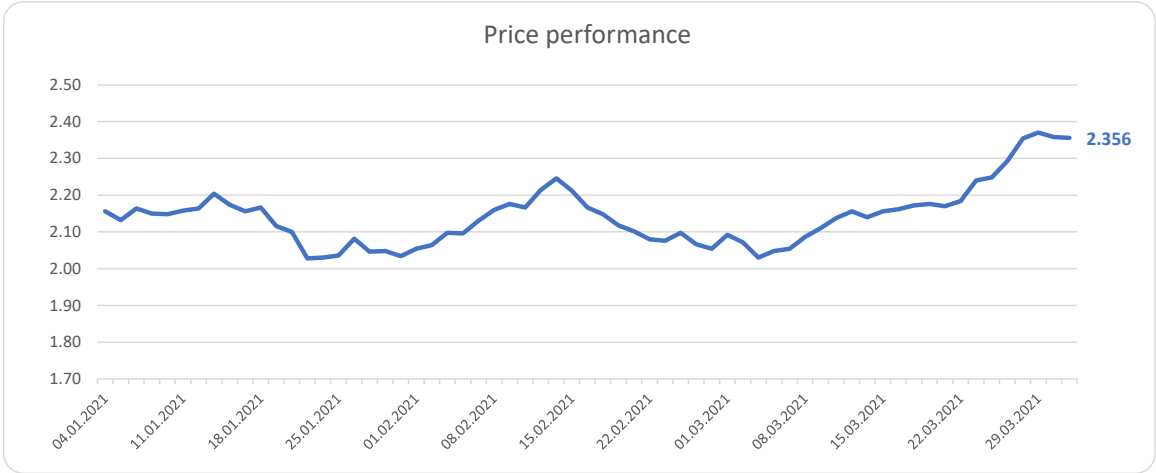
During the first quarter of 2021, the FTSE Italia All-Share (the main index of the Italian stock exchange) increased by 10.8%, driven by expectations of a recovery in the national economy. In this context, the performance of the securities of the four multi-utilities benefited from the expected positive impact of the European and national plans for economic recovery and infrastructure development in the context of the great importance of environmental sustainability.



At 31 March 2021, the last trading day in the period, the price of IREN stock stood at 2.356 euro/share, up by 10.8% compared to the price at the beginning of the year, with average trading volumes exchanged during the first quarter amounting to approximately 2.43 million units. The average price during the first quarter of 2021 was 2.14 euro/share.

The high for the period was recorded on 29 March 2021, at 2.370 euro/share; the low for the period, at 2.028 euro/share, was recorded on 21 January.

The two charts below show the price performance and volumes traded in Iren stock in first quarter of 2021.



Share coverage

During the period the Iren Group was followed by eight brokers: Banca Akros, Banca IMI, Equita, Exane (sponsored research), Intermonte, Kepler Cheuvreux, Mediobanca and Stifel.

SIGNIFICANT EVENTS OF THE PERIOD

Acquisition of control of Futura

As part of the consolidation activities following the acquisition of the Unieco's Waste Management Division, on 30 March 2021, Iren Ambiente acquired from S.I.T. - Società Igiene Territorio S.p.A. a further stake in Futura S.p.A., representing 20% of the share capital. The purchase price amounts to 1.1 million euro; following the transaction, the Iren Group holds a total stake of 60%.

Futura is based in Grosseto and operates a mechanical-biological treatment plant, with a composting section for the organic fraction.

FINANCIAL POSITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE IREN GROUP

Income statement

IREN GROUP INCOME STATEMENT

	thousands of euro		
	First 3 months 2021	First 3 months 2020 (restated)	Change %
Revenue			
Revenue from goods and services	1,095,400	1,040,311	5.3
Other income	44,664	36,871	21.1
Total revenue	1,140,064	1,077,182	5.8
Operating expense			
Raw materials, consumables, supplies and goods	(346,560)	(353,764)	(2.0)
Services and use of third-party assets	(351,169)	(327,846)	7.1
Other operating expenses	(18,317)	(17,521)	4.5
Capitalised expenses for internal work	10,682	9,077	17.7
Personnel expense	(121,823)	(112,745)	8.1
Total operating expenses	(827,187)	(802,799)	3.0
GROSS OPERATING PROFIT (EBITDA)	312,877	274,383	14.0
Depreciation, amortisation, provisions, and impairment losses			
Depreciation and amortisation	(112,112)	(102,532)	9.3
Provisions for impairment of receivables	(14,564)	(22,029)	(33.9)
Other provisions and impairment losses	(2,039)	(4,469)	(54.4)
Total depreciation, amortisation, provisions and impairment losses	(128,715)	(129,030)	(0.2)
OPERATING PROFIT (EBIT)	184,162	145,353	26.7
Financial income and expense			
Financial income	17,919	5,553	(*)
Financial expense	(21,961)	(23,935)	(8.2)
Total financial income and expense	(4,042)	(18,382)	(78.0)
Share of profit (loss) of associates accounted for using the equity method	(191)	(155)	23.2
Value adjustments on equity investments	-	(146)	(100.0)
Profit (loss) before tax	179,929	126,670	42.0
Income tax expense	(52,172)	(37,337)	39.7
Net profit (loss) from continuing operations	127,757	89,333	43.0
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	127,757	89,333	43.0
attributable to:			
- Profit (loss) for the period attributable to shareholders	120,686	83,675	44.2
- Profit (loss) for the period attributable to non-controlling interests	7,071	5,658	25.0

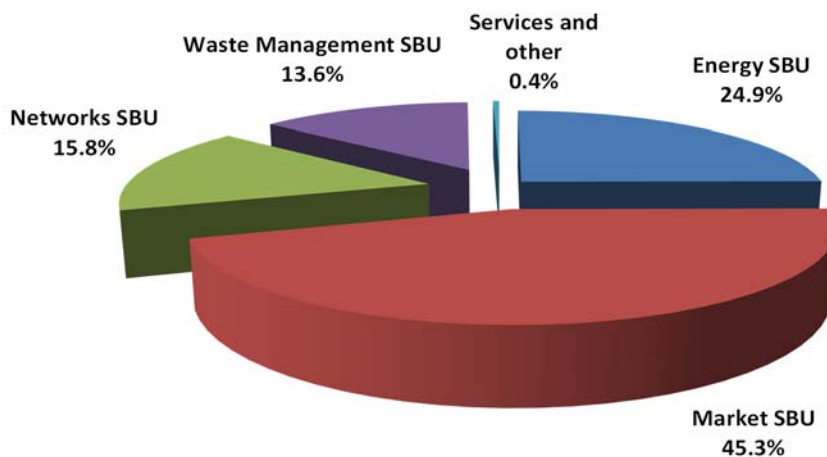
(*) Change of more than 100%

As required by IFRS 3, the cash flow balances of the first 3 months of 2020 have been recalculated to take into account, at the acquisition date, the effects of the completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.

Revenue

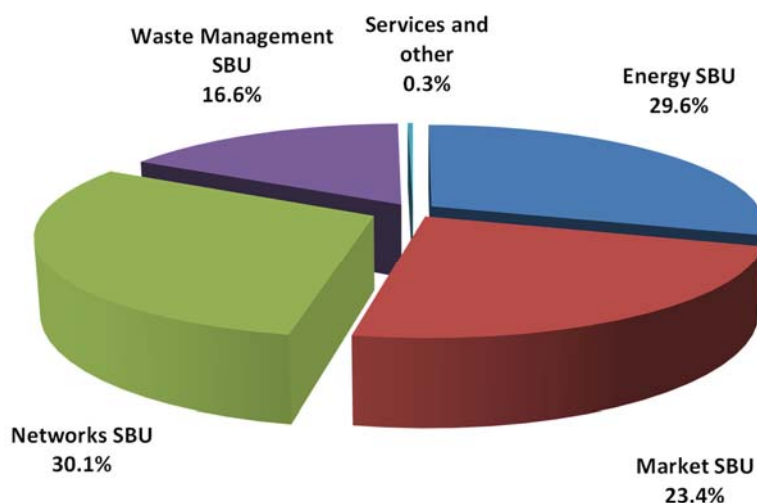
At 31 March 2021, the Group reported revenue of 1,140.1 million euro, up 5.8% compared to 1,077.2 million euro in the first quarter of 2020.

The increase in revenue, which was recorded for all business lines, shows a change of around 35 million euro as a result of the change in the consolidation scope of the Waste Management area (relating to I.Blu and the companies of the Unieco's Waste Management Division, acquired during the second half of 2020) and higher revenue of around 15 million euro relating to the development of activities connected with energy requalification and buildings renovation favoured by recent tax breaks.



Gross Operating Profit (EBITDA)

The Gross operating profit (EBITDA) amounted to 312.9 million euro, a significant increase (+14.0%) compared to 274.4 million euro for the same period in 2020. The margin dynamics were characterised by an improvement in the energy scenario and a favourable climate trend. These factors together with consolidation operations allowed the effects of the pandemic and of the consequent periods of partial lockdown, which characterised the entire quarter of 2021, to be absorbed. In contrast, in the previous year, they only manifested themselves from March 2020. The improvement in margin affected all the group's business units: Market (+34.1%), Waste Management (+20.5%), Energy (+6.5%) and Networks (+5.7%).



Operating profit (EBIT)

Operating profit (EBIT) amounted to 184.2 million euro, up 26.7% compared to 145.4 million euro in the same period of 2020. During the period, depreciation and amortisation increased by approximately 9.6 million euro, mainly due to the start-up of new investments and the expansion of the consolidation scope, while provisions for impairment of receivables decreased by approximately 7.5 million euro, due to an improvement over last year, of the estimated effects of the Covid-19 pandemic on expected losses, and provisions for risks and charges decreased by 2.5 million euro.

Financial income and expense

The financial management result shows a balance of net financial expense of 4.0 million euro; in the first quarter of 2020, the figure stood at 18.4 million euro.

The change was mainly due to higher financial income, which amounted to 17.9 million euro (+12.3 million euro compared to the comparative period, when it stood at 5.6 million euro). The increase is essentially related to a capital gain arising from the early settlement of financial liabilities.

In addition, the decrease in the average cost of debt contributed to the decrease in financial expense, which stood at 22.0 million euro compared to 23.9 million euro in the first quarter of 2020 (-8.2%).

Share of profit (loss) of associates accounted for using the equity method

The item, which presents insignificant amounts, includes the pro-rata share of the results of the Group's associates and joint ventures.

Value adjustments on equity investments

This item is not present in the first quarter of 2021. The amount in the comparative period related to the full write-down of an investee in the environment sector.

Profit (loss) before tax

As a result of the above trends, consolidated profit before tax amounted to 179.9 million euro (126.7 million euro in the first quarter of 2020).

Income tax expense

Income taxes for the period amounted to 52.2 million euro (+39.7% compared to the comparative period, in correlation to the higher profit before tax), with an effective tax rate currently estimated for 2021 at 29.0% (29.5% in the first quarter of 2020).

Net profit (loss) for the period

As a result of the above, there was a net profit for the period of 127.8 million euro, a significant increase (+43.0%) compared to the result for the first quarter of 2020.

The figure is due to the profit pertaining to shareholders of 120.7 million euro, while profit attributable to non-controlling interests was 7.1 million euro.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

	thousands of euro		
	31.03.2021	31.12.2020	Change %
Non-current assets	6,644,376	6,580,889	1.0
Other non-current assets (liabilities)	(418,681)	(421,336)	(0.6)
Net Working Capital	112,391	42,070	(*)
Deferred tax assets (liabilities)	162,253	165,835	(2.2)
Provisions for risks and employee benefits	(691,471)	(657,188)	5.2
Assets (Liabilities) held for sale	1,144	1,285	(11.0)
Net invested capital	5,810,012	5,711,555	1.7
Equity	2,894,722	2,763,528	4.7
<i>Non-current financial assets</i>	(204,784)	(166,522)	23.0
<i>Non-current financial debt</i>	3,818,663	3,825,197	(0.2)
Non-current net financial debt	3,613,879	3,658,675	(1.2)
<i>Current financial assets</i>	(981,469)	(985,525)	(0.4)
<i>Current financial debt</i>	282,880	274,877	2.9
Current net financial debt	(698,589)	(710,648)	(1.7)
Net financial debt	2,915,290	2,948,027	(1.1)
Own funds and net financial debt	5,810,012	5,711,555	1.7

(*) Change of more than 100%

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

Non-current assets at 31 March 2021 amounted to 6,644.4 million euro, up compared to 31 December 2020, when they were 6,580.9 million euro. The increase (+63.5 million euro) was mainly due to the effect of the following determinants:

- technical investments in property, plant and equipment (+122.3 million euro) and depreciation and amortisation (-112.1 million euro) in the period;
- the assets arising from the acquisition of Futura, relating to a mechanical-biological waste treatment plant (27.6 million euro);
- purchases of CO2 emission rights (26.7 million euro).

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

While Other non-current assets (liabilities) are substantially in line with the figure at 31 December 2020, Net Working Capital increased by 70.3 million euro to 112.4 million euro compared to 42.1 million euro at the end of 2020. The increase is mainly influenced by the effects of Covid-19 and the seasonal trend of the commercial components, mitigated by recognising the estimated income tax expense for the period.

The "Provisions for Risks and Employee Benefits" amounted to 691.5 million euro and increased by 34.3 million euro compared to 31 December 2020, due to the recognition of the liability for the obligation related to CO2 emission rights for the period.

Equity amounted to 2,894.7 million euro, compared with 2,763.5 million euro at 31 December 2020 (+131.2 million euro). The change refers to the effect of the net profit (+127.8 million euro), the trend of the cash flow hedge reserve linked to interest rate and commodity hedging derivatives (+5.5 million euro), the change in the consolidation scope (+1.6 million euro), the purchase of treasury shares (-4.1 million euro) and other changes (0.4 million euro).

Net financial debt at 31 March 2021 amounted to 2,915.3 million euro, a decrease of 1.1% compared to 31 December 2020 due to the free cash flow of the period, in which cash flows from operations were higher than the absorption deriving from investments and acquisitions of the period.
For more details, please see the analysis of the statement of cash flows presented below.

STATEMENT OF CASH FLOWS 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 period.

	thousands of euro		
	First 3 months 2021	First 3 months 2020 (restated)	Change %
Opening Net Financial (debt)	(2,948,027)	(2,706,127)	8.9
Profit (loss) for the period	127,757	89,333	43.0
Adjustments for non-financial movements	218,204	209,250	4.3
Utilisations of employee benefits	(2,535)	(1,704)	48.8
Utilisations of provisions for risks and other charges	(5,001)	(5,917)	(15.5)
Change in other non-current assets and liabilities	(2,794)	(623)	(*)
Other changes in capital	(28,918)	(4,843)	(*)
Taxes paid	-	-	-
Operating cash flow before changes in NWC	306,713	285,496	7.4
Cash flows from changes in NWC	(129,792)	(217,775)	(40.4)
Operating cash flow	176,921	67,721	(*)
Investments in property, plant and equipment and intangible assets	(122,294)	(130,010)	(5.9)
Investments in financial assets	(200)	-	-
Proceeds from the sale of investments and changes in assets held for sale	2,423	(1,639)	(*)
Changes in consolidation scope	(24,807)	-	-
Dividends received	101	320	(68.4)
Total cash flows from/(used in) investing activities	(144,777)	(131,329)	10.2
Free cash flow	32,144	(63,608)	(*)
Cash flows of equity capital	(4,163)	(1,449)	(*)
Other changes	4,756	(36,557)	(*)
Change in net financial (debt)	32,737	(101,614)	(*)
Closing Net financial (debt)	(2,915,290)	(2,807,741)	3.8

(*) Change of more than 100%

As required by IFRS 3, the cash flow presentation for the first 3 months of 2020 has been recalculated to take into account, at the acquisition date, the effects of the completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.

The increase in financial debt derives from the following determinants:

- *an operating cash flow* of +176.9 million euro, an improvement on the first quarter of 2020, when it stood at +67.7 million euro, due to both operating activities and the change in net working capital;
- *cash flows from investing activities* of -144.8 million euro, higher than -131.3 million euro in the comparative period, which essentially includes the technical investments of the period (122.3 million euro) and, under the item "Changes in consolidation scope", the effect of the consideration paid and the debt assumed for the acquisition of Futura (24.8 million euro);
- *cash flows of equity capital* of -4.1 million euro (-1.4 million euro in the first quarter of 2020), representing purchases of treasury shares during the period;
- the item *other changes*, equal to +4.8 million euro (-36.6 million euro in the first quarter of 2020), which mainly includes the change in the fair value of interest rate and commodity risk hedging derivatives and the recognition of liabilities related to new lease agreements covered by IFRS 16.

We note finally that the statement of cash flows prepared according to the format of a change in cash and cash equivalents is presented in the section "Consolidated Financial Statements at 31 March 2021".

SEGMENT REPORTING

The Iren Group identifies the following business segments:

- Networks (Electricity distribution networks, Gas distribution networks, Integrated Water Service)
- Waste Management (Waste collection and disposal)
- Energy (Hydroelectric Production and production from other renewable sources, Combined Heat and Power, District Heating Networks, Thermoelectric Production, Public Street Lighting, Global services, Heat management, Energy efficiency services)
- Market (Sale of electricity, gas, heat and other customer services)
- Other services (Laboratories, Telecommunications and other minor services).

These operating segments are disclosed 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 businesses presented and commented on below, revenue and expense referring to overhead activities were fully allocated to the businesses 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 area.

The main economic figures are presented below with comments by business sector compared to the figures for the first quarter of 2020.

At 31 March 2021, non-regulated activities contributed 36% to EBITDA (30% at 31 March 2020), regulated activities accounted for 37% (down from 40% in the corresponding period of 2020), and semi-regulated activities accounted for 27% (30% in 2020).

Networks SBU

At 31 March 2021, the Networks business segment, which includes the Gas Distribution, Electricity and Integrated Water Service businesses, reported revenue of 251.6 million euro, up +3.2% compared to 243.8 million euro in the first quarter of 2020.

The gross operating profit (EBITDA) amounted to 94.2 million euro, an increase of +5.7% compared to 89.2 million euro in the first quarter of 2020, while operating profit (EBIT) amounted to 47.7 million euro, an increase of +18.2% compared to 40.3 million euro in the comparable period. The trend in the operating profit (EBIT) was characterised by higher depreciation and amortisation of approximately 3 million euro, related to increased investments, lower allocations to the provision for restoration of third-party assets of 2 million euro and lower allocations to the provision for impairment of receivables of approximately 4 million euro, as a result of an improvement, compared to last year, in the estimate of the effects of the Covid-19 pandemic on expected losses.

		First 3 months 2021	First 3 months 2020	Change %	
Revenue	€/mln	251.6	243.8	3.2	
Gross Operating Profit (EBITDA)	€/mln	94.2	89.2	5.7	
<i>EBITDA Margin</i>		<i>37.5%</i>	<i>36.6%</i>		
	<i>Electricity Networks</i>	€/mln	19.0	18.7	1.5
	<i>Gas Networks</i>	€/mln	21.7	20.3	6.8
	<i>Integrated Water Service</i>	€/mln	53.5	50.2	6.7
Operating Profit (EBIT)	€/mln	47.7	40.3	18.2	
Investments	€/mln	55.8	56.7	(1.5)	
	<i>Electricity Networks</i>	€/mln	9.8	10.8	(9.5)
	<i>Gas Networks</i>	€/mln	9.6	9.3	2.6
	<i>Integrated Water Service</i>	€/mln	35.3	35.8	(1.4)
	<i>Generic Services</i>	€/mln	1.1	0.7	63.1
Electricity distributed	GWh	917.5	932.0	(1.6)	
Gas distributed	Million m ³	570.4	527.6	8.1	
Water sold	Million m ³	43.5	43.2	0.8	

Networks SBU - Electricity

The Gross operating profit (EBITDA) amounted to 19.0 million euro, up +1.5% compared to 18.7 million euro in the first quarter of 2020. The improvement is due to higher tariff revenue, which more than offset contingent liabilities and higher operating costs.

During the period, investments of 9.8 million euro (10.8 million euro in the first quarter of 2020) were made, mainly related to connections, line resilience activities, and the construction of new LV/MV substations and lines.

Networks SBU - Gas Distribution

The Gross operating profit (EBITDA) amounted to 21.7 million euro, an increase of +6.8% compared to 20.3 million euro in the first quarter of 2020. The increase is due to the growth in tariff revenue, and mainly to the effect of some extraordinary items relating to previous years and no longer repeatable.

Investments for the period amounted to 9.6 million euro (9.3 million euro in the first quarter of 2020), and concerned the upgrading of the network to cathodic protection and the installation of electronic meters.

Networks SBU - Water Cycle

The Gross operating profit (EBITDA) for the period amounted to 53.5 million euro, an increase of +6.7% compared to 50.2 million euro in the first quarter of 2020. The increase is attributable to the constraint on tariff revenue (VRG), in which the components related to the increase in investments recognised in the tariff (RAB) have more than offset the reduction in other components linked to the tariff revision envisaged in the new regulatory period. In addition, the Gross operating profit benefited from cost efficiencies and an insurance reimbursement related to plant damage.

Investments for the period amounted to 35.3 million euro (35.8 million euro in the first quarter of 2020) and related to the construction, development and extraordinary maintenance of distribution networks and plants, and the sewerage network. In particular, they concern constructing new waste water treatment plants and the replacement and installation of mainly remote-reading metering units.

In addition, investments of 1.1 million euro were made across the three businesses in information services and e-mobility.

Waste Management SBU

At 31 March 2021, segment revenue amounted to 217.2 million euro, up +21.1% from 179.4 million euro in the first quarter of 2020. The increase is substantially due to the expansion of the consolidation scope related to I.Blu (+10.7 million euro) consolidated since August 2020 and the companies of the Unieco's Waste Management Division (+23.9 million euro) consolidated since 1 November 2020. Energy revenue and revenue from collection services also increased, while revenue from disposal, intermediation and special waste management activities decreased.

		First 3 months 2021	First 3 months 2020 (restated)	Change %
Revenue	€/mln	217.2	179.4	21.1
Gross Operating Profit (EBITDA)	€/mln	52.1	43.2	20.5
<i>EBITDA Margin</i>		24.0%	24.1%	
Operating Profit (EBIT)	€/mln	25.2	18.9	33.0
Investments	€/mln	21.5	15.7	36.8
Electricity sold	GWh	123.4	133.6	(7.6)
Thermal energy produced	GWht	120.1	82.3	45.9
Waste managed	tonnes	842,165	670,511	25.6
Emilia area separate waste collection	%	77.6	77.7	(0.1)
Piedmont area separate waste collection	%	56.4	55.2	2.2
Liguria area separate waste collection	%	74.1	74.4	(0.4)

The Gross operating profit (EBITDA) amounted to 52.1 million euro, an increase of +20.5% compared to 43.2 million euro in the first quarter of 2020. The increase in the Gross operating profit is mainly attributable to the change in the consolidation scope of approximately 8.0 million euro. Collection margins and energy revenue also improved due to the increase in the national single price (the PUN rose by almost 50% compared to the previous year), offset by reductions in special waste intermediation and disposal, the latter due to reduced use of the Collegno landfill.

The Operating profit (EBIT) amounted to 25.2 million euro, up 33.0% compared to 18.9 million euro in the first quarter of 2020. The positive trend in EBITDA was partially absorbed by the increase in depreciation and amortisation of approximately 3 million euro.

Investments for the period amounted to 21.5 million euro, a strong increase compared to the first quarter of 2020 (15.7 million euro). Investments related to the purchase of collection vehicles and equipment and the construction of plants, particularly the biodigester of the FORSU in Cairo Montenotte (SV) and the paper and plastic sorting plant in Parma. The change in the consolidation scope (I.Blu and the companies of the Unieco's Waste Management Division) also contributed to the growth in investments.

Energy SBU

At 31 March 2021, the revenue of the Energy SBU, which includes power generation and heat management, public lighting and energy efficiency activities, amounted to 396.7 million euro, up 13.9% compared to 348.1 million euro in the first quarter of 2020. The increase in revenues reflects primarily higher sales prices for electricity (approximately +50 million euro) made possible by an improvement in the energy scenario, offset in part by a decrease in the amount of electricity sold (approximately -28 million euro) caused mainly by lower purchases on the power exchange. Heat revenue also increased slightly, with an increase in volumes, due to a more favourable thermal season, almost completely offset by a drop in sales prices. There was also an increase in revenue from energy efficiency activities (about 15 million euro) and Energy Savings Certificates (ESCs).

		First 3 months 2021	First 3 months 2020	Change %
Revenue	€/mln	396.7	348.1	13.9
Gross Operating Profit (EBITDA)	€/mln	92.6	86.9	6.5
<i>EBITDA Margin</i>		23.4%	25.0%	
Operating Profit (EBIT)	€/mln	57.9	52.5	10.4
Investments	€/mln	20.3	38.0	(46.5)
Electricity produced	GWh	2,815.9	2,629.5	7.1
<i>from hydroelectric and other renewable sources</i>	GWh	391.3	338.0	15.8
<i>from cogeneration sources</i>	GWh	1,944.1	1,719.6	13.1
<i>from thermoelectric sources</i>	GWh	480.5	571.9	(16.0)
Heat produced	GWht	1,356.0	1,241.5	9.2
<i>from cogeneration sources</i>	GWht	1,156.8	1,022.9	13.1
<i>from non-cogeneration sources</i>	GWht	199.2	218.6	(8.9)
District heating volumes	Million m ³	96.7	95.0	1.9

At 31 March 2021, electricity generated totalled 2,815.9 GWh, up 7.1% from 2,629.5 GWh in the first quarter of 2020.

Total thermoelectric production amounted to 2,424.6 GWh, of which 1,944.1 GWh from cogeneration sources, up by +13.1% compared with 1,022.9 GWh in the first quarter of 2020, and 480.5 GWh from conventional thermoelectric sources, down by -16.0% compared with 571.9 GWh in the corresponding period of 2020.

Production from renewable sources amounted to 391.3 GWh, of which 387 GWh from hydroelectric sources and, marginally, about 4 GWh from other renewables (photovoltaic); overall, production increased by 15.8% compared with 338 GWh in the first quarter of 2020.

Heat production in the period amounted to 1,356.0 GWht, an increase of +9.2% compared to 1,241.5 GWht in the first quarter of 2020. Overall, district heating volumes amounted to 96.7 million m³, up 1.9% compared to 95.0 million m³ in the first quarter of 2020.

The Gross operating profit (EBITDA) amounted to 92.6 million euro, an increase of +6.5% compared to 86.9 million euro in the first quarter of 2020.

The first quarter of 2021 was characterised by a national electricity demand of 78.6 TWh, up +2.2% compared to 77.0 TWh in the corresponding period of 2020. The PUN for the period was also 59.2 €/MWh, up +49.6% from 39.6 €/MWh in the first quarter of 2020.

The improvement in the energy scenario, with rising demand and higher electricity prices, enabled the Energy SBU to improve its margins despite the persistence of a partial lockdown situation. This improvement was then supported by the greater quantities of heat generated due to a more favourable thermal season, even if partially absorbed by a worsening of the unit marginality due to a sudden and unexpected increase in the cost of gas.

The energy efficiency sector also improved compared to the first quarter of 2020, due to energy requalification and building renovation activities favoured by recent tax breaks (e.g. facades bonus and 110% superbonus), an improvement of around 2 million euro.

Thanks to the increase in EBITDA, the operating profit (EBIT) also improved to 57.9 million euro (+10.4% compared to 52.5 million euro in the first quarter of 2020). Depreciation and amortisation for the period increased by approximately 1 million euro compared to the first quarter of 2020.

Investments for the period amounted to 20.3 million euro (38 million euro in the corresponding period of 2020). The main investments in the period included the repowering of the Turbigio thermoelectric power plant and the development of district heating networks.

Market SBU

At 31 March 2021, the segment's revenue amounted to 720.9 million euro, up 1.1% from 713.3 million euro in the first quarter of 2020. Despite a significant increase in commodity prices, both gas and electricity, sales performance was affected by lower quantities sold, particularly in the electricity sector, mainly due to the reduction in energy consumption induced by the measures to contain the Covid-19 pandemic.

The Gross operating profit (EBITDA) amounted to 73.5 million euro, a significant increase (+34.1%) compared to 54.8 million euro in the first quarter of 2020. The growth is attributable to both gas and electricity sales and was made possible by an improvement in unit margins, which, in the case of gas, benefited in particular from the use of storage facilities in 2020.

The Gross operating profit (EBITDA) amounted to 53.3 million euro, an improvement of +57.7% compared to 33.8 million euro in the first quarter of 2020. During the period, there was higher depreciation and amortisation of approximately 3 million euro and lower provisions for impairment of receivables of approximately 4 million euro due to an improvement, compared to last year, in the estimate of the effects of the Covid-19 pandemic on expected losses.

		First 3 months 2021	First 3 months 2020	Change %	
Revenue	€/mIn	720.9	713.3	1.1	
Gross Operating Profit (EBITDA)	€/mIn	73.5	54.8	34.1	
<i>EBITDA Margin</i>		10.2%	7.7%		
	<i>Electricity</i>	€/mIn	12.7	11.6	9.4
	<i>Gas</i>	€/mIn	58.9	42.2	39.5
	<i>Heat and other services</i>	€/mIn	1.9	1.0	90.4
Operating Profit (EBIT)	€/mIn	53.3	33.8	57.7	
Investments		15.7	10.9	43.9	
Electricity Sold	GWh	1,884.4	2,114.6	(10.9)	
Gas Purchased	Million m ³	1,001.0	977.8	2.4	
	<i>Gas sold by the Group</i>	Million m ³	469.7	477.8	(1.7)
	<i>Gas for internal use</i>	Million m ³	531.3	500.0	6.3

Sale of electricity

The volumes of electricity sold on the free market, net of pumping, network leaks, dedicated withdrawals and including imbalances, amounted to 1,776.9 GWh, down 11.4% compared with 2,004.7 GWh in the first quarter of 2020.

The downturn in the free market affected all customer segments, with contractions for the sectors most affected by the pandemic ranging from -12.2% (small business) to -15.0% (wholesalers). Only the retail segment, with sales of 379.8 GWh, posted a marginal decline of -0.5% compared with 381.6 GWh in the first quarter of 2020.

Sales in the protected market amounted to 107.6 GWh, down 2.1% compared with 109.9 GWh in the first quarter of 2020.

The Gross operating profit (EBITDA) of the sale of electricity amounted to 12.7 million euro, an improvement of +9.4% compared to 11.6 million euro in the first quarter of 2020. This increase is due to an improved unit margin and the development of the customer portfolio, which made it possible to offset the negative impact of a reduction in sales volumes caused by the Covid-19 emergency.

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

			<i>GWh</i>
	First 3 months 2021	First 3 months 2020	Change %
<i>Business</i>	717.2	828.7	(13.4)
<i>Small business</i>	136.2	155.2	(12.2)
<i>Retail</i>	379.8	381.6	(0.5)
<i>Wholesalers</i>	543.7	639.2	(15.0)
Free market	1,776.9	2,004.7	(11.4)
Protected market	107.6	109.9	(2.1)
<i>Imbalances, pumping, network leaks and dedicated withdrawals</i>	106.1	116.1	(8.6)
Total Electricity sold	1,990.6	2,230.6	(10.8)

Sale of Natural Gas

Purchased volumes amounted to 1,001.0 million m³, up 2.4% compared with 977.8 million m³ in the first quarter of 2020. Gas sold by the Group amounted to 469.7 million m³, down by -1.7% compared to 477.8 million m³ in the first quarter of 2020. The decline in the business and small business segments, which were particularly hard hit by the effects of the pandemic, was only partly offset by higher sales in the retail segment, thanks to a more favourable thermal season than in the same period last year.

The gas used for internal consumption within the Group amounted to 531.3 million m³, an increase of 6.3% compared to 500.0 million m³ in the first quarter of 2020.

The Gross operating profit (EBITDA) of gas sales amounted to 58.9 million euro, an improvement of 39.5% compared with 42.2 million euro in the first quarter of 2020.

In addition to the aforementioned improvement in the energy scenario, the increase in margins benefits from the profitable management of stockpiles carried out during 2020, in a particularly favourable price phase, and from an increase in the retail share component (QVD). The increase in margin related to the increase in quantities sold, thanks to a favourable climatic effect, was offset by the effects of the pandemic on the quantities sold, particularly to small business and business customers.

Sale of heat and other services

The sale of heat and other services have a Gross operating profit (EBITDA) of 1.9 million euro, up from one million euro in the first quarter of 2020. The change is 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.

The Market SBU's investments for the period amounted to 15.7 million euro (10.9 million euro in the first quarter of 2020).

Services and other

At 31 March 2021, revenue from the segment comprising the activities of the analysis laboratories, telecommunications and other minor activities amounted to 5.6 million euro and were slightly up on the 5.4 million euro of the first quarter of 2020.

		First 3 months 2021	First 3 months 2020	Change %
Revenue	€/mln	5.6	5.4	3.7
Gross Operating Profit (EBITDA)	€/mln	0.6	0.2	(*)
<i>EBITDA Margin</i>		<i>11.4%</i>	<i>4.2%</i>	
Operating Profit (EBIT)	€/mln	0.1	-0.2	(*)
Investments	€/mln	8.9	8.7	2.8

(*) Change of more than 100%

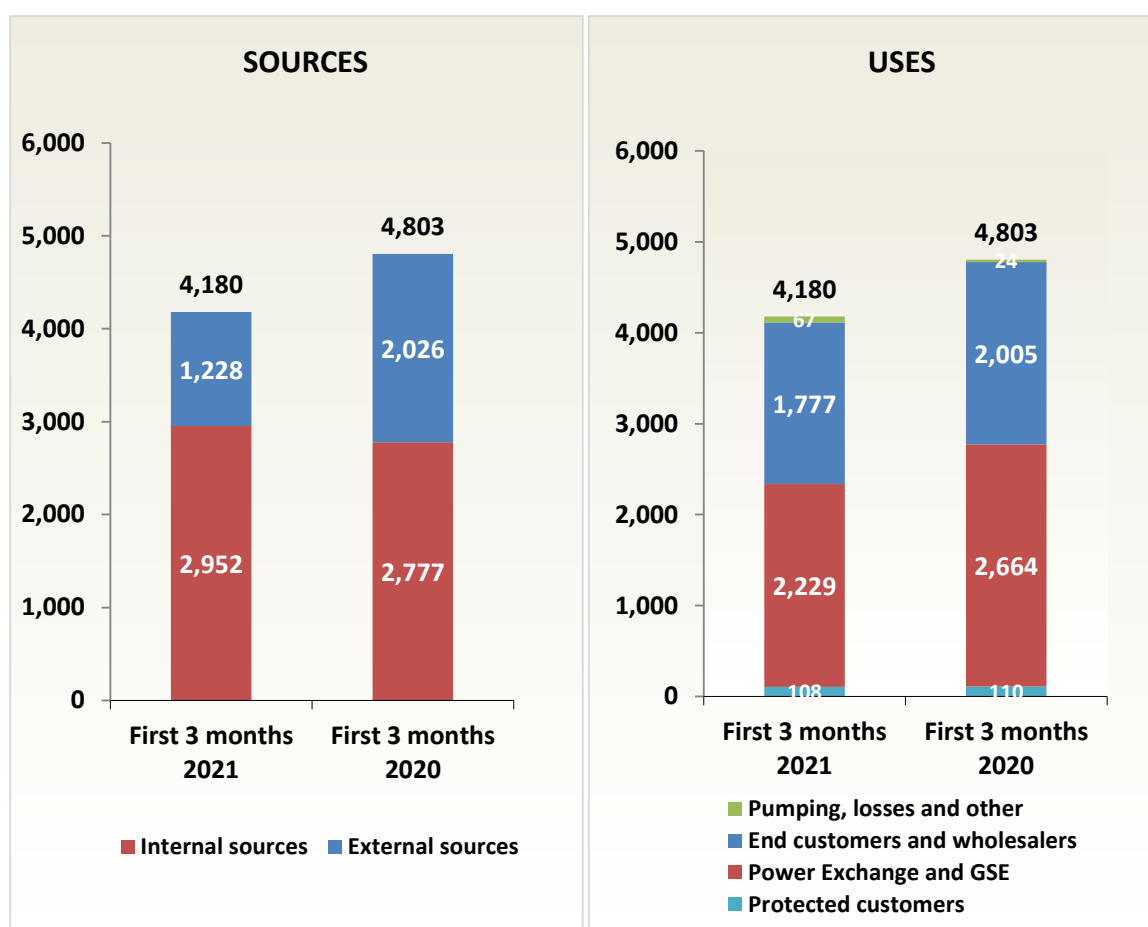
The Gross operating profit (EBITDA) amounted to 0.6 million euro (0.2 million euro in the first quarter of 2020).

Investments for the period amounted to 8.9 million euro (8.7 million euro in the first quarter of 2020) and related mainly to information systems, the purchase of vehicles and real estate services.

ENERGY BALANCES

Electricity balance sheet

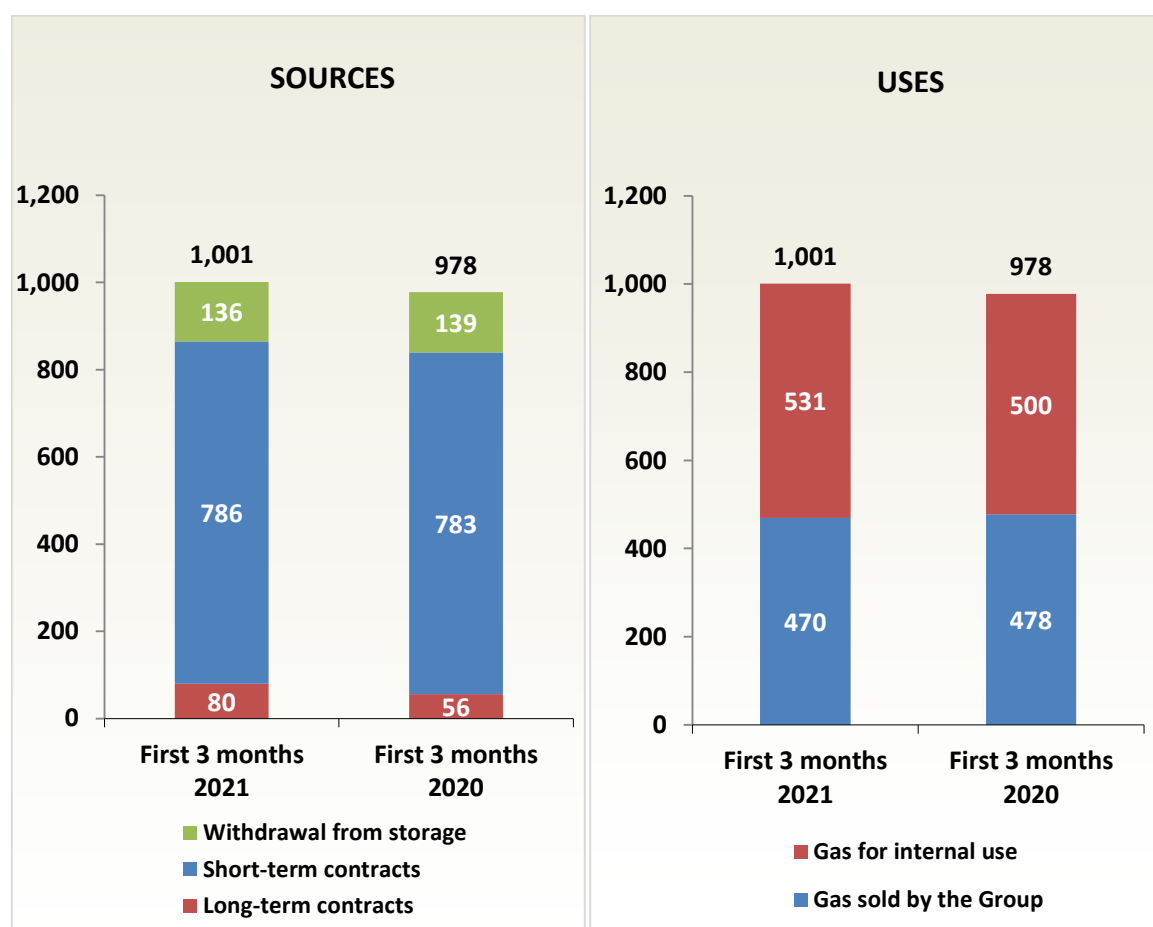
GWh	First 3 months 2021	First 3 months 2020	Change %
SOURCES			
Group's gross production	2,952.3	2,776.8	6.3
<i>a) Hydroelectric and other renewables</i>	391.3	338.0	15.8
<i>b) Cogeneration</i>	1,944.1	1,719.6	13.1
<i>c) Thermoelectric</i>	480.5	571.9	(16.0)
<i>d) Production from WTE plants and landfills</i>	136.3	147.3	(7.4)
Purchases from Acquirente Unico [Single Buyer]	118.5	121.3	(2.3)
Energy purchased on the Power exchange	996.7	1,805.2	(44.8)
Energy purchased from wholesalers and imports	112.8	99.8	13.0
Total Sources	4,180.3	4,803.0	(13.0)
USES			
Sales to protected customers	107.6	109.9	(2.1)
Sales to end customers and wholesalers	1,776.9	2,004.7	(11.4)
Sales on the Power exchange	2,228.5	2,664.0	(16.4)
Pumping, distribution losses and other	67.4	24.4	(*)
Total Uses	4,180.3	4,803.0	(13.0)



Gas balance sheet

Millions of m ³	First 3 months 2021	First 3 months 2020	Change %
SOURCES			
Long-term contracts	79.6	55.7	43.1
Short- and medium-term contracts	785.7	783.4	0.3
Withdrawals from storage	135.7	138.7	(2.2)
Total Sources	1,001.0	977.8	2.4
USES			
Gas sold by the Group	469.7	477.8	(1.7)
Gas for internal use (1)	531.3	500.0	6.3
Total Uses	1,001.0	977.8	2.4

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



FINANCIAL MANAGEMENT

General framework

During the first quarter of 2021, the short-term part of the rate curve stabilised at a new low after the turbulence experienced in 2020 following the COVID-19 pandemic events. On the other hand, the medium/long-term part of the rates showed an upward movement.

The European Central Bank keeps rates unchanged since March 2016. The current rate is 0%. Examining the trend of the six-month Euribor rate, it is noted that the parameter, in a strongly negative territory, is stable and equal to -0.5%.

As reflected in the IRS values, fixed interest rates have returned to positive levels for the long-term part of the curve following the recent upward movement.

Activities performed

During the first quarter of 2021, work continued to consolidate the Iren Group's financial structure. The development of funding needs is monitored through careful financial planning, which enables requirements for new financial resources to be anticipated, taking into account the repayments of outstanding loans, the development of debt, the 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, provides for centralisation in the Parent Company of treasury management, medium/long-term loan operations and financial risk monitoring and management. Iren has relations with the leading Italian and international banks, for the purpose of finding the types of loans best suited to its needs, and the best market conditions.

Turning to the transactions carried out in the first quarter of 2021, it should be noted that in March, the first tranche equal to 5 million euro of the 80-million-euro loan of the CEB (Council of Europe Development Bank), signed in May 2020 to support the water infrastructure investment plan, was drawn down.

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.

Within the Group, the consolidated exposure decreased due to the early repayment of Scarlino Energia loans by 14 million euro and increased for Futura loans, consolidated from the end of March 2021, by 21 million euro, together with the related interest rate risk hedges. Futura's positions were all terminated early in April.

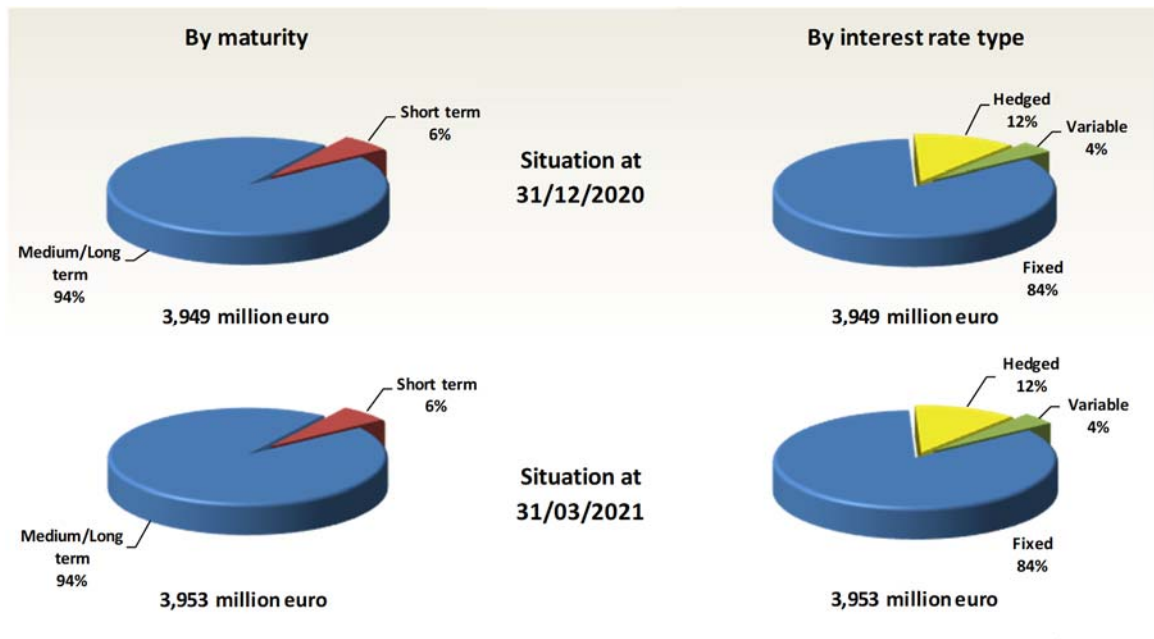
The financial debt from loans (excluding the financial liabilities recognised in application of IFRS 16) at the end of the period was made up of 16% loans and 84% bonds.

As regards financial risks, the Iren Group is exposed to various types of risk, including liquidity risk, interest rate risk, and exchange rate risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risks of fluctuations in the interest rate. No new Interest Rate Swap contracts were entered into during the period.

At the end of the period, the portion of floating rate debt not hedged by derivatives was equal to 4% 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 2020, is shown in the chart below.



Rating

On 20 October 2020, Fitch confirmed for Iren and its senior unsecured issues the BBB rating, with stable outlook. The judgement is based mainly on the update of the business plan to 2025 which, in continuity compared to previous years, confirms the prevalence of regulated and semi-regulated activities (approximately 70% of Gross Operating Profit (EBITDA) at the end of the Plan). Fitch rates the company well positioned within its benchmark indices, with limited impact from the negative market effects of the coronavirus emergency.

Supporting the Group's liquidity profile and the rating level, Iren has the aforementioned medium/long-term credit lines subscribed and available but not used for 295 million euro and committed credit lines of the Sustainability linked revolving credit facility (RCF) which amounted to 150 million euro at year-end and which are added to current liquid assets.

EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

Shareholders' Meeting

On 6 May 2021, the Ordinary Shareholders' Meeting of Iren S.p.A. approved the Company's Financial Statements at 31 December 2020 and the Directors' Report, and resolved to distribute a dividend of 0.095 euro per ordinary share, confirming the proposal made by the Board of Directors. The Shareholders' Meeting also:

- approved the first section ("2021 remuneration policy") of the Report on the 2021 remuneration policy and on fees paid for financial year 2020;
- made a favourable vote on the second section ("Fees paid for financial year 2020") of the same Report;
- appointed the Board of Statutory Auditors and its Chairperson for the three years 2021-2022-2023 and determined the annual remuneration to be paid to the same board's regular members.

BUSINESS OUTLOOK

The Covid-19 pandemic impacts global economies throughout the year 2021 slowing the economic recovery. Therefore, the Iren Group will face a national scenario whose recovery in 2021 is still dependent on the spread of the virus and the consequent countermeasures which, especially in the first half of the year, when the vaccination campaign is still partial, will continue to have a negative impact on the economy.

Despite the difficult context, thanks to a resilient business profile with respect to the Covid-19 pandemic, the Group will continue to pursue its growth path as set out in the latest business plan, which calls for significant investments, especially in the Networks and Waste Management segments, in addition to investments to increase electricity generation capacity and extend the district heating network. The major investment plan in the regulated sectors to improve the quality of the service is therefore confirmed, especially in the water sector, where the goal is to increase purification capacity and reduce the use of the water resource. With regard to the Waste Management segment, 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 punctual pricing.

Iren also confirms sustainability as one of its main strategic pillars thanks to the investments in projects linked to the Multi-circle Economy, equal to about 60% of the investments established in the business plan, such as material recovery, efficient use and protection of resources, combined with energy efficiency and reduction of greenhouse gas emissions.

Regarding the energy activities, in 2020 the Group implemented a series of actions that will mitigate the impact of volatility in energy prices thanks to a hedging policy implemented with the goal of stabilising margins.

Therefore, even in the difficult context caused by the continuation of the Covid-19 emergency, the Group confirms its profitability forecast thanks to the aforementioned investments which will sustain organic growth, a strong development of activities concerning energy efficiency projects in buildings, taking advantage of the opportunities offered by current regulations and a complete integration of the recently acquired companies in the Waste Management segment.

The outlook for profitability growth takes into account the continuation of the Covid-19 emergency, which the Group estimates will be resolved in the second half of the year, with a negative effect on EBITDA not exceeding 10 million euro, additional provisions for impairment of receivables not exceeding 10 million euro, and the partial re-absorption, by 40 million euro, of the negative effect on net working capital recorded in 2020.

Consolidated Financial Statements

at 31 March 2021

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").

In drawing up these consolidated financial statements, the same accounting principles were applied as those adopted for the previous year's statements, to which you are referred for a more ample discussion with the exception of the new items listed below, which, however, did not have an impact on the consolidated financial statements of the Iren Group at 31 March 2021.

In August 2020, the IASB published the *Interest Rate Benchmark Reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16)*, endorsed by the European Union with Reg. 2021/25 of 13 January 2021. While Phase 1 focused on the consequences of pre-reform IBOR by providing exceptions to hedge accounting requirements, Phase 2 examines the consequences of contractual changes resulting from the reform by clarifying the proper accounting treatment of the financial instruments involved when interest rate benchmarks are replaced by alternative rate benchmarks.

The amendments mainly concern the following topics:

1) The accounting impacts of a change in the cash flows of a financial instrument resulting from a change in the contractually agreed index. With reference to the changes resulting from the reform of interest rates, the IASB has identified two types of scenarios: a) scenarios in which the reform of interest rates leads to a change in contractual conditions and b) scenarios in which the reform leads to changes in cash flows without requiring changes in contractual conditions. In either case, if the changes are the direct result of the interest rate reform and generate cash flows that are economically equivalent to those expected immediately before the changes resulting from the reform, then the instrument should not be derecognised. In essence, the effective interest rate of the instrument must be changed to reflect these changes, without any impact immediately recognised in the income statement (IFRS 9 B5.4.5.).

2) The consequences of an index change for hedge accounting. In Phase 2, the IASB introduces additional exceptions to the hedge accounting requirements to ensure that hedging relationships affected by the IBOR reform do not have to be discontinued upon replacement:

- i. the hedging report must not be interrupted if the change in documentation meets certain conditions (IFRS 9 6.9.1);
- ii. when the hedging relationship is changed to consider the new reference rate, the Cash Flow Hedging reserve recognised under Other comprehensive income is deemed to be calculated based on the alternative reference rate (IFRS 9 6.9.7);
- iii. for the purpose of assessing the retrospective effectiveness of a hedging relationship on a cumulative basis, as soon as the Phase 1 exceptions cease to apply, the cumulative change in the fair value of the hedged item and the hedging instrument can be reset to zero to prevent the hedging relationship from being terminated due to the accumulated ineffectiveness during Phase 1 (IAS 39 102V);
- iv. where the alternative reference rate is designated as a non-contractually specified risk component or the elements have been hedged at portfolio level, specific guidance is provided to manage the transition (IFRS 9 6.9.9-13).

3) Information required in the notes. In order to help all users of financial statements understand the nature and extent of risks arising from the reform and the progress made by entities in completing the transition to alternative reference rates, the following disclosures are required:

- a description of how the entity manages the IBOR transition for the various rates involved and the risks arising from that transition;

- the carrying amount of financial assets and liabilities not linked to derivatives and the nominal value of derivatives that continue to relate to benchmark interest rates subject to reform. These amounts are broken down by reference interest rate and presented separately;
- the impact of the IBOR reform on the entity's risk management strategy.

4) The impact of the IBOR reform on standards other than those relating to financial instruments, in particular IFRS 4 Insurance Contracts and IFRS 16 Leases. With respect to IFRS 16, in the case of leases that include variable payments indexed to benchmark rates that are within the scope of the IBOR reform, the document provides, as a practical expedient, that changes in lease payments resulting from the IBOR reform are accounted for as adjustments to the lease liability, rather than as lease modifications. This exception is strictly limited to changes that are the direct result of the IBOR reform and are economically equivalent to previous assumptions (e.g. the previous reference rate).

The Iren Group's hedging relationships are exposed to the EURIBOR benchmark index. The EURIBOR's calculation methodology was subject to review in 2019 by the European Money Markets Institute (EMMI) in order to meet the requirements of the Benchmarks Regulation (EU) 2016/1011 (BMR): it is therefore assumed that EURIBOR will continue to be used in the immediate future, and the directors believe that the risk associated with the IBOR transition is therefore almost nil and no significant effects are expected in the Group's consolidated financial statements. Iren also continues to monitor developments in the interest rate benchmark reform for determining interest rates and the inclusion of fallback clauses in contracts for financial transactions to guarantee the effectiveness of hedging relationships. It should be noted that the IBOR reform has not, at present, had any impact on the Iren Group's interest rate risk management strategy. At 31 March 2021, the nominal amount of financial liabilities not linked to derivatives and correlated to the EURIBOR benchmark was 148,597 thousand euro, while the nominal amount of hedging instruments correlated to this index was 489,258 thousand euro.

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 2020.

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 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.

In this Report a number of alternative performance measures (APMs) have been used; these are different from the financial measures explicitly required by the IAS/IFRS international accounting standards adopted by the Group. For details of these measures please see the specific paragraph "Alternative Performance Measures".

The financial statements have been drawn up on the basis of the historical cost principle, except for certain financial instruments measured at fair value.

The preparation of the consolidated reports has required the use of estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities. The later results that derive from occurrence of events could differ from these estimates.

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. To that end, we note that the Iren Group is carefully monitoring developments in the energy and financial scenario associated with the economic crisis resulting from the current pandemic, as well as possible long-term impacts on the businesses in which it operates.

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.

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

ALTERNATIVE PERFORMANCE MEASURES

Iren Group uses alternative performance measures (APMs) in order to convey more effectively the information on the profitability performance of its business lines, and on its financial and capital situation. These measures are different from the financial measures explicitly required by the IAS/IFRS international accounting standards 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 the present financial report are provided below.

Net invested capital: 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. For further details on the construction of the individual items that make up the indicator, please refer to the reconciliation statement of the reclassified balance sheet with the accounting statement presented in the annexes to the consolidated financial statements.

This APM is used by the Group in the context of documents both internal to the Group and external and is a useful measure for the purpose of measuring total net assets, both current and non-current, also through comparison between the period with which the report is concerned 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 net of non-current financial assets and current financial liabilities net of current financial assets and cash and cash equivalents.

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

Gross Operating Profit (EBITDA): determined by subtracting total operating expenses from total revenue.

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

Operating profit (EBIT): determined by subtracting the depreciation, amortisation, provisions and operating impairment losses from Gross Operating Profit (EBITDA).

Operating cash flow: determined starting from the net profit /(loss) for the period, adjusted for financial income and expense and for non-monetary items (depreciation and amortisation, provisions, impairment losses...), to which the changes in Net working capital, utilisations of provisions and employee benefits and other operating changes are added.

This APM is used by the Group in the context of documents both internal to the Group and external and measures the cash generation capacity of the group's operating activities and therefore its self-financing capacity.

Free cash flow: determined by adding to the operating cash flow the financial resources used or provided by investing activities represented by investments in property, plant and equipment, intangible, and financial assets, divestments, changes in the consolidation scope and dividends collected.

Investments: calculated as the sum of investments in tangible, intangible and financial assets (equity investments) and reported at gross of the capital gains.

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

Gross operating profit over revenue: determined making a proportion, in percentage terms, between gross operating profit and value of revenue.

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

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

This APM is used by the Group in the context of documents both internal to the Group and external and is a useful instrument for assessing the financial structure in terms of relative proportion of financing sources between third-party funds and own funds.

SEASONALITY

It should also be noted that the Iren Group's results for the period reflect the characteristic seasonality of the sectors in which it operates, influenced above all by the weather, and therefore cannot be extrapolated for the entire year.

CONSOLIDATION PRINCIPLES

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 Company has at the same time:

- 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 included in the consolidated financial statements from the date that control commences until the date that control ceases.

Equity and portion of 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 intra-group balances, transactions, unrealised income and expenses are eliminated in full.

Furthermore: a) all changes in the equity interest that do not constitute a loss of control are treated as equity transactions and therefore have a contra entry in equity; b) when a parent company transfers control to one of its investees, but continues all the same 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 whose activity 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 net 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. If the Group's share of losses of an associate equals or exceeds the carrying amount of its interest in the associate, the carrying amount is reduced to nil and recognition of further losses is not detected, except to the extent that the Group is obliged to respond.

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 Company, in addition to joint ventures and associates.

Parent Company:

Iren S.p.A.

Companies consolidated on a line-by-line basis

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

1) Iren Ambiente and its subsidiaries:

- ACAM Ambiente
- AMIAT V and the subsidiary:
 - AMIAT
- Bonifica Autocisterne
- I.Blu
- Iren Ambiente Parma
- Iren Ambiente Piacenza
- Monte Querce
- ReCos
- Rigenera Materiali
- San Germano
- Territorio e Risorse
- TRM
- Unieco Holding Ambiente and its subsidiaries:
 - AMA
 - Bio Metano Italia
 - Gheo suolo e ambiente
 - Manduriambiente
 - Picena Depur
 - Sereco Piemonte
 - UCH Holding and its subsidiary:
 - Iren Ambiente Toscana (formerly STA) and its subsidiaries:
 - Energy Side
 - Produrre Pulito
 - Scarlino Holding and its subsidiaries:
 - Scarlino Energia
 - Scarlino Immobiliare
 - STA partecipazioni
 - TB
 - Futura
 - Unirecuperi and its subsidiary:
 - Borgo ambiente
 - Uniservizi
- Uniproject

2) Iren Energia and its subsidiaries:

- Asti Energia e Calore
- Iren Smart Solutions and its subsidiary:
 - Studio Alfa
- Maira and its subsidiary:
 - Formaira

- 3) Iren Mercato and its subsidiary:
- 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
 - Nord Ovest Servizi

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

CHANGES IN FULL CONSOLIDATION SCOPE

As reported in "Significant events of the period", following the recent M&A transaction relating to the Unieco's Waste Management Division, on 30 March 2021 Iren Ambiente increased its stake in the associate Futura S.p.A., acquiring a further 20% of the share capital (for the amount of 1,100 thousand euro) and gaining control by virtue of a total 60% shareholding. The company operates a mechanical-biological treatment plant that treats 140 thousand tonnes of non-sorted waste per year, equipped with a composting section for the organic and green fraction, whose concession expires in 2041.

Futura therefore falls within the scope of full consolidation and is consolidated at 31 March 2021. Pending the definition of the Purchase Price Allocation to be completed in accordance with IFRS 3, the positive difference between the acquisition cost of the investment 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 for 552 thousand euro.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	thousands of euro	
	31.03.2021	31.12.2020
ASSETS		
Property, plant and equipment	3,843,917	3,831,865
Investment property	2,746	2,764
Intangible assets with a finite useful life	2,407,322	2,355,140
Goodwill	214,139	213,587
Investments accounted for using the equity method	172,032	173,513
Other equity investments	4,220	4,020
Non-current trade receivables	111,855	115,113
Non-current financial assets	204,784	166,522
Other non-current assets	69,332	66,670
Pre-paid tax assets	369,211	369,375
Total non-current assets	7,399,558	7,298,569
Inventories	55,078	66,521
Trade receivables	1,008,817	875,661
Current tax assets	4,632	9,622
Other receivables and other current assets	330,114	317,082
Current financial assets	92,493	95,356
Cash and cash equivalents	888,976	890,169
Total current assets	2,380,110	2,254,411
Assets held for sale	1,144	1,285
TOTAL ASSETS	9,780,812	9,554,265

thousands of euro

	31.03.2021	31.12.2020
EQUITY		
Equity attributable to shareholders		
Share capital	1,300,931	1,300,931
Reserves and Retained Earnings (Losses)	1,092,005	855,061
Net profit (loss) for the period	120,686	235,322
Total equity attributable to shareholders	2,513,622	2,391,314
Equity attributable to non-controlling interests	381,100	372,214
TOTAL EQUITY	2,894,722	2,763,528
LIABILITIES		
Non-current financial liabilities	3,818,663	3,825,197
Employee benefits	107,051	109,027
Provisions for risks and charges	406,148	405,456
Deferred tax liabilities	206,958	203,540
Other payables and other non-current liabilities	488,013	488,006
Total non-current liabilities	5,026,833	5,031,226
Current financial liabilities	282,880	274,877
Trade payables	918,948	977,906
Other payables and other current liabilities	415,790	345,447
Current tax liabilities	50,733	5,309
Provisions for risks and charges - current portion	190,906	155,972
Total current liabilities	1,859,257	1,759,511
Liabilities related to assets held for sale	-	-
TOTAL LIABILITIES	6,886,090	6,790,737
TOTAL EQUITY AND LIABILITIES	9,780,812	9,554,265

CONSOLIDATED INCOME STATEMENT

	thousands of euro	
	First 3 months 2021	First 3 months 2020 (restated)
Revenue		
Revenue from goods and services	1,095,400	1,040,311
Other income	44,664	36,871
Total revenue	1,140,064	1,077,182
Operating expenses		
Raw materials, consumables, supplies and goods	(346,560)	(353,764)
Services and use of third-party assets	(351,169)	(327,846)
Other operating expenses	(18,317)	(17,521)
Capitalised expenses for internal work	10,682	9,077
Personnel expense	(121,823)	(112,745)
Total operating expenses	(827,187)	(802,799)
GROSS OPERATING PROFIT (EBITDA)	312,877	274,383
Depreciation, amortisation, provisions, and impairment losses		
Depreciation and amortisation	(112,112)	(102,532)
Provisions for impairment of receivables	(14,564)	(22,029)
Other provisions and impairment losses	(2,039)	(4,469)
Total depreciation, amortisation, provisions and impairment losses	(128,715)	(129,030)
OPERATING PROFIT (EBIT)	184,162	145,353
Financial income and expense		
Financial income	17,919	5,553
Financial expense	(21,961)	(23,935)
Total financial income and expense	(4,042)	(18,382)
Share of profit (loss) of associates accounted for using the equity method	(191)	(155)
Value adjustments on equity investments	-	(146)
Profit (loss) before tax	179,929	126,670
Income tax expense	(52,172)	(37,337)
Net profit (loss) from continuing operations	127,757	89,333
Net profit (loss) from discontinued operations	-	-
Net profit (loss) for the period	127,757	89,333
attributable to:		
- Profit (loss) for the period attributable to shareholders	120,686	83,675
- Profit (loss) for the period attributable to non-controlling interests	7,071	5,658

As required by IFRS 3, the cash flow balances of the first 3 months of 2020 have been recalculated to take into account, at the acquisition date, the effects of the completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.

STATEMENT OF OTHER COMPREHENSIVE INCOME

	First 3 months 2021	thousands of euro First 3 months 2020 (restated)
Profit/(loss) for the period - Group and non-controlling interests (A)	127,757	89,333
Other comprehensive income that will be subsequently reclassified to the Income Statement		
- effective portion of changes in fair value of cash flow hedges	7,334	(9,434)
- changes in fair value of financial assets	-	-
- share of other profits/(losses) of companies accounted for using the equity method	-	-
Tax effect of other comprehensive income	(1,832)	2,428
Total other comprehensive income to be subsequently reclassified to the Income Statement, net of tax effect (B1)	5,502	(7,006)
Other comprehensive income that will not be subsequently reclassified to the Income Statement		
- actuarial gains/(losses) on employee defined benefit plans (IAS 19)	-	-
- portion of other profits/(losses) of companies accounted for using the equity method related to employee defined benefit plans (IAS 19)	-	-
Tax effect of other comprehensive income	-	-
Total other comprehensive income not to be subsequently reclassified to the Income Statement, net of tax effect (B2)	-	-
Total comprehensive income/(expense) (A)+(B1)+(B2)	133,259	82,327
attributable to:		
- Profit (loss) for the period attributable to shareholders	125,874	76,980
- Profit (loss) for the period attributable to non-controlling interests	7,385	5,347

As required by IFRS 3, the cash flow balances of the first 3 months of 2020 have been recalculated to take into account, at the acquisition date, the effects of the completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2019 Restated	1,300,931	133,019	64,642
Dividends to shareholders			
Profits not distributed			
Purchase of treasury shares			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
31/03/2020 Restated	1,300,931	133,019	64,642
31/12/2020	1,300,931	133,019	76,713
Dividends to shareholders			
Profits not distributed			
Purchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
31/03/2021	1,300,931	133,019	76,713

As required by IFRS 3, the financial position at 31 March 2019 and 31 March 2020 has been restated to take into account, at the acquisition date, the effects of completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.

thousands of euro

Cash flow hedging reserve	Other reserves and retained earnings (losses)	Total reserves and retained earnings (losses)	Profit (loss) for the period	Total equity attributable to shareholders	Equity attributable to non-controlling interests	Total equity
(31,429)	584,032	750,264	236,362	2,287,557	363,756	2,651,313
		-		-	(88)	(88)
	236,362	236,362	(236,362)	-	-	-
	(1,361)	(1,361)		(1,361)	-	(1,361)
	236	236		236	-	236
(6,695)	-	(6,695)	83,675	76,980	5,347	82,327
			83,675	83,675	5,658	89,333
(6,695)	-	(6,695)		(6,695)	(311)	(7,006)
(38,124)	819,269	978,806	83,675	2,363,412	369,015	2,732,427
(13,493)	658,822	855,061	235,322	2,391,314	372,214	2,763,528
			-	-	(71)	(71)
	235,322	235,322	(235,322)	-	-	-
	(4,092)	(4,092)		(4,092)	-	(4,092)
	-	-		-	1,575	1,575
	-	-		-	-	-
	526	526		526	(3)	523
5,188	-	5,188	120,686	125,874	7,385	133,259
			120,686	120,686	7,071	127,757
5,188	-	5,188		5,188	314	5,502
(8,305)	890,578	1,092,005	120,686	2,513,622	381,100	2,894,722

CONSOLIDATED STATEMENT OF CASH FLOWS

	thousands of euro	
	First 3 months 2021	First 3 months 2020 (restated)
A. Opening cash and cash equivalents	890,169	345,876
Cash flows from operating activities		
Profit (loss) for the period	127,757	89,333
Adjustments:		
Income tax expense for the period	52,172	37,337
Share of profit (loss) of associates and joint ventures	191	155
Net financial expense (income)	4,042	18,382
Amortisation of intangible assets and depreciation of property, plant and equipment	112,112	102,532
Net impairment losses (reversals of impairment losses) on assets	-	146
Net provisions for risks and other charges	50,228	50,224
Capital (gains) losses	(541)	474
Utilisations of employee benefits	(2,535)	(1,704)
Utilisations of provisions for risks and other charges	(5,001)	(5,917)
Change in other non-current assets and liabilities	(2,794)	(623)
Other changes in capital	(28,918)	(4,843)
Taxes paid	-	-
B. Operating cash flow before changes in NWC	306,713	285,496
Change in inventories	11,686	25,362
Change in trade receivables	(137,982)	(174,034)
Change in current tax assets and other current assets	(10,690)	(51,892)
Change in trade payables	(61,394)	(51,329)
Change in current tax liabilities and other current liabilities	68,588	34,118
C. Cash flows from changes in NWC	(129,792)	(217,775)
D. Operating cash flow (B+C)	176,921	67,721
Cash flows from/(used in) investing activities		
Investments in property, plant and equipment and intangible assets	(122,294)	(130,010)
Investments in financial assets	(200)	-
Proceeds from the sale of investments and changes in assets held for sale	2,423	(1,639)
Changes in consolidation scope	2,579	-
Dividends received	101	320
E. Total cash flows from/(used in) investing activities	(117,391)	(131,329)
F. Free cash flow (D+E)	59,530	(63,608)
Cash flows from/(used in) financing activities		
Capital increase	-	-
Purchase of treasury shares	(4,092)	(1,361)
Dividends paid	(4,128)	-
New non-current loans	5,000	75,000
Repayment of non-current loans	(5,135)	(72)
Change in financial payables for leasing	(2,508)	(5,214)
Change in other financial payables	(19,158)	(76,663)
Change in financial receivables	(30,397)	251,496
Interest paid	(1,057)	(599)
Interest received	752	1,809
G. Total cash flows from/(used in) financing activities	(60,723)	244,396
H. Cash flows for the period (F+G)	(1,193)	180,788
I. Closing cash and cash equivalents (A+H)	888,976	526,664

As required by IFRS 3, the cash flow presentation for the first 3 months of 2020 has been recalculated to take into account, at the acquisition date, the effects of the completion, occurred in 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired of Ferrania Ecologia and Territorio e Risorse.

LIST OF FULLY CONSOLIDATED COMPANIES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
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
Acam Acque S.p.A.	La Spezia	Euro	24,260,050	100.00	Ireti
Acam Ambiente S.p.A.	La Spezia	Euro	3,000,000	100.00	Iren Ambiente
AMA S.p.A.	Reggio Emilia	Euro	1,800	100.00	UHA
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
Bio Metano S.r.l. (1)	Reggio Emilia	Euro	20,000	100.00	UHA
Borgo Ambiente S.c.a.r.l.	Reggio Emilia	Euro	100,000	51.00	Unirecuperi
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	Ireti
Energy Side Srl	Florence	Euro	88,729	100.00	Iren Ambiente Toscana
Formaira S.r.l.	San Damiano Macra (CN)	Euro	10,000	100.00	Maira
Futura S.p.A.	Florence	Euro	7,000,000	40.00	Iren Ambiente Toscana
				20.00	Iren Ambiente
Gheo suolo e Ambiente S.r.l.	Reggio Emilia	Euro	100,000	100.00	UHA
I. Blu S.r.l.	Pasiano 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. (formerly STA S.p.A.)	Florence	Euro	15,934,370	100.00	UCH Holding
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
Maira S.p.A.	San Damiano Macra (CN)	Euro	596,442	66.23	Iren Energia
Manduriambiente S.p.A.	Manduria (TA)	Euro	4,111,820	95.28	UHA
Monte Querce S.c. a r.l.	Reggio Emilia	Euro	100,000	60.00	Iren Ambiente
				40.00	Unirecuperi
Nord Ovest Servizi S.p.A.	Turin	Euro	7,800,000	45.00	Ireti
				30.00	Amiat
Picena Depur S.r.l.	Ascoli Piceno	Euro	46,000	99.90	UHA
Produrre Pulito S.r.l.	Sesto Fiorentino (FI)	Euro	25,721	100.00	Iren Ambiente Toscana
ReCos S.p.A.	La Spezia	Euro	6,420,608	99.14	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	16,917,108	89.54	Scarlino Holding

(1) Company in liquidation

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Scarlino Holding S.r.l.	Florence	Euro	90,000	100.00	Iren Ambiente Toscana
Scarlino Immobiliare S.r.l.	Florence	Euro	10,000	72.22	Scarlino Holding
Sereco Piemonte S.p.A.	Reggio Emilia	Euro	7,224	100.00	UHA
STA Partecipazioni S.r.l.	Reggio Emilia	Euro	2,500	100.00	Iren Ambiente Toscana
Studio Alfa S.p.A.	Reggio Emilia	Euro	100,000	86.00	Iren Smart Solutions
TB S.p.a.	Florence	Euro	2,220,000	58.56	Iren Ambiente Toscana
Territorio e Risorse S.r.l.	Tortona (AL)	Euro	2,510,000	100.00	Iren Ambiente
TRM S.p.A.	Turin	Euro	86,794,220	80.00	Iren Ambiente
UCH Holding S.r.l.	Reggio Emilia	Euro	15,742,660	64.71	UHA
UHA S.r.l.	Reggio Emilia	Euro	49,324,031	27.86	Iren Ambiente
Uniproject S.r.l.	Maltignano (AP)	Euro	91,800	100.00	Iren Ambiente
Unirecuperi S.r.l.	Reggio Emilia	Euro	323,000	80.80	UHA
Uniservizi S.r.l.	Maltignano (AP)	Euro	64,021	19.20	Iren Ambiente
				100.00	UHA

LIST OF JOINT VENTURES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Acque Potabili S.p.A.	Turin	Euro	7,633,096	44.92	Ireti

LIST OF ASSOCIATES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
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.	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
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	Unirecuperi
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	Sereco Piemonte
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.50	Iren Energia
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
CSP Innovazione nelle ICT S.c. a r.l. (1)	Turin	Euro	600,000	25.00	Iren Energia
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.	Mondovi (CN)	Euro	1,100,000	38.50	Ireti
Nove S.p.A.	Grugliasco (TO)	Euro	9,983,505	49.00	Iren Energia
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25.00	Ireti
Rimateria S.p.A. (3)	Piombino (LU)	Euro	4,589,273	30.00	Unirecuperi
SEI Toscana S.r.l.	Siena	Euro	42,236,230	35.64	Iren Ambiente Toscana
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
Valle Dora Energia S.r.l.	Turin	Euro	537,582	49.00	Iren Energia

(1) Company in liquidation

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

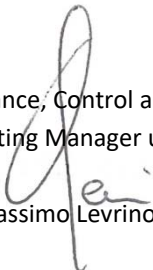
(3) Company in arrangement with creditors

Certification by the Financial Reporting Manager pursuant to Article 154-bis, paragraph 2 of Italian Legislative Decree no. 58/1998 ("Testo Unico della Finanza" [Consolidated Finance Act])

The undersigned Massimo Levrino, Financial Reporting Manager of IREN S.p.A declares, pursuant to paragraph 2 of Article 154-bis of the "Testo Unico della Finanza" [Consolidated Finance Act] that the accounting information contained in this Consolidated Quarterly Report at 31 March 2021 corresponds to the documentary records, books and accounting entries.

13 May 2021

Administration, Finance, Control and M&A Manager
and Financial Reporting Manager under Law 262/05


Massimo Levrino



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