Interim Financial Report

at 30 June 2023

iren

Summary

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

Introduction

CORPORATE OFFICERS

Board of Directors [1]

Chairperson	Luca Dal Fabbro [2]
Deputy Chairperson	Moris Ferretti [3]
Chief Executive Officer and General Manager	Gianni Vittorio Armani [4] - in office until 12 June 2023
Directors	Francesca Culasso [5]
	Enrica Maria Ghia [6]
	Pietro Paolo Giampellegrini [7]
	Francesca Grasselli [8]
	Cristiano Lavaggi [9]
	Giacomo Malmesi [10]
	Giuliana Mattiazzo [11]
	Tiziana Merlino [12]
	Gianluca Micconi [13]
	Patrizia Paglia [14]
	Cristina Repetto [15]
	Licia Soncini [16]

Board of Statutory Auditors [17]

Chairperson	Michele Rutigliano
Standing auditors	Cristina Chiantia
	Simone Caprari
	Ugo Ballerini
	Sonia Ferrero
Alternate Auditors	Lucia Tacchino
	Fabrizio Riccardo Di Giusto

Independent Auditors

KPMG S.p.A. [18]

Manager in charge of financial reporting

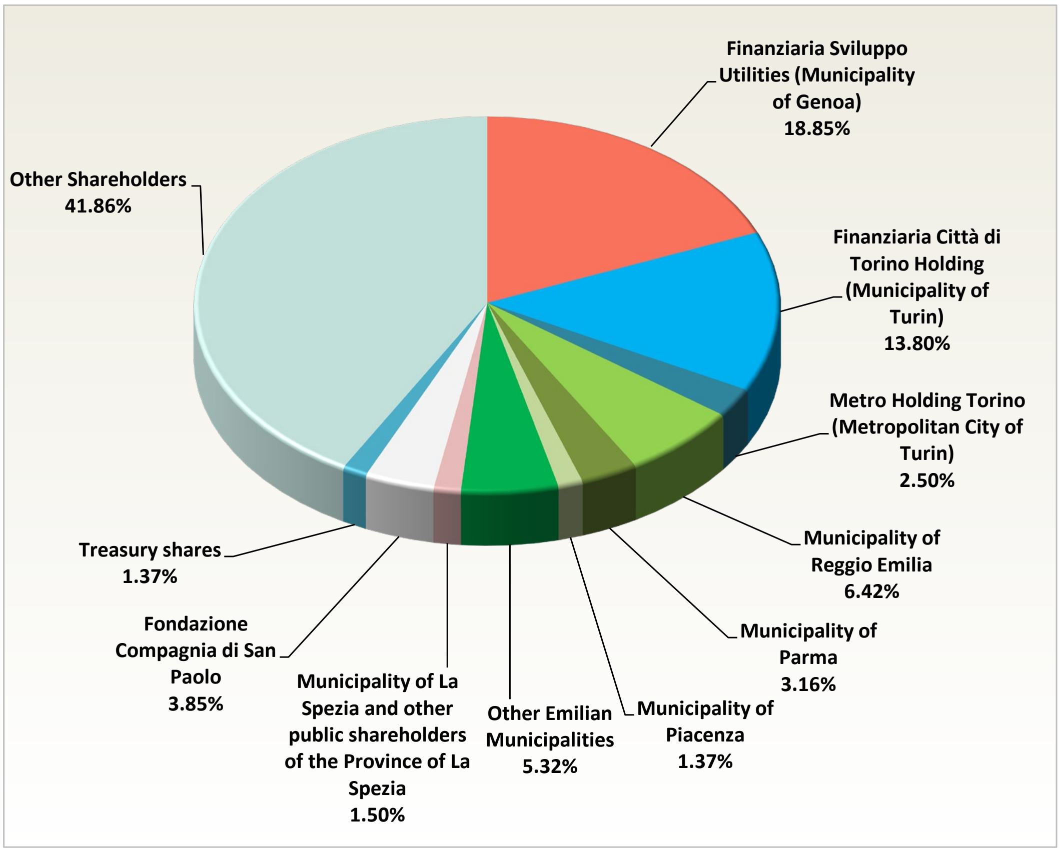
Anna Tanganelli

(1) Appointed by the Shareholders' Meeting of 21 June 2022 for the 2022-2023-2024 three-year period.
(2) Appointed Chairperson by the Shareholders' Meeting of 21 June 2022.
(3) Deputy Chairperson in the three-year period 2019-2021. He was confirmed in office for the three-year period 2022-2024 at the meeting of the Board of Directors on 21 June 2022.
(4) Chief Executive Officer and General Manager from 29 May 2021 (with confirmation of the offices for the three-year period 2022-2024 at the Board of Directors' meeting of 21 June 2022) until 12 June 2023 (date on which Mr. Armani resigned from both positions, effective immediately).
(5) Chair of the Control, Risk and Sustainability Committee.
(6) Member of the Control, Risk and Sustainability Committee.
(7) Chair of the Remuneration and Appointments Committee.
(8) Member of the Related Party Transactions Committee.
(9) Member of the Remuneration and Appointments Committee.
(10) Member of the Control, Risk and Sustainability Committee.
(11) Member of the Related Party Transactions Committee.
(12) Member of the Control, Risk and Sustainability Committee.
(13) Member of the Remuneration and Appointments Committee.
(14) Member of the Remuneration and Appointments Committee.
(15) Member of the Related Party Transactions Committee.
(16) Chair of the Related Party Transactions Committee.
(17) Appointed by the Shareholders' Meeting of 6 May 2021 for the 2021-2022-2023 three-year period.
(18) Appointed by the Shareholders' Meeting of 22 May 2019 for the 2021-2029 nine-year period.

OWNERSHIP STRUCTURE

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

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



A century of history

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

1905
Parma's municipal electric lighting company is born

1907
The Turin municipal company AEM is born

1922
Genoa's municipal gas company is created

1936
AMGA is born from municipal gas company of Genoa

2000
AEM Turin listed on the Stock Exchange and ASM Piacenza become TESA

2005
AMPS, TESA and AGAC establish ENIA

2006
AEM Turin and AMGA Genoa form IRIDE

2007
ENIA listed on the Stock Exchange

2010
IRIDE and ENIA constitute IREN

Mission

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

For everyone, every day.

1962
The Reggio Emilia municipal company AMG is born

1965
The Parma municipal company becomes AMPS

1972
The Piacenza municipal company ASM is born

1994
AGAC was set up from the Reggio Emilia municipal company

1996
AMGA Genoa listed on the Stock Exchange

2015
AMIAT joins the Iren Group

2016
Ireti is born, TRM and ATENA Vercelli enter the Group

2018
ACAM La Spezia joins the Group

2020
The Group acquires Unieco Waste Management Division

2022
Iren Green Generation for renewables development is born

Vision

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

For everyone, every day.

KEY FIGURES OF IREN GROUP: HIGHLIGHTS FIRST HALF 2023

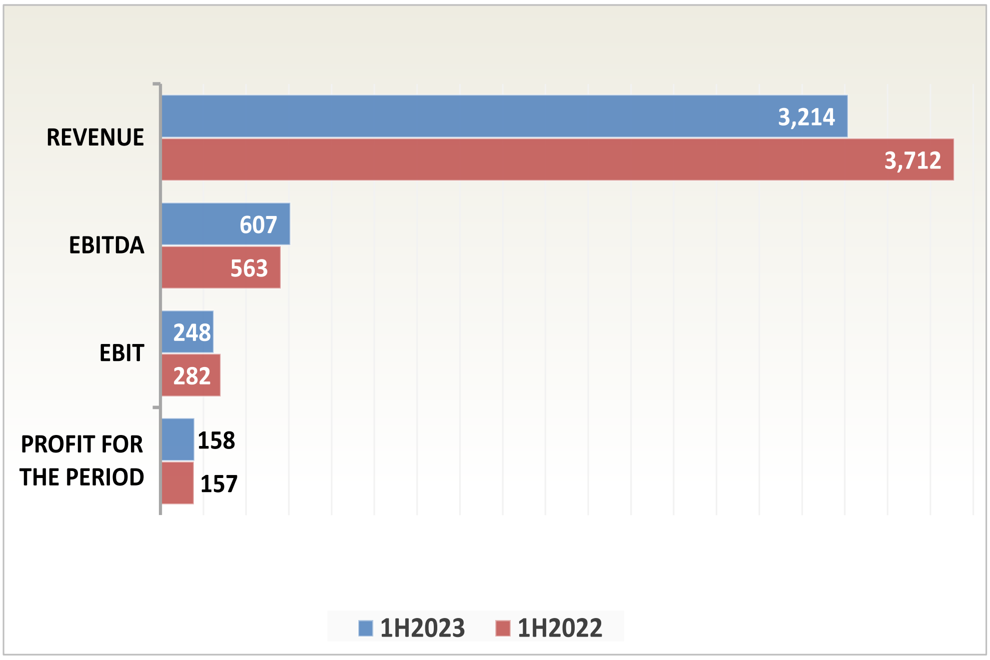
Results

millions of euro

	First Half of 2023	First Half of 2022 Restated	Change %
Revenue	3,214.4	3,711.6	(13.4)
Gross operating profit (EBITDA)	606.5	562.7	7.8
Operating profit (EBIT)	248.3	281.6	(11.8)
Profit for the period	158.1	156.5	1.0
Gross operating profit (EBITDA) Margin (EBITDA/Revenue)	18.9%	15.2%	

The comparative data for H1 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the acquisition price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. For further information, please refer to the "Business Combinations" section in the Notes to the Condensed Interim Consolidated Financial Statements.

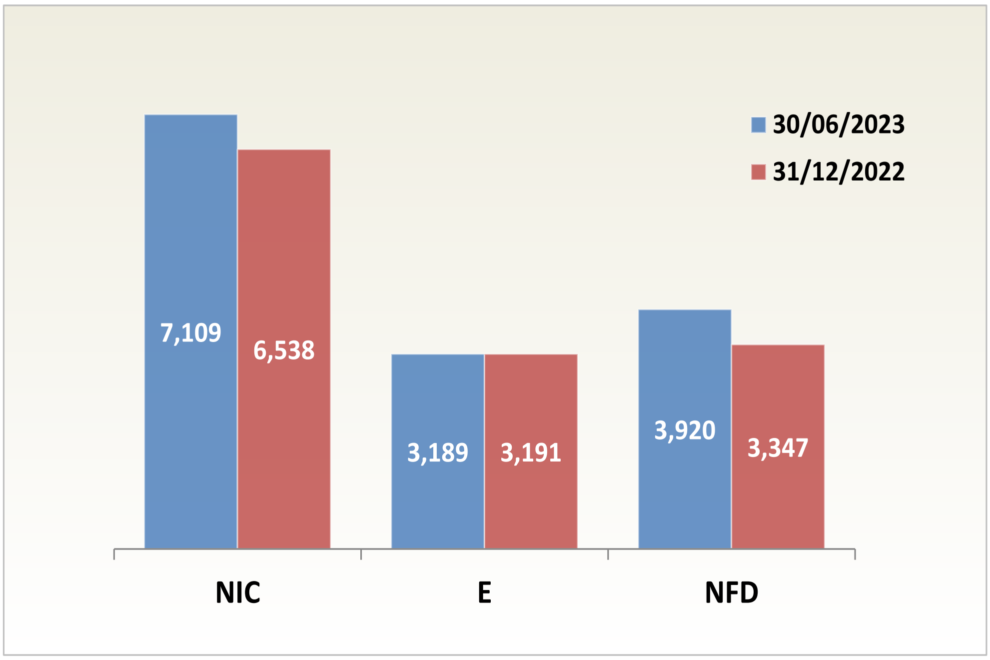
For definitions of Alternative Performance Measures, see the relevant section in this Report.



Financial position

millions of euro

	30.06.2023	31.12.2022	Change %
Net Invested Capital (NIC)	7,109.3	6,537.9	8.7
Equity (E)	3,189.0	3,191.1	(0.1)
Net Financial Debt (NFD)	3,920.3	3,346.8	17.1
Debt/Equity (Net Financial Debt/Equity)	1.23	1.05	

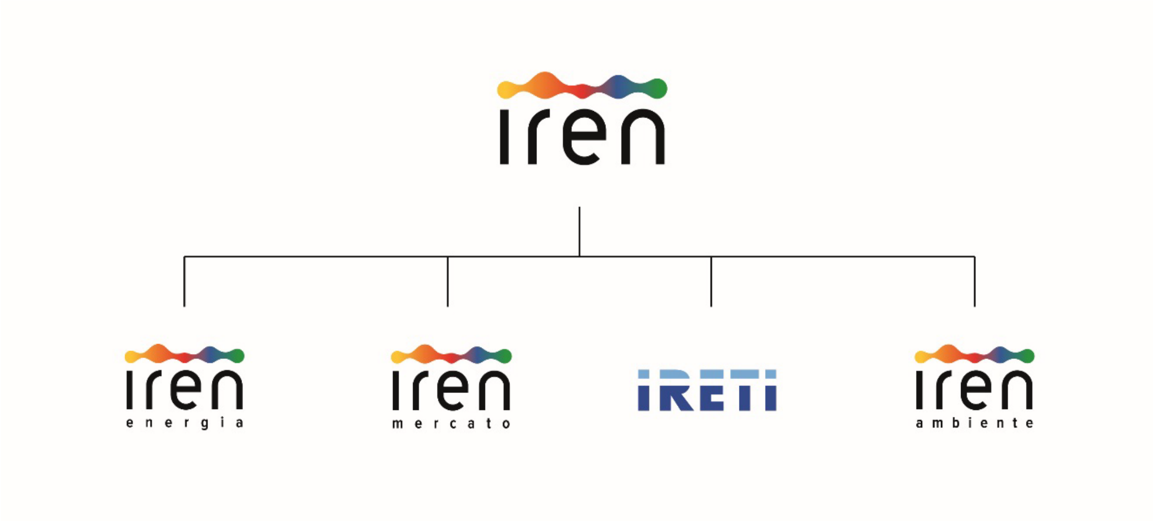


Technical and commercial figures

	First Half of 2023	First Half of 2022	Change %
Electricity produced (GWh)	4,214.7	4,588.1	(8.1)
Thermal energy produced (GWht)	1,498.5	1,835.9	(18.4)
Electricity distributed (GWh)	1,755.5	1,820.8	(3.6)
Gas distributed (mln m^3)	600.8	713.7	(15.8)
Water sold (mln m^3)	87.1	83.8	3.9
Electricity sold (GWh)	5,707.3	7,244.3	(21.2)
Gas sold (mln m^3) (*)	1,287.5	1,389.9	(7.4)
District heating volume (mln m^3)	101.7	99.1	2.6
Waste treated (tonnes)	1,960,808	1,714,166	14.4

* of which for internal use 709.8 mln m3 in the first half of 2023 (804.7 mln m3 in the same period of 2022, -11.8%)

THE CORPORATE STRUCTURE OF IREN GROUP



The Group is structured according to a model that envisages an industrial holding company (Iren S.p.A., with registered office in Reggio Emilia) and four companies responsible for the individual business lines, located in the main operating sites of Genoa, Parma, Piacenza, Reggio Emilia, Turin, Vercelli and La Spezia.
Iren S.p.A. is responsible for strategic, development, coordination and control activities, while the four Business Units (BUs) have been entrusted with the coordination and direction of the companies operating in their respective sectors:

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

NETWORKS BU

Integrated water services
IRETI, head of the Business Unit, directly and through its operating subsidiaries Iren Acqua, Iren Acqua Tigullio, ASM Vercelli and ACAM Acque operates in the water supply, sewerage and waste-water treatment sectors in the provinces of Genoa, Savona, Piacenza, Parma, Reggio Emilia, Vercelli, La Spezia and in some other municipalities located in Piedmont and Lombardy. Overall, in the Ambiti Territoriali Ottimali (ATO, Optimal Territorial Areas) managed, the service is provided in 239 municipalities through a distribution network of 20,358 kilometres, serving over 2.9 million residents. As regards waste water, the Networks BU manages a sewerage network spanning a total of 11,279 kilometres.
On 1 January 2023, Società dell'Acqua Potabile S.r.l. ("SAP"), whose 100% shareholding was acquired from Siram S.p.A., a company of the French group Veolia in July 2022, was merged into IRETI spa. SAP managed water service in the Ligurian municipalities of Sestri Levante, Casarza Ligure, and Ne, with expirations of the relevant agreements between 2023 and 2027, in addition to Carasco and Moneglia, whose agreements are currently being extended. With reference to these areas, the company serves a total of about 34 thousand inhabitants for the waterworks service and about 11 thousand inhabitants for sewerage and wastewater treatment services. The company also holds 49% of Egua S.r.l., which manages the water service in the municipality of Cogorno, whose concession expires in 2029.
At the end of March 2023, IRETI obtained control of Amter S.p.A. by acquiring a 51% investment therein.

The company manages the water cycle in the western area of the province of Genoa, and more specifically in the municipalities of Campo Ligure, Cogoleto, Masone, Mele Rossiglione, Arenzano and Tiglieto, with a 300 km drinking water network and a 140 km sewerage network, as well as the district wastewater treatment plant in Rossiglione.
On 31 May 2023, IRETI increased its investment in the associate AcquaEnna S.c.p.A. allowing its consolidation. AcquaEnna is the company limited by shares set up for consortium purposes entrusted with the management of the water service in all the 20 municipalities of the Province of Enna until 2034, for a total of 177 thousand inhabitants served.

Gas distribution
IRETI distributes natural gas in 70 municipalities of the Provinces of Reggio Emilia, Parma and Piacenza (including the capitals), in the Municipality of Genoa and in 20 other municipalities nearby. In addition, through ASM Vercelli it distributes gas in the city of Vercelli, in 10 municipalities of the same province and in 3 other municipalities in Piedmont and Lombardy. The distribution network, made up of 8,160 kilometres of high, medium and low-pressure pipes, serves a catchment area of approximately 738 thousand redelivery points.

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

WASTE MANAGEMENT BU

Iren Ambiente, the head of this Business Unit, operates in particular in the sectors of waste collection, treatment and disposal in the historic Emilia catchment area, as well as managing a number of treatment and disposal plants in the provinces of Turin and Savona.
In addition, the Waste Management BU operates along the waste chain through companies located across other regions: AMIAT, ASM Vercelli (controlled by IRETI), TRM and Territorio e Risorse in Piedmont and ACAM Ambiente, ReCos and Rigenera Materiali in Liguria; San Germano instead carries out its main activity as waste collector in several regions, including Sardinia, Lombardy, Piedmont and Emilia-Romagna.
Again with reference to the territories in which the Group operates, the recently acquired companies of the so-called "Divisione Ambiente Unieco" (Unieco Waste Management Division), located in a number of Italian regions (Emilia Romagna, Piedmont, Tuscany, the Marches and Apulia), are active in all stages of the supply chain: from intermediation to treatment and recovery, to the disposal of both municipal and special waste and, through SEI Toscana, which Iren Ambiente has controlled since July 2022, also in the collection of municipal waste.
Finally, I.Blu is active in the sorting of plastic waste for recovery and recycling and in the treatment of plastic waste for the production of Blupolymer (polymer for civil uses) and Bluair (reducing agent for steel plants).

The Business Unit therefore carries out all the activities of the municipal waste management cycle (collection, sorting, recovery and disposal), with particular attention to sustainable development and environmental protection confirmed by increasing levels of sorted waste collection; it also manages an important portfolio of customers to whom it provides all services for the disposal of special waste.
The Waste Management BU serves a total of 418 municipalities with more than 3.8 million residents in its operational areas. The integrated waste cycle is mainly made up of 3 waste-to-energy plants (TRM, owned by the company of the same name, in Turin, Polo Ambientale Integrato (PAI) (Integrated Environmental Hub), in Parma, and Tecnoborgo, in Piacenza, the latter owned by Iren Ambiente, which heads up the BU), 4 active landfills, 408 equipped technological stations and 53 treatment, selection, storage, recovery, biodigestion and composting plants.

In June 2023, Iren Ambiente concluded the purchase of a majority stake in ReMat S.r.l., an innovative start-up active in the recovery of polyurethane foam (in particular from mattresses, seat padding and furniture). The transaction consolidates a collaboration with the start-up that began in 2021 as part of IrenUp, Iren's Corporate Venture Capital programme, which supports Italian start-ups with the highest potential in the cleantech sector.

ENERGY BU

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

With respect to thermal production, at Group level, more than 34% of the total thermal power serving district heating comes from the cogeneration plants owned by Iren Energia, the company that heads up this BU and produces 74% of the heat for district heating. The share of thermal power related to conventional heat generators is 57%, with district heating production at 13%. The remainder of 12% is produced by group plants not belonging to the Business Unit (waste-to-energy plants).
Electricity produced by plants fuelled by environmentally-friendly sources (renewable or high-efficiency cogeneration) is more than 72% of all output. In particular, the hydroelectric production system plays an important role in environmental protection, as it uses a renewable and clean resource, without the emission of pollutants, and reduces the need to make use of other forms of production that have a greater environmental impact.
In the second half of 2022, the new gas-fuelled, combined-cycle power generation plant at the Turbigo thermoelectric power plant came into operation, increasing the site’s total installed capacity from the current 850 MW to approximately 1,280 MW

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

District heating
Iren Energia has the most extensive district heating network in Italy (1,109 kilometres of double pipe network), with 743 kilometres in the Turin area, 10 in the Municipality of Genoa, 221 in the Municipality of Reggio Emilia, 104 in the Municipality of Parma and 31 in the Municipality of Piacenza; the total volume heated amounts to 101.5 million cubic metres.

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

MARKET BU

Sale of electricity
Iren Mercato operates, in the context of the free market, all over the country, with a higher concentration of customers in Central and Northern Italy, and handles the sale of the energy provided by the Group’s various sources on the market of end customers and wholesalers. The main Group energy sources available for its activities are the thermoelectric and hydroelectric plants of Iren Energia. The company also operates as the operator of the “greater protection” service for retail customers on the electricity market in the city of Turin, the territory of Parma and the catchment area of the municipality of Sanremo (IM).

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

Sale of Natural Gas

Retail gas customers managed by the Market Business Unit were mainly based throughout the traditional Genoa, Turin and Emilia Romagna catchment area and surrounding development areas, Vercelli, the Campania region (through ATENA Trading and Salerno Energia Vendite, respectively), and La Spezia. In particular, Salerno Energia Vendite is present in almost all the provinces in Campania as well as in a number of municipalities of the Basilicata, Calabria, Tuscany and Lazio regions.
From July 2021, with the acquisition of 100% of the quota capital of SidIren S.r.l. operating in the sale of natural gas, Iren Mercato has extended its gas customer portfolio to 78 municipalities in the province of Avellino. The company was merged into Iren Mercato effective 1 January 2022.

With the completion during Q2 2022 of the purchase of 80% of the investment in the Alessandria-based company Alegas s.r.l., Iren Mercato increased its customer portfolio by strengthening its presence in Piedmont, with the aim of implementing new commercial campaigns that will favour the sale of products and services related to the reduction of consumption in buildings and electric mobility.
Alegas operates in the sale of gas and electricity and has a portfolio of 43 thousand customers, mostly retail, of which about 36 thousand gas and 7 thousand electricity customers, almost entirely distributed throughout the Province of Alessandria.

Sale of heat through the district heating network

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

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

INFORMATION ON THE IREN STOCK IN THE FIRST HALF 2023

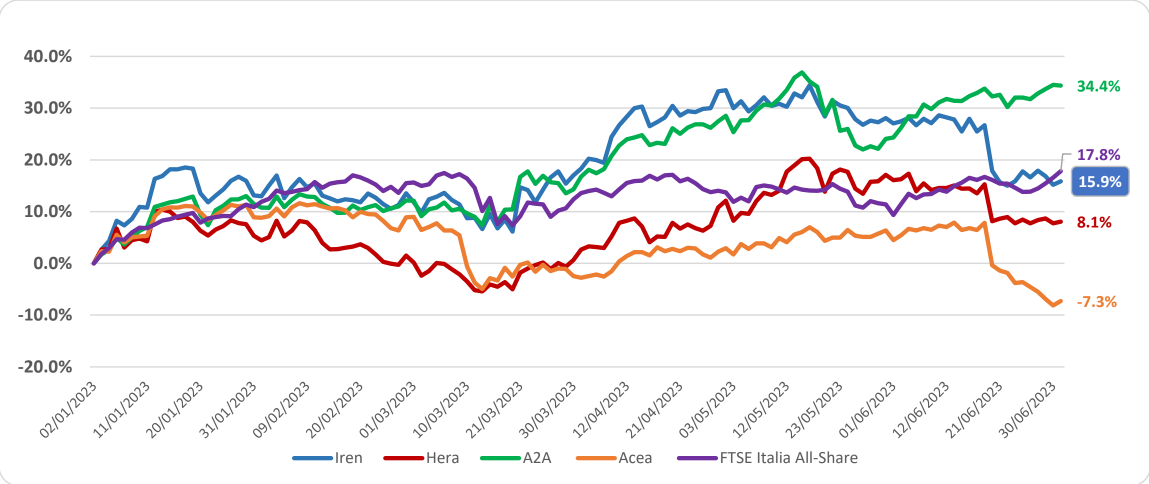
IREN stock performance on the stock exchange

During the first half of 2023, the main stock market indices reported a positive trend, mainly linked to the easing of the recession risk and lower risks related to the energy scenario, particularly with regard to security of supply.

The positive performance of the financial markets occurred in a period of restrictive monetary policies, during which the major central banks are raising interest rates in order to combat inflation.

In this context, in the first half of 2023, the FTSE Italia All-Share (the main index of the Italian stock exchange) increased by 17.8%, while the four Italian multi-utilities recorded different period performances. Iren Group reports a positive share price trend that is among the best in the sector, supported by the update of the strategic plan to 2030, presented in March 2023.

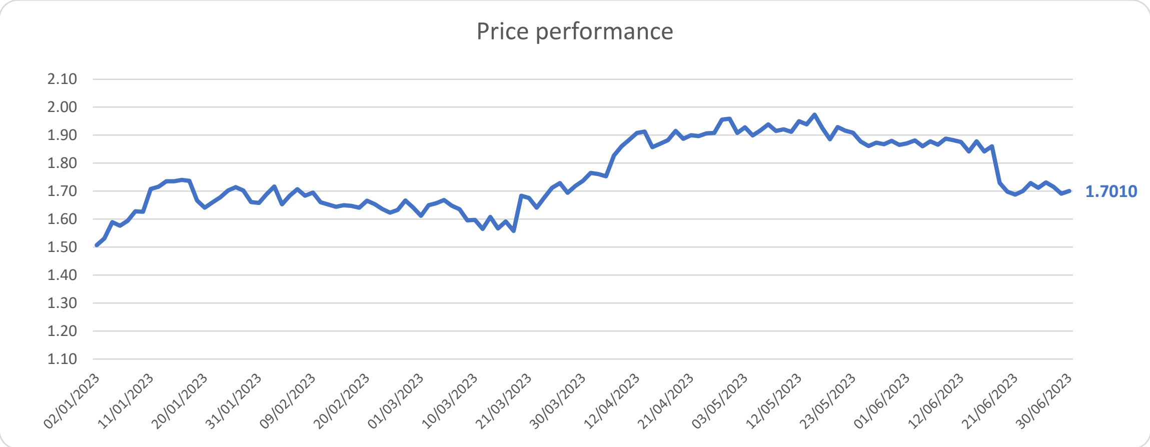
Performance of Iren stock compared to competitors

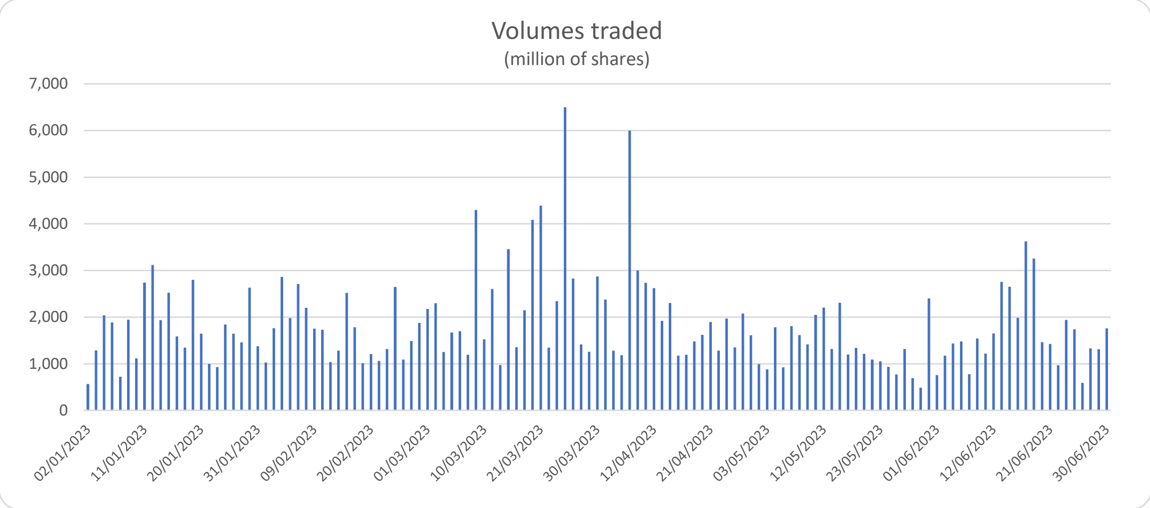


At 30 June 2023, the last trading day in the period, the price of IREN share stood at 1.701 euro/share, up by 15.9% compared to the price at the beginning of the year, with average trading volumes during the period amounting to 1.8 million units.

The average price for the period was 1.757 euro per share. The high for the period was recorded on 16 May (1.973 euro/share), while the low for the period, at 1.507 euro/share, was recorded on 2 January.

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





Share coverage

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

Directors' Report

at 30 June 2023

MARKET CONTEXT

THE MACROECONOMIC SCENARIO

The energy crisis has led to a slowdown of economic growth on a global scale in 2022 to +3.1%[1].
According to the OECD, the growth of the world economy will be 2.7 %[2] in 2023, with a modest increase to 2.9 % in 2024, both well below the average growth rate recorded in the decade before the pandemic. However, growth forecasts are slightly higher than at the beginning of the year, supported by a combination of multiple factors: falling energy prices and overall inflation, signs of a rebound in the Chinese economy, rising employment and relatively persistent household savings.
However, the global macroeconomic scenario remains vulnerable, with core inflation (the calculation of which is stripped of highly volatile goods such as food and energy costs) still at worrying levels, despite overall inflation falling slightly. The core inflation rate in the Eurozone in June 2023 reached 5.4%, after reaching a record high of 5.7% in March 2023, about 4 percentage points above the 2017-2021 average and still far from the European Central Bank's (ECB) medium-term target of 2%.
The high level of inflation has led central banks to raise interest rates on several occasions, resulting in a general slowdown in industrial activity and a contraction of world trade, compounded by the erosion of household purchasing power. The restrictive monetary policy cycle does not appear close to reversing in the short term.
In this context, the ECB raised its reference rates from 3.75% to 4%. In addition to the increase in the cost of debt, the phasing out of the fiscal support measures introduced in 2022 to counter the increase in energy prices for households and businesses also has an impact on economic growth rates.
Growth in the Eurozone in Q1 2023 was 0.1% compared to Q4 2022. In Italy, after a slight contraction in Q4 2022 (-0.1% cyclically), real GDP increased by 0.6% in Q1 2023.

Household spending
ISTAT for the first quarter of 2023 shows an increase in final household consumption expenditure of 0.6%[3] compared to the previous quarter, compared to a 3.2% increase in household disposable income. The savings rate of consumer households was 7.6% (+2.3% compared to Q4 2022). Household purchasing power grew by 3.1%, reflecting the ongoing reduction in energy prices since the beginning of the year and the positive trend in the employment rate, which grew by 2% between January and May 2023 compared to the same period in 2022.

Investments
Also based on ISTAT data, gross capital expenditure in Italy increased by 1% in the first quarter of 2023 compared to the previous quarter. Investment in transport equipment benefited from the strongest growth (+7%) while the contribution of construction stopped at +1%.
The Bank of Italy forecasts investment growth in Italy at +3% in 2023 compared to the previous year and nothing in 2024[4]. The pronounced slowdown is said to be linked to the brake on private sector investment, mainly due to the mentioned rise in financing costs and tighter credit access conditions.

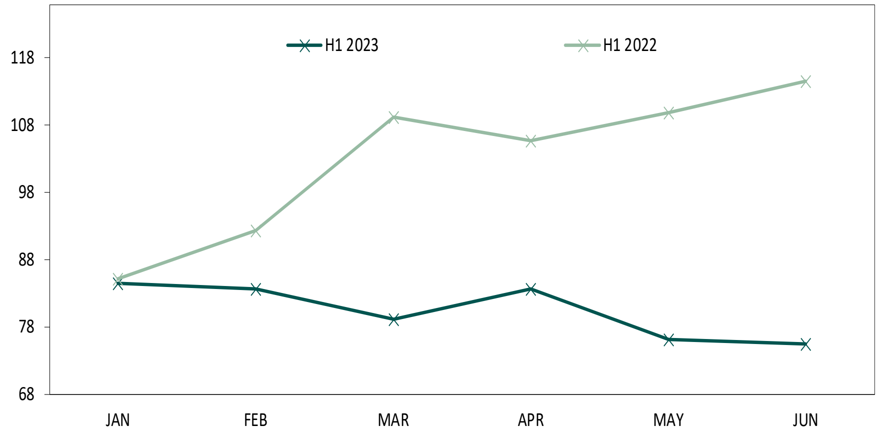
Exports
In Q1 2023, exports and imports decreased by 6% and 1%, respectively, compared to the previous quarter, consistent with the slowdown in international trade and reduced demand.

[1] Source: OECD, *Economic Outlook, Volume 2022 Issue 2*, November 2022.
[2] Source: OECD, *Economic Outlook, Volume 2023 Issue 1*, June 2023.
[3] Source: ISTAT data, July 2023.
[4] Source: Bank of Italy, *Macroeconomic Projections for the Italian Economy*, 16 June 2023

THE OIL MARKET

The average Brent price in the first half of 2023 was $80/bbl, losing 14% compared to the second half of 2022 and 23% compared to the first half of 2022, which had averaged just under $105/bbl.
The decline in oil prices is in line with the general trend of normalising dynamics in commodity markets and is attributable to reduced tension in supply chains and slowing growth worldwide, with restrictive monetary policies weighing on consumption and investment. Demand, however, increased by a total of 2.3% in H1 2023 compared to H1 2022, against a parallel supply increase of only 1.3%, which is being impacted by the return to the OPEC production reduction policy and Saudi Arabia's voluntary reduction of 1 million barrels per day.

BRENT PRICE TRENDS
($/bbl)



Data processed by MBS Consulting

THE NATURAL GAS MARKET

Supply and Demand

Gas consumption in H1 2023 is down 14.9% over the same period of 2022, totalling 33.2 billion/m3 (from 39.1 billion/m3 last year). The significant decrease in gas consumption in all sectors is linked to temperatures above the seasonal average in the first months of the year and a higher contribution of renewables in the electricity generation mix, as well as to the extension of government-imposed containment measures until March 2024 and the persistence of industry and private savings induced by higher prices since last year.

In H1 2023, gas demand in the thermoelectric sector decreased by 22.0% compared to the same period of 2022 (for a total of 9.9 billion cubic metres), followed by the residential sector (15.7 billion/m3, -14.7%) and by the industrial sector (5.9 billion/m3, -10.6%).

GAS WITHDRAWN (Bln m3)*	2023	2022	2021	Change % 2023 vs 2022	Change % 2022 vs 2021
Industrial uses	5.9	6.6	7.2	-10.6%	-8.3%
Thermoelectric uses	9.9	12.7	11.9	-22.0%	6.7%
Distribution plants	15.7	18.4	19.5	-14.7%	-5.6%
Third party network and system consumption / *line pack*	1.7	1.3	1.2	30.8%	8.3%
Total withdrawn	**33.2**	**39.0**	**39.8**	**-14.9%**	**-2.0%**

**Cumulative amounts as at 30 June processed by MBS Consulting*

GAS INPUT (Bln m3)*	2023	2022	2021	Change % 2023 vs 2022	Change % 2022 vs 2021
Imports	31.9	36.1	36.7	-11.6%	-1.6%
National production	1.4	1.5	1.6	-6.7%	-6.3%
Storage	-0.1	1.4	1.5	(**)	-6.7%
Total input (incl. storage)	**33.2**	**39.0**	**39.8**	**-14.9%**	**-2.0%**
Maximum capacity	63.0	63.0	63.0		
Load factor	**50.6%**	**57.2%**	**58.3%**		

**Cumulative amounts as at 30 June, processed by MBS Consulting, the amount of inventories indicates net movement*

***Change of more than 100%*

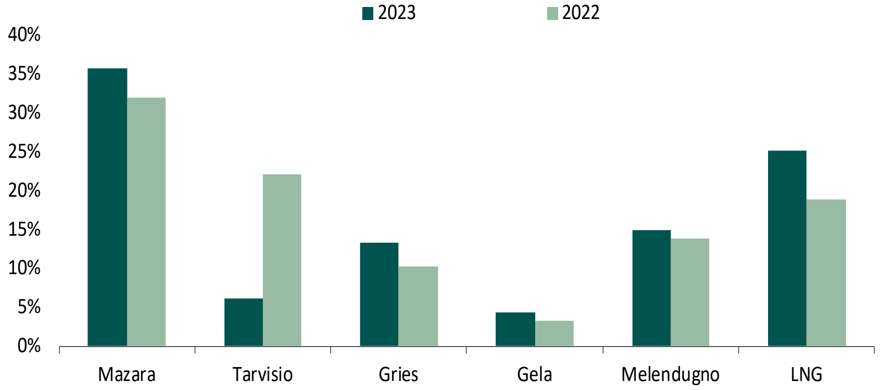
In the first half of 2023, total imports decreased by 11.6% compared to the first half of 2022 (31.9 and 36.1 billion/m3, respectively), consistent with the decline in gas demand. Domestic production was also down, falling by 6.7% on a half-yearly basis (with 1.4 billion/m3 of gas produced in the first six months of 2023, compared to 1.5 billion/m3 in 2022).

The general situation of domestic entry points connected with foreign countries is as follows:

- inflows from Russia through the Tarvisio entry point amounted to 2.0 billion/m3, a sharp decrease compared to the first half of 2022 (7.9 billion/m3), going from historically being the main source of imports to the last, with a weight on the overall Italian budget reduced to 6.2% against 22% in 2022 (and over 40% of the historical average)
- to compensate for the reduction in flows from Russia, LNG imports rose sharply, up 18.7% in the first half of 2023, totalling 8.0 billion/m3 (compared to 6.8 billion/m3 in the same period last year) and a constantly growing weight in the mix of imports, equal to over 25% in 2023;
- the weight of flows from the various Mediterranean areas remained substantially stable compared to the first half of 2022, with inflows from Algeria to Mazara del Vallo amounting to 11.4 billion/m3 in 2023 (against 11.5 billion/m3 in 2022), accounting for 35.7% of total imports
- Azeri gas imports at the Melendugno entry point through the TAP pipeline decreased slightly (-4.1% on a half-yearly basis) to a total of 4.8 billion/m3 in 2023 (against 5 billion/m3 in H1 2022) and a loss of 15.0% in the import mix

- the strengthening of Norwegian production has led to an increase in imports from Northern Europe, for a total of 4.3 billion/m3 (+16.0% compared to 2022).

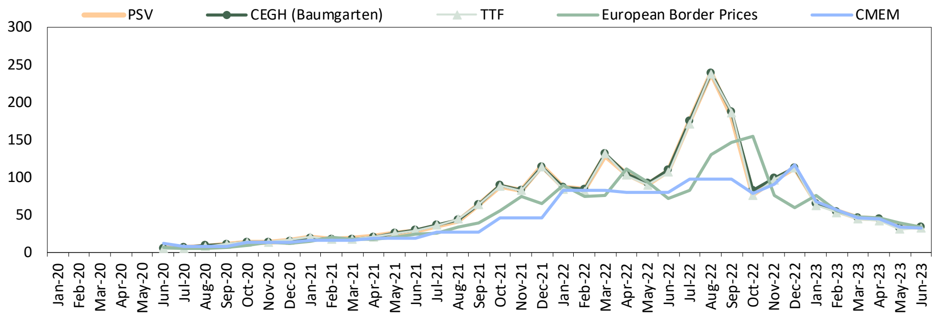
IMPORTS BY PORT OF ENTRY OVER THE TOTAL
(% value)



** Cumulative amounts at 30 June 2023*
Data processed by MBS Consulting

Wholesale gas prices
In the first half of 2023, natural gas wholesale prices decreased on all major European hubs, returning in line with the lows of 2021.
The downward movement was mainly due to the low level of gas demand at European level, with full storages longer during the winter season (well above the average filling levels of the last five years), which facilitated the subsequent injection phase during the summer months of 2023.
In this context, the average spot price at the TTF for H1 2023 still stood at 44.5 €/MWh, down 55.3% compared to the same period of 2022 (99.5 €/MWh). The average CEGH (Baumgarten) price to date is just over 46 €/MWh (down 54.4% on a half-yearly basis), while the PSV in the first half of 2023 averaged 46.8 €/MWh, down 53.5% compared to the first half of 2022, when it was 100.7 €/MWh. The average PSV-TTF differential stood at 2.3 €/MWh, up more than 90% from the spread in H1 2022 (1.2 €/MWh), influenced by the increase in flows from northern Europe to Italy.
Finally, in the first six months of 2023, border prices followed the general downward trend of the main European hubs and settled at an average level of 49.6 €/MWh, down by more than 40% compared to the first half of 2022. The average of Italian prices at the border in the half year was slightly lower than the European average, settling at 48.9 €/MWh.

WHOLESALE PRICES IN EUROPE
(€/MWh)



Latest data 30 June 2023
Data processed by MBS Consulting

Imbalance Price and the Protected Market

In the Italian market, the imbalance price in the first half of 2023 was on average 47.3 €/MWh[5], more than 50% lower than the price for the first half of 2022 (equal, on average, to 99.8 €/MWh). On the markets of the MGAS platform, which are functional for the definition of the imbalance price (MGP-GAS and MI-GAS), during the first half of 2023, a volume of approximately 6 billion cubic metres was traded, of which 2.2 billion cubic metres traded on the intra-day MI-GAS market.

Starting from October 2022, and for the entire residual duration of the gas protection regime (until the end of December 2023), the update of the CMEM component, intended to reflect the cost of gas supply in the protected market, takes place on a monthly basis and no longer on a quarterly basis (Resolution 374/2022/R/Gas). Since October, the CMEM component is in fact calculated by ARERA as the monthly average of the PSV Day Ahead price detected by ICIS-Heren, and no longer as the average of the TTF forward prices calculated in the second month preceding the reference quarter (Pfor index). The average value of the CMEM component since the beginning of the year is 47.3 €/MWh.

THE ELECTRICITY MARKET

Supply and demand

In H1 2023, electricity production in Italy was 122.0 TWh, down 11.6% compared to H1 2022. The demand for electricity, amounting to 150.5 TWh, was 81.1% met by domestic production, and the remaining 18.9% met by imports.

National thermoelectric production, settling on a volume of 77.6 TWh, represented approximately 65% of the national net one, down by 18.8% compared to the values of the same period of 2022, mainly following the recovery of hydroelectric production. The latter amounted to 16.0 TWh, +18.0% over 2022, but was still 25% below the average of the last five years. Overall, the hydroelectric source contributed 13.2% to the national net production, while geothermal, wind and photovoltaic sources contributed 23.2% with an energy production of 28.3 TWh (-1.7% compared to H1 2022).

Electricity demand in Italy during the first six months of the year was 4.8% below the levels of the first half of 2022, still influenced by price sensitivity and energy savings. The decrease in demand affected all areas: the South recorded the most significant reduction (-10%) followed by the Centre (-6%), the Islands (-4%) and the North (-2%).

Cumulative electricity supply and demand (GWh and trend changes)

	until 30/06/2023	until 30/06/2022	Change %
Demand	**150,501**	**158,017**	**-4.8%**
North	73,325	74,920	-2.1%
Central Italy	43,638	46,669	-6.5%
South	20,362	22,660	-10.1%
Islands	13,176	13,768	-4.3%
Net production	**121,992**	**137,943**	**-11.6%**
Hydroelectric	*16,048*	*13,599*	*18.0%*
Thermoelectric	*77,604*	*95,528*	*-18.8%*
Geothermoelectric	*2,654*	*2,735*	*-3.0%*
Wind and photovoltaic	*25,686*	*26,081*	*-1.5%*
Pumping consumption	**-1,538**	**-1,266**	**21.5%**
Foreign balance	**30,047**	**21,340**	**40.8%**

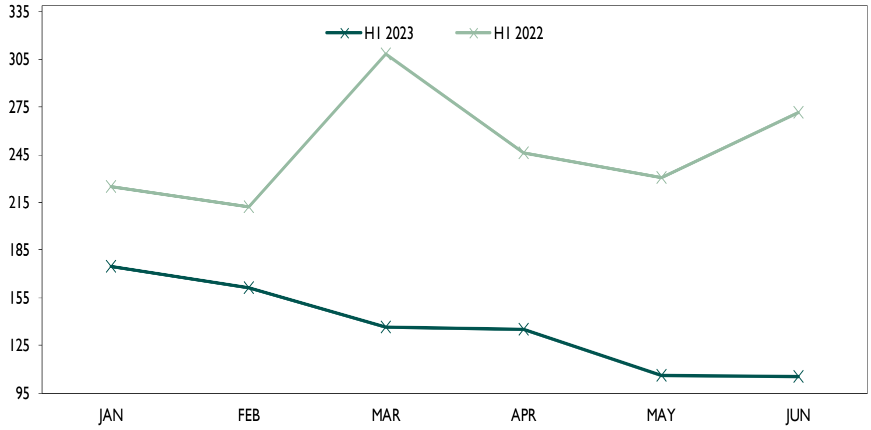
Data processed by MBS Consulting

[5] The price refers to the SAP, System Average Price, as defined by ARERA Resolution 312/2016/R/gas.

Day-Ahead Market (DAM) prices

In the first half of 2023, the PUN stood at an average price of 136.3 €/MWh, a decrease of 45.2% compared to 2022, when the first-half average had reached 248.6 €/MWh. The Italian electricity price has fallen gradually since the beginning of the year, in line with the gas price trend, whose influence on the electricity market is still significant. Since the beginning of the year, the PUN has lost about 40%, settling at around 105 €/MWh in June, the lowest value since the summer of 2021.

AVERAGE PRICE ON DAM (PUN) TRENDS
(€/MWh)

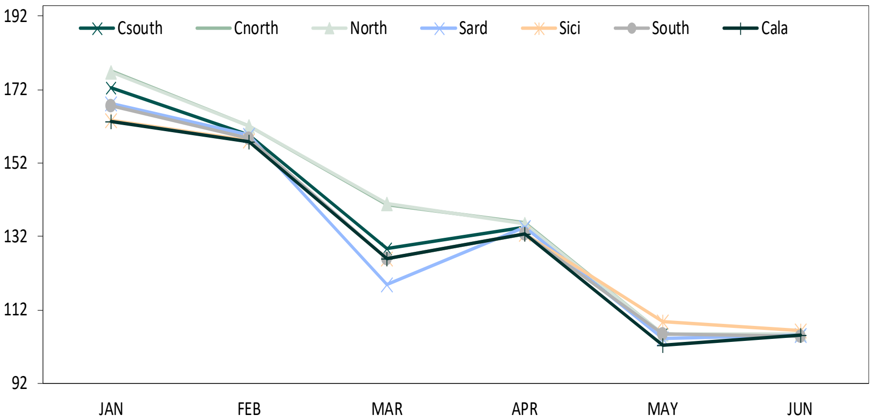


Data processed by MBS Consulting

The decrease in prices affected all zonal prices. In the first half of 2023, the highest average price was recorded in the Centre-North, with an average baseload CCT of -2.6 €/MWh, while the lowest electricity price was in Calabria, averaging 3.4 €/MWh below the PUN.

During the first half of 2023, the differential between average zone prices (8.5 €/MWh) underwent a significant reduction compared to the first half of 2022 (13.2 €/MWh, -35.6%).

ITALIAN ZONAL PRICE TRENDS FIRST HALF 2023
(€/MWh)

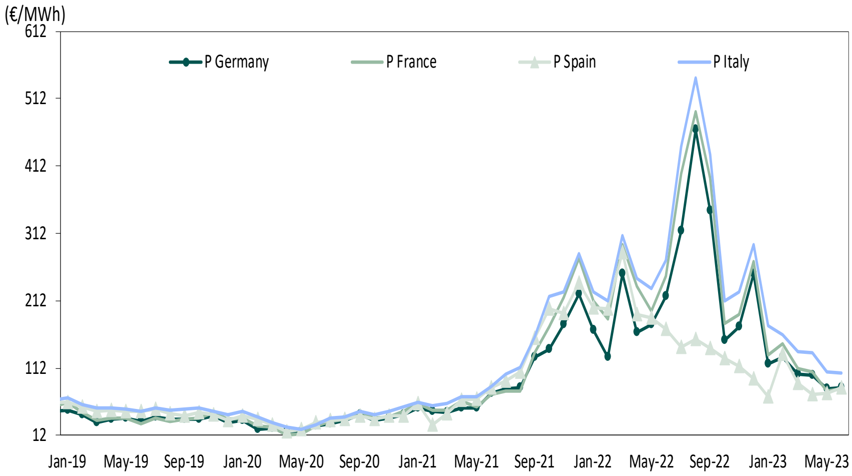


Data processed by MBS Consulting

Trends in the main European energy exchanges

The average price for the European energy exchanges[6] in the first half of 2023 was 99.7 €/MWh, a sharp decrease compared to the same period of 2022, -51.7% (206.3 €/MWh). The average differential with the PUN was 36.6 €/MWh, while in the first half of the previous year it stood at 42.3 €/MWh. In line with what happened in Italy, European prices were significantly lower than in 2022 in the period from January to June (by an average of 52%).

EUROPEAN ELECTRICITY PRICE TRENDS



Data processed by MBS Consulting

Futures of Baseload PUN on the EEX

The following table shows the prices of the PUN futures traded in the first half of 2023.

During the first half of the year, the trend of the PUN futures prices for the months of March to August was substantially downward, with only two exceptions: the price recovery of the May and June monthly products recorded between March and April 2023.

Quarterly futures prices also followed the general downward trend, but with the winter months (Q4-23 and Q1-24) remaining at a premium, discounting upward expectations. The Calendar-24 followed the same negative trend as the quarterly products, reporting a decrease of more than 26 €/MWh between the average January and June 2023 prices, but still incorporating the positive spread of Q1-24 over the very short-term part of the curve.

Apr-23 Futures		May-23 Futures		June-23 Futures	
Monthly	**€/MWh**	**Monthly**	**€/MWh**	**Monthly**	**€/MWh**
May-23	137.9	Jun-23	112.4	July-23	100.7
Jun-23	135.3	July-23	109.5	Aug-23	115.0
July-23	141.5	Aug-23	118.0	Sept-23	115.5
Quarterly		**Quarterly**		**Quarterly**	
Q3 23	151.7	Q3 23	120.0	Q3 23	120.0
Q4 23	175.6	Q4 23	151.8	Q4 23	146.1
Q1 24	181.5	Q1 24	165.1	Q1 24	155.5
Yearly		**Yearly**		**Yearly**	
Y1 24	160.0	Y1 24	148.8	Y1 24	143.1

Data processed by MBS Consulting

[6] The price of European energy exchanges is calculated by taking the arithmetic average of market results in Germany, France and Spain.

SIGNIFICANT EVENTS OF THE PERIOD

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

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

Overall, the asset rationalisation transaction resulted in the payment to Ascopiave of a monetary adjustment of 3.6 million euro.

PNRR funds for projects on circular economy and network efficiency
At the beginning of March 2023, the Group published the first tender using funds allocated by the National Recovery and Resilience Plan (PNRR). The call for tenders relates to engineering activities for the realisation of a number of interventions on the City of Turin's electricity network: a project worth a total of 44.3 million euro, of which 33.1 million euro will be covered by PNRR financing, which aims to make the city's electricity system more resilient to climatic events, ensuring greater reliability and stability of power supplies. The time horizon of the transaction is set in the first half of 2026.
The aforementioned financing is part of a total of 124 million euro obtained by the Group within the framework of the PNRR, for investments consistent with the objectives and planning envisaged in the 2030 Business Plan. Of this total amount, another 76 million are earmarked for circular economy projects concerning:

- the OFMSW treatment plant in Saliceti, in the province of La Spezia (40 million euro);
- waste treatment plants in the provinces of Grosseto, Turin and Udine (17 million euro);
- sludge treatment, through localised interventions in the provinces of Genoa, Reggio Emilia and Parma (19 million euro).

In this context and regarding the remaining amount of total funds, the Group also envisaged the launch of specific funded projects on water loss reduction in Parma, district heating in Piacenza and Dogliani (Cuneo), and in innovation through extended partnerships.

Business Plan to 2030
On 23 March 2023, the Board of Directors approved the update of the Business Plan to 2030, confirming the strategic vision and envisaging a further increase in investments.
Iren's growth strategy is based on three pillars:

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

On this subject, the Group is aiming for:

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

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

Acquisition of control of Amter

On 28 March 2023, IRETI finalised the acquisition of 51% of Amter S.p.A., held by the municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione (Province of Genoa). The remaining 49% of the company is already owned by the subsidiary Iren Acqua. The price of the acquisition was 2.3 million euro.
Amter manages the water cycle in the western area of the province of Genoa with a 300 km drinking water network and a 140 km sewerage network, as well as the district wastewater treatment plant in Rossiglione.
With this operation, IRETI brings forward its entry into the management of the water service in the municipalities of Campo Ligure, Cogoleto, Masone, Mele, and Rossiglione with respect to the deadlines set by the Agreement safeguarded between Amter and them, thus accelerating synergies and sustainability performance in these territories.

EIB Sustainability Linked financing

On 30 March 2023, Iren signed an 18-year 150 million euro Sustainability Linked Loan with the European Investment Bank (EIB), aimed at financing improvements to the water distribution network, wastewater collection and treatment plants in the provinces of Genoa and La Spezia, for a served catchment area of more than one million people.
The EIB loan provides for a margin adjustment (spread) based on the achievement of certain indicators (KPIs) related to water loss reduction and represents one of the first Green Loans granted by the Bank to the water sector globally.

Standard & Poor's and Fitch Ratings

On 27 April 2023, the Standard & Poor's Global Ratings Agency (S&P) communicated the upward revision of Iren Group's long-term credit rating to "BBB" Outlook "Stable" from the previous "BBB-" "Positive" Outlook. The same rating is also given to senior unsecured debt.
Furthermore, on 11 May 2023, the rating agency Fitch Ratings revised the Group's outlook to 'Positive' from 'Stable', while confirming its 'BBB' rating for both long-term creditworthiness and for senior unsecured debt.
The improvement in valuations reflects the resilience of the Group's business model demonstrated during 2022, the relevance of the strategic plan to 2030, which envisages a significant positioning in regulated

businesses to support the stability of future cash flows, management's commitment to maintaining balanced financial metrics, good liquidity and strong credibility in the capital market.

Shareholders' Meeting

On 4 May 2023, the Ordinary Shareholders' Meeting approved the Parent's separate financial statements at 31 December 2022 and the Directors' report, and resolved to distribute a dividend of 0,105 euro per ordinary share, confirming the proposal made by the Board of Directors.

The Shareholders also:

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

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

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

Acquisition of control of AcquaEnna

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

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

Resignation of Mr. Armani

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

In order to ensure stability and continuity of corporate management, the current contingency plan was implemented, which contains indications on the allocation of proxies among the other executive directors (Chair and Deputy Chair) in the interval necessary to identify, in compliance with the prerogatives reserved to the Committee of the Shareholders' Agreement in force among public shareholders, a new Chief Executive Officer.

Investment in the start-up ReMat

In June 2023, Iren Ambiente concluded the purchase of a majority stake in ReMat S.r.l., an innovative start-up active in the recovery of polyurethane foam (in particular from mattresses, seat padding and furniture), with a total investment of over 3.5 million euro.

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

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

Acquisition of authorisation for the construction of a new 20MW photovoltaic plant in Sicily
On 26 June 2023, Iren Green Generation signed a contract with European Energy for the acquisition of 100% of Limes 20 S.r.l., which holds the authorisation to build a new 20.39 MWp photovoltaic plant on land located in the municipalities of Noto and Pachino (SR), in Sicily.
This transaction is part of the commercial partnership signed in January 2022 with European Energy itself, relating to a development pipeline of 437.5 MWp of photovoltaic projects in Italy.

ALTERNATIVE PERFORMANCE MEASURES

Iren Group uses alternative performance measures (APMs) in order to convey more effectively the information on the profitability of its business lines, and on its financial position and financial performance. These measures differ from the financial measures explicitly required by the International Financial Reporting Standards (IFRS) adopted by the Group.
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 (NIC): determined by the algebraic sum of non-current assets, other non-current assets (liabilities), net working capital, deferred tax assets (liabilities), provisions for risks, and employee benefits and assets held for sale (liabilities directly associated with assets held for sale).
For further details on the construction of the individual items that make up the measure, please refer to the reconciliation of the reclassified statement of financial position with the statement of financial position presented in the annexes to the consolidated financial statements.
This APM is used by the Group in the context of internal and external documents and is a useful measure for the purpose of measuring total net assets, both current and non-current, also through comparison between the reporting period and previous periods or 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 that of the previous periods or years.

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

Gross operating profit or loss (EBITDA): calculated as the sum of profit or loss before tax, share of profit or loss of equity-accounted investees, impairment gains and losses on equity investments, financial income and expense, and amortisation, depreciation, provisions and impairment losses. EBITDA is explicitly shown as a subtotal in the financial statements.
This APM is used by the Group in the context of both internal and external documents and is a useful tool for assessing the Group’s operating performance (both as a whole and for the individual Business Units), including by comparing the operating profit or loss for the reporting period with that for previous periods or years. This measure also makes it possible to carry out the analyses of operating trends and to measure performance in terms of operating efficiency over time.

Operating profit or loss (EBIT): calculated as the sum of profit or loss before tax, share of profit or loss of equity-accounted investees, impairment gains and losses on equity investments and financial income and expense. Operating profit or loss is explicitly shown as a subtotal in the financial statements.

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

Investments: represents the sum of investments in property, plant and equipment, intangible assets and financial assets (equity investments), presented gross of grants related to assets.
This APM is used by the Group in the context of internal and external documents, and measures the financial resources absorbed to purchase durable goods in the period.

Gross operating profit or loss (EBITDA) margin: calculated by dividing the adjusted gross operating profit or loss by revenue.
This APM is used by the Group in the context of both internal and external documents and is a useful instrument for assessing the Group's operating performance (both as a whole and for individual Business Units), also through comparison with previous periods or years.

Net financial indebtedness: determined as the ratio between net financial indebtedness and equity including non-controlling interests.
This APM is used by the Group in both internal and external documents and is a useful instrument for assessing the financial structure in terms of the impact of the different sources of financing (third-party funds and own funds).

Investors should note that:

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

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS OF IREN GROUP

Income statement

IREN GROUP INCOME STATEMENT

thousands of euro

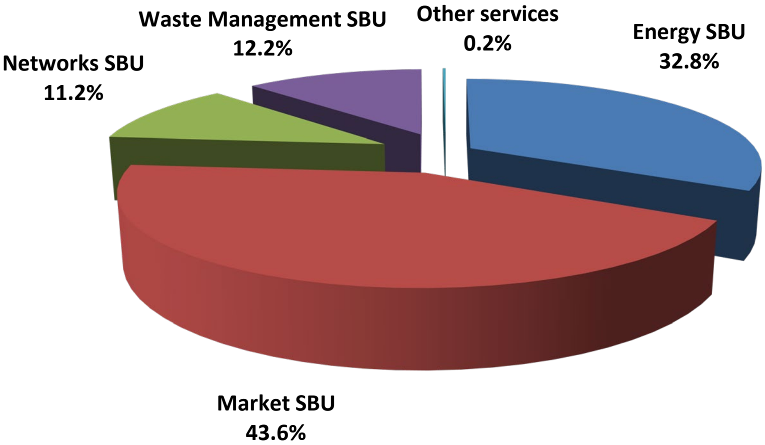
	First Half of 2023	First Half of 2022 Restated	Change %
Revenue			
Revenue from goods and services	3,103,488	3,650,475	(15.0)
Other income	110,899	61,138	81.4
Total revenue	**3,214,387**	**3,711,613**	**(13.4)**
Operating expenses (come più sotto)			
Raw materials, consumables, supplies and goods	(1,535,930)	(2,134,848)	(28.1)
Services and use of third-party assets	(756,658)	(728,639)	3.8
Other operating expenses	(51,446)	(49,246)	4.5
Capitalised costs for internal works	28,666	21,649	32.4
Personnel expense	(292,561)	(257,798)	13.5
Total operating expenses	**(2,607,929)**	**(3,148,882)**	**(17.2)**
GROSS OPERATING PROFIT (EBITDA)	**606,458**	**562,731**	**7.8**
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(286,848)	(252,874)	13.4
Impairment losses on loans and receivables	(35,819)	(35,644)	0.5
Other provisions and impairment losses	(35,516)	7,414	(*)
Total depreciation, amortisation, provisions and impairment losses	**(358,183)**	**(281,104)**	**27.4**
OPERATING PROFIT (EBIT)	**248,275**	**281,627**	**(11.8)**
Financial income and expense			
Financial income	14,001	5,764	(*)
Financial expense	(54,413)	(37,465)	45.2
Net financial expense	**(40,412)**	**(31,701)**	**27.5**
Gains on equity investments	4,110	5,046	(18.5)
Share of profit of equity-accounted investees, net of tax effects	1,993	5,625	(64.6)
Pre-tax profit	**213,966**	**260,597**	**(17.9)**
Income taxes	(55,914)	(104,062)	(46.3)
Profit from continuing operations	**158,052**	**156,535**	**1.0**
Profit (loss) from discontinued operations	-	-	-
Profit for the period	**158,052**	**156,535**	**1.0**
attributable to:			
- owners of the parent	142,932	137,237	4.1
- non-controlling interests	15,120	19,298	(21.6)

(*) Change of more than 100%

The comparative data for H1 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. For further information, please refer to the “Business Combinations” section in the Notes to the Condensed Interim Consolidated Financial Statements.

Revenue

For the six months ended 30 June 2023, the Group reported revenue of 3,214.4 million euro, down -13.4% compared to 3,711.6 million euro in the first half of 2022. The main factors for the contraction in turnover refer to energy revenue, influenced for approximately -563 million euro by the lower quantities sold, partly related to a milder climate trend, and for approximately -118 million euro by the reduction in commodity prices. Instead, contributing positively to the change in turnover are energy efficiency activities such as energy upgrading and the renovation of buildings, favoured by tax breaks (+77 million approximately). Finally, changes in the consolidation scope affect revenue by approximately 127 million euro and they essentially refer to the consolidation of Alegas (consolidated from April 2022), Valle Dora Energia (from June 2022), SEI Toscana (from July 2022) and, finally, AcquaEnna (from June 2023)



Gross Operating Profit (EBITDA)

The gross operating profit amounted to 606.5 million euro, up +7.8% compared to 562.7 million euro in the first half of 2022.

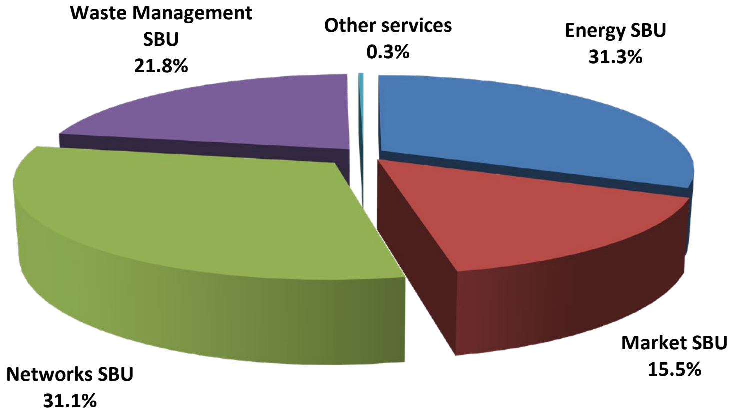
The balance for the period was positively impacted by the consolidation of SEI Toscana (+13 million euro), which operates in waste collection, organic growth related to increases in tariff revenue as a result of the development of investments in network services (energy and water), and the commissioning of the Reggio Emilia organic waste fraction (OFMSW) treatment plant.

Marketing activities for both electricity and gas benefited from a significant recovery in unit margins following the reversal of the trend in the energy scenario (about +64 million euro).

On the other hand, the first half of 2023 is characterised by a strong reduction in energy volumes with a negative impact on the gross operating profit of about -19 million euro, albeit an improvement over the first quarter. In particular, mild weather and a reduction in consumption due to “high bills” led to an important reduction in gas and district heating sales. There was also an increase in thermoelectric production, thanks to the commissioning of a new production unit at the Turbigo power plant, and in hydroelectric production (+28.1%).

The profit margin for the period is affected by the very negative MSD dispatching market, which is also declining sharply at national level, higher costs for inflationary effects that will be recovered in future tariff periods, and the fact that the contingent assets related to the energy efficiency certificates of the Turin North plant and the Council of State’s ruling on the Water Service tariff adjustments of previous years observed in the first half of 2022 and no longer repeatable.

Overall, the increase in gross operating profit with reference to the individual business units is broken down as follows: Waste Management (+4.8%), Energy (-8,3%), Networks (-4.7%) while the Market business unit improved significantly, with an increase greater than 100%; the latter trend to be considered together with the decrease in the Energy BU profit margins, as part of integrated management of the energy supply chain (production and marketing of energy).



Operating profit (EBIT)
Operating profit (EBIT) amounted to 248.3 million euro, down 11.8% compared to 281.6 million euro in the first half of 2022. During the period, there was higher depreciation and amortisation of more than 34 million euro related to the commissioning of new investments and the expansion of the consolidation scope, lower release of provisions of about 10 million euro, and higher provisions for risks of about 34 million euro related to the compensation mechanisms provided for in the Decree-Law on Tertiary Support (of which 14 million related to 2022). Without these non-recurring provisions, EBIT would have amounted to 282.3 million euro, broadly in line with the figure for the first half of 2022.

Financial income and expense
Net financial expense came to 40.4 million euro, while in the comparative period, the figure stood at 31.7 million euro (+27.5%).
Financial income increased by 8.2 million euro compared to the first half of 2022, to which higher interest income due to higher rates and provision discounting contributed.
On the financial expense side, there was an increase of 16.9 million euro (54.4 million in the first half of 2023 against 37.5 million in the same period of 2022), mainly due to the increase in interest rates and the increase in debt.

Gains on equity investments
These gains, amounting to 4.1 million euro, refer mainly to the remeasurement at fair value, at the date of acquisition of control, of the prior interests in Amter and AcquaEnna. The amount in the comparative period mostly related to the income from the acquisition of the net assets of Valle Dora Energia.

Share of profit of equity-accounted investees, net of tax effects
This item, which amounts to +2.0 million euro (+5.6 million in the first half of 2022), includes the share of the pro rata profit or loss of the Group's associates, the most significant of which regard Aguas de San Pedro and Asti Servizi Pubblici. The result for the first half of 2022 included, among others, the result of Valle Dora Energia, now fully consolidated.

Pre-tax profit
As a result of the above trends, the consolidated pre-tax profit came to 214.0 million euro (260.6 million in the first half of 2022).

Income taxes
Income taxes for the first half of 2023 amounted to 55.9 million euro, down from 104.1 million euro in the comparative period.

The effective tax rate of 26.1% benefits from the positive effect of the non-taxability of tax credits granted to counteract the energy costs of companies and the effect of the taxation of positive differentials deriving from business combination transactions. In the absence of this effect, the adjusted tax rate would be 28.5%, virtually unchanged from H1 2022.
In the comparative period, the item also included the best estimate of the effects of the measure pursuant to article 37 of Decree Law 21/2022, which provided for a levy as an “extraordinary contribution against high bills” on the “extra-profits” of companies operating in the energy sector. For the Group, the total contribution was estimated at 30.5 million euro.

Profit for the period

As a result of the above, there was a profit for the period of 158.1 million euro, an increase of 1% compared to the same period in 2022.
The figure is due to the profit attributable to the owners of the parent of 143.0 million euro, while profit attributable to non-controlling interests was 15.1 million euro.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF IREN GROUP

thousands of euro

	30.06.2023	31.12.2022	Change %
Non-current assets	7,833,963	7,654,903	2.3
Other non-current assets (liabilities)	(468,189)	(416,214)	12.5
Net Working Capital	225,429	(223,927)	(*)
Deferred tax assets (liabilities)	202,912	198,645	2.1
Provisions for risks and employee benefits	(685,977)	(692,301)	(0.9)
Assets held for sale (liabilities directly associated with assets held for sale)	1,144	16,802	(93.2)
Net invested capital	**7,109,282**	**6,537,908**	**8.7**
Equity	3,189,038	3,191,154	(0.1)
Non-current financial assets	*(159,129)*	*(169,057)*	*(5.9)*
Non-current financial debt	*4,233,991*	*4,266,014*	*(0.8)*
Non-current net financial debt	4,074,862	4,096,957	(0.5)
Current financial assets	*(438,103)*	*(1,044,778)*	*(58.1)*
Current financial debt	*283,485*	*294,575*	*(3.8)*
Current net financial *position*	(154,618)	(750,203)	(79.4)
Net financial debt	3,920,244	3,346,754	17.1
Own funds and net financial debt	**7,109,282**	**6,537,908**	**8.7**

(*) Change of more than 100%

For a reconciliation of the reclassified statement of financial position with that of the financial statements, please refer to the specific annex to the Notes to the Condensed Interim Consolidated Financial Statements.

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

Non-current assets at 30 June 2023 amounted to 7,834.0 million euro, up compared to 31 December 2022, when they were 7,654.9 million euro. The increase (+179.1 million euro) was mainly due to the effect of the following:

- investments in property, plant and equipment and intangible assets (+355.8 million euro) and depreciation and amortisation (-286.8 million euro) in the period;
- new assets, including goodwill, arising from M&A transactions in the period totalling 111.0 million euro related:
  - to the Networks BU, referring to the gas concessions acquired through Romeo 2 and the acquisition of control of AMTER and AcquaEnna, respectively operators of the Integrated Water Service in five municipalities in the Province of Genoa and in the Province of Enna (100.6 million euro);
  - to the Energy BU, related to the development of photovoltaic parks (7.0 million euro);
  - to the Environment BU, referring to the ReMat material recovery plant (3.4 million euro):
- the recognition of right-of-use assets in application of IFRS 16 - Leases for 6.7 million, largely relating to lease and rental contracts for buildings, plant and vehicles used for operating activities.

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

Net working capital stood at 225.4 million euro, against -223.9 million euro as at 31 December 2022. The change is essentially related to components of a commercial nature.

“Provisions for risks and employee benefits” amounted to 686.0 million euro and decreased compared to the figure at the end of 2022, when they amounted to 692.3 million, mainly due to the effect of uses in the period, higher than the provisions for probable new liabilities.

Equity amounted to 3,189.0 million euro, compared with 3,191.1 million at 31 December 2022 (-2.1 million). The change is mainly due to the profit for the period (+158.1 million euro), dividends paid (-183.4 million euro), the performance of the hedging reserve related to interest rate and commodity hedging derivatives (+20.5 million euro), the change in the consolidation scope (+4.8 million euro), the purchase of non-controlling interests in subsidiaries (-0.9 million euro) and other minor changes (-1.2 million euro).

Net financial debt stood at 3,920.3 million euro as at 30 June 2023, up (+17.1%) from the 31 December 2022 figure. For more details please see the analysis of the statement of cash flows presented below.

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

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

thousands of euro

	First Half of 2023	First Half of 2022 Restated	Change %
Opening net financial debt	**(3,346,754)**	**(2,906,401)**	**15.2**
Profit for the period	158,052	156,535	1,0
Non-monetary adjustments	581,171	479,022	21,3
Payment of employee benefits	(4,112)	(4,879)	(15.7)
Utilisations of provisions for risks and other charges	(166,305)	(24,691)	(*)
Change in other non-current assets and liabilities	8,882	1,543	(*)
Taxes paid	-	(128,708)	(100.0)
Cash flows for transactions on commodities derivatives markets	(17,471)	(30,850)	(43.4)
Other changes in equity	(373)	265	(*)
Cash flows from changes in NWC	(527,182)	(154,342)	(*)
Operating cash flow	**32,662**	**293,895**	**(88.9)**
Investments in property, plant and equipment and intangible assets	(355,794)	(337,795)	5.3
Investments in financial assets	(426)	(39,892)	(98.9)
Proceeds from the sale of investments and changes in assets held for sale	18,280	659	(*)
Acquisition of subsidiaries	(61,938)	(238,997)	(74.1)
Dividends received	1,610	1,705	(5.6)
Total cash flows used in investing activities	**(398,268)**	**(614,320)**	**(35.2)**
Free cash flow	**(365,606)**	**(320,425)**	**14.1**
Cash flows from own capital	(183,398)	(164,710)	11.3
Other changes	(24,486)	(7,310)	(*)
Change in Net financial debt	**(573,490)**	**(492,445)**	**16.5**
Closing Net financial debt	**(3,920,244)**	**(3,398,846)**	**15.3**

(*) Change of more than 100%

The comparative data for H1 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. For further information, please refer to the "Business Combinations" section in the Notes to the Condensed Interim Consolidated Financial Statements.

The change in Net Financial Debt compared to 31 December 2022 of +573.5 million euro is due to the following factors:

- *operating cash flow* of +32.7 million, in which operating profitability was absorbed by the change in Net Working Capital;
- cash *flow used in investing activities* of -398.3 million, which includes, in particular, capital expenditure for the period (355.8 million, 5.3% higher than H1 2022) and purchases of equity investments (under the items "Investments in financial assets" and "Acquisition of subsidiaries") totalling 62.4 million. This amount relates to the consideration paid for AcquaEnna (31.0 million), the Romeo 2 transaction (19.8 million), Limes 20 (5.3 million), ReMat (3.0 million), Amter (2.1 million), the non-controlling interests in Futura (1.0 million), and other non-controlling interests (0.2 million). The figure for H1 2022 of 278.9 million related to the acquisitions of Iren Green Generation, Valdarno Ambiente, Alegas and Valle Dora Energia.
  "Proceeds from the sale of investments and changes in assets held for sale" include the proceeds from the sale of Romeo Gas;
- *cash flows from own capital* of -183.4 million euro related to the payment of dividends for the period;
- *other changes*, amounting to -24.5 million euro (-7.3 million euro in the comparative period), mainly related to interest paid and new leases, as well as the fair value gains on hedging derivatives.

Finally, the statement of cash flows prepared according to the model expressed as a change in cash and cash equivalents is presented at the beginning of the "Condensed Interim Consolidated Financial Statements at 30 June 2023".

SEGMENT REPORTING

Iren Group identifies the following business segments:

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

These operating segments are reported on pursuant to IFRS 8, which requires the disclosure about operating segments to be based on the elements which management uses in making operational and strategic decisions.
For a proper interpretation of the income statements relating to individual operating segments presented and commented on below, revenue and expense referring to general activities were fully allocated to the segments based on actual usage of the services provided or according to technical and economic drivers.
Given the fact that the Group mainly operates in one area, the following segment reporting does not include a breakdown by geographical segment.
The following tables show the Net Invested Capital compared to 31 December 2022 and the income statements for the first half of 2023 (up to the operating profit/loss) by business segment, compared to the figures for the first half of 2022 restated. At 30 June 2023, non-regulated activities contributed 33% to EBITDA (17% at 30 June 2022), regulated activities accounted for 50% (down from 54% in the corresponding period of 2022), and semi-regulated activities contributed 17% (29% in the first half of 2022).

Reclassified statement of financial position by business segment at 30 June 2023

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,488	1,497	2,247	355	30	217	**7,834**
Net Working Capital	28	(39)	289	(62)	9	-	**225**
Other non-current assets and liabilities	(657)	(157)	(171)	32	3	-	**(950)**
Net invested capital (NIC)	**2,859**	**1,301**	**2,365**	**325**	**42**	**217**	**7,109**
Equity							**3,189**
Net financial debts							**3,920**
Own funds and net financial debt							**7,109**

Statement of financial position by business segment at 31 December 2022

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,323	1,475	2,270	337	28	222	**7,655**
Net Working Capital	(42)	(200)	150	(138)	6	-	**(224)**
Other non-current assets and liabilities	(604)	(172)	(186)	53	0	16	**(893)**
Net invested capital (NIC)	**2,677**	**1,103**	**2,234**	**252**	**34**	**238**	**6,538**
Equity							**3,191**
Net financial debt							**3,347**
Own funds and net financial debt							**6,538**

Income statement by operating segment for the first half of 2023

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Total revenue and income	545	594	1,600	2,128	14	(1,667)	3,214
Total operating expenses	(356)	(462)	(1,410)	(2,035)	(12)	1,667	(2,608)
Gross Operating Profit (EBITDA)	**189**	**132**	**190**	**93**	**2**	**-**	**606**
Net amortisation, depreciation and impairment losses	(104)	(78)	(117)	(57)	(2)	-	(358)
Operating profit (EBIT)	**85**	**54**	**73**	**36**	**0**	**-**	**248**

Income statement by business segment for the first half of 2022 restated

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Total revenue and income	528	486	2,139	2,635	14	(2,090)	3,712
Total operating expenses	(330)	(360)	(1,932)	(2,605)	(12)	2,090	(3,149)
Gross Operating Profit (EBITDA)	**198**	**126**	**207**	**30**	**2**	**-**	**563**
Net amortisation, depreciation and impairment losses	(99)	(63)	(64)	(55)	(1)	-	(281)
Operating profit (loss) (EBIT)	**99**	**63**	**143**	**(25)**	**1**	**-**	**282**

Networks SBU

For the six months ended 30 June 2023, the Networks business segment, which includes the Gas Distribution, Electricity and Integrated Water Service businesses, reported revenue of 545.3 million euro, up +3.3% compared to 527.9 million euro in the first half of 2022. The increase is mainly attributable to positive changes in tariff revenue constraints.

The gross operating profit amounted to 188.7 million euro, down by -4.7% compared to the 198 million euro of the corresponding period of 2022, while the operating profit amounted to 84.6 million euro, down by -14.9% compared to 99.4 million euro in the first half of 2022, due to higher amortisation and depreciation of around 6 million euro partially offset by a higher release of provisions of around 2 million euro.

		First half of 2023	First half of 2022	Change %
Revenue	€/mln	545.3	527.9	3.3
Gross Operating Profit (EBITDA)	€/mln	188.7	198.0	(4.7)
% of revenue		*34.6%*	*37.5%*	
from Electricity Networks	*€/mln*	40.9	37.3	9.7
from Gas Networks	*€/mln*	41.0	40.9	0.2
from Integrated Water Service	*€/mln*	106.8	119.8	(10.9)
Operating profit (EBIT)	€/mln	84.6	99.4	(14.9)
Investments	€/mln	145.8	130.1	12.1
in Electricity Networks	*€/mln*	34.7	25.2	37.7
in Gas Networks	*€/mln*	18.4	16.7	10.5
in Integrated Water Service	*€/mln*	87.7	84.6	3.7
Other	*€/mln*	5.0	3.7	37.1
Electricity distributed	GWh	1,755.5	1,820.8	(3.6)
Gas distributed	Mm3	600.8	713.7	(15.8)
Water sold	Mm3	87.1	83.8	3.9

Networks SBU - Electricity

The gross operating profit amounted to 40.9 million euro, up +9.7% compared to 37.3 million euro in the first half of 2022. The improvement is mainly attributable to the increase in the revenue constraint generated by the positive effect of the increased investments made.

Investments amounted to 34.7 million euro, up +37.7% from 25.2 million euro in the corresponding period of 2022, and relate mainly to connections, LV/MV distribution network resilience activities in order to improve the quality of the service, the construction of new primary and secondary stations in addition to the continuation of the replacement plan for electronic meters with 2G technology.

Networks SBU - Gas Distribution

The gross operating profit amounted to 41 million euro, substantially in line with 40.9 million euro in the half year 2022. The increase in the revenue constraint generated mainly by the positive effect of higher investments was absorbed by the increase in costs related to energy efficiency certificates (EEC) and operating costs.

Investments for the period amounted to 18.4 million euro, up +10.5% compared with 16.7 million euro in the first half of 2022, and involved upgrading the network to cathodic protection and installing electronic meters.

Networks SBU - Water Cycle
The gross operating profit amounted to 106.8 million euro, a decrease of -10.9% compared to 119.8 million euro in the first half of 2022. The increase in the tariff revenue constraint (VRG), mainly due to the increase in invested capital (RAB), was more than absorbed by the increase, also inflationary, in operating expenses and by the lack of the one-off tariff adjustments of previous years determined by the Council of State ruling and recognised in 2022. Net of this extraordinary effect, the operating profit would have been in line with 2022.

Investments amounted to 87.7 million euro, up +3.7% compared to 84.6 million euro in the first half of 2022. These activities relate to the construction, development and extraordinary maintenance of distribution networks and plants and of the sewerage network, as well as the installation of measuring units mainly with new technology involving remote reading, as well as the construction and modernisation of wastewater treatment plants.

There were also investments of 5 million euro, up compared to 3.7 million euro in the first half of 2022, across the three businesses, mainly in information systems and for the development of electric mobility on operating vehicles.

Waste Management SBU

For the six months ended 30 June 2023, the segment's revenue amounted to 594.5 million euro, up +22.3% from 485.9 million euro in the first half of 2022. The increase is mainly attributable to the change in the consolidation scope related to the consolidation as of 1 July 2022 of SEI Toscana (more than about 100 million euro), a company operating in the integrated cycle of municipal waste in the entire provinces of Arezzo, Grosseto, Siena, and 5 municipalities in the province of Livorno.

		First half of 2023	First half of 2022	Change %
Revenue	€/mln	594.5	485.9	22.3
Gross Operating Profit (EBITDA)	€/mln	131.9	125.9	4.8
% of revenue		*22.2%*	*25.9%*	
Operating profit (EBIT)	€/mln	53.9	63.1	(14.7)
Investments	€/mln	90.5	66.9	35.4
Electricity sold	GWh	243.4	240.0	1.4
Thermal energy produced	GWht	193.3	202.5	(4.5)
Waste managed	tonnes	1,960,808	1,714,166	14.4
Separate collection historical territories	%	70.4	69.9	0.1
Separate collection other territories	%	60.0	66.2	(0.2)
Liguria area sorted waste collection	%	73.8	73.0	1.2

The gross operating profit amounted to 131.9 million euro, an increase of +4.8% compared to 125.9 million euro in the first half of 2022. The increase is mainly attributable to the consolidation of SEI Toscana (about +13 million euro). Collection activities showed a balance substantially in line with the previous year, while disposal, while benefiting from higher revenue from the sale of electricity and energy subsidies, recorded a lower profit generated by a drop in revenue from the sale of thermal energy, a reduction in incentives related to green certificates, and a decline in brokerage activities.

The operating profit amounted to 53.9 million euro, down -14.7% compared to 63.1 million euro in the first half of 2022. Depreciation and amortisation increased by about 17 million euro during the period, mainly due to the enlarged consolidation scope and the commissioning of some sorting and recovery plants, only partially offset by lower accruals to provisions for risks and the loss allowance.

Investments amounted to 90.5 million euro, up compared to 66.9 million euro in the first half of 2022. Investments relate to the purchase of collection vehicles and equipment and the construction of plants; in particular, among the latter, we highlight the organic fraction treatment plant (OFMSW) of Reggio Emilia and the plastic treatment plant of Borgaro Torinese (TO) and the plant for the recovery of wood in the production of pallets (Vercelli).

Energy SBU

For the six months ended 30 June 2023, the revenue of the Energy SBU, which includes the production of electricity and heat, management of district heating, activities concerning public lighting and energy efficiency, amounted to 1,600.1 million euro, a decrease of -25.2% compared to 2,138.7 million euro in the first half of 2022.

The decline in revenue is attributable for more than 400 million euro to the decrease in the quantities of electricity produced and for more than 150 million euro to the decrease in electricity sales prices. Revenue from heat sales also decreased by approximately 100 million euro due to both lower sales prices and lower volumes sold. On the other hand, revenue from activities related to energy requalification and building renovation favoured by tax breaks and energy service management activities increased (+77 million euro).

		First half of 2023	**First half of 2022 restated**	**Change %**
Revenue	€/mln	1,600.1	2,138.7	(25.2)
Gross Operating Profit (EBITDA)	€/mln	190.1	207.3	(8.3)
% of revenue		*11.9%*	*9.7%*	
Operating profit (EBIT)	€/mln	73.4	143.2	(48.8)
Investments	€/mln	41.5	63.6	(34.8)
Electricity produced	GWh	3,948.7	4,326.6	(8.7)
from hydroelectric sources	*GWh*	463.1	361.4	28.1
from photovoltaic	*GWh*	97.5	105.2	(7.3)
from cogeneration sources	*GWh*	2,442.0	2,992.1	(18.4)
from thermoelectric sources	*GWh*	946.0	867.9	9.0
Heat produced	GWht	1,305.1	1,633.5	(20.1)
from cogeneration sources	*GWht*	1,148.4	1,457.1	(21.2)
from non-cogeneration sources	*GWht*	156.7	176.4	(11.2)
District heating volumes	Mm3	101.5	99.1	2.5

For the six months ended 30 June 2023, electricity generated totalled 3,948.7 GWh, down 8.7% from 4,326.6 GWh in the first half of 2022.

Electricity production from cogeneration sources amounted to 2,442 GWh, down (-18.4%) compared to 2,992.1 GWh in the first half of 2022 mainly due to the lower demand for thermal energy related to a particularly mild climate trend, while thermoelectric production amounted to 946 GWh, up by +9% compared to 867.9 GWh in 2022, also thanks to the entry into operation of a new production unit of the Turbigo plant.

Production from renewable sources amounted to 560.6GWh, up +20.2% from 466.6 GWh in the first half of 2022. The increase concerns hydroelectric production, which amounted to 463.1 GWh compared to 361.4 GWh (+28.1%) in the corresponding period of 2022, thanks to the improved hydraulicity of the period, while photovoltaic production decreased to 97.5 GWh (-7.3%) compared to 105.2 GWh due to the lower irradiation on the ground.

The heat produced amounted to 1,305.1 GWht, a decrease of -20.1% compared to 1,633.5 GWht in the first half of 2022 due to milder temperatures and energy-saving behaviour in the use of domestic heating, as well as energy efficiency measures in buildings.

The gross operating profit amounted to 190.1 million euro, down 8.3% compared to 207.3 million euro in the first half of 2022.

The trend in the energy scenario was characterised by a downward trend in commodity prices, mainly due to the contraction in demand for gas generated by a series of factors such as the climatic effect of a milder winter season, lower consumption related to the effect of “high utility bills”, a contraction in demand from manufacturing activities, particularly industrial ones, and last but not least, the high level of gas stocks.
These effects had a particularly significant impact on Heat Cogeneration, where the lower quantities sold due to climate trends and the reduction in sales prices led to a sharp contraction in profit margins, and on thermoelectric production, partly mitigated by the greater quantities produced also thanks to the entry into operation of a new production unit of the Turbigo plant.
On the other hand, the profit margins of the Electricity Cogeneration and Hydroelectric productions improved, the latter also thanks to the improved hydraulicity of the period, which allowed for a strong increase in production. The margins for photovoltaics were down due to both the drop in the PUN and lower irradiation on the ground.
There was also a significant contraction in the MSD dispatching market, which also fell sharply at national level.

The activities related to Energy Efficiency contributed positively to the profit margin, recording an improvement of +11 million euro compared to the first half of 2022, also due to the activities related to the energy requalification works of buildings (Superbonus 110).

The operating profit amounted to 73.4 million euro, down 48.8% compared to 143.2 million euro in the first half of 2022. Contributing to the decrease, in addition to the EBITDA trend, were higher depreciation and amortisation of about 4 million euro, lower releases of provisions of 12 million euro, and higher provisions for risks of 35 million euro, of which about 34 million euro related to the ‘Sostegni Ter’ decree (14 million euro relating to 2022). Without these non-recurring provisions, EBIT would amount to 107.4 million euro, a decrease of -25% compared to the first half of 2022.

Investments amounted to 41.5 million euro, down 34.8% compared to 63.6 million euro in the first half of 2022. The main ones include the repowering of the Turbigo thermoelectric plant, the new combined cycle of 430 MW, new heat accumulators and the development of district heating networks and the development of photovoltaic.

Market SBU

For the six months ended 30 June 2023, the segment's revenue amounted to 2,127.8 million euro, down 19.3% from 2,635.5 million euro in the first half of 2022. The drop in turnover is mainly attributable to the lower quantities sold of both electricity and gas and to a lesser extent to the drop in prices.

The gross operating profit amounted to 93.5 million euro, up on the 29.6 million euro of the first half of 2022, which was characterised by extraordinarily negative margins. The improvement is mainly attributable to electricity sales with a profit of 33.2 million euro, compared to a loss of 30.8 million euro in the first half of 2022.

The operating profit amounted to 35.7 million euro, an improvement compared to the loss of 24.6 million euro in the first half of 2022. During the period, higher depreciation and amortisation of approximately 2 million euro and higher impairment losses on loans and receivables of 1 million euro were recorded.

		First half of 2023	First half 2022 restated	Change %
Revenue	€/mln	2,127.8	2,635	(19.3)
Gross Operating Profit (EBITDA)	€/mln	93.5	29.6	(*)
% of revenue		*4.4%*	*1.1%*	
from Electricity	*€/mln*	33.2	-30.8	(*)
from Gas	*€/mln*	58.1	53.7	8.1
from Heat and other services	*€/mln*	2.2	6.7	(63.5)
Operating profit (loss) (EBIT)	€/mln	35.7	-24.6	(*)
Investments		42.8	45.6	(6.0)
Electricity Sold	GWh	2,857.0	4,644.8	(38.5)
Gas Purchased	Mm3	1,287.5	1,523.8	(15.5)
Gas sold by the Group	*Mm3*	577.7	585.2	(1.3)
Gas for internal use	*Mm3*	709.8	804.7	(11.8)
Gas Storage	*Mmc*	-	133.9	(100.0)

(*) Change of more than 100%

Sale of electricity

The volumes of electricity sold on the market amounted to 2,857 GWh, a decrease of 38.5% compared to 4,644.8 GWh in the first half of 2022.

The drop in sales on the free market affected all segments, with particular reference to the business segment with sales of 674.2 GWh, down by 40.7% compared to 1,137 GWh in 2022, and the wholesalers segment with sales of 655.0 GWh and a drop of 65.2% compared to 1,884.4 GWh in 2022, which had also benefited from some one-off wholesale opportunities. The Retail and Small Business segment also decreased slightly (-4%) with sales of 1,429.4 GWh compared to 1,489 GWh in 2022.

Sales in the protected market amounted to 98.4 GWh, down by 26.8% compared to 134.4 GWh in 2022.

The gross operating profit from the sale of electricity was equal to 33.2 million euro, while it was a loss of 30.8 million euro in H1 2022. The improvement, despite the lower quantities sold, is mainly attributable to a more favourable energy scenario with increasing profit margins in hedging and marketing activities which also made it possible to absorb the higher operating expenses of customer management and invoicing.

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

Market SBU – Sale of electricity

	First half of 2023	First half of 2022	Change %
Business	674.2	1,137.0	(40.7)
Retail and small business	1,429.4	1,489.0	(4.0)
Wholesalers	655.0	1,884.4	(65.2)
Free market	**2,758.6**	**4,510.4**	**(38.8)**
Protected market	**98.4**	**134.4**	**(26.8)**
Total Electricity sold	**2,857.0**	**4,644.8**	**(38.5)**

Sale of Natural Gas
Purchased volumes amounted to 1,287.5 Mcm, down 15.5% compared with 1,523.8 Mcm in the first half of 2022.
Gas sold by the Group amounted to 577.7 Mm3, down by 1.3% compared to 585.2 Mm3 sold in 2022.
The gas used for internal consumption within the Group amounted to 709.8 Mm3, a decrease of 11.8% compared to 804.7 Mm3 in the first half of 2022.

The gross operating profit from the sale of gas amounted to 58.1 million euro, up 8.1% compared to 53.7 million euro in H1 2022. This improvement is attributable, in continuity with the first quarter, to a more favourable energy scenario that allowed profit margins to normalise to pre-energy crisis levels.

Other sales services
Other sales services show a gross operating profit of 2.2 million euro, down on the 6.7 million euro of the previous year. The decrease is attributable to lower activities related to energy efficiency incentives.

Investments of the Market SBU amounted to 42.8 million euro, down 6% from the 45.6 million euro in the first half of 2022.

Other services
For the six months ended 30 June 2023, revenue of the segment, which includes the activities of the analysis laboratories, telecommunications and other minor activities, was 14.5 million euro, up by 7.2% compared to the 13.5 million euro in the first half of 2022.

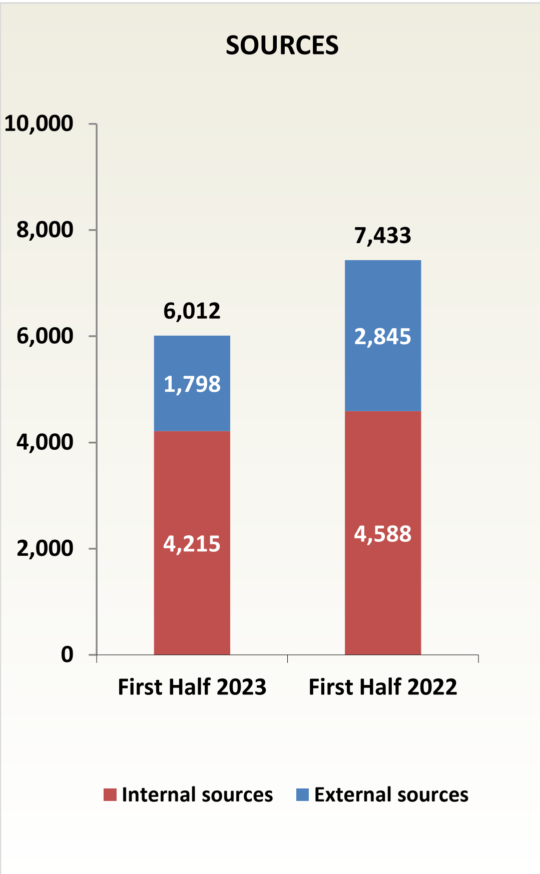
		First half of 2023	First half of 2022	Change %
Revenue	€/mln	14.5	13.5	7.2
Gross Operating Profit (EBITDA)	€/mln	2.0	1.9	3.4
% of revenue		*13.7%*	*14.2%*	
Operating profit (EBIT)	€/mln	0.5	0.4	9.1
Investments	€/mln	35.2	31.7	11.0

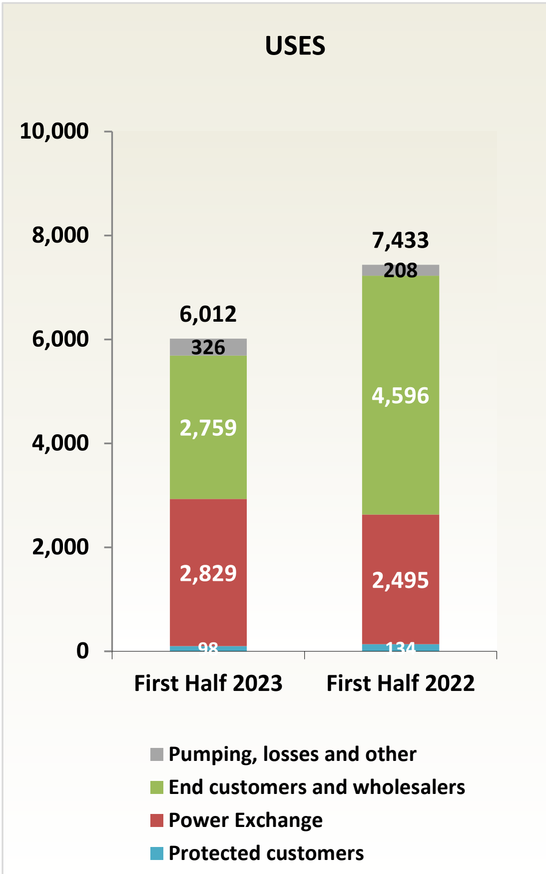
The gross operating profit amounted to 2.0 million euro and is substantially in line with the 1.9 million euro of the first half of 2022.
Investments in the period amounted to 35.2 million euro, up compared to 31.7 million euro in 2022 and mainly related to information systems, vehicles and buildings.

ENERGY BALANCES

Electricity balance

GWh	First half of 2023	First half of 2022	Change %
SOURCES			
Group's gross production	4,214.6	4,588.2	(8.1)
a) Hydroelectric	463.1	361.4	28.1
b) Photovoltaic	97.5	105.2	(7.3)
c) Cogeneration	2,442.0	2,992.1	(18.4)
d) Thermoelectric	946.0	867.9	9.0
e) Production from WTE and landfills	266.0	261.6	1.7
Purchases from the Single Buyer (Acquirente Unico)	108.3	148.1	(26.9)
Energy purchased on the Power exchange	1,167.0	2,578.8	(54.7)
Energy purchased from wholesalers and imports	522.5	118.0	(*)
Total Sources	**6,012.4**	**7,433.1**	**(19.1)**
USES			
Sales to protected customers	98.4	134.4	(26.8)
Sales to end customers and wholesalers	2,758.6	4,596.0	(40.0)
Sales on the Power exchange	2,829.3	2,494.7	13.4
Pumping, distribution losses and other	326.1	208.0	56,8
Total Uses	**6,012.4**	**7,433.1**	**(19.1)**

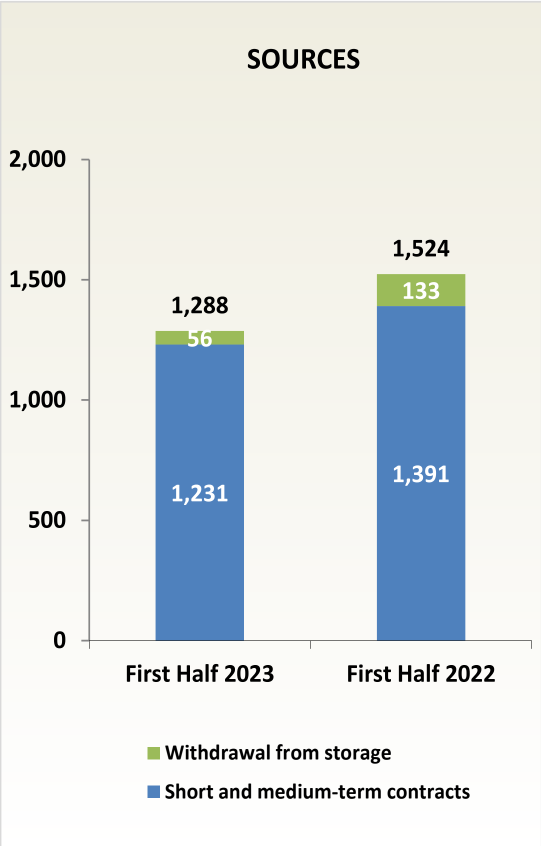


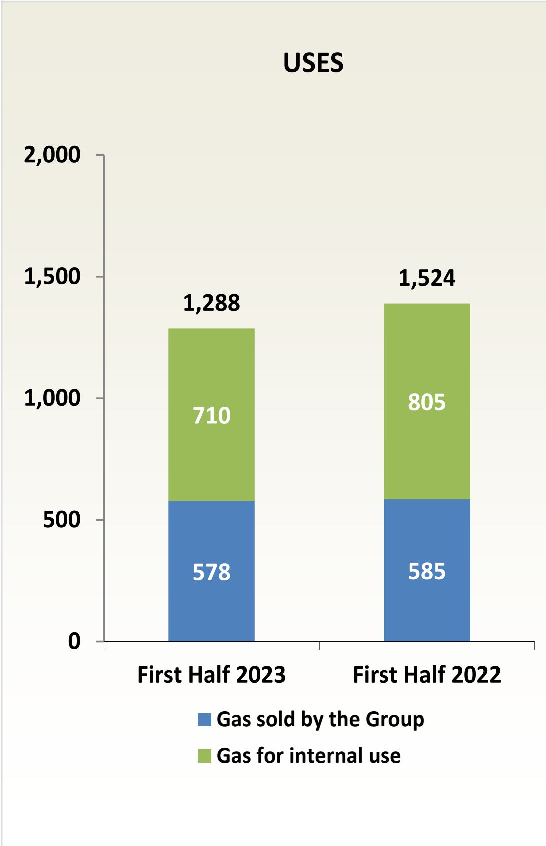


Gas balance

Millions of m³	First half of 2023	First half of 2022	Change %
SOURCES			
Short- and medium-term contracts	1,231.3	1,390.8	(11.5)
Withdrawals from storage	56.2	133.0	(57.8)
Total Sources	**1,287.5**	**1,523.8**	**(15.5)**
USES			
Gas sold by the Group	577.7	585.2	(1.3)
Gas for internal use (1)	709.8	804.7	(11.8)
Gas in storage	-	133.9	(100.0)
Total Uses	**1,287.5**	**1,523.8**	**(15.5)**

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





FINANCIAL MANAGEMENT

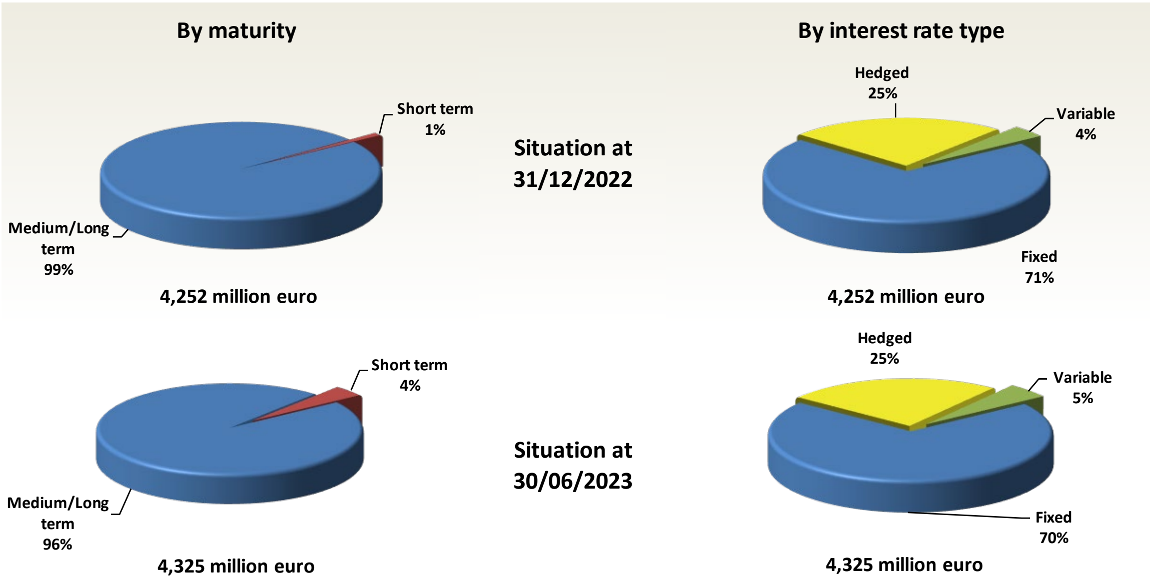
General framework
During the first half of 2023, the inversion of the interest rate curve became more pronounced. The levels of the short end of the curve are steadily rising, except for a brief repositioning in mid-March, and higher than those of the medium to long term.
The performance of rates incorporates the effect of inflationary pressures and the resulting restrictive monetary policy manoeuvres implemented and expected. The European Central Bank further raised rates by 0.5% in February and March, and by 0.25% in May and June 2023, bringing the official discount rate to 4.0%, with probable further increases.
Looking at the six-month Euribor rate, it can be seen that the parameter continues its upward trend and is positioned at 3.9%, while fixed interest rates, reflected in the IRS values, are positioned at levels around 3.2%.

Activities performed
During the first half of 2023, work continued to consolidate Iren Group's financial structure. Changes in financial requirements are monitored through careful planning, which makes it possible to forecast the need for new resources, taking into account the repayments of outstanding loans, changes in debt, investments, the trend in working capital and the balance of short-term and long- term sources.
The organisational model adopted by Iren Group, with the goal of financial optimisation of the companies, entails centralising with the parent management of cash flows, non-current loans and financial risk monitoring and management. Iren has relationships with leading Italian and international banks, for the purpose of procuring the types of loans best suited to its needs and at the best market conditions.

With reference to operations carried out in the first half of 2023, as described in the "Significant events of the period" section, in March a contract was signed with the EIB for the provision of a new 150 million euro line (EIB Water Sector Green Loan) aimed at supporting the 2022-2026 investment programme in the integrated water service in Liguria; this line forms part of the broader framework of the Italian Utilities Programme Loan implemented by the EIB and is the first sustainability-linked loan granted by the EIB in favour of the water sector at global level.
In addition, also in March, a 5 million euro draught was finalised on the CEB line intended to finance projects for the development and efficiency of the district heating network in the Turin area.
In this regard, direct loans with EIB and CEB, with a duration of up to 18 years, not used and available, amount to a total of 440 million euro at 30 June 2023.
Within the Group, again with the aim of optimising centralised management and the structure of the overall financial profile, medium/long-term loans of the consolidated companies Ekovision, ReCos and AcquaEnna totalling 33.3 million euro were repaid early during the period.
Financial debt from loans, which does not include lease liabilities recognised in accordance with IFRS 16, consisted of 30% loans and 70% bonds at the end of the period; 74% of total debt is financed by sustainable funds, consistent with Iren's Sustainable Finance Framework, such as Green Bonds and loans whose interest rate is linked to ESG Key Performance Indicators.

As regards financial risks, Iren Group is exposed to various types of risk, including liquidity risk, interest rate risk, and currency risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risks of fluctuations in the interest rate. In the first half of 2023, two new interest rate swap contracts were finalised to hedge a total of 100 million euro of debt, effective in June and December 2023 and maturing in 2028 and 2026, respectively; a pre-hedge activity was also carried out aimed at future capital market transactions.
At the end of the period, the portion of floating rate debt not hedged by derivatives was equal to 5% of financial debt from loans, in line with Iren Group's objective of maintaining adequate protection from significant increases in interest rates.

Overall, the activity carried out is aimed at refinancing debt with a view to improving the financial structure, 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 2022, is shown in the chart below.



Rating

On 27 April 2023, the Standard & Poor's Global Ratings agency (S&P) acknowledged the upward revision of Iren Group's long-term credit rating to "BBB" Outlook "Stable" from the previous "BBB-" "Positive" Outlook. The same rating is also given to senior unsecured debt. The improvement in the rating by S&P analysts reflects the resilience of the Group's business model demonstrated during 2022 and the update of the strategic plan to 2030, which envisages a significant positioning in regulated businesses to support the stability of future cash flows. The stable outlook also reflects the expectations of S&P analysts regarding the commitment of Iren's management to maintain the current rating level and its balanced financial policy. From a financial point of view, the assigned rating also expresses the good liquidity of the Group, with strong credibility on the capital market and excellent relations with banking counterparties, thanks also to an ever greater use of sustainable finance instruments.
Furthermore, on 11 May 2023, the Fitch Ratings agency confirmed the "BBB" rating, revising the Outlook upwards to "Positive" from "Stable" for Iren Group, and the same rating was also attributed to the senior unsecured debt. The revision of the Outlook is justified by Iren's improvement in financial metrics and the rating reflects the Group's well-integrated and diversified business mix, mainly exposed to regulated and semi-regulated activities, which allows for solid performance in the current volatile energy market context. Fitch, like S&P, also positively evaluates the Group's liquidity profile.

Both ratings are mainly based on the analysis of the Business Plan to 2030, with particular reference to investments intended for organic growth and the energy transition. The maintenance of a business portfolio consisting mainly of regulated and semi-regulated activities, the creation of value and the stability guaranteed by the integration of the various businesses are elements considered positive, together with the Group's liquidity profile.
At ESG level, for both agencies, sustainability issues have a neutral or scarcely relevant impact from a lending point of view, both due to the nature of the business and the way in which the issue of sustainability is managed in Group dynamics.

To support the liquidity profile of the Group and the rating, Iren has the aforementioned medium/long-term credit lines agreed and available but not used for 440 million euro, which are in addition to current liquid assets.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

No significant events occurred after the reporting date.

OUTLOOK

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

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

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

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

In the Energy and Market segments, during the second half of 2023, the Group expects the full recovery of the value of the customer portfolio, which in 2022 was strongly affected by the volatile energy scenario and the contribution of the new combined cycle line of the Turbigo thermoelectric plant, in addition to the complete availability of our electricity generation capacity. Higher production volumes from hydroelectric power plants are expected in the second half of the year, and distributed heat volumes are expected to remain essentially stable compared to the same period in 2022.

On the strength of a robust investment plan, forecast economic results in considerable growth, and the continued focus on debt, the Group can confirm the development trend and the maintenance of a solid financial structure in line with maintaining the investment grade rating by the ratings agencies.

RISKS AND UNCERTAINTIES

The management of corporate risks is an essential component of the Internal Control System of the Corporate Governance of a listed company, and the Corporate Governance Code of Borsa Italiana assigns specific responsibilities on this aspect. The Enterprise Risk Management model operative within the Group includes the methodological approach to integrated identification, assessment and management of the Group risks.
For each of the following risk types:

- Financial Risks (liquidity, interest rate, currency);
- Credit Risk;
- Energy Risks, attributable to the procurement of gas for thermoelectric generation and to the sale of electricity, heat and gas, and to the hedging derivative markets;
- Cyber Risks, linked to potential events related to the loss of confidentiality, integrity or availability of data or information after which negative impacts on the organisation, people, operations or other organisations could derive;
- Risks from Climate Change, which include risks due to the transition to a low carbon dioxide emission economy (transition risks) and risks of a physical nature (physical risks) that may result from catastrophic environmental events (acute risks) or from medium- to long-term changes in environmental patterns (chronic risks);
- Tax Risks, associated with potential transactions carried out in violation of tax regulations or in contrast with the principles or purposes of the tax system;
- Operational risks, associated with asset ownership, involvement in business activities, processes, procedures and information flows.

Specific “policies” have been defined with the primary goal of fulfilling strategic guidelines, organisational-managerial principles, macro processes and techniques necessary for the active management of the related risks.
The Group’s Enterprise Risk Management model also regulates the roles of the various parties involved in the risk management process, which is governed by the Board of Directors, and calls for specific Commissions to manage the financial, IT, credit, energy and climate risks.
The Cyber Risk Policy, the Climate Change Risk Policy and the Tax Control Model were adopted in 2020 following the approval of the Board of Directors of Iren S.p.A., while the other Policies have undergone some substantial revisions over time to adapt them to the current organisational models and to the evolution of risk factors.
As Iren Group pays particular attention also to maintaining trust and a positive image of the Group, the Enterprise Risk Management model manages also “reputational risks”, which relate to the impacts on stakeholders of any malpractices.
The Risk Management department, reporting to the Deputy Chairperson, is present within the Group. This department is entrusted, among other things, with the following activities:

- verification of the integrated management of the Group’s Enterprise Risk Management (ERM) System: methodological approach, definition of policies and monitoring of the System;
- signing and management of insurance policies in conjunction with the CEO and with the support of the “Procurement, Logistics and Services”, and “Legal Affairs” functions.

A periodic assessment process is also in place with regard to adverse events in the various sectors and across all Group’s areas in order to describe in detail their causes and implement the most suitable methods for preventing and/or limiting the impacts of the events.

Details of the active management methods within the Group are provided below for the different types of risk.

1. FINANCIAL RISKS

Iren Group's business is exposed to various types of financial risks, including: liquidity risk, currency risk and interest rate risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit currency risk and interest rate risk.

a) Liquidity risk

Liquidity risk is the risk that financial resources available to the company will be insufficient to cover financial and trade commitments in accordance with the agreed terms and deadlines.
The procurement of financial resources has been centralised in order to optimise their use. In particular, centralised management of cash flows at Iren makes it possible to allocate the funds available at the Group level according to the needs that from time to time arise among the individual companies. Cash movements are recognised in intra-group accounts along with intra-group interest income and expense.
A number of investees have an independent 3 structure in compliance with the guidelines provided by the parent.

b) Currency risk

Except as indicated in the section on energy risk, Iren Group is not significantly exposed to the currency risk.

c) Interest rate risk

Iren Group is exposed to interest rate fluctuations especially with regard to borrowing costs. Iren Group's strategy is to limit exposure to the risk of interest rate volatility, maintaining at the same time a low cost of funding.
Compliance with the limits imposed by the Policy is verified during the Financial Risk Commission meetings with regard to the main metrics, together with analysis of the market situation, interest rate trends, the value of hedges and confirmation that the conditions established in covenants have been met.

2. CREDIT RISK

The Group's credit risk is mainly related to trade receivables deriving from the sale of electricity, district heating, gas and the provision of energy, water and waste management services. The receivables are spread across a large number of counterparties, belonging to non-uniform customer categories (retail and business customers and public bodies); some exposures are of a high amount and are constantly monitored. Iren Group's Credit Management units devoted to credit recovery are responsible for this activity.
In carrying on its business, the Group is exposed to the risk that assets may not be honoured on maturity with a consequent increase in their age and in insolvency up to an increase in assets subject to arrangement procedures or unenforceable. Among other factors, this risk is also affected by the economic and financial situation, which in 2022, led to a particularly significant increase in prices for end customers of gas, electricity and district heating. To limit exposure to credit risk, a number of tools are used. These include analysing the solvency of customers at the acquisition stage through careful assessment of their creditworthiness, transferring the receivables of discontinued and/or active customers to external credit recovery companies and introducing new recovery methods for managing legal disputes. In addition, numerous payment methods are offered to customers through channels, including digital channels, and appropriately monitored payment plans are proposed.
In addition, a revolving assignment project with Banca Intesa Sanpaolo with reference to trade receivables relating to invoices of non-domiciled retail customers has been started from June 2023.

The credit management policy and creditworthiness assessment tools, as well as monitoring and recovery activities, are managed through automated processes and integrated with company applications and differ in relation to the various categories of customers and types of service provided.
Credit risk is hedged, for some types of business customers, with opportune forms of first-demand bank or insurance guarantees issued by subjects of leading credit standing and with credit insurance for the reseller customer segment.
An interest-bearing guarantee deposit is required for some types of services (water, natural gas, highly-protected electricity sectors) in compliance with regulations governing these activities. This deposit is reimbursed if the customer uses payment by direct debit from a current account.
The payment terms generally applied to customers are related to the legislation or regulations in force or in line with the standards of the free market; in the event of non-payment, default interest is charged for the amount indicated in the contracts or by the legislation.

The loss allowance reflects, carefully and in accordance with the current legislation (applying the IFRS 9 method), the effective credit risks, and is determined on the basis of the extraction from databases of the amounts making up the receivable and, in general, assessing any changes in the said risk compared to the initial measurement and, in particular for trade receivables, estimating the related expected credit losses determined on a prospective basis, taking into due consideration the historical data.

The control of credit risks is also strengthened by the monitoring and reporting procedures, in order to identify promptly possible countermeasures. In addition, on a quarterly basis, the Risk Management Department collects and integrates the main data regarding the evolution of the Group companies' trade receivables, in terms of type of customers, status of the contract, business chain and ageing band. The assessment of credit risk is carried out both at the consolidated level and at the level of Business Units and companies. Some of the above assessments are carried out at intervals of less than three months or when there is a specific need.

3. ENERGY RISK

Iren Group is exposed to price risk on the energy commodities traded, these being electricity, natural gas, environmental emission certificates, etc., as both purchases and sales are impacted by fluctuations in the price of such commodities directly, or through indexing formulae. Currently no exposure to currency risk, typical of oil-based commodities, is present, thanks to the development of the European organised markets that trade the gas commodity in the euro currency and no longer indexed to oil products.
The Group's policy is oriented to a strategy of active management of the positions to stabilise the margin taking the opportunities offered by the markets; it is implemented by aligning the indexing of commodities purchased and sold, through vertical and horizontal use of the various business chains, and operating on the financial markets.
For this purpose, the Group plans the production of its plants and purchases and sales of energy and natural gas, in relation to both volumes and price formulae. The objective is to achieve sufficient margin stability through a policy of indexed purchases and sales that achieves a high degree of natural hedging, with adequate recourse to futures and spot markets.
In this context, particular attention is being paid to stabilising the margin of production from renewable sources; during 2023, Power Purchase Agreements are being negotiated for electricity from renewable sources to end customers, either directly or indirectly according to the logic of portfolio aggregation and subsequent sale on the market.
For a more detailed analysis of the risks dealt with up to now, reference should be made to the "Group Financial Risk Management" section of the Notes to the Condensed Interim Consolidated Financial Statements.

4. CLIMATE CHANGE RISKS

Iren Group has included in the Enterprise Risk Management system a Risk Policy dedicated to climate change risks, which are becoming increasingly important for organisations. Moreover, they affect the health of the planet, with estimates of significant effects already in the medium term. All companies, and in particular those operating in significantly exposed sectors such as Iren Group, must consider the analysis of climate change risks as an emerging and determining factor in the definition of their medium- and long-term strategies.
The adoption of the Climate Change Risk Policy and the resulting risk analysis and management represent a process that will enable the Group to provide even more effective control over its exposure to damaging events and the opportunities that the external context and its changes may offer, as well as its contribution to the achievement of sustainable development objectives defined at national and international level.
The Policy analyses and regulates, focusing on the applicability to the individual Business Units, the risk factors related to climate change, distinguishing between physical risks and transition risks. Physical risks resulting from changing climatic conditions are divided into acute physical risks - if related to local catastrophic natural events (e.g. floods, heat waves, fires, etc.) - and chronic physical risks - if related to long-term climate change (e.g. global warming, rising sea levels, water scarcity, etc.).
The transition to a low-carbon economy could entail extensive changes in government policies, with consequent regulatory, technological and market changes. Depending on the nature and speed of these changes, transition risks may result in a varying level of financial and reputational risk for the Group.
The Policy requires the presence of a specific Risk Commission to periodically review the Group's risk profile, defining and proposing updates to the Chief Executive Officer on strategies for managing risk classes and reporting any emerging critical issues to the Delegated Bodies. The document also includes guidelines for reporting, aimed at ensuring transparency of information to all stakeholders.

As part of the Climate Change Risk Management Policy, in 2021 Iren Group began implementing a tool that supports strategic decision-making. This tool has seen the development of an assessment model based on three time horizons (2030, 2040 and 2050), identified in line with the objectives of the Group's Strategic Plan and Sustainability Plan, and on the use of climatic and socio-economic scenarios necessary to define evolution scenarios of the main quantities underlying the analysis.

Climate data are based on scenarios published by the *International Panel on Climate Change* (IPCC), the so-called *Representative Concentration Pathways* (RCPs) where the number associated to each RCP indicates the "strength" of climate change generated by human activity by 2100 compared to the pre-industrial period.
The climate scenarios taken into consideration in the analysis are the RCP 2.6 scenario (which envisages strong mitigation aimed at keeping global warming well below 2°C compared to pre-industrial levels while achieving the objectives defined by the Paris Agreement), the RCP 4.5 scenario (considered by Iren Group to be the most representative of the current global climate and political context), which envisages easing of objectives compared to the RCP 2.6 scenario and a stabilisation of emissions by 2100 at around double pre-industrial levels, and the RCP 8.5 scenario (commonly associated with the expression 'Business-as-usual', or 'No mitigation'), which envisages no particular countermeasures and a growth in emissions at current rates. Socio-economic data, on the other hand, are mainly based on the International Energy Agency's *NetZero Emissions by 2050 Scenario* (NZE) and *Stated Policies Scenario* (STEPS). The assessment model adopted by the Group allows to quantify the variation of the economic-financial variables, through specific KPIs, for those assets that are potentially more exposed to climate change risks.
The application of the model showed that the actions introduced in the 2030 Business Plan, in which asset-specific investments are outlined, have a mitigating effect on the impacts of climate change on the activities of Iren Group. Mitigation actions of a strategic nature, linked to investments, are flanked by others of an operational and insurance nature.
In the course of 2022, a further project phase was developed to complete the assessment model, which included the inclusion of the most significant plants/activities for the risk under consideration that were not included in the 2021 analysis, also updating the model with respect to the new regulatory and climatic scenarios. For more details on the assessments that emerged, please refer to Iren Group's Sustainability Report 2022.
In addition, in 2022, for the purpose of applying the European Taxonomy (EU Regulation 2020/852), the Group carried out an analysis specifically aimed at verifying the DNSH (Do No Significant Harm) criterion for the climate change adaptation target, which requires that, for each activity, a physical climate risk

assessment (acute and chronic) be carried out and an adaptation plan implemented that presents possible solutions in the event of significant risk exposure. To this end, for the activities/assets managed by the Group, the relevant risk factors were identified, in the current and future scenarios with a time horizon of 2050, and an adaptation plan was defined, where necessary.

5. TAX RISKS

Iren Group has adopted a specific internal control and tax risk management system, understood as the risk of operating in violation of tax regulations or in contrast with the principles or aims of the legal system.
The tax risk control and management system, the "Tax Control Framework" (hereinafter "TCF"), enables the Group to pursue the objective of minimising its exposure to tax risk by identifying, updating, assessing and monitoring tax-related governance, processes, risks and controls.
The Group is committed to managing its tax affairs in accordance with all applicable laws and regulations.
For this reason, Iren has adopted the TCF as an internal control system that defines the governance for the management of taxation and related risk in line with the principles of the company strategy and, in particular, the Tax Strategy.
The Tax Control Framework adopted consists of a set of rules, guidelines, tools and models aimed at supporting the Group's employees in carrying out their daily activities, ensuring consistency on relevant tax matters.

Therefore, the TCF's structure provides for the presence of two pillars that outline its operating scheme: the Tax Strategy and the Tax Compliance Model.
The Tax Strategy defines the objectives and the approach adopted by the Group in managing the tax variable. The purpose of this document is to establish the Principles of conduct in tax matters in order to i) contain tax risk due to exogenous and endogenous factors, and ii) continue to guarantee over time the correct and timely determination and settlement of taxes due by law, and the performance of related obligations. The Tax Strategy has been approved and issued by the Board of Directors of Iren S.p.A.
The Tax Compliance Model is an element of the Internal Control and Risk Management System. This document contains the detailed description of the phases comprising the risk assessment, control and periodic monitoring processes carried out by Iren, and the subsequent reporting on tax issues to the Chief Executive Officer and the other relevant bodies and functions. It also aims to summarise the main responsibilities assigned to the various functions involved in tax-relevant processes. The Tax Compliance Model is prepared by the Tax and Compliance Function and is ultimately approved by the Board of Directors of Iren S.p.A.
The project for the creation of a TCF aligned with the best practices in the matter took shape with the presentation by Iren S.p.A. and Iren Energia of the application for access to the Collaborative Compliance institution, a regime between the Revenue Agency and the large companies introduced by Legislative Decree no. 128 of 5 August 2015 in order to promote the implementation of enhanced forms of communication and cooperation based on mutual trust between tax authorities and taxpayers, and to encourage, in the common interest, the prevention and resolution of tax disputes. The preliminary investigation for admission was successfully concluded in December 2021 with the admission of the two companies.

6. OPERATIONAL RISKS

This category includes all the risks which, in addition to those already noted in the previous paragraphs, may influence achievement of the targets, i.e. relating to the effectiveness and efficiency of business transactions, levels of performance, profitability and protection of the resources against losses.
The Group's Enterprise Risk Management model has as its objective the integrated and synergistic management of risks.
The process of managing the Group's risks entails that, for each business line and operating area, the activities performed are analysed and the main risk factors connected with achievement of the objectives are identified. Following the identification activity, the risks are assessed qualitatively and quantitatively (in terms of magnitude and probability of occurrence), thus making it possible to identify the most significant risks. The analysis also involves an assessment of the current and prospective level of control of the risk, monitored by means of specific *key risk indicators*.

The above stages make it possible to structure specific treatment plans for each risk factor.
Along all the management phases, each risk is subjected on a continuous basis to a process of control and monitoring, which checks whether the treatment activities approved and planned have been correctly and effectively implemented, and whether any new operational risks have arisen. The process of managing operational risks is associated with a comprehensive and structured reporting system for presenting the results of the risk measurement and management activity. Each process stage is performed in accordance with standards and references defined at Group level. The Group's risk position is updated at least quarterly, indicating the extent and level of control of all risks monitored, including financial, IT, credit and energy risks. The risk reporting is sent to the top management and to the risk owners, who are involved in the management activity. The risk analysis also supports the preparation of planning tools.
In this regard, Iren has equipped itself with a very detailed risk map that corresponds to the reality of the Group, with qualitative and quantitative assessments of each individual risk and with details of the controls and mitigation actions in place or planned. For each risk identified, the relevant ESG (Environmental, Social and Governance) impacts are associated.
Of particular note are:

a. Legal and regulatory risks

The legislative and regulatory framework is subject to possible future changes, and therefore is a potential risk. In this regard departments operate, reporting directly to the Chief Executive Officer, dedicated to continual monitoring of the relevant legislation and regulations in order to assess their implications, guaranteeing their correct application in the Group.

b. Plant-related risks

As regards the amount of the Group's production assets, plant-related risks are managed with the approach described above in order to correctly allocate resources in terms of control and preventive measures (preventive/predictive maintenance, control and supervisory systems, emergency and continuity plans, etc.). For the most important plants the Risk Management Department periodically conducts surveys, from which it can accurately detail the events to which such plants could be exposed and consequent preventive action. The risk is also hedged by insurance policies designed considering the situation of the single plants.

c. IT Risks

Cyber risks are defined as the set of internal and external threats which can compromise business continuity or cause civil liability damage to third parties in the event of loss or disclosure of sensitive data. From an internal point of view, the operational risks regarding information technology are closely related to the business of Iren Group, which operates network infrastructures and plants, including through remote control, accounting operational management and invoicing systems and energy commodity trading platforms. Iren Group is, in fact, one of the leading Italian operators on the Energy Exchange and any accidental unavailability of the system could have considerable economic consequences, connected with the non-submission of energy sale or purchase offers. At the same time, problems related to supervision and data acquisition on physical systems could cause plant shutdowns and collateral and even serious damage. A breakdown of invoicing systems could also determine delays in issuing bills and the related collections, as well as damage to reputation.
To mitigate such risks, specific measures have been adopted, such as redundancies, highly-reliable systems and appropriate emergency procedures, which are periodically subject to simulations, to ensure their effectiveness. Iren Group is also exposed to the risk of cyber attacks aimed both at acquiring sensitive data and at stopping operations, causing damage to plants and networks and compromising service continuity. Market benchmarks also show that attacks aimed at acquiring companies' and third-party data are increasingly frequent, with consequent civil liability and sanctions, including serious ones, and at acquiring industrial secrets. In this regard:

- the data network was further segregated according to functional usage, especially by isolating the OT network;
- the Security Operation Center (SOC) is active with 24 hour monitoring of IT security events;
- policies were adopted to strengthen access to systems such as, in addition to the introduction of particularly complex passwords, the introduction of the second authentication factor and a platform for controlled and monitored access by system administrators;
- systems are adopted with behavioural analytics capabilities and automated, remote response execution for workstations was completed;

- the Cyber Threat Intelligence (CTI) platform, aimed at acquiring evidence of attackers and threats potentially impacting corporate assets has been fully integrated with the monitoring and event management systems of IT security;
- a multi-year project is in progress to raise awareness of IT security issues for all Group employees; this programme is based on phishing simulation campaigns, assessment questionnaires and targeted online training modules.
- the process of 'security audits' for IT suppliers was initiated, aimed at verifying the effective adoption of the minimum security measures required in the contractual phase.

In addition, the Group Cyber Risk Policy is in force, approved by the Board of Directors of Iren S.p.A., which - like the other main risk policies - provides for the convening of specific Risk Commissions, the monitoring of performance indicators and dedicated reporting.
The operational risk management process also aims at optimising the Group's insurance programmes.

7. STRATEGIC RISKS

In the development of the 2030 Business Plan, the Group has structured three distinct areas of analysis: a qualitative-quantitative risk assessment, a specific focus on investments and a focus on climate change risks.
The qualitative risk assessment was based on an analysis of industry trends, the Group's exposure to related strategic risks and the related ability of the Business Plan to mitigate these risks. Consequently, for the risk categories and related elementary risks mapped as part of the Group's Risk Map, which also integrates the ESG impacts for each risk, a detailed analysis of the quantitative drivers relating to the risks with an impact in the years of the Plan was carried out. Once these risks have been identified, the relative impacts, probability of occurrence and mitigation actions have been quantified in order to quantify both the inherent and residual risk value. This assessment led to the enhancement of the Plan's stress test and related rating indices.
With regard to the analysis of the Plan's investments, identifying both the capital expenditure with a mitigating effect on risks and capital expenditure whose implementation may represent a possible source of risk, with possible repercussions in economic and financial terms (so-called "execution risks").
Finally, an analysis of the risk factors from climate change impacting the Group was carried out, with modelling of the most significant assets and risk factors for different climate scenarios and time horizons. Model results were analysed and investments to mitigate climate change risks were evaluated.
M&A transactions and other initiatives of a strategic nature, which were assessed during the year, were also subject to detailed analysis, with a particular focus on the impact of these transactions on the Group's sustainability objectives (environmental indicators, where significant, and social indicators relating, for example, to compliance with labour, health and safety regarding the target and governance policies) and consistency with the EU Taxonomy.

TRANSACTIONS WITH RELATED PARTIES

The Procedure on Related Party Transactions (“RPT Procedure”) in force since 1 July 2021 is published on Iren’s website (www.gruppoiren.it) and was approved by the Board of Directors then in office on 28 June 2021, subject to the favourable opinion of the Related Party Transactions Committee (“RPTC”, entirely composed of Independent Directors).

The above document was prepared implementing:
- the provisions regarding transactions with related parties set out in section 2391-*bis* of the Italian Civil Code;
- the Regulation containing provisions on related party transactions, adopted by Consob by Resolution no. 17221 of 12 March 2010 and subsequent amendments and additions (“Consob Regulation”), in the version in force from time to time, taking into account the indications of Consob Communication no. DEM/10078683 of 24 September 2010 (“Consob Communication”); in particular, the update of the RPT Procedure by the Company’s Board of Directors on 28 June 2021, effective as of 1 July 2021, incorporates the amendments made by Consob Resolution no. 21624 to the text of the Consob Regulation, also effective as of the same date;
- the provisions of art. 114 of Legislative Decree no. 58 of 24 February 1998 (“Testo Unico della Finanza”/ TUF - Consolidated Law on Finance) and the provisions of Regulation (EU) no. 596/2014 on market abuse.

The corporate documents adopted in accordance with the legislation on transactions with related parties, defined in coordination with the provisions of the administrative and accounting procedures pursuant to art. 154-*bis* TUF, aim specifically:
(i) to regulate the performance of transactions with related parties by Iren, directly or through subsidiaries, identifying internal procedures and rules capable of ensuring the substantial and procedural transparency and correctness of such transactions, and
(ii) establish the methods for fulfilling the related disclosure obligations, including those provided for in legal and regulatory measures in force and applicable.

These, very briefly, provide for:
a) the identification of the scope of related parties as per the IFRS adopted in accordance with the procedure set out in section 6 of EC Regulation 1606/2002 in the version in force at the time;
b) the definition of a “related-party transaction”;
c) the identification of cases of exclusion and of transactions “for small amounts”;
d) the procedures applicable to minor and major transactions, as the case may be;
e) the persons responsible for the paperwork on related-party transactions;
f) the transactions on which the Shareholders must resolve;
g) forms of disclosure and information flows.

Iren and its subsidiaries carry out transactions with related parties in accordance with the principles of transparency and fairness. These transactions mainly concern services provided to customers in general (gas, water, electricity, heat, etc.) or following concessions and awards of services, in particular for the waste management sector, and are governed by the contracts applied in such situations.
Where the services provided are not the above, the transactions are governed by specific agreements whose terms are established, where possible, in accordance with normal market conditions. If these references are not available or significant, the contractual conditions are defined also in consultation with independent experts and/or professionals.

Information on transactions with related parties is included in the Notes to the Condensed Interim Consolidated Financial Statements in sections “VI. Information on transactions with related parties” and “XIII. Annexes to the Condensed Interim Consolidated Financial Statements”, which form an integral part thereof.

LEGISLATIVE AND REGULATORY FRAMEWORK

The essential legislative and regulatory references, concessions and assignments in relation to the sectors in which Iren Group operates are presented in detail in the Directors' Report accompanying the annual financial statements. Again with reference to these sectors, this section sets out the main regulatory changes (new regulations or amendments to pre-existing regulations) that occurred in the first half of 2023; what follows should therefore be read in conjunction with the financial statements as at and for the year ended 31 December 2022.

EUROPEAN FRAMEWORK

Emission Trading System (ETS) Reform
On 16 May 2023, Directive (EU) 2023/959 reforming the Emission Trading System was published. In addition to intervening in the aviation and maritime transport sector, the directive introduces a new subsection on municipal waste incineration plants: by 31 July 2026, the Commission will have to submit a report to the European Parliament and the Council on the "feasibility of including municipal waste incineration plants in the EU ETS, also with a view to their inclusion from 2028, and assessing the potential need to allow member states not to participate until 31 December 2030".

Proposed regulations for the electricity market and REMIT
On 14 March, the European Commission presented a proposal for a regulation for the electricity market and a proposal for a regulation to revise the REMIT regulation. The first amends four pieces of legislation: Regulation (EU) 2019/943 (Electricity Regulation), Directive (EU) 2019/944 (Electricity Directive), Regulation (EU) 2019/942 (ACER Regulation) and Directive (EU) 2018/2001 (Renewable Energy Directive).

Proposal for a Regulation on EU Electricity Market Design
In January 2023, the European Commission's Market Design proposal was launched, the main objectives of which are:
- preserve short-term markets with instruments that promote longer-term price signals;
- favour PPA (Power Purchase Agreements, long-term bilateral negotiations), to foster the integration of renewable generation and enable investment planning with a fixed price between producer and end customer (PPA as a strategy to hedge suppliers against the risk of fluctuating wholesale spot prices);
- a two-way public support scheme for CfD (Contract for Difference) to guarantee the minimum level of remuneration for production; the revenues collected from the cap to market revenues would guarantee public support for consumers and new investments in renewable technologies (mature and with stable operating costs) including repowering (no contractual scheme is mandatory);
- the introduction of virtual hubs that reflect the aggregate price of multiple bidding zones by providing a reference price that allows operators to offer futures hedging products, with the aim of enabling the pooling of zone liquidity and thus offering better hedging opportunities;
- accelerate the use of forms of flexibility (storage - also evaluating green criteria applied to the capacity mechanism and demand response - developing advanced metering technologies);
- support for energy sharing solutions (REC - Renewable Energy Communities and self-consumption solutions);
- not envisage any form of revenue limitation to infra-marginal (renewable) generation;
- not provide for the introduction of decoupling of price formation in markets by technologies (renewable and non-renewable).

EC Report on the review of emergency measures to address high energy prices

The Report, dated June 2023, stated that:

- the temporary emergency measures taken helped to ease the tension in the markets;
- supply and prices in the EU electricity market are currently on a downward trend - an extension of these emergency measures to calm prices no longer seems necessary (confirmation from the Commission).

Regulations and proposed regulations in the field of waste

On 10 June 2023, Regulation (EU) 2022/2400 came into force, amending Annexes IV and V of Regulation 2019/1021 of the European Parliament and of the Council of 20 June 2019 with regard to persistent organic pollutants in waste. Regulation 2019/1021 aims to protect human health and the environment by eliminating or restricting the manufacture and use of persistent organic pollutants (POP) as defined in the Stockholm Convention on persistent organic pollutants or the protocol on persistent organic pollutants to the 1979 convention on long-range trans-border air pollution.

Finally, there is the European Commission's proposal for a Regulation on packaging and packaging waste, amending Regulation (EU) 2019/1020 and Directive (EU) 2019/904 and repealing Directive 94/62/EC, submitted on 30 November 2022 and examined by the European Parliament on 4 May 2023. The proposal is part of the drive to update the relevant EU regulatory framework in order to reduce the environmental impact of packaging and promote reuse.

NATIONAL FRAMEWORK

CODE ON PUBLIC CONTRACTS

The new Procurement Code, Legislative Decree 36/2023, was published in the Official Journal on 31 March 2023, after approval by the Council of Ministers on 28 March. The Code entered into force on 1 April 2023. However, its provisions, together with any annexes already replaced or amended, will take effect on 1 July 2023.

The text of the new Code consists of 229 articles grouped into five books. The Annexes to the new Code will replace any other source implementing the previous discipline, namely: the Annexes to Legislative Decree no. 50/2016, the seventeen ANAC Guidelines and about fifteen Regulations (including Presidential Decree no. 207/2010).

GAS

Gas Networks

Resolution 152/2023/C/gas - Appeal against the sentences of the Lombardy Regional Administrative Court, First Section, No. 407 of 15 February 2023 and No. 630 of 13 March 2023, partially annulling the Authority's Resolution 570/2019/R/gas

In relation to the appeal filed by IRETI against Resolution 570/2019/R/gas as amended and supplemented, the Lombardy Regional Administrative Court upheld a number of grounds for appeal, including the difficulty of the ARERA method in capturing the differences in the cost structure of the various distributors and the alignment of the Beta of measurement to distribution. Furthermore, the Court, based on the report prepared by the auditors, found a material error in the calculation of recognised costs and the X-factor, the correction of which will generate a benefit for operators.

Following the publication of the sentence, the Authority appealed to the Council of State with Resolution 152/2023/C/gas.

Resolution 220/2023/R/gas - Optimisation of biomethane connections and simplification of connection directives in application of the provisions of Article 37 of Legislative Decree no. 199 of 8 November 2021.
In line with what was envisaged in Consultation Document 423/2022/R/gas, the Authority approved Resolution 220/2023/R/gas, which envisages a centralisation of the activities of connecting biomethane plants to the (transport and distribution) networks in the hands of the largest transport company, i.e. Snam Rete Gas (SRG). In particular, SRG, in coordination with other gas transmission operators (TSO) and gas distribution operators (DSO), will have to prepare a mapping document containing the availability (current and future) of transmission and distribution capacity in the different areas and an estimate of biomethane production capacity. In addition, the resolution stipulates that SRG shall submit for consultation the procedure for the identification of optimal solutions for the connection of biomethane plants to gas networks, including distribution networks, with a view to minimising costs for the system, with the biomethane producer also sending the connection request to SRG for the identification of the optimal technical-economic solution (in coordination with the local DSO).

Resolution 134/2023/R/com - Tariff components to cover general costs
The measures taken to tackle high energy prices confirm the cancellation of general gas charges for the first half of 2023. The negative element UG2c, which was introduced to lower the bills of end customers, was reduced (in absolute value) in April and was cancelled in May, resulting in a positive financial impact for operators.

<u>Wholesale gas market</u>

Storage Filling Thermal Year 2023-2024
Resolution 150/23, in implementation of the Ministerial Decree of 31 March 2023, - further measures to ensure the adequate filling of storage (90%) also for the Thermal Year 2023-2024 - provides that if at the end of October 2023 the user’s storage inventory is lower than the minimum (subsection 17.1 RAST) a higher fee is applied between the one referred to in subsection 26.1 RAST and 1.5 €/MWh; furthermore, the possibility is provided for the user to request the implicit allocation of its storage in excess of the maximum allowed (at the end of each month of the injection phase).
In the event of stocks in the storage facilities as at 31 March 2023, it is planned to allocate the corresponding space capacity (for TA 23/24), as well as the injection and delivery capacity to GSE and SNAM. Finally, the costs incurred by the GSE and SNAM are covered from the ‘Storage charges account’, the ‘Fund for the coverage of charges connected to the gas balancing system’ and the ‘Fund for the coverage of charges connected to the gas settlement system’.
Finally, the Resolution communicates the update for: (i) formulas for calculating reserve prices; (ii) minimum offer prices for short-term injection capacity allocation.
In this context, SNAM Rete Gas defined the rules for access to additional daily injection capacity for the period July-September 2023.

Resolution 72/2023 - Allocation of transport capacity
On 1 October 2023, the reform of the transport capacity allocation processes at city gates (approved by Resolution 147/2019, in which capacity is no longer requested by the user but is calculated and allocated by the transport company on the basis of data made available by the Integrated Information System) will come into force. Furthermore, the proposal of DCO 502/22, in which daily conventional capacity is allocated to end customers on the basis of withdrawals reported by the IIS for the purposes of balancing sessions, is confirmed. The request for a blank probationary year (TA 23-24) to analyse the functioning of the mechanism (with economic effects from TA 24-25) is being evaluated.

End of protection gas - Resolution 100/2023/R/com & 102/2023/R/gas (Law No. 124 of 4 August 2017)
In view of the passing of price protection for the gas sector (January 2024), ARERA has regulated the management of the contractual relationship for all customers who will still not have a free market contract on that date. An information campaign is planned from September 2023 with the obligation for suppliers to submit the cheapest commercial proposal currently on the market.
To all customers who on 31 December 2023 have not yet made a choice, ARERA envisages the application of an offer with the contractual characteristics of the variable gas PLACET with price conditions partly defined by the Authority (PSV + regulated spread, marketing freely established by the seller). This will be a mere change of offer and the supply will continue to be provided by the same operator.

A special rule is also introduced for so-called vulnerable customers: these subjects will continue to be able to benefit from a supply scheme at regular prices that is entirely similar to the current protection offer. The identification of the character of vulnerability will be carried out jointly by the Single Buyer and the operators themselves, who will have to take charge of the collection of appropriate self-certifications signed by the end customers.

ELECTRICITY

Electricity market

DCO 685/22 on TIDE - Integrated Electricity Dispatch Text
ARERA intends to reform the dispatching business (resolution expected by summer 2023). The Resolution is scheduled to come into force on 1 January 2025 and will replace Annex A of Resolution 111/06 (exception Essential Plant Regulations). The most important issues concern the redefinition of dispatching perimeters, moving in the direction of allowing aggregations in the energy markets.

Resolution 247/2023 - Forward procurement of electricity storage capacity - pursuant to art. 18 Legislative Decree 210/2021, following DCO 393/22
The resolution stipulates that only new (authorised) storage capacity and also existing hydroelectric plants with a suitable permit for conversion into new storage capacity may participate in competitive procedures. It also provides for the possibility of extending the contractual period for contracted capacity with a useful life longer than the delivery period; there is an obligation for assignees to make committed capacity available to Terna by i) offering it on the MSD (Dispatching Services Market); ii) making it available to third parties for time-shifting contracts (negotiated on the GME platform).
For MSD transactions, it is envisaged that the UdD (Dispatching Users) retain part of the margins obtained and that the remainder is allocated to Terna for the reduction of charges. Terna, by 15 October 2023, will have to disclose the study on storage technologies for the definition of requirements and standard contracts, broken down by technologies that differ significantly at least with respect to the useful life and realisation time parameters; lastly, the valuation of the offers selected as a result of the procedures follows the pay-as-bid method.

Widespread self-consumption and energy communities
Resolution 727/22 approving the Testo Integrato Autoconsumo Diffuso (TIAD):
- regulates the valorisation of widespread self-consumption for the configurations of Legislative Decrees 199/2021 and 210/2021;
- confirms the virtual model of widespread self-consumption;
- effective date: latest date between the entry into force of the Ministry of the Environment and Energy Sovereignty (MASE) Decree on incentives for energy communities and 1 March 2023 (replaces Resolution 318/20);
- confirms the guidelines of DCO 390/22.
- contains elements for identifying the CP (Primary Station).

The decree on the encouragement of self-consumption has emerged from the European Community's scrutiny regarding compliance with the State Aid Guidelines: publication by the MASE is awaited.

Withdrawal Charges and Amendments to the Code of Business Conduct - Resolution 250/2023/R/com (Directive (EU) 2019/944 and Legislative Decree No. 210 of 8 November 2021)
The measure comes after consultation 668/2022/R/com and regulates the subject of early termination charges for electricity supply contracts. In particular, for the perimeter of the commercial code of conduct (customers in low voltage and/or with natural gas consumption not exceeding a total of 200,000 Smc/year) ARERA provides that these charges may be applied both for contracts of a fixed duration with fixed price economic conditions, and for contracts of an indefinite duration with fixed price economic conditions. It also specifies the option for suppliers to impose withdrawal charges on all electricity contracts signed by companies with more than 50 employees and/or a turnover of more than 10 million euro. The document also specifies the minimum information elements that must be made available to end customers at the time of signing the contract (in particular, evidence that the amount indicated as the early withdrawal charge will be a maximum amount that may be subject to downward revision by the operator so as to reverse the

actual cost at the time of withdrawal). Finally, the measure intervenes by regulating a specific regulation for renewals of expired economic conditions as distinct from unilateral variations.

End of Protection Electricity (BTAU) - Outcome of insolvency proceedings
Following the competition procedures held in December 2022, the companies A2A, ACEA, AGSM-AIM, ESTRA Energie, HERA Commerciale, Illumia and Sorgenia were awarded the gradual protection service for micro-enterprises. These companies will be responsible for providing this service for the period from 1 April 2023 to 31 March 2026. The continuity of supply for the period from January 2023 to March 2023 was provisionally guaranteed by the local operators of the greater protection.

End of protection Electricity (domestic) - DCO 212/2023/R/eel (Art. 1, par. 60 of Law no. 124/17)
The consultation illustrated the Authority's orientations with regard to the regulation and entrustment of the gradual protection service for non-vulnerable domestic customers. According to what has been described, the competitive procedures would have a similar structure to those carried out for the award of the micro-enterprise service (duration of three years, award on the basis of a price in €/POD/year, presence of an antitrust cap on the number of areas that can be awarded, application of the conditions of the PLACET offer); the main differences could concern the auction modality (hypothesis of a single round with a closed envelope) and in the expansion of the perimeter of the participants (possible opening to temporary groups of companies). As far as vulnerable customers are concerned, they would continue to be supplied within the framework of the greater protection pending the definition of new competition procedures dedicated to this specific segment of users.

Causes of exclusion from the Vendor List - DCO 186/2023/R/eel (Article 11, par. 3 of the Decree of the Minister of Ecological Transition (now: MASE) 25 August 2022)
Following the formal establishment of the vendor list (April 2023), ARERA proposed an outline of requirements and indicators (concerning, in detail, the punctuality of payments to Terna and the distribution companies) that must be met by companies in order for them to remain on the list of entities authorised to sell electricity to end customers.

Amendments to the Consumer Code - Legislative Decree 26/2023
As part of the transposition of the provisions set out in Directive 2019/2161, the Italian government has made a number of revisions to the regulations set out in the Consumer Code. The newly introduced provisions include a number of updates with potential impact also for the energy sector: the right of cooling-off is extended to 30 days (from the canonical 14) for contracts concluded during unscheduled visits by a representative agent. In addition, the penalties that can be imposed by the Authority on any unfair terms concealed within the general terms and conditions and therefore not signed directly by the end customer are made more severe.

AGCM proceedings on unilateral variations - Regional Administrative Court (TAR) ruling
On 23 June 2023, the Lazio Regional Administrative Court (TAR) published its decision granting the appeal filed by Iren Mercato, thus annulling the AGCM order of 28 October 2022 by which a precautionary suspension had been ordered in order to verify possible violation profiles with respect to the provisions of Article 3 of Decree-Law No. 115 of 9 August 2022 by which it had been suspended, until 30 April 2023 (a term subsequently amended and extended until 30 June 2023 by Decree-Law No. 198 of 29 December 2022, so-called Milleproroghe, converted into Law No. 14 of 24 February 2023), the effectiveness of contractual clauses, which allow sales companies to change supply prices. In detail, the judge verified that the renewals made by Iren Mercato were configured as expiring renewals and not as unilateral variations.

<u>Electricity Production facilities</u>

Decree-Law 39/2023 - DL Siccità (Drought)
The decree contains, among others, measures to ensure the efficient use of reservoir volumes to combat the water crisis (regulation of the volumes and flow rates derived from reservoirs by a Commissioner) and measures to ease environmental constraints on currently water-cooled energy production systems.

Regulations on extra-profits

With reference to Resolutions No. 266/2022 and No. 243/2023 (implementation of Article 15-bis of the Decree Sostegni ter and of the Budget Law 2023), appeals were filed with the Regional Administrative Court against the implementing measures issued by ARERA for incompatibility of the primary regulation with European law (violations of the TFEU and of Reg. 1854/22). The regulatory framework will remain uncertain until the publication of the judgement on the merits by the first instance administrative judge. The hearing on the merits was held at the Regional Administrative Court on 21 June 2023. The GSE in implementation of the ARERA resolutions requested the reports on the valuation of hedging contracts.

Main regulatory interventions on authorisation processes

Decree-Law No. 13 of 24 February (DL 13/2023) on "Urgent provisions for the implementation of the National Recovery and Resilience Plan (PNRR) and the National Plan for Complementary Investments to the PNRR (PNC), as well as for the implementation of cohesion policies and the common agricultural policy" was converted into Law No. 41 of 21 April 2023 and entered into force on 22 April 2023. Among its various contents, it introduced the following main changes to the authorisation procedures for the construction and operation of renewable energy plants:

- modification of the limits for Environmental Impact Assessment (VIA) and VIA screening procedures for photovoltaic plants;
- exemption from these procedures for photovoltaic installations in suitable areas included in plans or programmes that have already undergone Strategic Environmental Assessment (VAS);
- simplification for the installation of photovoltaic systems in industrial, craft and commercial areas and in landfills and quarries;
- modification of the Single Authorisation procedure;
- extension of the simplified authorisation process of the Simplified Authorisation Procedure (PAS) in the area of storage systems (so-called electrical storage).

<u>Electricity Networks</u>

Resolution 124/2023/R/eel - Reactive energy fed

As a complement to Resolution 712/2022/R/eel, as of April 2023 this measure:

- indicates the list of electricity nodes of the relevant grid belonging to homogeneous areas for the purpose of applying the increased charges for reactive energy input of end customers at high or extra-high voltage;
- clarifies that the increased unit charges are applied to homogeneous areas for only reactive energy fed into high and extra-high voltage.

Furthermore, the Resolution makes it explicit that, in the event of the application of different thresholds for the withdrawal/injection of reactive energy, the fees apply only to the volumes exceeding the thresholds.

Resolution 134/2023/R/com - Caro energia (High energy prices) - Changes to tariffs applied to users

The measure reactivated from April 2023 the tariff components relating to general system charges also for domestic users and LV users up to 16.5 kW.

DCO 173/2023/R/eel - Guidelines for network development and related plans (PdS)

The Consultation:

- sets out the Authority's guidelines for identifying priorities and performance indicators for a more selective development of DSO investments;
- proposes rules for the consultation and drafting of Development Plans (PdS) for distribution networks:
  - transitional, for a first posting in August 2023 of a PdS still 'in fieri';
  - evolved, for the sending of PdS in January of odd-numbered years (starting in 2025).

Resolution 165/2023/R/eel - electricity distribution and metering infrastructure regulation 2024-2027
The resolution opens a procedure for the infrastructural regulation of electricity distribution and metering activities in the four-year period 2024-2027 concerning continuity, commercial quality and connections with openings on:

- new adhesions to experimental regulation;
- new indicators and incentive mechanisms;
- revision of the rules for the performance of passive connections.

It is expected that the proceedings will be concluded by:

- 2023 for general aspects with application over the entire period 2024-2027;
- 2027, for the specific implementation aspects related to ROSS (Regulation by Expenditure and Service Objectives) regulation and updates of output-based regulation mechanisms.

ENERGY EFFICIENCY

Superbonus and other building bonuses

Decree-Law 11/2023 - Urgent measures on the assignment of credits pursuant to Article 121 of Decree-Law No. 34 of 19 May 2020, converted, with amendments, by Law No. 77 of 17 July 2020
This Decree, with reference to building bonuses, in addition to prohibiting public administrations from purchasing outstanding credits, provides that the option of invoice discount or credit assignment can no longer be used: therefore, only the possibility of using tax credits as deductions remains.

DISTRICT HEATING

Budget Law 2023
The Budget Law 2023 extended the application of reduced VAT (5%) to district heating, instead of the current 10/22%, for Q1 2023 as of 1 January, a measure extended to Q2 2023 by the so-called "Decree Bollette" (Decree-Law 34/2023).

Decree-Law 13/2023 - Urgent provisions for the implementation of the National Recovery and Resilience Plan (PNRR) and the National Plan for Complementary Investments to the PNRR (PNC), as well as for the implementation of cohesion policies and the common agricultural policy (DL PNRR)
The "PNRR Decree" provided for a regulation amending Legislative Decree 102/2014 granting ARERA the power to regulate district heating tariffs. ARERA, with Resolution 277/23, started the procedure for the definition of the new tariff regulation: the first phase of the consultation is expected by 30 September 2023. In this regard, ARERA is oriented towards defining regulatory criteria to value the tariff at cost (full cost including return on investment plus trade margin)

WASTE

Main regulatory amendments

Decree Law No. 59 of 4 April 2023 - Regulation on the discipline of the waste traceability system and the national electronic waste traceability register (RENTRI)
Decree 59/2023, in force from 15 June 2023, is issued pursuant to Article 188-bis, paragraph 1 of Legislative Decree No. 152/2006; it provides for a staggered timeframe for registration to the system, between 18 and 30 months from its entry into force, depending on the size of the company in the case of producers. The start-up is scheduled for 15 December 2024 and will first affect waste managers, i.e. treatment plants and transporters (but also intermediaries) and producers, the latter initially only above 50 employees. In addition, Annexes I and II contain the new models of the chronological loading and unloading register and the Waste Identification Form (FIR).

Legislative Decree No. 213/2022 - Supplementary and corrective provisions to Legislative Decree 116/2020 (so-called "Corrigendum to the transposition of the circular economy waste package"). Amendments to Legislative Decree 152/2006

This decree, in force since 16 June 2023, has a twofold objective:

1. correct a number of typos arising from the transposition of Directives 2018/851/EU and 2018/852/EU (so-called "Circular Economy Package") by Legislative Decree 116/2020;
2. Introduce significant amendments to Legislative Decree 152/2006; these include the deletion of the possibility of setting up extended producer responsibility (EPR) schemes also at the request of a party, the prohibition of incineration of separately collected waste, and the clarification that waste from 'demolition and construction' is 'special' only if produced in the course of business activity.

***Decree-Law No. 39/23 converted with amendments by Law No. 68 of 13 June 2023* - Urgent provisions to combat water scarcity and to upgrade and adapt water infrastructures**

Since 15 April, DL 39/23 has been in force, which amended Art. 127 of the TUA (*Sludge deriving from the treatment of waste water*) dispelling any doubts that sludge deriving from waste water purification processes is subject to the rules on waste only and exclusively at the end of the entire treatment process:

Law No. 17/2023 on installations of national strategic interest

Law no. 17 of 3 March 2023 converting Decree-Law No. 2 of 5 January 2023, containing urgent measures for installations of national strategic interest, came into force on 7 March.

The measure, in particular, confirms what was established in the emergency decree, especially with regard to the amendments to Legislative Decree No. 231 of 8 June 2001 on the administrative liability of entities.

National Recovery and Resilience Plan - MITE Decrees No. 396/2021 and 397/2021

The Ministry of the Environment has completed the publication of the final rankings for the allocation of PNRR funds to finance the construction of public and private waste and circular economy facilities.

Decree-Law 13/2023 - Urgent provisions for the implementation of the National Recovery and Resilience Plan (PNRR) and the National Plan for Complementary Investments to the PNRR (PNC), as well as for the implementation of cohesion policies and the common agricultural policy (DL PNRR)

On the subject of waste, DL 13/2023 provides that the provisions of the Decree of the Minister of Economic Development of 2 March 2018 (DM Biomethane), continue to apply to projects relating to the construction or conversion of biomethane and biofuel production plants other than biomethane for which a favourable environmental impact assessment measure was issued on 31 December 2022, or the measure not to be subject to such a procedure,

Milleproroghe 2023

Decree-Law No. 198 of 29 December 2022, the so-called "Decree Milleproroghe 2023", containing urgent provisions on legislative deadlines, was converted into Law No. 14 of 24 February 2023, in force from 28 February 2023, and published in the Official Journal No. 49 of 27 February 2023.

The most relevant measures in the environmental field concern the extension until 4 May 2023 of the deadline for a possible revision of Ministerial Decree 152/2022 on the End of Waste of construction and demolition waste, WEEE, noise pollution, cement works and ferrous scrap.

<u>ARERA - regulatory activities</u>

As part of its regulatory activities in the waste sector, the Authority initiated a number of proceedings in 2023, mainly of an economic nature: some of them have completed the consultation phase, while for others the latter is still ongoing. In particular, the following are noted:

DCO 214/2023/R/rif - Guidelines for the determination of the efficient costs of separate collection of transport, sorting and other preliminary operations and the definition of technical and quality standards for recovery and disposal

The consultation document sets out the general framework and guidelines that the Authority intends to follow in determining the efficient costs of separate collection and in introducing quality regulation for the treatment stages. It is expected to be published in 2023.

DCO 262/2023/R/rif - Standard service contract outline for the regulation of relations between entrusting Entities and urban waste service operators - Final guidelines
The consultation document illustrates the outline of the model contract that the Authority intends to publish (by the year 2023) in order to guide the process of convergence of the sector towards a stable and homogeneous structure at national level.

DCO 275/2023/R/ref - Guidelines for the biennial update 2024-2025 of the waste tariff method (MTR-2)
The document sets out the Authority's guidelines for the identification of the modalities necessary to proceed with the biennial updating of the business plans, in accordance with Articles 7 and 8 of Resolution 363/2021/R/RIF (MTR-2). Specifically, we submit for consultation the modalities for updating the cost components eligible for tariff recognition (taking into account the data available from the financial statements for the year (a-2) and the re-quantification of certain parameters).

WATER SERVICE

Legislative Decree No. 18/2023 - Implementation of Directive (EU) 2020/2184 of the European Parliament and of the Council on the quality of water intended for human consumption
The aim of the decree is to protect human health from the negative effects of contamination by regulating the quality of water intended for human consumption and improving access to it. Among the most important aspects is the introduction of an innovative approach to water safety that, instead of a control strategy based solely on a list of parameters, is based on a risk assessment system, which takes the form of Water Safety Plans. Another innovative aspect concerns the regulation of materials in contact with drinking water, chemical reagents and filter materials. Finally, with regard to water quality parameters, the decree introduces new parameters (including chlorates and PFAS) and makes some changes to quality limits for already existing parameters.

Decree-Law No. 39/2023, converted by Law No. 68/2023 - Urgent provisions to combat water scarcity and to upgrade and adapt water infrastructures
The main purpose of the decree is to speed up authorisation procedures for works and interventions that are urgently needed to tackle the water crisis in the short term.
The decree establishes a steering committee at the Presidency of the Council of Ministers, with the functions of direction, coordination and monitoring to contain and combat the water crisis. The appointment of an Extraordinary Commissioner for the purpose of adopting urgent drought-related interventions is also established.
In order to increase the resilience of water systems to climate change, the following are indicated: a) increasing the usable volumes of reservoirs, b) the possibility of freely constructing rainwater harvesting basins for agricultural use within a set maximum volume, c) the reuse of purified wastewater for irrigation purposes, d) the introduction of considerable simplifications in the construction of desalination plants.

OTHER GENERAL MATTERS

Incentives

On 3 March 2023, the Mignanego plant (Iren Acqua) was switched to the all-inclusive tariff, while on 22 May, the Chiomonte and Susa plant (Valle Dora Energia) was granted the incentive tariff.

Social bonuses

Resolutions 13/2023/R/com, 23/2023/R/com and 134/2023/R/com - Additional social bonuses
Resolution 13/2023 proceeded, as of 1 January 2023, to raise to 15,000 euro the value of the ISEE threshold for access to the electricity and gas bonus for the current year on the basis of the provisions of the Budget Law 2023.
The subsequent resolution 23/2023 sets out the modalities for recognising social bonuses for the quarter January-March 2023.

Finally, Resolution 134/2023 also confirmed for the April-June 2023 quarter the increase in social bonuses for electricity and gas, as provided for in the Decree of 28 March 2023, and raised the threshold for large families with 4 or more dependent children to 30,000 euro.

Short limitation

Resolution 86/2023/C/com - Short prescription

On 2 January 2023, sentences Nos. 35 and 36 were published, whereby the Lombardy Regional Administrative Court partially annulled ARERA Resolutions Nos. 603/2021/R/com and 604/2021/R/com, considering that the information and assessment requirements imposed on the distributor with the contested resolutions do not have a regulatory basis.

Resolution 86/2023/C/com communicates that ARERA appealed against the Lombardy Court rulings.

Regulation by expenditure and service objectives

Resolution 163/2023/R/com - Integrated text of regulation by expenditure and service objectives (TIROSS) for electricity and gas 2024-2031

Following Consultation Document 655/2022/R/com, the Authority approved the TIROSS - *Integrated Text of Regulation by Expenditure and Service Objectives (ROSS) for regulated infrastructure services in the electricity and gas sectors for the period 2024-2031*, defining the criteria and general principles of the ROSS methodology (Part One) and the specific provisions of the ROSS-basis (Part Two). In particular, the document provides that the recognised spending is calculated starting from the actual spending incurred by the operator and ‘corrected’ by a share of the efficiencies or inefficiencies achieved with respect to the reference spending defined by ARERA. Therefore, this approach provides for the sharing of efficiencies and inefficiencies with users, with varying percentages depending on the allocation to capex/opex of this efficiency (or inefficiency) and, for the share allocated to opex, on the solution chosen by the operator (high or low incentive power). Within the framework of the specific regulations, also on the basis of the physical and economic-financial data requested from the operators, the Authority will define the capitalisation rates to be applied to the eligible expenditure for the determination of the slow money (current capex) and fast money (current opex) share. ROSS provides mechanisms to manage uncertainties for unforeseeable and exceptional events and to intercept cost variation related to new energy transition investments or changes in the scope of activities performed.

CONCESSIONS AND ASSIGNMENTS OF IREN GROUP

HYDROELECTRIC PRODUCTION

With Decree no. 2/r of 27 April 2023, the Regional Council of the Piedmont Region approved the regulation on the "discipline of the modalities of the single procedure for the assignment of concessions of large hydroelectric derivations (Regional Law no. 26 of 29 October 2020)".
By Regulation No. 1 of 27 April 2023, the Regional Council of the Piedmont Region amended Article 5 of Regulation No. 5 of 18 December 2020, concerning the rules for defining the fee for hydroelectric concessions, redefining, as of 2023, the modalities for updating the fixed component of the fee.

By Resolution No. 17/6747 of the Regional Council of 17 April 2023, the Piedmont Region resolved on the feasibility of the two project financing proposals submitted by Iren Energia, pursuant to Article 183, Paragraph 15 of Legislative Decree 50/2016, concerning, respectively, the renewal of the expired Concessions for large hydroelectric derivations on the Torrente Orco and the expired Concession for large hydroelectric derivations of the Po Stura - San Mauro plant.
On 15 June 2023, Eisackwerk S.r.l. brought an action against the Piedmont Region and SCR Piemonte S.p.A. (Iren Energia, other party to the proceedings) for the annulment of the above-mentioned Resolution No. 17/6747 of the Regional Council of Piedmont of 17 April 2023.
By Resolution No. 28/6999 of the Regional Council of 5 June 2023, the Region resolved, pursuant to Articles 3 and 4 of Regional Law 26/2020, that "*there was no overriding public interest in a different use of the derived waters, incompatible with the maintenance of the use for hydroelectric purposes, and the definition of the public evidence procedure for the relative assignment*".

NATURAL GAS DISTRIBUTION

With effect from 1 January 2023, following the demerger finalised in 2022, IRETI Gas S.p.A., wholly owned by IRETI S.p.A., took over from IRETI in the ownership of the concessions in place in the various Areas - Genoa 1, Parma, Reggio Emilia and Piacenza 2 - under an extension regime, inherent to the management of the natural gas distribution service.

With regard to the tender issued by ATEM Genoa 2, the Council of State confirmed the unlawfulness of the call for tenders in sentence No. 3150/23. The new tender has not yet been launched.

With reference to the tender for the ATEM La Spezia, an appeal is pending before the Council of State brought by IRETI and IRETI Gas against the sentence by which the Regional Administrative Court (TAR) of Liguria had rejected the appeal for the annulment of the award to Italgas Reti S.p.A.

Following the completion of the so-called "Romeo project", as of 1 February 2023, IRETI Gas acquired the gas distribution concessions in the following ATEM:

- Savona 1: Municipalities of Albenga and Ceriale;
- Piacenza 2: Municipality of Pontenure;
- Parma: Municipality of Solignano.
- Vercelli, in the Municipalities of Albano Vercellese, Carisio, Greggio, Olcenengo, Oldenico, San Germano Vercellese - Strella district, Quinto Vercellese, Tronzano Vercellese and Villarboit.

INTEGRATED WATER SERVICE

As mentioned in the "Significant events of the period" section, on 27 March 2023, the municipalities of Cogoleto, Masone, Campo Ligure, Mele, and Rossiglione, all located in the Province of Genoa, which held a 51% interest in Amter S.p.A.'s share capital, sold their shares to IRETI S.p.A. The remaining 49% of the company was already owned by the subsidiary Iren Acqua S.p.A.
The company was previously entrusted with the management of the integrated water service in the aforesaid municipalities, in the capacity of safeguarded operator pursuant to Article 172, paragraph 2, of Legislative Decree no. 152/2006, with an expected expiry date of 31 December 2027, and operated as the

territorial operating company of the Sole Operator IRETI in the territory of the Municipalities of Arenzano (GE) and Tiglieto (GE).
The acquisition transaction entailed the early termination of Amter contracts and the takeover *ex lege* by the Sole Operator IRETI, under the terms of the current agreement between IRETI and the Metropolitan City of Genoa.

On 31 May 2023, IRETI, which already held a 48.5% share of the AcquaEnna S.c.p.A. capital, acquired from the shareholder COGEN S.p.A. the additional 2.367% share, thus reaching an absolute majority shareholding of 50.867%.
AcquaEnna is the company limited by shares established for consortium purposes on 9 November 2004 between the companies belonging to the joint venture constituted by IRETI (current leader), GGR S.p.A. (now COGEN), Sicilia Ambiente S.p.A. and Smeco S.p.A. (now Idrosur S.r.l.), following the award of the tender for the management of the Integrated Water Service, for 30 years, called by the Consortium of the Optimal Territorial Area (ATO) of Enna. This area consists of 20 municipalities in the province.

ENVIRONMENTAL SERVICE MANAGEMENT

Following the signing of the public service concessions for the management of waste in the Parma and Piacenza areas between Iren Ambiente and ATERSIR, effective as of 1 January 2023, the companies established in September 2020 by Iren group for the management of the aforementioned services - Iren Ambiente Parma and Iren Ambiente Piacenza - will manage the services subject to the concession once the current transitional phase, in which the aforementioned services are managed by Iren Ambiente, has ended.

Services for Municipalities

During the first half of 2023, the following Ligurian municipalities joined the “Framework Agreement for the entrusting of integrated facility management services to be performed on buildings in use for any reason by the Public Administrations in the territory of the Region of Liguria used for office and/or school activities activated by the single contracting authority of the metropolitan city of Genoa”:
- Municipality of Arcola;
- Municipality of Santo Stefano Magra;
- Municipality of Sarzana;
- Municipality of Rapallo;
- Municipality of Santa Margherita Ligure.

In Emilia Romagna, the Municipality of Montechiarugolo joined the SIE4 Convention for the entrusting of the integrated energy and related services.

Electricity Gradual Protection Service for Small Enterprises for the period 1 July 2021 - 30 June 2024

Iren Mercato S.p.A. exercises the Gradual Protection Service for small enterprises in the electricity sector pursuant to Law No. 124 of 4 August 2017 (annual law for the market and competition) and ARERA Resolution No. 491/2020/R/eel as amended and supplemented, for the period 1 July 2021 - 30 June 2024 in the territories of the Regions of Apulia, Tuscany, Friuli Venezia-Giulia, Valle d’Aosta and in the territory of the Municipality of Milan.

PERSONNEL

As at 30 June 2023, Iren Group had 10,897 employees, up compared to 10,583 employees as at 31 December 2022, as the table below shows, divided by Holding and Business Unit.

Company	Workforce at 30.06.2023	Workforce at 31.12.2022
Iren S.p.A.	1,137	1,132
IRETI and subsidiaries	2,361	2,269
Iren Ambiente and subsidiaries	5,535	5,362
Iren Energia and subsidiaries	1,206	1,186
Iren Mercato and subsidiaries	658	634
Total	**10,897**	**10,583**

The changes in the workforce compared to 31 December 2022 were mainly ascribable to:
- the initiation/conclusion of services contracted out by San Germano (Waste Management BU);
- the continuation of the generational turnover plan, with a considerable number of recruitments on the labour market;
- the consolidation, in May 2023, by IRETI of AcquaEnna for a total of 103 resources.

Condensed Interim Consolidated Financial Statements and Notes

at 30 June 2023

STATEMENT OF FINANCIAL POSITION

thousands of euro

	Notes	30.06.2023	of which related parties	31.12.2022	of which related parties
ASSETS					
Property, plant and equipment	(1)	4,385,652		4,366,722	
Investment property	(2)	1,988		2,015	
Intangible assets with a finite useful life	(3)	2,980,675		2,826,692	
Goodwill	(4)	248,899		237,966	
Equity-accounted investments	(5)	206,164		211,320	
Other equity investments	(6)	10,585		10,188	
Non-current contract assets	(7)	177,354		146,286	
Non-current trade receivables	(8)	31,683	24,330	30,888	23,641
Non-current financial assets	(9)	159,129	42,002	169,057	52,016
Other non-current assets	(10)	85,267	1,103	88,917	128
Deferred tax assets	(11)	352,335		340,866	
Total non-current assets		**8,639,731**	**67,435**	**8,430,917**	**75,785**
Inventories	(12)	74,120		139,359	
Current contract assets	(13)	194,850		198,590	
Trade receivables	(14)	1,113,897	112,677	1,409,435	61,564
Current tax assets	(15)	4,470		38,263	
Sundry assets and other current assets	(16)	496,538	890	438,915	41
Current financial assets	(17)	228,071	7,663	256,376	9,799
Cash and cash equivalents	(18)	210,032		788,402	
Assets held for sale	(19)	1,144		16,802	
Total current assets		**2,323,122**	**121,230**	**3,286,142**	**71,404**
TOTAL ASSETS		**10,962,853**	**188,665**	**11,717,059**	**147,189**

thousands of euro

	Notes	30.06.2023	of which related parties	31.12.2022	of which related parties
EQUITY					
Equity attributable to the owners of the parent					
Share capital		1,300,931		1,300,931	
Reserves and Retained Earnings		1,321,131		1,218,137	
profit for the period/year		142,932		226,017	
Total equity attributable to the owners of the parent		**2,764,994**		**2,745,085**	
Equity attributable to non-controlling interests		424,044		446,069	
TOTAL EQUITY	**(20)**	**3,189,038**		**3,191,154**	
LIABILITIES					
Non-current financial liabilities	(21)	4,233,991		4,266,014	
Employee benefits	(22)	90,226		90,948	
Provisions for risks and charges	(23)	397,954		404,781	
Deferred tax liabilities	(24)	149,423		142,221	
Sundry liabilities and other non-current liabilities	(25)	553,456	1	505,131	149
Total non-current liabilities		**5,425,050**	**1**	**5,409,095**	**149**
Current financial liabilities	(26)	283,485	15,873	294,575	9,745
Trade payables	(27)	1,423,228	36,916	2,279,400	38,333
Current liabilities from contracts with customers	(28)	21,452		39,209	
Sundry liabilities and other current liabilities	(29)	352,158	12,042	261,131	
Current tax liabilities	(30)	60,710		34,969	
Provisions for risks and charges - current portion	(31)	207,732		207,526	
Liabilities directly associated with assets held for sale	(32)	-		-	
Total current liabilities		**2,348,765**	**64,831**	**3,116,810**	**48,078**
TOTAL LIABILITIES		**7,773,815**	**64,832**	**8,525,905**	**48,227**
TOTAL EQUITY AND LIABILITIES		**10,962,853**	**64,832**	**11,717,059**	**48,227**

INCOME STATEMENT

thousands of euro

	Notes	First half of 2023	of which related parties	First half of 2022 Restated	of which related parties
Revenue					
Revenue from goods and services	(33)	3,103,488	150,494	3,650,475	163,365
Other income	(34)	110,899	1,558	61,138	4,076
Total revenue		**3,214,387**	**152,052**	**3,711,613**	**167,441**
Operating expenses					
Raw materials, consumables, supplies and goods	(35)	(1,535,930)	(998)	(2,134,848)	(2,119)
Services and use of third-party assets	(36)	(756,658)	(28,231)	(728,639)	(21,304)
Other operating expenses	(37)	(51,446)	(4,670)	(49,246)	(4,903)
Capitalised costs for internal works	(38)	28,666		21,649	
Personnel expense	(39)	(292,561)		(257,798)	
Total operating expenses		**(2,607,929)**	**(33,899)**	**(3,148,882)**	**(28,326)**
GROSS OPERATING PROFIT		**606,458**		**562,731**	
Depreciation, amortisation, provisions and impairment losses					
Depreciation and amortisation	(40)	(286,848)		(252,874)	
Impairment losses on loans and receivables	(41)	(35,819)		(35,644)	
Other provisions and impairment losses	(41)	(35,516)		7,414	
Total depreciation, amortisation, provisions and impairment losses		**(358,183)**		**(281,104)**	
OPERATING PROFIT		**248,275**		**281,627**	
Financial income and expense	**(42)**				
Financial income		14,001	120	5,764	165
Financial expense		(54,413)	(27)	(37,465)	(20)
Net financial expense		**(40,412)**	**93**	**(31,701)**	**145**
Gains on equity investments	(43)	4,110		5,046	
Share of profit of equity-accounted investees, net of tax effects	(44)	1,993		5,625	
Pre-tax profit		**213,966**		**260,597**	
Income taxes	(45)	(55,914)		(104,062)	
- of which non-recurring				*(30,479)*	
Profit from continuing operations		**158,052**		**156,535**	
Profit (loss) from discontinued operations	(46)	-		-	
Profit for the period		**158,052**		**156,535**	
attributable to:					
- the owners of the parent		142,932		137,237	
- non-controlling interests	(47)	15,120		19,298	
Earnings per ordinary and savings share	**(48)**				
- basic (euro)		0.11		0.11	
- diluted (euro)		0.11		0.11	

The comparative data for H1 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. Please refer to section IV. Business Combinations for more information.

STATEMENT OF COMPREHENSIVE INCOME

thousands of euro

		First half of 2023	First half of 2022 Restated
Profit/(loss) for the period – owners of the parent and non-controlling interests (A)		**158,052**	**156,535**
Other comprehensive income that will be subsequently reclassified to profit or loss			
- effective portion of fair value gains on cash flow hedges		24,529	(12,354)
- fair value gains/(losses) on financial assets		-	-
- share of other gains/(losses) of equity-accounted investees		2,756	-
- change in translation reserve		(374)	1,331
Tax effect		(6,813)	5,361
Other comprehensive income to be subsequently reclassified to profit or loss net of tax effect (B1)	**(49)**	**20,098**	**(5,662)**
Other comprehensive income that will not be subsequently reclassified to profit or loss			
- actuarial gains/(losses) on defined benefit plans (IAS 19)		-	
- share of other gains/(losses) of equity-accounted investees related to defined benefit plans (IAS 19)		-	
Tax effect		-	
Other comprehensive income (expense) not to be subsequently reclassified to profit or loss net of tax effect (B2)	**(49)**	**-**	**-**
Comprehensive income (A)+(B1)+(B2)		**178,150**	**150,873**
attributable to:			
- the owners of the parent		163,213	129,042
- non-controlling interests		14,937	21,831

The comparative data for H1 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. Please refer to section IV. Business Combinations for more information.

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2021 Restated	**1,300,931**	**133,019**	**87,216**
Owner transactions			
Dividends			
Retained earnings			10,943
Repurchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Total owner transactions	**-**	**-**	**10,943**
Comprehensive income for the period			
Profit for the period			
Other comprehensive income			
Total comprehensive income for the period	-	-	-
30/06/2022 Restated	**1,300,931**	**133,019**	**98,159**
31/12/2022	**1,300,931**	**133,019**	**98,159**
Owner transactions			
Dividends			
Retained earnings			12,934
Repurchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Total owner transactions	**-**	**-**	**12,934**
Comprehensive income for the period			
Profit for the period			
Other comprehensive income			
Total comprehensive income for the period	-	-	-
30/06/2023	**1,300,931**	**133,019**	**111,093**

The comparative data at 30 June 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Energy Solutions, Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. Please refer to section IV. Business Combinations for more information.

thousands of euro

Hedging reserve	Other reserves and Retained earnings	Total reserves and Retained earnings	Profit for the period	Total equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
(14,465)	**760,742**	**966,512**	**303,172**	**2,570,615**	**379,976**	**2,950,591**
		-	(134,723)	(134,723)	(29,987)	(164,710)
	157,506	168,449	(168,449)	-		-
	-	-		-		-
	-	-		-	8,646	8,646
	(1,265)	(1,265)		(1,265)	(118)	(1,383)
	(10,816)	(10,816)		(10,816)	776	(10,040)
-	**145,425**	**156,368**	**(303,172)**	**(146,804)**	**(20,683)**	**(167,487)**
			137,237	137,237	19,298	156,535
(9,526)	1,331	(8,195)		(8,195)	2,533	(5,662)
(9,526)	**1,331**	**(8,195)**	**137,237**	**129,042**	**21,831**	**150,873**
(23,991)	**907,498**	**1,114,685**	**137,237**	**2,552,853**	**381,124**	**2,933,977**
62,642	**924,317**	**1,218,137**	**226,017**	**2,745,085**	**446,069**	**3,191,154**
			(141,138)	(141,138)	(42,260)	(183,398)
	71,945	84,879	(84,879)	-		-
	-	-		-		-
		-		-	4,788	4,788
	(1,402)	(1,402)		(1,402)	534	(868)
	(764)	(764)		(764)	(24)	(788)
-	**69,779**	**82,713**	**(226,017)**	**(143,304)**	**(36,962)**	**(180,266)**
			142,932	142,932	15,120	158,052
20,655	(374)	20,281		20,281	(183)	20,098
20,655	**(374)**	**20,281**	**142,932**	**163,213**	**14,937**	**178,150**
83,297	**993,722**	**1,321,131**	**142,932**	**2,764,994**	**424,044**	**3,189,038**

STATEMENT OF CASH FLOWS

	First half of 2023	First half of 2022 Restated
		thousands of euro
A. Opening cash and cash equivalents	**788,402**	**606,888**
Cash flows from operating activities		
Profit for the period	158,052	156,535
Adjustments:		
Income taxes for the period	55,914	104,062
Share of profit (loss) of associates and joint ventures	(1,993)	(5,625)
Net financial expense	40,412	31,701
Amortisation and depreciation	286,848	252,874
Net impairment losses (reversals of impairment losses) on assets	(4,110)	(4,158)
Impairment losses on loans and receivables	35,819	35,644
Net provisions for risks and other charges	168,892	64,128
Capital (gains) losses	(611)	396
Payment of employee benefits	(4,112)	(4,879)
Utilisations of provisions for risks and other charges	(166,305)	(24,691)
Change in other non-current assets	3,930	(2,199)
Change in other payables and other non-current liabilities	4,952	3,742
Taxes paid	-	(128,708)
Cash flows for transactions on commodities derivatives markets	(17,471)	(30,850)
Other changes in equity	(373)	265
Change in inventories	65,551	(78,971)
Change in assets from contracts with customers	(26,995)	(105,273)
Change in trade receivables	312,348	(24,284)
Change in current tax assets and other current assets	(62,337)	35,298
Change in trade payables	(866,359)	8,772
Change in liabilities from contracts with customers	(17,757)	(12,371)
Change in current tax liabilities and other current liabilities	68,367	22,487
B. Net cash and cash equivalents generated by operating activities	**32,662**	**293,895**
Cash flows from/(used in) investing activities		
Investments in property, plant and equipment and intangible assets	(355,794)	(337,795)
Investments in financial assets	(426)	(39,892)
Investment realisation	18,280	659
Acquisition of subsidiaries net of cash acquired	(24,578)	(198,403)
Dividends received	1,610	1,705
C. Net cash and cash equivalents used in investing activities	**(360,908)**	**(573,726)**
Cash flows from/(used in) financing activities		
Dividends paid	(176,300)	(24,797)
Purchase of shareholdings in consolidated companies	(868)	-
New non-current loans	5,000	150,000
Repayment of non-current loans	(58,080)	(19,561)
Repayment of lease liabilities	(8,509)	(5,563)
Change in other financial liabilities	87,697	6,512
Change in loan assets	(65,791)	58,808
Interest paid	(35,212)	(16,754)
Interest received	1,939	1,242
D. Net cash and cash equivalents generated by (used in) financing activities	**(250,124)**	**149,887**
E. Cash flow for the period (B+C+D)	**(578,370)**	**(129,944)**
F. Closing cash and cash equivalents (A+E)	**210,032**	**476,944**

The comparative data for H1 2022 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Iren Green Generation, Alegas and Valle Dora Energia, which took place in 2022. Please refer to section IV. Business Combinations for more information.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Iren S.p.A. is an Italian multi-utility company, listed on the Italian Stock Exchange (Borsa Italiana) and established on 1 July 2010 through the merger of IRIDE and ENÌA. The Parent's registered office is in Italy, in Reggio Emilia, Via Nubi di Magellano 30. There were no changes in the company name during 2023.

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

The operating segments in which the Group operates are:
- 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, Energy efficiency services)
- Market (Sale of electricity, gas, heat)
- Other services (Laboratories, Telecommunications and other minor services).

Section XII, Segment reporting, includes the information required by IFRS 8.

The group's condensed interim consolidated financial statements include the financial statements of the Parent and of its subsidiaries, (collectively referred to as the "Group" and, individually, as "Group companies") and the Group's equity interest in jointly-controlled companies and in associates, measured using the equity method. The financial statements of the fully consolidated companies are prepared at the end of the reporting period.

I. BASIS OF PRESENTATION

The Condensed Interim Consolidated Financial Statements of Iren Group as at 30 June 2023 have been prepared pursuant to article 154-ter, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, as amended by Legislative Decree no. 195 of 6 November 2007.

The Condensed Interim Consolidated Financial Statements at 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005. The "IFRS" also include 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 particular, these condensed interim consolidated financial statements, having been prepared in accordance with IAS 34 – Interim Financial Statements, do not include all the information required by the annual financial statements and must be read together with the annual financial statements prepared for the year ending 31 December 2022 and available at the Company's registered office, Borsa Italiana S.p.A. and on the website www.gruppoiren.it.

The accounting standards applied in the preparation of the condensed interim consolidated financial statements are the same as those adopted for the preparation of the previous year's financial statements, to which reference should be made for a discussion of them, with the exception of the standards and interpretations adopted for the first time as from 1 January 2023 and illustrated in the following section "Accounting standards, amendments and interpretations applied as from 1 January 2023".
The consolidated financial statements are drawn up on the basis of the historical cost principle, with the exception of certain financial instruments measured at fair value and potential fees deriving from a business

combination (i.e. put options to non-controlling shareholders), which are measured at fair value, as well as on the going concern assumption. The Group did not detect any particular risks connected with the Company's business and/or any uncertainties that might cast doubt on its ability to continue as a going concern.

These Condensed Interim Consolidated Financial Statements are stated in euro, the parent's functional currency. All amounts expressed in euro are rounded to the nearest thousand in these consolidated financial statements. Due to rounding, there could be cases in which the detailed tables contained in this document show a difference of around one thousand euro. It is believed that these cases do not alter the reliability and informative value of these financial statements.

Financial statement formats

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

In line with what was previously published, in the statement of financial position, assets and liabilities are classified as "current/non-current". Assets and liabilities classified as discontinued or held for sale are shown separately. Current assets, which include cash and cash equivalents, are those that will be realised, transferred or consumed during the Group's ordinary operating cycle or during the twelve months following the end of the year. 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, the Income Statement also shows the interim total of Gross Operating Profit obtained by deducting total operating expenses 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.

Publication of the consolidated Financial Statements

The Condensed Interim Consolidated Financial Statements were authorised for publication by Iren S.p.A.'s Board of Directors at its meeting of 27 July 2023.

Use of estimates and assumptions by management

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

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

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

In accordance with IAS 36, during the first half of 2023, the Group verified the non-existence of specific impairment triggers with particular reference to goodwill. Furthermore, no indicators of impairment emerged in respect of participations and assets.

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

Seasonality

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

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2023

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

IFRS 17–- Insurance contracts
In May 2017, the IASB published IFRS 17 Insurance Contracts, which replaces IFRS 4, issued in 2004. The standard aims to improve investor understanding of insurers' risk exposure, profitability and financial position by requiring that all insurance contracts be accounted for consistently by overcoming the comparison problems created by IFRS 4.
This standard had no significant impact on the Group's economic and financial results and related financial reporting.

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

Amendments to IAS 12 Income Taxes: Deferred taxes on assets and liabilities arising from a single transaction
Changes to this standard require recognition of deferred tax assets and liabilities for transactions that, at the time of initial recognition, give rise to taxable and deductible temporary differences of the same amount (e.g. leases and decommissioning obligations).

II. BASIS OF CONSOLIDATION

The consolidation scope includes subsidiaries, joint ventures and associates.

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

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

The financial statements of subsidiaries are consolidated beginning on the date when control is acquired until the time when control ceases.
Equity and the profit/loss attributable to non-controlling interests are identified separately in the consolidated statement of financial position and income statement.
Subsidiaries are consolidated on a line-by-line basis with the elimination of intra-group transactions and unrealised income and expenses.
Furthermore: a) all changes in the equity interest that do not constitute a loss of control are treated as equity transactions and, therefore, have a balancing entry in net equity; b) when a parent transfers control to an investee, but retains an interest in the company, it measures the retained equity investment at fair value and recognises any gains or losses deriving from loss of control in profit or loss.

Joint ventures
These are companies over which the Group has joint control, in virtue of contractual agreements. Joint control, as defined by IFRS 11 – *Joint Arrangements, is the "contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control".*
With reference to entities jointly owned by mixed public and private companies, given the objective possibility for the public shareholder to influence the company not only by means of governance agreements, but also because of its nature as public entity, the existence of joint control is ascertained on the basis of contractual

agreements, assessing the actual possibility for the private partner to jointly control strategic decisions regarding the joint venture.
Joint arrangements are divided into 2 types:

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

Associates (accounted for using the equity method)
An associate is a company over which the Group has significant influence, but not control or joint control over its financial and operating policies. The consolidated financial statements include the Group's share of the associates' profit or loss recognised using the equity method from the date that significant influence commences until the date that significant influence ceases.
Equity investments valued at equity are accounted for an amount equal to the corresponding portion of equity resulting from the latest available financial statements, adjusted to take into account the differences between the price paid and equity at the date of purchase and for any intra-group transactions, if significant.
The investor's share of profit or loss arising from application of the equity method is recognised as a "Share of profit or loss of equity-accounted associates and joint ventures", while the share of other comprehensive income is recognised in the statement of comprehensive income.
The difference between the purchase cost and the portion of the fair value, attributable to the owners of the Parent, of the identifiable current and contingent assets and liabilities of the associate or joint venture at the acquisition date, is recognised as goodwill, included in the carrying amount of the investment, and tested for impairment.
The risk deriving from losses which exceed the investor's share of equity is provided for in provisions for risks to the extent that the company has a legal or constructive obligation with the investee or is committed to covering its losses.

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

Business combinations
The Group accounts for business combinations by applying the acquisition method when the set of assets and property acquired meets the definition of a business and the Group obtains control. In determining whether a particular group of activities and assets constitutes a business, the Group assesses whether that group includes, at a minimum, a substantial input and process and whether it has the capacity to create output.
The Group has the option to carry out a "concentration test", which enables it to ascertain through a simplified procedure that the acquired set of activities and assets is not a business. The optional concentration test is positive if almost all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of identifiable assets with similar characteristics.
The consideration transferred and the net identifiable assets acquired are usually recognised at fair value. The carrying amount of any goodwill that arises is tested annually for impairment. Any gain from a bargain purchase is recognised immediately in the Income Statement under Gains (losses) on equity investments, while costs related to the combination, other than those related to the issuance of debt or equity instruments, are recognised as an expense in profit/(loss) for the year when incurred.

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

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

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

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

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

III. CONSOLIDATION SCOPE

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

Parent:
Iren S.p.A.

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

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

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

3) Iren Mercato and its subsidiaries:
    - Alegas
    - Minerva and its subsidiary
        - ATENA Trading
    - Salerno Energia Vendite

4) IRETI and its subsidiaries:
    - ACAM Acque
    - Acquaenna;
    - Amter
    - ASM Vercelli
    - Consorzio GPO
    - Iren Laboratori
    - Iren Acqua and its subsidiary:
        - Iren Acqua Tigullio
    - IRETI Gas and its subsidiary:
        - Romeo 2
    - Nord Ovest Servizi

The change in the consolidation scope in the first half of 2023 is due to the acquisition of control of Romeo 2, Amter, Acquaenna, Remat and Limes 20. Further details on these transactions are provided in section IV below. Business combinations

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

Moreover, on 1 January 2023, certain mergers became effective, which, while not involving changes in the consolidation scope, resulted in a streamlining of the Group’s ownership structure:
- the merger of the companies Palo Energia, Piano Energia, Traversa Energia and Solleone Energia into Iren Green Generation Tech;
- the merger of Società dell’Acqua Potabile (SAP) into IRETI.

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

IV. BUSINESS COMBINATIONS

BUSINESS COMBINATIONS IN THE FIRST HALF OF 2023

Business combinations provisionally recognised

The business combinations carried out by the Group during the first half of 2023 involved the acquisition of control of the companies Romeo 2, Amter, Acquaenna and Remat.
For these transactions, the Group incurred costs for legal and notary fees of 284 thousand euro and due diligence costs of 54 thousand euro. These costs were included in the income statement items “Legal and notary fees” and “Technical, administrative, commercial and advertising costs”, respectively.

Romeo 2
As part of the rationalisation of some natural gas distribution assets, linked to the sale of the investee company Romeo Gas to the Ascopiave group, on 1 February 2023, the Group finalised the purchase of control of Romeo 2 and a business unit of the company, for a consideration of 19,760 thousand euro:

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

In the 5-month period ended 30 June 2023, the acquired businesses generated revenue of 972 thousand euro and a profit of 108 thousand euro. Management believes that if the acquisition had occurred on 1 January 2023, the impact on consolidated revenue would have amounted to 1,166 thousand euro and on consolidated profit for the period would have amounted to a profit of 130 thousand euro. In calculating the above amounts, Company Management assumed that the fair value adjustments provisionally determined at the acquisition date would have been the same even if the acquisition had occurred on 1 January 2023.

Amter
On 28 March 2023, IRETI finalised the acquisition of 51% of Amter S.p.A., held by the municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione (Province of Genoa). The remaining 49% of the company is already owned by the subsidiary Iren Acqua. The total consideration transferred amounted to 4,820 thousand euro.
Amter manages the water cycle in the western area of the province of Genoa with a 300 km drinking water network and a 140 km sewerage network, as well as the district wastewater treatment plant in Rossiglione. With this operation, IRETI anticipates its entry into the management of the water service in the municipalities of Campo Ligure, Cogoleto, Masone, Mele, and Rossiglione with respect to the deadlines set by the Agreement safeguarded between Amter and them, thus accelerating synergies and sustainability performance in these territories.
In the 3-month period ended 30 June 2023, the subsidiary generated revenue of 1,239 thousand euro and a profit of 19 thousand euro. Management believes that if the acquisition had occurred on 1 January 2023, the impact on consolidated revenue would have amounted to 2,470 thousand euro and the impact on the consolidated profit for the period would have amounted to a loss of 15 thousand euro. In calculating the above amounts, Company Management assumed that the fair value adjustments provisionally determined at the acquisition date would have been the same even if the acquisition had occurred on 1 January 2023.

Acquaenna
On 31 May 2023, IRETI, through the acquisition from its shareholder COGEN of a 2.367% stake in the share capital, completed the acquisition of control of the company Acquaenna, in which it already held 48.5%, bringing its investment to 50.867%. The total consideration transferred amounted to 8,338 thousand euro.

Acquaenna, has managed the water service in all the municipalities of the Province of Enna since 2004 following the award of a tender procedure that ensured the entrusting of the service to the company set up for this purpose, until 2034. With reference to these territories, the company serves a total of approximately 177 thousand inhabitants.
In the 1-month period ended 30 June 2023, the subsidiary generated revenue of 2,120 thousand euro and a profit of 428 thousand euro. Management believes that if the acquisition had occurred on 1 January 2023, the impact on consolidated revenue would have amounted to 14,877 thousand euro and the impact on the consolidated profit for the period would have amounted to a profit of 131 thousand euro. In calculating the above amounts, Company Management assumed that the fair value adjustments provisionally determined at the acquisition date would have been the same even if the acquisition had occurred on 1 January 2023.

Remat
On 13 June 2023, Iren Ambiente S.p.A. finalised the acquisition, partly through a capital increase and partly through the purchase of shares, of the majority of the share capital of Re Mat S.r.l., a start-up active in the recovery of polyurethane foam (in particular from mattresses, seat padding and furniture), in which Iren Ambiente S.p.A. already owned a non-controlling share of 9.09%. The new corporate structure sees Iren Ambiente owning 88.43% of Re Mat's share capital with a total consideration transferred of 1,910 thousand euro.

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

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

Thousands of euro

	Romeo 2 and Gas Branch	Amter	AcquaEnna	ReMat
Consideration transferred				
Cash and cash equivalents	19,760	2,610	579	1,850
Equity instruments				
Fair value of interest held before acquisition of control	-	2,210	7,759	60
Fair value of the price at the acquisition date	**19,760**	**4,820**	**8,338**	**1,910**
Provisional fair value of net identifiable assets				
Property, plant and equipment	67	1,324	465	1,890
Intangible assets with a finite useful life	16,077	8,131	65,098	80
Non-current contract assets	-	333	-	-
Non-current trade receivables	-	107	1,867	5
Other non-current assets	-	264	-	16
Deferred tax assets	-	684	-	250
Inventories	76	-	510	133
Trade receivables	325	4,715	34,778	836
Current tax assets	-	164	-	1
Sundry assets and other current assets	-	417	5,124	652
Current financial assets	-	-	1,316	(1,109)
Cash and cash equivalents	-	490	2,518	1,252
Non-current financial liabilities	-	-	(22,237)	(1,254)

Employee benefits	(320)	(268)	(1,362)	(31)
Provisions for risks and charges	-	(604)	(470)	-
Deferred tax liabilities	-	-	(316)	-
Sundry liabilities and other non-current liabilities	-	(2,034)	(41,335)	(4)
Current financial liabilities	-	-	(11,968)	-
Trade payables	(264)	(11,723)	(6,874)	(1,386)
Contract liabilities	-	-	-	-
Sundry liabilities and other current liabilities	(276)	-	(16,082)	(835)
Current tax liabilities	-	(417)	(113)	-
Total fair value of net identifiable assets	**15,685**	**1,583**	**10,919**	**496**
Non-controlling interests in net identifiable assets	-	634	(5,365)	(57)
Provisional goodwill/(badwill)	**4,075**	**2,603**	**2,784**	**1,471**

With regard to Amter, trade receivables include gross contractual amounts of 5,351 thousand euro, of which 636 thousand euro considered non-collectable at the date of acquisition. For Acquaenna, trade receivables include gross contractual amounts of 39,118 thousand euro, of which 4,340 thousand euro deemed non-collectable at the acquisition date, while for Re Mat, trade receivables include gross contractual amounts of 1,279 thousand euro, of which 443 thousand euro deemed non-collectable at the acquisition date.
If new information obtained within one year of the acquisition date relating to facts and circumstances as of the acquisition date results in adjustments to the amounts shown or any additional allowances as of the acquisition date, the accounting for the acquisition will be revised.

OTHER CHANGES IN THE CONSOLIDATION SCOPE IN THE FIRST HALF OF 2023

During the first half of 2023, the Group acquired control of the special purpose entity Limes 20.
This acquisition does not have the characteristics to be defined as a business and is therefore excluded from the scope of IFRS 3–- *Business Combinations*.
As of the date of acquisition, the company was in fact substantially in possession, at the planning stage, of the authorisations for the forthcoming construction of photovoltaic plants in Sicily. Consequently, this transaction represents an acquisition of individual assets/liabilities.
The consideration transferred amounted to 5,395 thousand euro, the carrying amount of the individual assets/liabilities acquired amounted to 1,873 thousand euro, and the value of the assets to which the price difference was attributed amounted to 3,522 thousand euro.
The excess consideration transferred represents, net of the related tax effect, the value of the authorisations held by the acquired entity.

RESTATEMENT OF VALUES AS AT 30 JUNE 2022

During the first half of 2022, the Group had acquired control of the companies Iren Green Generation (formerly Puglia Holding), Iren Green Generation Tech (formerly ASI Troia FV1), Palo Energia, Piano Energia, Solleone Energia, Traversa Energia, Alegas and Valle Dora Energia. For said acquisitions, the final fair value of the identifiable assets acquired and liabilities assumed was determined in the fourth quarter of FY 2022, reflecting the best knowledge gained in the interim. In the condensed interim consolidated financial statements at 30 June 2022, they had therefore been recorded on a provisional basis as permitted by IFRS 3.
In accordance with the provisions of the standard, the update of the fair value occurred with effect from the date of acquisition and, therefore, all changes were made to the financial position of the company acquired at that date. The resulting balances in the consolidated financial statements at 30 June 2022 have been restated to reflect the new amounts.
Moreover, in order to improve the representation of the operations and obligations related to the Emission Trading Scheme (ETS), starting from the end of the year 2022, the Group decided to change its accounting treatment from the so-called ‘gross method’ to the so-called ‘net method’. This change only had an impact on the presentation of cash flows in the first half of 2022.

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

thousands of euro

	First half of 2022 Published	IFRS 3 accounting effect			First half of 2022 Restated
		Iren Green Generation Group	Alegas	Valle Dora Energia	
Revenue					
Revenue from goods and services	3,650,475				3,650,475
Other income	61,138				61,138
Total revenue	**3,711,613**	-	-	-	**3,711,613**
Operating expenses					
Raw materials, consumables, supplies and goods	(2,134,848)				(2,134,848)
Services and use of third-party assets	(728,639)				(728,639)
Other operating expenses	(49,246)				(49,246)
Capitalised costs for internal works	21,649				21,649
Personnel expense	(257,798)				(257,798)
Total operating expenses	**(3,148,882)**	-	-	-	**(3,148,882)**
GROSS OPERATING PROFIT	**562,731**	-	-	-	**562,731**
Depreciation, amortisation, provisions and impairment losses					
Depreciation and amortisation	(251,585)	(1,122)	(131)	(36)	(252,874)
Impairment losses on loans and receivables	(35,644)				(35,644)
Other provisions and impairment losses	7,414				7,414
Total depreciation, amortisation, provisions and impairment losses	**(279,815)**	**(1,122)**	**(131)**	**(36)**	**(281,104)**
OPERATING PROFIT	**282,916**	**(1,122)**	**(131)**	**(36)**	**281,627**
Financial income and expense					
Financial income	5,764				5,764
Financial expense	(37,465)				(37,465)
Net financial expense	**(31,701)**	-	-	-	**(31,701)**
Gains (losses) on equity investments	(13)			5,059	5,046
Share of profit of equity-accounted investees, net of tax effects	5,863			(238)	5,625
Pre-tax profit (loss)	**257,065**	**(1,122)**	**(131)**	**4,785**	**260,597**
Income taxes	(104,424)	316	36	10	(104,062)
- of which non-recurring	*(30,479)*				*(30,479)*
Profit (loss) from continuing operations	**152,641**	**(806)**	**(95)**	**4,795**	**156,535**
Profit (loss) from discontinued operations	-				-
Profit (loss) for the period	**152,641**	**(806)**	**(95)**	**4,795**	**156,535**
attributable to:					
- the owners of the parent	133,318	(806)	(76)	4,801	137,237
- non-controlling interests	19,323		(19)	(6)	19,298
Earnings per ordinary and savings share					
- basic (euro)	0.10	0.00	0.00	0.00	0.11
- diluted (euro)	0.10	0.00	0.00	0.00	0.11

thousands of euro

	First half of 2022 Published	IFRS 3 accounting effect			IAS8 – ETS	First half of 2022 Restated
		Iren Green Generation Group	Alegas	Valle Dora Energia		
A. Opening cash and cash equivalents	**606,888**					**606,888**
Cash flows from operating activities						
Profit for the period	152,641	(806)	(95)	4,795		156,535
Adjustments:						-
Income taxes for the period	104,424	(316)	(36)	(10)		104,062
Share of profit (loss) of associates and joint ventures	(5,863)	-	-	238		(5,625)
Net financial expense	31,701					31,701
Amortisation and depreciation	251,585	1,122	131	36		252,874
Net impairment losses (reversals of impairment losses) on assets	901	-	-	(5,059)		(4,158)
Impairment losses on loans and receivables	35,644					35,644
Net provisions for risks and other charges	106,250				(42,122)	64,128
Net capital losses	396					396
Payment of employee benefits	(4,879)					(4,879)
Utilisations of provisions for risks and other charges	(24,175)				(516)	(24,691)
Change in other non-current assets	(2,199)					(2,199)
Change in other payables and other non-current liabilities	3,742					3,742
Taxes paid	(128,708)					(128,708)
ETS Purchase	(42,638)				42,638	-
Cash flows for transactions on commodities derivatives markets	(30,850)					(30,850)
Other changes in equity	265					265
Change in inventories	(78,971)					(78,971)
Change in contract assets	(105,273)					(105,273)
Change in trade receivables	(24,284)					(24,284)
Change in current tax assets and other current assets	35,298					35,298
Change in trade payables	8,772					8,772
Change in liabilities from contracts with customers	(12,371)					(12,371)
Change in current tax liabilities and other current liabilities	22,487					22,487
B. Net cash and cash equivalents generated by operating activities	**293,895**	**-**	**-**	**-**	**-**	**293,895**
Cash flows from/(used in) investing activities						
Investments in property, plant and equipment and intangible assets	(337,795)					(337,795)
Investments in financial assets	(39,892)					(39,892)
Sale of investments	659					659
Acquisition of subsidiaries net of cash acquired	(198,403)					(198,403)
Dividends received	1,705					1,705
C. Net cash and cash equivalents used in investing activities	**(573,726)**	**-**	**-**	**-**	**-**	**(573,726)**
Cash flows from/(used in) financing activities						
Capital increase	-					-
Repurchase of treasury shares	-					-

Dividends paid	(24,797)					(24,797)
Acquisition of investments in consolidated companies	-					-
New non-current loans	150,000					150,000
Repayment of non-current loans	(19,561)					(19,561)
Repayment of lease liabilities for leasing	(5,563)					(5,563)
Change in other financial liabilities	6,512					6,512
Change in loan assets	58,808					58,808
Interest paid	(16,754)					(16,754)
Interest received	1,242					1,242
D. Net cash and cash equivalents generated by financing activities	**149,887**	**-**	**-**	**-**	**-**	**149,887**
E. Cash flow for the period (B+C+D)	**(129,944)**	**-**	**-**	**-**	**-**	**(129,944)**
F. Closing cash and cash equivalents (A+E)	**476,944**	**-**	**-**	**-**	**-**	**476,944**

V. GROUP FINANCIAL RISK MANAGEMENT

A summary of the risk management and control methods is shown below with respect to financial instruments (liquidity risk, foreign exchange risk, interest rate risk, credit risk) and commodity price risk related to fluctuations in the prices of energy commodities.

1. FINANCIAL RISKS

Iren Group's business is exposed to various types of financial risks, including: liquidity risk, currency risk and interest rate risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit currency risk and interest rate risk.

a) Liquidity risk

Liquidity risk is the risk that financial resources available to the Group will be insufficient to cover financial and trade commitments in accordance with the agreed terms and deadlines. The procurement of financial resources has been centralised in order to optimise their use. In particular, centralised management of cash flows in Iren makes it possible to allocate the funds available at the Group level according to the needs that from time to time arise among the individual Companies. Cash movements are recognised in intra-group accounts along with intra-group interest income and expense. A number of investees have an independent financial management structure in compliance with the guidelines provided by the parent.

The financial position, both current and forecast, and the availability of adequate credit facilities are constantly monitored, and no critical points have emerged regarding the coverage of short-term financial commitments. At the end of the period, short-term bank credit facilities used by the Parent were nil.

In addition, having assessed the convenience and advisability from time to time in the context of optimising available financial resources, the Group undertakes transactions for the non-recourse assignment of trade receivables, receivables arising from the maturity of energy securities and tax receivables, benefiting from the liquidity advance arising therefrom.

In this context, to support the liquidity profile of the Group and the rating level, Iren has medium/long-term credit lines agreed and available but not used for 440 million euro, which are added to current liquid assets.

The nominal cash flows expected for the repayment of financial liabilities to lenders and the contractual terms of existing loans are substantially unchanged from those reported in the Notes to the Consolidated Financial Statements at 31 December 2022 in "a) Liquidity Risk" of the "Group Financial Risk Management" section. Similarly, with regard to the liabilities relating to the application of IFRS 16 on leases, the expected cash flows shown in the situation at 31 December 2022 remain basically unchanged by shifting the analysis to the date of this document.

Cash flows required to settle other financial liabilities, other than those to lenders and those related to the application of IFRS 16 about leases, do not differ significantly from the recognised carrying amount.

Iren has relationships with the leading Italian and international banks, for the purpose of searching for the types of loans most suited to its needs, and the best market conditions.

Details of the activities performed in this area and of the individual transactions are shown in the financial management section of the Directors' Report.

Financial debt from loans at the end of the period consisted of 30% loans and 70% bonds. Furthermore, 71% of the outstanding debt for mortgages is contracted at a fixed rate and 29% at a floating rate.

With regard to the liquidity risk potentially deriving from contractual clauses allowing counterparties to withdraw financing should certain events occur (default risk and covenants), it is noted that the clauses in Iren's loan agreements are complied with. Specifically, for certain medium/long-term loan agreements Iren is committed to observing financial covenants (such as Debt/EBITDA, EBITDA/borrowing costs) verified on a yearly basis. Moreover, other covenants have been provided for the Change of Control clause, which states that Iren Group should be kept under the direct and indirect control of public shareholders. In addition, Negative Pledge clauses exist whereby the company undertakes not to grant collateral beyond a specific limit, and the *Pari Passu* clause, which reserves an equal treatment for lending banks with respect to the treatment related to other unsecured creditors. The medium/long-term loan agreements of certain companies which contribute to the Group's Net Financial Debt, specifically the Project Finance contract with TRM, envisage the observance of financial indices which have been satisfied.

b) Currency risk
Except as indicated in the section on energy risk, Iren Group is not significantly exposed to currency risk.

c) Interest rate risk
Iren Group is exposed to interest rate fluctuations especially with regard to borrowing costs. Iren Group's strategy is to limit exposure to the risk of interest rate volatility, maintaining at the same time a low cost of funding.
From a non-speculative view, the risks associated with the increase in interest rates are monitored and, if necessary, reduced or eliminated by swap and collar contracts with financial high credit standing counterparties, for the sole purpose of hedging. At the end of the period, all the contracts entered into meet the requisite of limiting the exposure to the risk of oscillation of interest rates and they also meet the formal requirements for the application of hedge accounting.

The fair value of the aforementioned interest rate hedging contracts as at 30 June 2023 relates to the position of the parent (positive 58,688 thousand euro) and TRM (negative 6,973 thousand euro).
The hedging contracts entered into, together with fixed-rate loans, hedge 95% of loans against interest rate risk, in line with Iren Group's target of maintaining adequate protection against significant increases in the interest rate.

In order to provide a complete understanding of the risks of interest rate fluctuations to which the Group is subjected annually at December 31, a sensitivity analysis was conducted of net financial expenses and valuation items of derivative financial contracts as a result of interest rate fluctuations.

2. CREDIT RISK

The Group's credit risk is mainly related to trade receivables deriving from the sale of electricity, district heating, gas and the provision of energy, water and waste management services. The receivables are spread across a large number of counterparties, belonging to non-uniform customer categories (retail and business customers and public bodies); some exposures are of a high amount and are constantly monitored. Iren Group's Credit Management units devoted to credit recovery are responsible for this activity.

In carrying on its business, the Group is exposed to the risk that assets may not be honoured on maturity with a consequent increase in their age and in insolvency up to an increase in assets subject to arrangement procedures or unenforceable. Among other factors, this risk is also affected by the economic and financial situation, which in 2022, led to a particularly significant increase in prices for end customers of gas, electricity and district heating.
To limit exposure to credit risk, a number of tools are used. These include analysing the solvency of customers at the acquisition stage through careful assessment of their creditworthiness, transferring the receivables of discontinued and/or active customers to external credit recovery companies and introducing new recovery methods for managing legal disputes. In addition, numerous payment methods are offered to customers through channels, including digital channels, and appropriately monitored payment plans are proposed.
In addition, the revolving assignment of trade receivables relating to invoices of non-domiciled retail customers began with Banca Intesa Sanpaolo in June 2023.

The credit management policy and creditworthiness assessment tools, as well as monitoring and recovery activities, are managed through automated processes and integrated with company applications and differ in relation to the various categories of customers and types of service provided.
Credit risk is hedged, for some types of business customers, with opportune forms of first-demand bank or insurance guarantees issued by subjects of leading credit standing and with credit insurance for the reseller customer segment.
An interest-bearing guarantee deposit is required for some types of services (water, natural gas, highly-protected electricity sectors) in compliance with regulations governing these activities. This deposit is reimbursed if the customer uses payment by direct debit from a current account.

The payment terms generally applied to customers are related to the legislation or regulations in force or in line with the standards of the free market; in the event of non-payment, default interest is charged for the amount indicated in the contracts or by the legislation.

The control of credit risks is also strengthened by the monitoring and reporting procedures, in order to identify promptly possible countermeasures. In addition, on a quarterly basis, the Risk Management Department collects and integrates the main data regarding the evolution of the Group companies' trade receivables, in terms of type of customers, status of the contract, business chain and ageing band. The assessment of credit risk is carried out both at the consolidated level and at the level of Business Units and companies. Some of the above assessments are carried out at intervals of less than three months or when there is a specific need.

With reference to Trade Receivables and their breakdown by Business Unit and ageing bracket, please refer to Note 14 "Trade Receivables" in the "Notes to the Statement of financial position".

The loss allowance reflects, carefully and in accordance with the current legislation (applying the IFRS 9 method), the effective credit risks, and is determined on the basis of the extraction from databases of the amounts making up the receivable and, in general, assessing any changes in the said risk compared to the initial measurement and, in particular for trade receivables, estimating the related expected credit losses determined on a prospective basis, taking into due consideration the historical data.

With reference to Trade Receivables, in the related Note 14 to the Statement of Financial Position, the specific loss allowance is reported by operating segment, with mention of the average loss percentages by ageing bracket.

Lastly, there is credit concentration with certain customers in the transactions between the subsidiaries Iren Smart Solutions and AMIAT and the Municipality of Turin. For further details, see in particular "Non-current financial assets" of the Notes to the statement of financial position.

3. ENERGY RISK

Iren Group is exposed to price risk, on the energy commodities traded, these being electricity, natural gas, CO_2 emission quotas, etc., as both purchases and sales are impacted by fluctuations in the price of such commodities directly or through indexing formulae. Currently no exposure to currency risk, typical of oil-based commodities, is present, thanks to the development of the European organised markets that trade the gas commodity in the euro currency and no longer indexed to oil products.
The Group's policy is oriented to a strategy of active management of the positions to stabilise the margin taking the opportunities offered by the markets; it is implemented by aligning the indexing of commodities purchased and sold, through vertical and horizontal use of the various business chains, and operating on the financial markets.
For this purpose, the Group plans the production of its plants and purchases and sales of energy and natural gas, in relation to both volumes and price formulae. The objective is to achieve sufficient margin stability through a policy of indexed purchases and sales that achieves a high degree of natural hedging, with adequate recourse to futures and spot markets.

In addition to normal activity with physical contracts, derivative transactions are in place to hedge the energy portfolio:

- Over the Counter (OTC) on commodities (commodity swaps on TTF, PSV, PFOR and PUN indices) totalling 3.4 TWh. The fair value of these instruments as at 30 June 2023 was positive overall by 18,685 thousand euro (depending on the different positions, of which 84,857 thousand euro of positive fair value included in financial assets and 66,172 thousand euro of negative fair value included in financial liabilities);
- on the regulated platform European Energy Exchange – EEX, on PUN for a total net notional equal to 497 GWh. The Fair Value of these instruments as at 30 June 2023 is positive overall for 19,933 thousand euro, with daily settlement on a specific current account: these instruments are not specifically valued in the financial statements as they are already expressed in terms of "higher/lower" liquidity.

RECOGNITION OF DERIVATIVES

Financial derivatives are measured at fair value, determined on the basis of market values or, if unavailable, according to an internal measurement technique.
In order to recognise derivatives, it is necessary to distinguish between transactions that meet all of the IFRS 9 requirements in order to account for them in compliance with the hedge accounting rules and transactions that do not fulfil all of the aforesaid requirements.

Transactions recognised under hedge accounting
These transactions may include:

- fair value hedging: the derivative and the hedged item are recognised at fair value in the statement of financial position and the change in their fair values is recognised directly in the income statement;
- cash flow hedging: the derivative is recognised at fair value with a contra entry in a specific equity reserve for the effective component of the hedge and in the income statement for the ineffective component; when the hedged item arises, the amount suspended in equity is reversed to the income statement.

Classification in the income statement of the ineffective portion and the deferred amount transferred from equity is based on the nature of the underlying instrument; in the case of commodity derivatives, this amount is accounted for in the gross operating profit, while in the case of interest rate risk hedges it is recognised in financial income and expense.

Transactions not recognised under hedge accounting
The derivative is recognised at fair value in the statement of financial position. The change in the fair value of the derivative and the realised component are recognised in the income statement according to the following classification:

- in the case of derivative instruments on commodities for which there is a relationship with a cost or revenue component, in the gross operating profit; in particular, the realised component is accounted for as an adjustment to the cost or revenue component to which it refers;
- in the case of interest rate risk hedges, in financial income or expenses.

Finally, in the case of derivative instruments for which there is no longer a relationship with a cost or revenue component, the change in the fair value of the derivative is recognised in financial income and expenses, as they are considered instruments with purely financial characteristics and do not have the characteristics to manage exposures arising from particular risks that could affect the result for the year.
As regards the measurement of the derivative in the statement of financial position, the fair value of the derivative is recognised in non-current financial assets and liabilities if the related underlying item is non-current. Conversely, the derivative is recognised in current financial assets and liabilities if the underlying item is settled within the reporting period. In the case of derivative instruments for which there is no relationship to a cost or revenue component, the fair value of the derivative is recognised under long-term financial payables/receivables for the portion maturing more than twelve months after the reporting date, and under short-term financial payables/receivables for the portion maturing within twelve months after the reporting date.

FAIR VALUE

The following table shows, for each financial asset and liability:

- the carrying amount, including the method of accounting;
- the fair value, including the Level in the relative hierarchy.

In this regard, the various levels were defined as shown below:

- Level 1: quoted prices (unadjusted) on active markets for identical assets or liabilities;
- Level 2: inputs other than Level 1 quoted prices which are observable for the asset or liability, either directly (as in the case of prices), or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability which are not based on observable market data.

Mortgages and bonds

The fair value of mortgages, level 2, is determined as the sum of estimated future cash flows in relation to assets or liabilities, including the related financial income or expense, discounted with reference to the reporting date. This present value is determined by applying the forward interest rate curve at the reporting date.

With regard to bonds, the relative fair value (level 1) is derived from the quotation on the regulated markets of the Irish Stock Exchange (Euronext Dublin) and on the ExtraMOT Pro market of Borsa Italiana.

Derivative hedging contracts (rate and commodities)

All the Group's hedging instruments have a fair value which can be classified at level 2, thus measured through valuation techniques, that take, as a reference, parameters that can be observed on the market (e.g. interest rates, commodity prices) and are different from the price of the financial instrument, or in any case that do not require a significant adjustment based on data which cannot be observed on the market. Their fair value is equal to the present value of estimated future cash flows. In particular:

- with regard to financial instruments hedging interest rate risk, estimates of variable-rate future cash flows are based on quoted swap rates, futures prices and interbank rates, from which the yield curve used to discount the estimated cash flows is also obtained. The fair value thus obtained is subject to Credit Risk Adjusted (CRA) to incorporate the Group's and counterparty's credit risk, with calculation parameters (probability of default and percentage of loss in the event of default) valued in accordance with best market practice;
- with regard to financial instruments hedging commodity risk, estimates of variable future cash flows are based on electricity and gas price quotations extracted from the main market platforms. Cash flows are discounted and adjusted for the credit risk component, similar to interest rate risk hedging instruments.

Put Options

Financial liabilities for put options relate to the fair value valuation of put options granted to the non-controlling shareholders of I.Blu, Nord Ovest Servizi and ReMat. Their nominal value, contractually defined between the parties and discounted to take into account the time component with respect to the exercise date, is the directly observable input for the Level 2 fair value measurement.

Finally, it should be noted that there have been no transfers between the various levels of the fair value hierarchy and that information on the fair value of financial assets and liabilities not measured at fair value is excluded when their carrying amount is reasonably representative of their fair value.

The following tables do not show the assets and liabilities relating to derivatives stipulated on the EEX market (used both for cash flow hedges and fair value hedges), which present a daily settlement of their fair value on a specific current account: they are not specifically valued in the financial statements as they are already expressed in "higher/lower" liquidity.

In order to provide a disclosure as complete as possible, the corresponding figure from the previous year is also indicated.

thousands of euro

30.06.2023	Fair value of hedging instruments	Fair Value Through Profit or Loss	Financial assets measured at amortised cost	Other financial liabilities	TOTAL
	Carrying amount				
Financial assets measured at fair value					
Derivative hedging contracts (rate and commodities)	143,545				143,545
Assets for variable portion of transfer price OLT Offshore LNG Toscana		21,599			21,599
Other equity investments		10,585			10,585
Total Financial assets measured at fair value	**143,545**	**32,184**	**-**	**-**	**175,729**
Financial assets not measured at fair value					
Trade receivables			1,145,580		1,145,580
Loan assets			222,056		222,056
Sundry assets and other assets (*)			531,626		531,626
Cash and cash equivalents			210,032		210,032
Total Financial assets not measured at fair value	**-**	**-**	**2,109,294**	**-**	**2,109,294**
Financial liabilities measured at fair value					
Derivative hedging contracts (rate and commodities)	(73,144)				(73,144)
Put options		(7,466)			(7,466)
Total Financial liabilities measured at fair value	**(73,144)**	**(7,466)**	**-**	**-**	**(80,610)**
Financial liabilities not measured at fair value					
Bonds				(3,018,610)	(3,018,610)
Mortgages				(1,207,271)	(1,207,271)
Other financial liabilities (**)				(149,128)	(149,128)
Trade payables				(1,423,228)	(1,423,228)
Sundry liabilities and other liabilities (*)				(392,096)	(392,096)
Total Financial liabilities not measured at fair value	**-**	**-**	**-**	**(6,190,333)**	**(6,190,333)**
TOTAL	**70,401**	**24,718**	**2,109,294**	**(6,190,333)**	**(3,985,920)**

(*) Prepaid expenses and deferred income are excluded

(**) Lease liabilities recognised in accordance with IFRS 16 are excluded

thousands of euro	Fair Value			
30.06.2023	**Level 1**	**Level 2**	**Level 3**	**TOTAL**
Financial assets measured at fair value				
Derivative hedging contracts (rate and commodities)		143,545		143,545
Assets for variable portion of transfer price OLT Offshore LNG Toscana			21,599	21,599
Other equity investments				-
Total Financial assets measured at fair value	**-**	**143,545**	**21,599**	**165,144**
Financial assets not measured at fair value				
Trade receivables				-
Loan assets				-
Sundry assets and other assets (*)				-
Cash and cash equivalents				-
Total Financial assets not measured at fair value	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Derivative hedging contracts (rate and commodities)		(73,144)		(73,144)
Put options		(7,231)	(235)	(7,466)
Total Financial liabilities measured at fair value	**-**	**(80,375)**	**(235)**	**(80,610)**
Financial liabilities not measured at fair value				
Bonds	(2,668,617)			(2,668,617)
Mortgages		(1,213,275)		(1,213,275)
Other financial liabilities (**)				-
Trade payables				-
Sundry liabilities and other liabilities (*)				-
Total Financial liabilities not measured at fair value	**(2,668,617)**	**(1,213,275)**	**-**	**(3,881,892)**
TOTAL	**(2,668,617)**	**(1,150,105)**	**21,364**	**(3,797,358)**

The non-current portion of "Financial assets at fair value" includes at Level 3 the asset relating to the variable portion of the sale price of OLT Offshore LNG Toscana, amounting to 21,599 thousand euro as at 30 June 2023, the fair value of which is determined on the basis of the application of the price formula provided for in the contract, taking into account the expected income of the company and the discount rates inferred from its financial statements. In this regard, a sensitivity on the fair value of this item is reported, expressing the change in it when the expected profitability and discount rate increase/decrease by one percentage point.

thousands of euro

	+1%	**-1%**
Profitability (flows)	850	(850)
Discount rate	(1,204)	1,291

The fair value level of "Other equity investments" (which refer to companies not listed on regulated markets) is not reported, since the related carrying amount is a reasonable approximation.

thousands of euro	Carrying amount				
31.12.2022	**Fair value of hedging instruments**	**Fair Value Through Profit or Loss**	**Financial assets measured at amortised cost**	**Other financial liabilities**	**TOTAL**
Financial assets measured at fair value					
Derivative hedging contracts (rate and commodities)	244,152				244,152
Assets for variable portion of transfer price OLT Offshore LNG Toscana		25,077			25,077
Other equity investments		10,188			10,188
Total Financial assets measured at fair value	**244,152**	**35,265**	**-**	**-**	**279,417**
Financial assets not measured at fair value					
Trade receivables			1,440,323		1,440,323
Loan assets			156,204		156,204
Sundry assets and other assets (*)			488,240		488,240
Cash and cash equivalents			788,402		788,402
Total Financial assets not measured at fair value	**-**	**-**	**2,873,169**	**-**	**2,873,169**
Financial liabilities measured at fair value					
Derivative hedging contracts (rate and commodities)	(196,871)				(196,871)
Put options		(7,227)			(7,227)
Total Financial liabilities measured at fair value	**(196,871)**	**(7,227)**	**-**	**-**	**(204,098)**
Financial liabilities not measured at fair value					
Bonds				(3,015,622)	(3,015,622)
Mortgages				(1,233,203)	(1,233,203)
Other financial liabilities (**)				(42,921)	(42,921)
Trade payables				(2,279,400)	(2,279,400)
Sundry liabilities and other liabilities (*)				(199,538)	(199,538)
Total Financial liabilities not measured at fair value	**-**	**-**	**-**	**(6,770,684)**	**(6,770,684)**
TOTAL	**47,281**	**28,038**	**2,873,169**	**(6,770,684)**	**(3,822,196)**

(*) Prepaid expenses and deferred income are excluded

(**) Lease liabilities recognised in accordance with IFRS 16 are excluded

thousands of euro

31.12.2022	Fair Value Level 1	Level 2	Level 3	TOTAL
Financial assets measured at fair value				
Derivative hedging contracts (rate and commodities)		244,152		244,152
Assets for variable portion of transfer price OLT Offshore LNG Toscana			25,077	25,077
Other equity investments				-
Total Financial assets measured at fair value	**-**	**244,152**	**25,077**	**269,229**
Financial assets not measured at fair value				
Trade receivables				-
Loan assets				-
Sundry assets and other assets (*)				-
Cash and cash equivalents				-
Total Financial assets not measured at fair value	**-**	**-**	**-**	**-**
Financial liabilities measured at fair value				
Derivative hedging contracts (rate and commodities)		(196,871)		(196,871)
Put options		(7,227)		(7,227)
Total Financial liabilities measured at fair value	**-**	**(204,098)**	**-**	**(204,098)**
Financial liabilities not measured at fair value				
Bonds	(2,558,262)			(2,558,262)
Mortgages		(1,217,452)		(1,217,452)
Other financial liabilities (**)				-
Trade payables				-
Sundry liabilities and other liabilities (*)				-
Total Financial liabilities not measured at fair value	**(2,558,262)**	**(1,217,452)**	**-**	**(3,775,714)**
TOTAL	**(2,558,262)**	**(1,177,398)**	**25,077**	**(3,710,583)**

VI. RELATED PARTY TRANSACTIONS

As indicated in the Directors' Report, the information on transactions with related parties is provided below.

Transactions with owners
The main transactions directly carried out between the Parent's subsidiaries and its owners classified as related parties (Municipality of Turin, Municipality of Reggio Emilia, Municipality of Parma, Municipality of Piacenza and Municipality of Genoa) where Iren operates are detailed below.

Through Iren Smart Solutions, the Group operates services awarded by the Municipality of Turin, i.e. public street lighting and traffic light services, management of heating and electrical systems of buildings used as administrative offices or to provide services to the community. The services rendered by Iren Smart Solutions are governed by specific long-term agreements. In this context, on 30 June 2022, an agreement was signed between the Municipality of Turin and Iren Smart Solutions for the plant and building upgrading aimed at improving the energy efficiency of 800 buildings in the Municipality of Turin, which will be added to the work carried out in recent years on the city's public lighting systems and the heating systems of numerous municipal-owned buildings.
In this regard, an onerous current account contract is in place between the City of Turin and Iren Smart Solutions for management of the past-due amounts related to the above activities.

The Group, through Iren Mercato, provides to the Municipalities of Reggio Emilia, Parma, Piacenza and Turin commercial supplies of energy vectors, mostly district heating, under the terms and conditions normally applied to all other customers.
Iren Acqua and IRETI provide water services respectively to the Municipality of Genoa and to the Municipalities of Reggio Emilia, Parma and Piacenza, based on supply contracts similar to those signed with all other customers.

Iren Ambiente provides the Municipalities of Reggio Emilia, Parma and Piacenza with urban waste collection and disposal services on the basis of the conditions provided for in the existing agreements.

Again in the context of the sector, for the Municipality of Turin the waste management and snow clearing services, and post-operative management of the "Basse di Stura" landfill site are provided by AMIAT in accordance with the Service Contract in place. In this regard, an onerous current account contract is in place between the City and said AMIAT for management of the past-due amounts related to the above activities.

Transactions with associates
Among the main transactions carried out by Iren Group with associates, the following are noted:
- sale of electricity and gas to Asti Servizi Pubblici and electricity to CSAI;
- waste collection and disposal services, including special waste, for GAIA, SETA and CSAI, which operate in the waste management services sector;
- delivery of waste to the plants of the affiliates GAIA, Barricalla and CSAI and the purchase of sorted fractions from GAIA and SETA for treatment;
- in-plant waste disposal service from the associated company Sienambiente to SEI Toscana.

Transactions with other related parties
On the basis of the RPT Procedure, companies controlled, directly or indirectly, by one of the following Municipalities have been identified as related parties: Parma, Piacenza, Reggio Emilia, Turin and Genoa.
The transactions with these companies are mainly of a commercial nature and regard services provided to all other customers, in particular regarding energy vectors.
Moreover, it is noted that in order to supply the integrated water service in the provinces of Parma, Piacenza, and Reggio Emilia, the company IRETI, against payment of an annual lease, uses the assets of the companies Parma Infrastrutture, Piacenza Infrastrutture, and AGAC Infrastrutture, controlled by the Municipalities involved.
In addition, the Group provides waste treatment services to AMIU, a subsidiary of the Municipality of Genoa, and waste disposal services to SMAT, a subsidiary of the Municipality of Turin.
Lastly, Rigenera Materiali (wholly owned by Iren Ambiente), after being entrusted by AMIU Genova, holds the concession for the design, construction, management and operation of the mechanical biological treatment plant of urban waste, with production of SSF, currently under construction in Scarpino.

Quantitative information on transactions with related parties is provided in section "XIII. Annexes to the Condensed Interim Consolidated Financial Statements", considered an integral part of these notes.
Lastly and as regards the Directors and Statutory Auditors of IREN, with the exception of payment of the fees envisaged for the performance of duties in the management or control bodies of the Parent or of other Group companies, there were no transactions.
Transactions that consist of assigning remunerations and economic benefits, in any form, to members of the management and control bodies of IREN and Key Management Personnel of Iren Group are also subject to the provisions of the RPT Procedure.

Disclosure pursuant to Art. 5.8 and 5.9 CONSOB Regulation

At its meeting of 16 January 2023, the COPC commenced, to the extent of its competence, the preliminary investigation regarding the transaction entrusting AMIAT S.p.A. (a company indirectly controlled, to the extent of 80% of the share capital, by IREN S.p.A. through AMIAT V. S.p.A.) by the City of Turin (which holds the remaining 20% of AMIAT's share capital through FCT Holding S.p.A.) of the management, under the *inter partes* service contract, of the city green areas (as regards cleaning and maintenance activities, including those not already carried out by AMIAT), through absorption in the relevant work plans, starting from the one relating to the year 2023. The investigation of the transaction continued at the meetings of 9 – 14 March 2023, discussed below. For the purposes hereof, it should be noted that, as a precautionary measure, the transaction – although abstractly qualifying as of "*minor significance*", considering the relative "*Countervalue Relevance Index*", determined pursuant to Article 5.2, letter (a), of the RPT Procedure – was dealt with according to the procedure envisaged for those of "*greater significance*", since it related to the manner of execution of the aforementioned services contract. For this reason, the COPC was promptly involved in the transaction, from the start of the negotiations between AMIAT and the City of Turin, in accordance with the provisions of the RPT Procedure concerning the latter. At present, we are waiting for the City of Turin to complete some in-depth studies on the modalities through which, in concrete terms, the assignment in question can be formalised, as a result of which the COPC will carry out the further steps within its competence.

Without prejudice to the foregoing, it should be noted, for the sake of greater detail, that at the aforementioned meetings of 16 January 2023 and 9 March 2023, the COPC also received, as part of the information flows provided for by the RPT Procedure, information on transactions with related parties falling – since they were of "*small amounts*" or "*concluded at conditions equivalent to market or standard conditions*" – within the scope of the hypotheses of exclusions under the RPT Procedure itself.

At its meeting of 24 May 2023, the COCP examined the transaction involving the investment of IREN Mercato S.p.A. (a wholly owned subsidiary of IREN S.p.A.) – as agent of a temporary joint venture (ATI) with a third, unrelated party – to the tender procedure promoted by GTT – Gruppo Torinese Trasporti S.p.A. (a company controlled by the City of Turin, indirectly through FCT Holding) no. 12/2023, concerning "*Framework Agreements for the purchase of 280 purely electric-powered buses for local public transport, with supply and installation of recharging infrastructures and accumulation systems; full service supply for 10 years. 3 lots*". In this regard, the COPC expressed its favourable opinion pursuant to Article 9 of the RPT Procedure as to the interest for IREN Group and, in particular, for IREN Mercato, in the completion of the transaction in question as well as to the "convenience" and substantive "correctness" of the related conditions.

Lastly, in the context of the information flows provided for by the RPT Procedure mentioned above, the COPC, on 26 June 2023, received a report on a further transaction falling within the scope of the exclusion cases under the RPT Procedure.

With regard to the Remuneration and Appointments Committee, it should be noted that, at the meeting held on 5 May 2023, the Committee met to examine, within its remit pursuant to the Corporate Governance Code, the proposals received from the Chief Executive Officer and General Manager with reference to the adjustment of the remuneration of certain Executives with Strategic Responsibilities of the Group. These proposals are in line with the remuneration policy described in Section One of the Report on the 2023 Remuneration Policy and the 2022 Compensation Policy, approved by the Shareholders' Meeting of 4 May 2023, without the presence of discretionary evaluations, as prescribed by the Consob Regulation and implemented by the RPT Procedure.

In the present case, therefore, the Committee noted the presence of a case of exclusion from the application of the aforementioned RPT Procedure (Article 6.1(f) thereof).

It should also be noted that the Remuneration and Appointments Committee met on 12 June 2023, jointly with the Control, Risk and Sustainability Committee, and that, at that meeting, it (i) took note of the resignation tendered, on the same date and with immediate effect, by Gianni Vittorio Armani from the offices of Director and Chief Executive Officer, as well as from the role of General Manager of the Company, with the consequent waiver of the proxies and powers granted to him by resolution of the Board of Directors of 21 June 2022 (ii) acknowledged the existence of the prerequisites for the application of the current Contingency Plan and, by unanimous vote of its members, pointed out that it did not find any reasons to prevent the Board of Directors from actually implementing the aforesaid Contingency Plan, with reference to the early termination of the Chief Executive Officer. It was also represented to the Committee that (i) in view of the concrete circumstances and the manner in which Mr. Armani left the Group, it was deemed preferable not to exercise the power to request Mr. Armani a notice period nor to request the relevant indemnity in lieu; (ii) there are no severance indemnities or non-competition undertakings. Similarly, neither the recognition of the long-term variable incentive component 2022-2024, in line with the provisions of the specific Regulation, nor the recognition of the short-term variable incentive component for the year 2023 are envisaged.

VII. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events occurred after the reporting date.

VIII. OTHER INFORMATION

CONSOB COMMUNICATION NO. DEM/6064293 of 28 July 2006

Significant non-recurring events and transactions
In the first half of 2023, Iren Group was not affected by "non-recurring" events and did not carry out significant transactions identified as such on the basis of the definitions contained, in the Communication. In particular, it was not affected by events which do not reoccur frequently during the normal performance of the business.

In the first half of 2022, the item "Income Taxes" included 30,479 thousand euro for the effects of the extraordinary solidarity levy, introduced by article 37 of Decree-Law No. 21/2022 ("Ukraine" decree), as amended by article 55 of Decree-Law No. 50/2022 ("Aiuti" decree), for companies operating in the production and marketing of energy products (electricity, natural gas, methane gas and oil products). In particular, the legislator had provided for a levy of 25% to be applied to a taxable base resulting from the comparison of the balances of the total amount of active and passive transactions disclosed in the periodic VAT returns (LIPE) for the periods 1 October 2020 - 30 April 2021 and 1 October 2021 – 30 April 2022.

Positions or transactions deriving from atypical and/or unusual transactions
It is noted that in the first half of 2023, the Group did not engage in any atypical and/or unusual transactions, as defined in the Communication. Atypical and/or unusual transactions are transactions which owing to their significance/materiality, nature of the counterparties, subject of the transaction, the method by which the sales price is calculated and the timescale of the event (nearness to reporting date) may give rise to doubts with regard to the correctness/completeness of the information given in the financial statements, conflict of interest and safeguarding of the Group's assets or protection of non-controlling investors.

IX. NOTES TO THE STATEMENT OF FINANCIAL POSITION

Unless otherwise stated, the tables below are in thousands of euro.

ASSETS

NON-CURRENT ASSETS

NOTE 1_PROPERTY, PLANT AND EQUIPMENT

The breakdown of property, plant and equipment, including right-of-use assets, divided between historical cost, accumulated depreciation and carrying amount, is shown in the table below:

thousands of euro

	Cost as at 30/06/2023	Accumulated depreciation as at 30/06/2023	Carrying amount as at 30/06/2023	Cost as at 31/12/2022	Accumulated depreciation as at 31/12/2022	Carrying amount as at 31/12/2022
Land	160,306	(8,582)	151,724	160,090	(8,185)	151,905
Buildings	931,022	(374,461)	556,561	938,739	(359,904)	578,835
Plant and machinery	6,544,281	(3,374,920)	3,169,361	6,391,567	(3,248,358)	3,143,209
Industrial and commercial equipment	251,819	(162,249)	89,570	233,241	(156,636)	76,605
Other assets	418,771	(266,677)	152,094	403,257	(254,883)	148,374
Assets under construction and payments on account	266,342	-	266,342	267,794	-	267,794
Total	**8,572,541**	**(4,186,889)**	**4,385,652**	**8,394,688**	**(4,027,966)**	**4,366,722**

The variation in the historical cost of property, plant and equipment, including right-of-use assets, is as follows:

thousands of euro

	31/12/2022	Increases	Decreases	Changes in consolidation scope	Reclassifications	30/06/2023
Land	160,090	259	(141)	-	98	160,306
Buildings	938,739	6,507	(2,003)	681	(12,902)	931,022
Plant and machinery	6,391,567	66,406	(1,061)	3,083	84,286	6,544,281
Industrial and commercial equipment	233,241	16,454	(3,626)	876	4,874	251,819
Other assets	403,257	24,952	(10,943)	1,582	(77)	418,771
Assets under construction and payments on account	267,794	70,773	(281)	39	(71,983)	266,342
Total	**8,394,688**	**185,351**	**(18,055)**	**6,261**	**4,296**	**8,572,541**

The change in accumulated depreciation of property, plant and equipment, including right-of-use assets, is as follows:

thousands of euro

	31/12/2022	Depreciation for the period	Decreases	Changes in consolidation scope	Reclassifications	30/06/2023
Land	(8,185)	(404)	7	-	-	(8,582)
Buildings	(359,904)	(17,414)	1,745	(81)	1,193	(374,461)
Plant and machinery	(3,248,358)	(124,748)	824	(599)	(2,039)	(3,374,920)
Industrial and commercial equipment	(156,636)	(8,034)	3,321	(774)	(126)	(162,249)
Other assets	(254,883)	(21,541)	9,662	(1,048)	1,133	(266,677)
Total	**(4,027,966)**	**(172,141)**	**15,559**	**(2,502)**	**161**	**(4,186,889)**

The column "Changes in consolidation scope" refers to the assets acquired during the half-year relating to the companies Romeo 2, Amter, Acquaenna and Remat.
The balance of the "reclassifications" column refers mainly to net transfers from intangible assets to property, plant and equipment of items that do not fall within the scope of application of IFRIC 12.

Land and buildings
This item primarily includes industrial buildings connected with Group plants and related land.

Plant and machinery
This item refers to costs for electricity production plants, heat production plants, electricity distribution networks, gas distribution networks, heat distribution networks and plants related to waste disposal services not operated under concessions as per IFRIC 12. Freely transferable assets are included in the assets of electricity production plants.

Industrial and commercial equipment
This item includes costs related to the purchase of supplementary or auxiliary assets for plants and machinery, such as rubbish bins, laboratory, and other equipment.

Other assets
This item refers to costs for the purchase of office furniture and machines and vehicles.

Assets under construction and payments on account
Assets under construction include all expenses incurred for investments in progress and not yet in operation. This mainly refers to the photovoltaic parks in the provinces of Viterbo and Matera (40,928 thousand euro), the Borgaro (TO) plastics sorting plant (38,598 thousand euro), the building redevelopment of the Piazza Raggi (GE) building (32,034 thousand euro), the expansion of the Santhià (VC) organic fraction treatment plant (10.548 thousand euro), to the Biodigester in Saliceti (SP) (8,593 thousand euro), to the heat exchange substation in the Vallette district of Turin (8,284 thousand euro), to the renewal of the pressurised parts of the boilers at the Bit (TO) power station (7,654 thousand euro) and to electrical storage (5,958 thousand euro).

Increases
The increases in the period, of 185,351 thousand euro, mainly refer to:
- investments in thermoelectric and hydroelectric plants and photovoltaic plants for 32,826 thousand euro;
- development of the district-heating network and new connections to the network, including heat exchange substations, meters and remote reading appliances, for 7,446 thousand euro;
- investments in the electricity distribution grids, including primary substations, of 32,735 thousand euro;
- investments in the gas networks not in a concession arrangement in accordance with the provisions of IFRIC 12 of 5,359 thousand euro;
- investments for collection and disposal in the waste management sector for 81,726 thousand euro.

Depreciation
Ordinary depreciation for the first half of 2023, amounting to 172,141 thousand euro, was calculated on the basis of the rates in the 2022 annual financial statements and deemed representative of the residual useful life of the assets.

Finally, no assets are pledged against liabilities.

Rights of use - IFRS 16
IFRS 16 provides for recognition in the statement of financial position of the assets and related financial liabilities for all lease contracts with a term of more than 12 months unless the underlying asset is of low value. The contracts in which Iren Group plays the role of lessee refer mainly to property leases and long-term hires of cars and other motor vehicles.

The breakdown of right-of-use assets, divided between historical cost, accumulated depreciation and carrying amount, is as follows:

thousands of euro

	Cost as at 30/06/2023	Accumulated depreciation as at 30/06/2023	Carrying amount as at 30/06/2023	Cost as at 31/12/2022	Accumulated depreciation as at 31/12/2022	Carrying amount as at 31/12/2022
Land	10,212	(2,812)	7,400	10,044	(2,416)	7,628
Buildings	47,172	(11,847)	35,325	45,865	(10,308)	35,557
Plant and machinery	3,570	(695)	2,875	3,889	(648)	3,241
Industrial and commercial equipment	158	(151)	7	923	(803)	120
Other assets	28,204	(10,864)	17,340	31,499	(12,192)	19,307
Total	**89,316**	**(26,369)**	**62,947**	**92,220**	**(26,367)**	**65,853**

The variation in the historical cost of right-of-use assets, is as follows:

thousands of euro

	31/12/2022	Increases	Decreases	Changes in consolidation scope	30/06/2023
Land	10,044	255	(87)	-	10,212
Buildings	45,865	2,983	(1,995)	319	47,172
Plant and machinery	3,889	-	(320)	-	3,570
Industrial and commercial equipment	923	-	(765)	-	158
Other assets	31,499	3,458	(6,752)	-	28,204
Total	**92,220**	**6,696**	**(9,919)**	**319**	**89,316**

The change in the accumulated depreciation of right-of-use assets is as follows:

thousands of euro

	31/12/2022	Depreciation of the period	Decreases	30/06/2023
Land	(2,416)	(403)	7	(2,812)
Buildings	(10,308)	(3,280)	1,741	(11,847)
Plant and machinery	(648)	(369)	320	(695)
Industrial and commercial equipment	(803)	(113)	765	(151)
Other assets	(12,192)	(4,363)	5,692	(10,864)
Total	**(26,367)**	**(8,528)**	**8,525**	**(26,369)**

NOTE 2_INVESTMENT PROPERTY

The following table highlights the breakdown of the item:

thousands of euro

	Cost as at 30/06/2023	Accumulated depreciation as at 30/06/2023	Carrying amount as at 30/06/2023	Cost as at 31/12/2022	Accumulated depreciation as at 31/12/2022	Carrying amount as at 31/12/2022
Land	565	-	565	565	-	565
Buildings	3,390	(1,967)	1,423	3,390	(1,940)	1,450
Total	**3,955**	**(1,967)**	**1,988**	**3,955**	**(1,940)**	**2,015**

This item consists mainly of properties whose fair value is not lower than their carrying amount.

NOTE 3_ INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

The breakdown of intangible assets, divided between historical cost, accumulated amortisation and carrying amount is as follows:

thousands of euro

	Cost as at 30/06/2023	Accumulated amortisation as at 30/06/2023	Carrying amount as at 30/06/2023	Cost as at 31/12/2022	Accumulated amortisation as at 31/12/2022	Carrying amount as at 31/12/2022
Development expenditure	24,825	(13,022)	11,803	23,783	(10,897)	12,886
Industrial patents and intellectual property rights	334,443	(207,853)	126,590	310,964	(184,219)	126,745
Concessions, licences, trademarks and similar rights	3,805,423	(1,590,659)	2,214,764	3,629,861	(1,495,347)	2,134,514
Other intangible assets	735,850	(344,401)	391,449	666,583	(305,996)	360,587
Assets under development and payments on account	236,069	-	236,069	191,960	-	191,960
Total	**5,136,610**	**(2,155,935)**	**2,980,675**	**4,823,151**	**(1,996,459)**	**2,826,692**

The change in the historical cost of intangible assets is as follows:

thousands of euro

	31/12/2022	Increases	Decreases	Changes in consolidation scope	Reclassifications	30/06/2023
Development expenditure	23,783	347	-	72	623	24,825
Industrial patents and intellectual property rights	310,964	19,685	(223)	32	3,985	334,443
Concessions, licences, trademarks and similar rights	3,629,861	62,296	(243)	104,725	8,784	3,805,423
Other intangible assets	666,583	37,460	(1,077)	31,823	1,061	735,850
Assets under development and payments on account	191,960	57,351	(243)	5,750	(18,749)	236,069
Total	**4,823,151**	**177,139**	**(1,786)**	**142,402**	**(4,296)**	**5,136,610**

Changes in accumulated amortisation of intangible assets are shown in the following table:

thousands of euro

	31/12/2022	Amortisation for the year	Decreases	Changes in consolidation scope	Reclassifications	30/06/2023
Accumulated amortisation of development expenditure	(10,897)	(2,138)	-	(23)	36	(13,022)
Accumulated amortisation of ind. Patents and intellectual property use rights	(184,219)	(22,709)	183	(20)	(1,088)	(207,853)
Accumulated amortisation of licences, trademarks and similar rights	(1,495,347)	(56,654)	167	(40,794)	1,969	(1,590,659)
Accumulated amortisation of other intangible assets	(305,996)	(33,179)	1,071	(5,219)	(1,078)	(344,401)
Total	**(1,996,459)**	**(114,680)**	**1,421**	**(46,056)**	**(161)**	**(2,155,935)**

The column “Changes in consolidation scope” refers to the assets acquired during the half-year relating to the companies Romeo 2, Amter, Acquaenna and Remat.
The balance of the “reclassifications” column refers mainly to net transfers from intangible assets to property, plant and equipment of items that do not fall within the scope of application of IFRIC 12.
The increases in other intangible assets mainly refer to the capitalisation of costs for the commercial development of customers.
The carrying amount of other intangible assets at the end of the year includes 137,266 thousand euro in assets recognised in relation to costs incurred for the commercial development of customers.

Industrial patents and intellectual property use rights
This item mainly relates to the total costs borne for the purchase and internal production of company software and the acquisition of rights for the exclusive use of technical studies on the statistical trend of network losses, amortised over three to five years.

Concessions, licences, trademarks and similar rights
This item consists mainly of:
- assets recognised in application of IFRIC 12, related to natural gas distribution, the Integrated Water Service, district heating and waste treatment and disposal;
- the right of use of pipeline networks by virtue of the concessions granted by the Municipality of Genoa and other neighbouring municipalities;

- the right of use of penstocks, not owned, of hydroelectric plants;
- concessions for the operation and management of photovoltaic systems.

Other intangible assets
This item consists mainly of:
- rights to use telecommunication infrastructure owned by third parties;
- costs for the commercial development of customers;
- valuation of the customer list for the purchase price allocation for the acquisition of control over Atena Trading, Salerno Energia Vendite, Alfa Solutions, Spezia Energy Trading, Sidiren and Alegas;
- the valuation of the environmental authorisations for the operation of the biodigester and recovery plants which took place when the purchase price was allocated for the acquisition of control of Ferrania Ecologia, Territorio e Risorse, I.Blu, Manduriambiente and TB.
- the valuation of the single authorisation for photovoltaic plants and the value of the incentive tariff recognised for the energy produced and fed into the grid that took place during the allocation of the acquisition price of control of the Iren Green Generation Group (formerly Puglia Holding);
- the valuation of the concession for the derivation of water for hydroelectric plants that took place during the allocation of the purchase price for the acquisition of control of Valle Dora Energia;
- the valuation of the ATO Toscana Sud integrated urban waste management service concession that took place during the allocation of the acquisition price of control of SEI Toscana.

Assets under development and payments on account
This item mainly consists of investments for concession services governed by IFRIC 12, in addition to software licences and related implementation costs.

NOTE 4_GOODWILL

Goodwill, of 248,889 thousand euro (237,966 thousand euro at 31 December 2022), in the first half of 2023 showed an increase of 10,933 thousand euro following the acquisitions (business combinations) carried out by the Group during the period and detailed below.

		Thousands of euro
Goodwill as at 31.12.2022		**237,966**
Acquisition Romeo 2	Provisional	4,075
Acquisition Amter	Provisional	2,603
Acquisition Acquaenna	Provisional	2,784
Re Mat	Provisional	1,471
Goodwill as at 30.06.2023		**248,899**

Goodwill is considered an intangible asset with an indefinite useful life and, therefore, is not amortised, but is tested for impairment at least once a year to verify the recoverability of its carrying amount. Since goodwill does not generate independent cash flows and cannot be sold on its own, the impairment test on the goodwill recognised in the financial statements is carried out making reference to the Cash Generating Unit to which the same can be allocated. At the Group level, the Cash Generating Units coincide with the individual Business Units described in the introduction to these notes. They are based on the Group's management structure and internal reporting system.
This method allows for a more effective disclosure of goodwill and future investment plans and supplies a consistent analysis of information communicated to the market.

The table below shows the allocation of goodwill to the Cash Generating Units.

Thousands of euro

	31/12/2022	Increases Business Combinations	30/06/2023
Waste Management	24,297	1,471	25,768
Energy	36,588		36,588
Market	66,065		66,065
Networks	111,016	9,462	120,478
Total	**237,966**	**10,933**	**248,899**

Waste Management Cash Generating Unit

Goodwill of 25,768 thousand euro mainly refers to the:

- acquisition of control over Re Mat in June 2023 (1,471 thousand euro);
- acquisition of control over CRCM in April 2022 (277 thousand euro);
- acquisition of control over Futura in March 2021 (4,115 thousand euro);
- acquisition of control over the companies operating in the waste management sector acquired from Unieco in November 2020 (9,385 thousand euro);
- acquisition of control over Ferrania Ecologia in July 2019 (7,048 thousand euro).
- acquisition of control over a business unit from SMC S.p.A. consisting of a 48.85% stake in the share capital of Società Ecologica Territorio Ambiente (SETA) and the activities of closure and post-closure management of the Chivasso 0 landfill site in October 2018 (894 thousand euro);
- acquisition of control of ACAM Ambiente (ACAM group) in April 2018 (2,572 thousand euro).

Energy Cash Generating Unit

Goodwill of 36,588 thousand euro mainly refers to the:

- acquisition of control in February 2022 of the Puglia Holding Group (now Iren Green Generation) (29,257 thousand euro);
- acquisition of control in May 2020 of a business unit called “SEI Energia” which includes the district heating network in the municipalities of Rivoli and Collegno, and 49% of the company NOVE, then operator of the district heating network in the municipality of Grugliasco (2,068 thousand euro);
- acquisition of control over Iren Rinnovabili in 2017 following the expiry of the governance agreements entered into with the other shareholder CCPL S.p.A. which made Iren Rinnovabili a joint venture (3,544 thousand euro);
- the Heat Service Management business unit transferred in 2017 from the Market Cash Generating Unit to the Energy Cash Generating Unit (948 thousand euro).

Market Cash Generating Unit

Goodwill of 66,065 thousand euro mainly refers to the:

- acquisition of control over Alegas in April 2022 (15,072 thousand euro);
- acquisition of control over Sidiren in July 2021 (18,533 thousand euro);
- acquisition of control of Spezia Energy Trading in September 2018 (2,694 thousand euro).
- acquisition in 2012 of the business unit from ERG Power & Gas related to the marketing and sale of electricity for an amount of 3,401 thousand euro;
- the equity interest in Enìa Energia (now merged into Iren Mercato), acquired from SAT Finanziaria S.p.A. and Edison in 2008, for an amount of 16,761 thousand euro;
- business unit acquired from ENEL in 2000 and referred to electricity users of the city of Parma, for an amount of 7,421 thousand euro;

Networks Cash Generating Unit
Goodwill of 120,478 thousand euro mainly refers to the:

- acquisition of control of Acquaenna in May 2023 (2,784 thousand euro);
- acquisition of control of Amter in March 2023 (2,603 thousand euro);
- acquisition of control of Romeo 2 in February 2023 (4,075 thousand euro);
- acquisition of control of Società dell'Acqua Potabile in July 2022 (880 thousand euro);
- acquisition of control of Busseto Servizi in January 2019 (1,638 thousand euro);
- acquisition of control over ACAM Acque (ACAM group) in April 2018 (15,442 thousand euro);
- the acquisition of control of Acqua Italia S.p.A in 2005 (now Iren Acqua S.p.A.), where the positive difference between the purchase cost and the fair value of acquired and identifiable assets and liabilities was recognised as goodwill of 23,202 thousand euro;
- acquisition in 2000 from ENEL of the business unit related to the distribution and sale of electricity to captive customers in the Municipality of Turin (64,608 thousand euro);
- business unit acquired from ENEL in 2000 and referred to electricity users of the city of Parma, for an amount of 3,023 thousand euro;

As mentioned in section I "Basis of Presentation" of this report, during the first half of 2023, in accordance with IAS 36, the Group verified the non-existence of specific impairment triggers with particular reference to goodwill. In particular, this verification took into consideration a sensitivity of the discounted cash flow rates (WACCs) and the related risk free rate and interest rate components, which resulted in an average increase in the WACCs referred to the Cash Generating Units of 0.4% compared to the WACCs used in the Impairment exercise carried out at 31 December 2022.

Based on the simulations performed, there was no indication that the assets recognised in the financial statements for the year ended 30 June 2023 were impaired, and therefore no impairment test was performed at the end of the half-year.

NOTE 5_EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted investments are investments in companies in which the Group has joint control or exercises a significant influence. Measurement at equity is carried out on the basis of the latest available financial statements (consolidated if prepared) of the investees.
The list of the Group's equity-accounted investments at 30 June 2023 is attached.
The item amounted to a total of 206,164 thousand euro (211,320 thousand euro as at 31 December 2022). Changes for the half-year are shown in the following tables:

Equity investments in joint ventures

thousands of euro

	31/12/2022	Increases (Decreases)	Changes in consolidation scope	Change in profit or loss	Change in Equity	Dividend distribution	30/06/2023
Acque Potabili	8,090	-	-	-	-	-	8,090
TOTAL	**8,090**	**-**	**-**	**-**	**-**	**-**	**8,090**

As at 31 May 2021, the company Acque Potabili was put into liquidation.

Equity investments in associates

thousands of euro

	31/12/2022	Increases (Decreases)	Changes in consolidation scope	Change in profit or loss	Change in Equity	Dividend distribution	30/06/2023
A2A Alfa	-	-	-	-	-	-	-
Acos	14,089	-	-	429	481	(82)	14,917
Acos Energia	1,173	-	-	(63)	-	(75)	1,035
Acquaenna	4,993	-	(7,759)	2,453	313	-	-
Aguas de San Pedro	18,534	-	-	1,701	(789)	(362)	19,084
Aiga	-	-	-	-	-	-	-
Amat	-	-	-	-	-	-	-
Amter	1,014	-	(2,210)	1,196	-	-	-
Arienes	21	-	-	-	-	-	21
Asa	42,331	-	-	237	1,378	-	43,946
Asa scpa	1,197	-	-	-	-	-	1,197
Astea	26,358	-	-	330	-	(256)	26,432
Asti Servizi Pubblici	19,764	-	-	488	-	(849)	19,403
Barricalla	15,090	-	-	259	-	(952)	14,397
Energy BI	171	-	-	-	-	-	171
Centro Corsi S.r.l.	25	-	-	-	-	-	25
CSA	404	-	-	-	-	-	404
CSAI	3,690	-	-	(1,365)	-	(404)	1,921
E.G.U.A.	707	-	-	64	-	(89)	682
Fingas	-	-	-	-	-	-	-
Fratello Sole Energie Solidali	259	-	-	(18)	-	-	241
G.A.I.A.	14,866	-	-	131	-	(132)	14,865
Global Service	6	-	-	-	-	-	6
Iniziative Ambientali	496	-	-	(430)	-	-	66
Mondo Acqua	745	-	-	-	-	-	745
Omni Rinnovabili	-	4	-	-	-	-	4
Rimateria	-	-	-	-	-	-	-
SETA	12,268	-	-	179	-	-	12,447
Sienambiente	19,821	-	-	484	584	-	20,889
Sinergie Italiane	-	-	-	-	-	-	-
STU Reggiane	5,208	-	-	(32)	-	-	5,176
Tirana Acque	-	-	-	-	-	-	-
TOTAL	**203,230**	**4**	**(9,969)**	**6,043**	**1,967**	**(3,201)**	**198,074**

The increase in the equity investment in Amter refers to the purchase of 51%, while the change in the consolidation scope relates to the acquisition of control and the consequent consolidation of the company.

The increase in the equity investment in Acquaenna refers to the purchase of 2.367%, while the change in the consolidation scope relates to the acquisition of control and the consequent consolidation of the company.

The amounts related to the column Changes in Equity are due mainly to the exchange difference (Aguas de San Pedro) and to changes in the hedging reserves.

NOTE 6_OTHER EQUITY INVESTMENTS

This item relates to equity investments in companies over which the Group has neither control, nor joint control, nor significant influence. These equity investments are measured at fair value but, as the most recent information available for measuring the fair value is insufficient and the cost represents the best estimate of the fair value, they are carried at cost.
The list of other Group equity investments as at 30 June 2023 is attached in the annex.
The breakdown of this item is as follows:

thousands of euro

	31/12/2022	Changes in consolidation scope	Increases	Reversal	30/06/2023
AISA Impianti	992	-	-	-	992
Autostrade Centro Padane	1,248	-	-	-	1,248
CIDIU Servizi	2,655	-	-	-	2,655
EGEA	1,000	-	-	-	1,000
Enerbrain	1,554	-	-	-	1,554
Environment Park	1,243	-	-	-	1,243
Others	1,496	(60)	397	60	1,893
TOTAL	**10,188**	**(60)**	**397**	**60**	**10,585**

NOTE 7_NON-CURRENT CONTRACT ASSETS

Non-current contract assets, net of the related loss allowance, total 177,354 thousand euro (146,286 thousand euro at 31 December 2022) and refer to:

- assets of the integrated water service for tariff adjustments and for lower volumes supplied than the operator's guaranteed revenue; the current tariff method provides generally (unless the fee growth limit is reached) for their recovery through fees after two years (155,099 thousand euro as at 30 June 2023, 125,344 thousand euro as at 31 December 2022);
- assets of the electricity transmission, distribution, and metering services deriving from the rules issued in AEEGSI Resolution no. 654/2015 on the subject of tariff regulation for the period 2016-2023 which entailed the recognition of revenue from electricity transport and of the related assets (18,298 thousand euro as at 30 June 2023, 17,809 thousand euro as at 31 December 2022) which will be recovered starting from 2023 until 2030;
- waste management service assets for tariff adjustments relating to activities already carried out that may be invoiced more than twelve months after the reporting date (3,957 thousand euro as at 30 June 2023, 3,133 thousand euro as at 31 December 2022).

The following table summarises the values of assets (non-current and current) and liabilities arising from contracts with customers in order to provide information on the net position.

thousands of euro

	30/06/2023	31/12/2022
Non-current contract assets	177,354	146,286
Current contract assets	194,850	198,590
Current contract liabilities	(21,452)	(39,209)
Total	**350,752**	**305,667**

NOTE 8_NON-CURRENT TRADE RECEIVABLES

Receivables, which are affected by discounting, amounted to 31,683 thousand euro (30,888 thousand euro at 31 December 2022) and mainly refer to receivables from the Municipality of Turin for the waste management service and the technological renewal and efficiency upgrading of the heating systems at some municipal buildings (24,330 thousand euro at 30 June 2023, 23,641 thousand euro at 31 December 2022). For more information on the overall position of Iren Group in relation to the Municipality of Turin please see Note 9 "Non-current financial assets".

NOTE 9_NON-CURRENT FINANCIAL ASSETS

The item of 159,129 thousand euro (169,057 thousand euro as at 31 December 2022) mainly consists of loan assets and derivatives with positive fair value. These are detailed in the following table.

thousands of euro

	30/06/2023	**31/12/2022**
Non-current loan assets with associates	5,457	12,199
Non-current loan assets with owners	36,383	33,155
Non-current loan assets with others	36,814	36,824
Fair value of derivatives – non-current portion	58,803	61,729
Securities other than equity investments	73	73
Other financial assets	21,599	25,077
Total	**159,129**	**169,057**

Non-current loan assets with associates
They mainly refer to receivables from Acos in the amount of 5,417 thousand euro.
As of 31 December 2022, there were also receivables from the company Acquaenna (3,832 thousand euro), which, as of May 2023, became a subsidiary and therefore consolidated on a line-by-line basis, and from the company Sinit (2,909 thousand euro), which was collected during the first half of 2023.
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Non-current loan assets with owners
Amounting to 36,383 thousand euro (33,155 thousand euro as at 31 December 2022), these refer to amounts due from the Municipality of Turin, and relate to:

- the non-current portion of the amount related to the current account which governs transactions between the subsidiaries AMIAT, Iren Smart Solutions, and the Municipality of Turin (822 thousand euro); The current account agreement runs until 31 December 2036 and the interest accruing on the balance is calculated based on the actual average cost incurred by Iren Group for its financial exposure;
- the application of the financial asset model provided for in IFRIC 12 to the energy efficiency project ("Turin LED") associated with the Public Lighting service performed under concession by Iren Smart Solutions in the city of Turin, for the non-current portion (35,561 thousand euro). Recognition of the discounted financial asset is a result of the vesting of the current unconditional right to receive the contractually-agreed cash flows, which coincided with completion of the installation of the related LED devices.

The accounting treatment of the aforementioned current account agreement determines a reduction in trade receivables presented in the statement of cash flows as a generation of operating cash flows, and a corresponding increase in loan assets, presented as a cash absorption in cash flows from financing activities.
These receivables form part of an overall position, totalling 127,379 thousand euro, and are divided among various accounting items according to their classification by type and expiry date: Non-current trade receivables (Note 8), Non-current financial assets (this Note 9), Trade receivables (Note 14) and Current financial assets (Note 17), as shown in the table presented below.
Receivables were divided by the directors between current portion and non-current portion on the basis of a forecast of their collection times also following the results of the agreement signed by the Municipality of Turin and Iren Group during 2018.

thousands of euro

	30/06/2023	31/12/2022
Non-current trade receivables	**24,330**	**23,641**
Invoices issued for services	19,041	1,875
Invoices to be issued for services	24,736	15,252
Supply of heating and other	20,036	42
Loss allowance	(26)	(127)
Total current trade receivables	**63,787**	**17,042**
Non-current portion of current account assets	822	876
Non-current portion of service concession financial assets	35,724	32,442
Loss allowance non-current financial assets	(163)	(163)
Total non-current financial assets	**36,383**	**33,155**
Current portion of accrued interest income	93	159
Current portion of service concession financial assets	3,098	6,498
Loss allowance current financial assets	(312)	(458)
Total current financial assets	**2,879**	**6,199**
Total	**127,379**	**80,037**

Non-current financial assets with others
Non-current financial assets with others include the non-current portion of:
- assets for finance leases relating to air conditioning systems;
- the asset arising from the sale of the business unit related to the management of the integrated water service of two municipalities of the Veronese ATO Basin in 2019;
- receivables arising from the application of the financial asset model provided for by IFRIC 12 to the energy efficiency project connected with the Public Lighting service provided under concession in various cities, including Vercelli, Biella and Fidenza.
- receivables relating to the payment made by the Group deriving from a commercial agreement with European Energy that provides for the possibility to exercise rights to invest, over an exclusive period, in certain photovoltaic assets under development.

Fair value of derivatives – non-current portion
The fair value of derivatives refers to instruments in the portfolio for hedging the risk of changes in rates.

Securities other than equity investments
These amounted to 73 thousand euro (unchanged compared to 31 December 2022) and relate to securities given as collateral and measured at amortised cost.

Other financial assets
The item amounted to 21,599 thousand euro and is represented by the variable portion of the sale price of the investment in OLT Offshore LNG Toscana and the related loan. This asset is measured at fair value and any changes are recognised in the profit or loss for the period

NOTE 10_OTHER NON-CURRENT ASSETS

These are as follows:

thousands of euro

	30/06/2023	31/12/2022
Guarantee deposits	5,567	5,144
Tax assets after 12 months	53,432	57,113
Other non-current assets	22,944	22,538
Non-current accrued income and prepaid expenses	3,324	4,121
Total	**85,267**	**88,917**

Tax assets after 12 months refer mainly to deductions on work done in order to improve the energy efficiency of buildings (ecobonus) and to VAT assets for which claims for refund have been made. Tax assets for deductions on work carried out to improve the energy efficiency of buildings (ecobonus) classified as long-term will be used by the Group to offset taxes due for the next five years.
Prepaid expenses mainly include the non-current portion of prepaid costs for energy service contracts of the subsidiary Iren Smart Solutions.

NOTE 11_DEFERRED TAX ASSETS

They amounted to 352,335 thousand euro (340,866 thousand euro as at 31 December 2022) and refer to deferred tax assets arising from costs that will be deductible in future years.

CURRENT ASSETS

NOTE 12_INVENTORIES

Inventories, measured at weighted average cost, primarily comprise natural gas and consumables intended for maintenance and construction of the Group plants.
The table below summarises the amounts of the item in the years in question:

thousands of euro

	30/06/2023	31/12/2022
Gas storage	-	70,327
Consumables and spare parts	81,134	75,824
Provision for inventory write-down	(7,014)	(6,792)
Carrying amount	**74,120**	**139,359**

The provision for inventory write-down was set up and used to cover inventories that are technically obsolete and slow-moving.
At 30 June 2023, no inventories were pledged against liabilities.

NOTE 13_CURRENT CONTRACT ASSETS

Current contract assets, net of the loss allowance of 234 thousand euro (unchanged from 31 December 2022), amounted to 194,850 thousand euro (198,590 thousand euro as at 31 December 2022) and mainly related to activities performed to improve the energy efficiency of buildings.

NOTE 14_TRADE RECEIVABLES

These are as follows:

thousands of euro	30/06/2023	31/12/2022
Trade receivables from customers	1,319,378	1,647,582
Trade receivables from joint ventures	119	139
Trade receivables from associates	29,339	25,649
Trade receivables from related-party owners	78,519	30,136
Trade receivables from other related parties	4,700	5,639
Total gross trade receivables	**1,432,055**	**1,709,145**
Loss allowance	(318,158)	(299,710)
Total	**1,113,897**	**1,409,435**

As at 30 June 2023, factoring transactions were completed with derecognition of the receivables for a total of 63,641 thousand euro (114,323 thousand euro as at 31 December 2022).

The table below shows the credit risk exposure with reference to trade receivables, together with the related expected losses (loss allowance), broken down by due date range:

thousands of euro	Gross trade receivables	Loss allowance	Average loss percentage
Not yet due	890,924	(47,528)	5.3%
0 to 3 months past due	174,297	(20,670)	11.9%
3 to 12 months past due	151,747	(66,305)	43.7%
More than 12 months past due	215,087	(183,655)	85.4%
Total	**1,432,055**	**(318,158)**	

Receivables not past due include receivables for invoices to be issued of 509,730 thousand euro (893,698 thousand euro at 31 December 2022), which include the estimate of revenue earned for services supplied between the date of the last reading of effective consumption and the year-end date.

Receivables from customers
These mainly relate to amounts due for electricity, gas, water and heat supplies, waste management services and sundry services.

Receivables from joint ventures
This item includes amounts due from the Group's joint ventures, consolidated using the equity method. These relate to normal trade transactions performed at arm's length. For further details, please see the table of related party transactions shown in the annex.

Receivables from owners
Receivables from owners refer to trade transactions performed at arm's length with territorial authorities classified as related parties (Municipalities of Genoa, Parma, Piacenza, Reggio Emilia and Turin). For further details, please see the table of related party transactions shown in the annex.

Receivables from other related parties
These regard receivables from the companies controlled by the territorial body owners (Municipalities of Genoa, Parma, Piacenza, Reggio Emilia and Turin) and refer to normal commercial transactions carried out at arm's length.
The following table shows gross trade receivables broken down by sector:

thousands of euro

	Networks	Waste Management	Energy	Market	Other services	Total
Not yet due	194,498	256,075	206,260	233,480	611	890,924
0 to 3 months past due	15,328	18,465	8,846	131,656	2	174,297
3 to 12 months past due	21,122	14,333	5,168	111,086	38	151,747
More than 12 months past due	63,918	16,971	3,564	129,820	814	215,087
Total gross trade receivables	**294,866**	**305,844**	**223,838**	**606,042**	**1,465**	**1,432,055**

Excluding invoices to be issued, gross trade receivables for invoices issued (922,325 thousand euro) refer to retail customers in the amount of 531,098 thousand euro, business customers in the amount of 288,164 thousand euro, and public administration customers in the amount of 103,063 thousand euro.

Loss allowance

This changed as follows:

thousands of euro

	31/12/2022	Increases	Decreases	Changes in consolidation scope	30/06/2023
Loss allowance	**299,710**	**36,796**	**(23,706)**	**5,358**	**318,158**

The increase in the period was recognised to adjust the loss allowance to the amount of expected losses on the basis of the simplified approach provided for by IFRS 9, where “loss” means the present value of all future net cash flows, adjusted to take into account forward-looking information. The decreases in the period relate to utilisations.

The following table shows the loss allowance broken down by sector:

thousands of euro

	Networks	Waste Management	Energy	Market	Other services	Total
Not yet due	(11,528)	(23,450)	(1,488)	(10,974)	(88)	(47,528)
0 to 3 months past due	(3,432)	(1,485)	(543)	(15,208)	(2)	(20,670)
3 to 12 months past due	(11,961)	(2,876)	(1,511)	(49,957)	-	(66,305)
More than 12 months past due	(60,168)	(16,971)	(3,564)	(102,138)	(814)	(183,655)
Loss allowance	**(87,089)**	**(44,782)**	**(7,106)**	**(178,277)**	**(904)**	**(318,158)**

NOTE 15_CURRENT TAX ASSETS

These amounted to 4,470 thousand euro (38,263 thousand euro as at 31 December 2022) and include receivables from the tax authority for IRES and IRAP.

NOTE 16_SUNDRY ASSETS AND OTHER CURRENT ASSETS

These are as follows:

thousands of euro

	30/06/2023	31/12/2022
Government land tax/UTIF	2,250	11,904
VAT assets	57,183	41,502
Other tax assets	239,477	137,218
Tax assets within 12 months	**298,910**	**190,624**
Cassa Servizi Energetici e Ambientali (CSEA)	39,092	63,844
Green certificates	13,223	17,692
Advances to suppliers	26,024	18,913
Other current assets	70,652	112,290
Other current assets	**148,991**	**212,739**
Accrued income and prepaid expenses	48,637	35,552
Total	**496,538**	**438,915**

As at 30 June 2023, factoring transactions were completed with derecognition of the receivables for Energy Efficiency Certificates for 7,665 thousand euro. As at 31 December 2022, factoring transactions has been carried out with derecognition of the receivable from the GSE relating to tariff components for 33,231 thousand euro.

The decrease in tax assets for government land tax is due to pre-payments and settlement payments which are influenced by invoicing volumes for the current year and the previous year.

Other tax assets include 200,313 thousand euro for deductions on work carried out to improve the energy efficiency of buildings (ecobonus). Beginning in 2021, these assets are recognised under current assets, as the business model calls for the financial asset to be realised through transfers to financial intermediaries.

In September 2019, Iren exercised the option for establishment of Group VAT to which the Revenue Agency attributed a new VAT number with effect from 1 January 2020. The companies that take part in the VAT Group for 2023, not including the Parent Iren S.p.A., are as follows: Iren Energia S.p.A., IRETI S.p.A. (with the merged company Società dell'Acqua Potabile), Iren Mercato S.p.A., Iren Ambiente S.p.A. (with the merged company Borgo Ambiente), AMIAT S.p.A, Iren Smart Solutions S.p.A., Iren Acqua Tigullio S.p.A., Iren Acqua S.p.A. Iren Laboratori S.p.A., Bonifica Autocisterne S.r.l., ASM Vercelli S.p.A., Atena Trading S.r.l, ACAM Ambiente S.p.A., ACAM Acque S.p.A., ReCos S.p.A., Alfa Solutions S.p.A., TRM S.p.A, San Germano S.p.A., Maira S.p.A., Formaira S.r.l., Territorio e Risorse S.r.l. and Rigenera Materiali S.r.l., BSA s.r.l., Uniproject S.r.l., Manduriambiente Spa, Iren Ambiente Toscana S.p.A., TB S.p.A., Futura S.p.A., I Blu S.r.l., IAM Parma S.r.l., IAM Piacenza S.r.l., Asti Energia e Calore S.p.A, IRETI Gas Spa (from the demereger of Ireti), Sei Toscana Spa, Valdarno Srl, Iren Green Generetion Tech Spa (and the merged companies Solleone Energia, Palo Energia, Traversa Energia, Piano Energia), Valle Dora S.r.l., Dogliani Energia S.r.l., Alegas S.r.l., LAB 231 S.r.l..

The decrease in the item Other current assets is mainly attributable to deposits paid for trading on regulated markets for CO_2 emission rights (Emission Trading System).

In relation to receivables from the Cassa Servizi Energetici e Ambientali (CSEA) a portion of the amounts shown may not be collectable within the next 12 months.

NOTE 17_CURRENT FINANCIAL ASSETS

These are as follows:

thousands of euro

	30/06/2023	31/12/2022
Loan assets with associates	1,580	1,960
Loan assets with owners	2,879	6,199
Loan assets with others	138,869	65,794
Current portion of derivative financial instruments	84,743	182,423
Total	**228,071**	**256,376**

All loan assets recognised in this item are due within 12 months. The carrying amount of these receivables approximates their fair value as the impact of discounting is negligible.

Loan assets with associates
This item refers mainly to loans to BI Energia (1,029 thousand euro) and STU Reggiane (476 thousand euro). The remainder regards dividends to be received.
For further details please see the schedule of related party transactions shown in the annex.

Loan assets with owners
These regard amounts due from the Municipality of Turin, on which interest accrues in favour of the Group, and amounted to 2,879 thousand euro (6,199 thousand euro as at 31 December 2022), and are related to relationships between the subsidiaries AMIAT and Iren Smart Solutions and the Municipality of Turin.
For details of the overall position of Iren Group with the Municipality of Turin please see Note 8 “Non-current financial assets”.

Loan assets with others
Most of the amount refers to receivables from financial institutions for the transfer of ecobonus tax credits (72,336 thousand euro) and restricted current accounts of the subsidiary, TRM S.p.A., deriving from the loan agreement that provides for the linking of amounts to service the instalment due, environmental compensation charges and extraordinary maintenance of the waste-to-energy plant (35,807 thousand euro). The remaining balance consists of receivables arising from the implementation of the financial asset model provided by IFRIC 12 for the water purification service acquired in the Marche region, receivables deriving from the sale of tax positions for Superbonus, accrued income and deferred charges of a financial nature and financial lease receivables.

Current portion of derivative financial instruments
These relate to the positive *fair value* of derivative contracts on commodities.

NOTE 18_CASH AND CASH EQUIVALENTS

The item Cash and cash equivalents is made up as follows:

thousands of euro

	30/06/2023	31/12/2022
Bank and postal deposits	209,775	788,334
Cash and similar on hand	257	68
Total	**210,032**	**788,402**

Cash and cash equivalents consist of available bank and postal deposits. The Group does not hold cash equivalents, intended as short-term and highly liquid investments readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Please refer to the Statement of Cash Flows for details of the changes during the reporting period.

NOTE 19_ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. They amounted to 1,144 thousand euro (16,802 thousand euro as at 31 December 2022). This item relates:

- for 986 thousand euro (unchanged from 31 December 2022), to the net assets related to the concessions of the integrated water service of four municipalities of the province of Alessandria and two municipalities of Valle d'Aosta for which the takeover of the new operator is being defined;
- for 158 thousand euro (unchanged compared to 31 December 2022), to the associate Piana Ambiente.

In addition, assets held for sale include the equity investment in Fata Morgana, already fully impaired in previous years.

At 31 December 2022, there was also the amount of the equity investment in Romeo Gas (15,658 thousand euro) acquired in April 2022 and sold at the end of January 2023.

LIABILITIES

NOTE 20_EQUITY

Equity may be analysed as follows:

thousands of euro

	30/06/2023	31/12/2022
Share capital	1,300,931	1,300,931
Reserves and Retained Earnings	1,321,131	1,218,137
Profit for the period	142,932	226,017
Total equity attributable to the owners of the parent	**2,764,994**	**2,745,085**
Capital and reserves attributable to non-controlling interests	408,924	402,140
Profit attributable to non-controlling interests	15,120	43,929
Total consolidated equity	**3,189,038**	**3,191,154**

Share capital

The share capital, unchanged compared to 31 December 2022 amounts to 1,300,931,377 euro, which is fully paid-up and comprises 1,300,931,377 ordinary shares with a nominal value of 1 euro each.

In 2020 and 2021, following the relative shareholders' resolutions, the Company purchased treasury shares for a total of 17,855,645 shares for a total price of 38,690 thousand euro recognised as a reduction of equity in the item "Reserves and Retained Earnings".

Reserves and Retained Earnings

The breakdown of this item is as follows:

thousands of euro

	30/06/2023	31/12/2022
Treasury shares	(38,691)	(38,691)
Share premium reserve	133,019	133,019
Legal reserve	111,093	98,159
Hedging reserve	83,297	62,642
Other reserves and Retained earnings	1,032,413	963,008
Total reserves	**1,321,131**	**1,218,137**

<u>Hedging reserve</u>

Changes in the fair value of effective hedging derivatives are recognised with a corresponding balancing item directly in equity under the hedging reserve. These contracts were entered into to hedge exposure to the risk of interest rate fluctuations on floating rate loans and to the risk of price changes in electricity and gas purchase contracts.

<u>Other reserves and Retained earnings</u>

These comprise mainly the goodwill arising on the merger of AMGA into AEM Torino and the subsequent merger of Enìa into Iride, retained earnings and the actuarial reserve consisting of actuarial gains and losses on the measurement of post-employment benefits.

During 2023 this item changed owing mainly to the retained earnings for 2022 (71,945 thousand euro).

Dividends

At their Ordinary Meeting on 4 May 2023, the Shareholders of Iren S.p.A. approved the Parent's separate financial statements at 31 December 2022 and the Directors' Report, and resolved to distribute a dividend of 0.11 euro per ordinary share, confirming the proposal made by the Board of Directors. The dividend was payable as of 21 June 2023, with ex-dividend date on 19 June 2023. At the ex-dividend date, the number of outstanding shares was 1,283,075,732 and, consequently, the total amount of dividends distributed was 141,138,330.52 euro.

For further details, reference should be made to the statement of changes in equity.

CAPITAL MANAGEMENT
The capital management policies of the Board of Directors involves maintaining a high level of capital to uphold relations of trust with investors, creditors and the market, and also allowing future business development.
The Board of Directors monitors the return on capital and the level of dividends for distribution to shareholders, and aims to maintain a balance between achieving extra yield by recourse to indebtedness and the benefits and security offered by a solid financial position.

NON-CURRENT LIABILITIES

NOTE 21_NON-CURRENT FINANCIAL LIABILITIES

The item amounted to a total of 4,233,991 thousand euro (4,266,014 thousand euro as at 31 December 2022).

Bonds
These amounted to 3,018,610 thousand euro due after 12 months (3,015,622 thousand euro as at 31 December 2022). The item consisted entirely of positions referred to Public Bond issues, accounted for at amortised cost, against a total nominal value in issue at 30 June 2023 of 3,050,000 thousand euro (3,050,000 thousand at 31 December 2022). The details of Public Bonds with maturity after 12 months are as follows:
- Bonds maturing November 2024, coupon 0.875%, amount 500 million euro, all outstanding (amount at amortised cost 498,759 thousand euro);
- Green Bonds maturing October 2027, coupon 1.5%, amount 500 million euro, all outstanding (amount at amortised cost 495,420 thousand euro);
- Green Bonds maturing September 2025, coupon 1.95%, amount 500 million euro, all outstanding (amount at amortised cost 497,824 thousand euro);
- Green Bonds maturing October 2029, coupon 0.875%, amount 500 million euro, all outstanding (amount at amortised cost 496,517 thousand euro);
- Bonds maturing July 2030, coupon 1%, amount 500 million euro, all outstanding (amount at amortised cost 492,294 thousand euro);
- Green Bond maturing January 2031, coupon 0.25%, amount 500 million euro, including TAP issue of October 2021, all outstanding (amount at amortised cost 488,210 thousand euro)
- Green Private Placement maturing October 2028, coupon 2.85%, amount 50 million euro, issued in August 2022, all outstanding (amount at amortised cost 49,586 thousand euro).

The bonds were subscribed by Italian and foreign institutional investors, are listed on the Irish Stock Exchange and were assigned Fitch and S&P ratings.
The change in the total carrying amount compared to 31 December 2022 is due to the allocation of accrued financial expenses, calculated on the basis of the amortised cost method.

Non-current bank loans
Medium/long term loans relate exclusively to the non-current portion of loans/credit lines due after 12 months granted by banks, and amounted to 1,153,045 thousand euro (1,183,111 thousand euro as at 31 December 2022). Medium/long term loans can be analysed by interest rate type (with respective indications of minimum and maximum rates applied) and by maturity date (related to the portion after 12 months), as shown in the table below:

thousands of euro

	fixed rate	floating rate	TOTAL
min/max rate	n.a.	4.100% - 5.234%	
maturity	2024-2026	2024-2038	
1.7.2024 – 30.6.2025	13	62,287	62,300
1.7.2025 – 30.6.2026	1	61,885	61,886
1.7.2026 – 30.6.2027		67,622	67,622
1.7.2027 – 30.6.2028		471,547	471,547
Subsequent		489,690	489,690
Total after 12 months as at 30/06/2023	**14**	**1,153,031**	**1,153,045**
Total after 12 months as at 31/12/2022	**6,016**	**1,177,095**	**1,183,111**

All loans are denominated in euro.

The changes in non-current loans during the year are summarised as follows:

thousands of euro

	31/12/2022 Total after 12 months	Increases	Changes in consolidation scope	Decreases	Change in amortised cost	30/06/2023 Total after 12 months
- fixed rate	**6,016**	-	29	(6,033)	2	**14**
- floating rate	**1,177,095**	5,000	26,767	(56,180)	349	**1,153,031**
TOTAL	**1,183,111**	5,000	26,796	**(62,213)**	**351**	**1,153,045**

Total non-current loans at 30 June 2022 decreased compared to 30 June 2023, as a combined result of:

- disbursement to the Parent of a tranche of 5 million euro from a line available with CEB - Council of Europe Development Bank;
- increase of 26,796 thousand euro in medium/long-term loans held by companies that entered the consolidation area of the Group, repaid in advance in the period;
- decrease of 62,213 thousand euro for the aforementioned early repayments and for the short-term classification of the portions of loans due within the next 12 months;
- increase of 351 thousand euro due to recognition of the loans at amortised cost.

Other financial liabilities

These amount to 62,336 thousand euro (67,281 thousand euro as at 31 December 2022) and mainly refer to:

- for 7,134 thousand euro (8,916 thousand euro as at 31 December 2022) at fair value of derivative contracts entered into to hedge the exposure to the risk of fluctuations in interest rates of loans at floating rate (for details, see the “Group Financial Risk Management” paragraph);
- for 47,111 thousand euro (49,738 thousand euro as at 31 December 2022) to lease liabilities;
- for 3,440 thousand euro (3,200 thousand euro as at 31 December 2022) to the fair value measurement of the put options granted to non-controlling interests on their shares. This item refers to the option to sell the non-controlling interest in Nord Ovest Servizi S.p.A., equal to 25% of the share capital, held partly by SMAT and partly by GTT, and the non-controlling interest in Remat, equal to 11.58% of the share capital;
- for 4,651 thousand euro (5,427 thousand euro at 31 December 2022) to minor loans from others, the most significant amounts of which regard loans granted to certain consolidated companies, but in which the Group does not hold 100% of the shares, by the non-controlling investor.

NOTE 22_EMPLOYEE BENEFITS

Changes in this item in the first half of 2023 were as follows:

thousands of euro

	31/12/2022	Changes in consolidation scope	Disbursements during the period	Obligations vested during the year	Financial expense	30/06/2023
Post-employment benefits	80,769	1,981	(3,684)	399	813	80,278
Additional salary payments (seniority bonus)	3,041	-	(143)	55	25	2,978
Loyalty bonus	2,249	-	(67)	36	28	2,246
Tariff discounts	3,237	-	(38)	13	21	3,233
Premungas fund	1,652	-	(180)	(13)	32	1,491
Total	**90,948**	**1,981**	**(4,112)**	**490**	**919**	**90,226**

The column "Changes in consolidation scope" refers to the balances purchased during the half-year relating to the companies Romeo 2, Amter, Acquaenna and Remat.
The tariff discounts include benefits related to the supply of natural gas for domestic use. Following the signing of specific agreements with the trade unions, the "Energy discount" awarded up to 30 September 2017 to employees in service was converted into other forms of employee benefits. The "Energy discount" awarded up to 30 September 2017 to retired employees was revoked unilaterally and replaced with lump sums included in provisions for former employee benefits.

Actuarial assumptions

The valuation of the liabilities shown above was performed by independent actuaries when preparing the consolidated financial statements at 31 December 2022.
The liability relating to the defined benefit plans is calculated in accordance with actuarial assumptions and is recognised on an accrual basis in line with the service necessary to obtain benefits.
For the purpose of defining the present value of the obligations, the future service is estimated based on assumptions related to changes in the total number of employees and employee remuneration. Future service represents the amount that would be paid out to each employee in the event of continuing working activity with another company, retirement, death, resignation or a request for an advance.

The following factors were considered in deciding which discount rate to adopt in the measurement approach provided by IAS 19:
- relevant market;
- the measurement date;
- expected average term of the liabilities.

The average residual term of liabilities was obtained as the weighted average residual term of liabilities related to all benefits and all Group companies.
The economic and financial assumptions adopted in the calculations are as follows:

Annual discount rate	3.34% - 3.77%
Annual inflation rate	2.30%
Annual rate of increase of post-employment benefits	3.225%

NOTE 23_PROVISIONS FOR RISKS AND CHARGES

The item amounted to 397,954 thousand euro (404,781 thousand euro as at 31 December 2022). It is detailed in the following table, and refers both to the current and non-current portions:

thousands of euro

	31/12/2022	Increases	Decreases	(Gains) losses	Changes in consolidation scope	30/06/2023	Non-current portion
Provision for restoration of third-party assets	180,546	3,362	(302)	(147)	-	183,459	183,459
"Post-closure" provisions	74,342	329	(2,423)	(2,721)	-	69,527	63,104
Provision for dismantling and reclaiming sites	50,042	-	(51)	(807)	-	49,184	49,180
Provision for early retirement	4,428	-	(465)	-	-	3,963	1,299
ETS cancellation obligation	152,904	123,185	(152,904)	-	-	123,185	-
Other provisions for risks and charges	150,045	41,040	(15,791)	-	1,074	176,368	100,912
Total	**612,307**	**167,916**	**(171,936)**	**(3,675)**	**1,074**	**605,686**	**397,954**

If the effect of discounting the value of money is significant, the provisions are discounted using a pre-tax discount rate which, on the basis of the time period envisaged for the future cash flows, does not exceed 3.52%. The column "Changes in consolidation scope" refers to the balances purchased during the half-year relating to the companies Amter and Acquaenna.

Provision for restoration of third-party assets

This provision refers to liabilities which, if the water service concessions for the Parma, Piacenza and Reggio Emilia ATOs are reassigned to third parties, will be deducted from the fee to be paid to the Group by the incoming operator. These liabilities are estimated according to the depreciation of the pool of assets and equipment relating to the aforementioned integrated water cycle which, as a result of the spin-offs completed in 2005 by the three companies AGAC, Tesa and AMPS (later merged into Enìa), were transferred to the financial statements of three full publicly-held companies as envisaged in Art. 113 paragraph 13 of T.U.E.L. This pool of assets is used to perform the water service against the payment of a rental fee and with a contractual commitment to set aside the aforementioned provisions.

"Post-closure" provisions

These are mainly provisions for future expense for environmental remediation of controlled landfill plants which also include costs for post-operating management until the sites involved have been completely converted into green areas. These provisions are supported by specific appraisals periodically updated in order to adjust the existing provisions to the estimate of the future costs to be incurred. The decreases refer in particular to the utilisation of the provision to cover costs incurred in the post-operating phase until the mineralisation of waste and the conversion of landfills into "green areas" are completed.

Provision for dismantling and reclaiming sites

The "Provision for dismantling and reclaiming sites" represents the estimate of expense associated with the future dismantling of the Group's waste-to-energy plants and the estimate of charges to be incurred in relation to the future reclamation of former AMNU in Parma on which an incinerator was located.

Provision for early retirement

The provision refers to expenses associated with early retirement of some employees and arises from the results of agreements between Iren Group and the Trade Unions that provide for early retirement incentives for some employees, on a voluntary basis among the Group's personnel who are potentially involved. The transaction should be seen in the wider context of professional and demographic rebalancing of Iren Group's personnel, in view of a plan to recruit young individuals.
The incentive, completely chargeable to Iren Group (in application of Art. 4 of Law no. 92/2012), will enable the personnel who meet the legal requisites to retire ahead of the date of eligibility, making up in part for the delay in retirement created by the social security reform.

The provision represents the estimated payment to the employees involved in the Plan, through the social security institution, of a benefit of an amount equal to the pension that would be payable on the basis of the current rules (“early retirement”) with payment of the contribution to the social security institution until the minimum requirements for retirement are reached (in accordance with the aforementioned Law no. 92/2012), and a sum, for each of the employees involved, as a one-off payment as an incentive.

ETS cancellation obligation
This item refers to obligations related to carbon dioxide emission rights under the Emission Trading Scheme. The increase relates to the estimated costs of the rights still to be purchased for the obligation of the period.

Other provisions for risks and charges
The amount of the provisions mainly refers to the probable risk of higher charges for the construction of plants which are completed or yet to be finished, the estimated IMU/ICI tax to be paid based on the value of plant systems as envisaged in Art. 1-quinquies of Decree Law no. 44 of 31 March 2005, the estimate of charges related to the return of emissions quotas, charges for environmental offsets, risks of a regulatory nature and probable charges for various disputes.

During the first half of 2023, releases of provisions amounting to 4,863 thousand euro were made, mainly related to pending disputes with entities that have been resolved and for which there is therefore no longer a need to maintain the related provisions.

The current portion referring to the provisions described above was presented under “provisions for risks and charges - current portion” (Note 31).

NOTE 24_DEFERRED TAX LIABILITIES

Deferred tax liabilities of 149,423 thousand euro (142,221 thousand euro as at 31 December 2022) are due to the temporary difference between the carrying amount and tax value of assets and liabilities recognised in the financial statements.
Deferred taxation is calculated with reference to the expected tax rates applicable when the temporary differences will reverse.

NOTE 25_SUNDRY LIABILITIES AND OTHER NON-CURRENT LIABILITIES

This item can be broken down as follows:

thousands of euro

	30/06/2023	31/12/2022
Due after 12 months	65,027	63,454
Deferred income for grants related to assets- non current	484,619	438,344
Non-current accrued expenses and deferred income	3,810	3,333
Total	**553,456**	**505,131**

The item “Due after 12 months” mainly refers to advances paid by users as a guarantee on the supply of water, as well as payables to GSE for a dispute with AEEG (Scarlino Energia), and tax payables for substitute taxes to be paid beyond 12 months from the reporting date.
Deferred income for contributions against plant investments, non-current portion, includes the amounts relating to connection grants of 199,971 thousand euro and the Fo.N.I. component (Provision for New Investments), amounting to 58,090 thousand euro, provided for by the tariff method for the Integrated Water Service, which will be reversed in the income statement after 12 months from the reporting date. The portion that will be booked to the income statement in the 12 months following the reporting date amounts to 8,643 thousand and 3,257 thousand euro, respectively, and is included in the item “Sundry liabilities and other current liabilities” under “Accrued expenses and deferred income”.

CURRENT LIABILITIES

NOTE 26_CURRENT FINANCIAL LIABILITIES

All financial liabilities recognised in this item are due within 12 months. The carrying amount of these amounts approximates their fair value as the impact of discounting is negligible.
Current financial liabilities can be analysed as follows:

thousands of euro

	30/06/2023	31/12/2022
Bank loans	168,281	65,346
Loans from associates	1,117	2,192
Loans from owners	14,750	7,548
Loans from other related parties	6	4
Lease liabilities	14,745	15,007
Loans from others	18,576	16,523
Current derivative liabilities	66,010	187,955
Total	**283,485**	**294,575**

Bonds
As at 30 June 2023, there were no bonds maturing within 12 months.

Bank loans
Current bank loans may be broken down as follows:

thousands of euro

	30/06/2023	31/12/2022
Loans - current portion	54,226	50,092
Other current bank loans	91,759	728
Accrued financial expenses and deferred financial income	22,296	14,526
Total	**168,281**	**65,346**

Other short-term bank borrowings include loans amounting to 90,000 thousand euro from Credem, Credit Agricole (on demand) and Banca Passadore (repayable at a due date).

Loans from associates
They mainly refer to payables to the company Arienes in the amount of 1,117 thousand euro.

Loans from owners
This item relates to dividends of the company TRM still to be paid to the shareholder Municipality of Turin.

Loans from others
They amounted to 18,576 thousand euro (16,523 thousand euro as of 31 December 2022) and mainly related to the fair value valuation of the put option on the non-controlling interest in IBlu S.r.l. (4,026 thousand euro), equal to 20% of the share capital, held by Idealservice Soc Coop, to payables to factors (7,483 thousand euro) and to the payable for dividends resolved but not yet paid as at 30 June 2023, amounting to 3,414 thousand euro.

Current derivative liabilities
These relate to the fair value of derivative contracts entered into to hedge the exposure to the risk of oscillating commodity prices.

NOTE 27_TRADE PAYABLES

All trade payables are due within 12 months. The carrying amount of these payables approximates their fair value as the impact of discounting is negligible.

thousands of euro

	30/06/2023	31/12/2022
Trade payables to suppliers	1,288,257	2,101,840
Trade payables to joint ventures	(2)	(2)
Trade payables to associates	10,154	26,368
Trade payables to related-party shareholders	12,151	7,330
Trade payables to other related parties	5,146	4,637
Advances due within 12 months	102,519	133,711
Guarantee deposits due within 12 months	4,993	5,506
Charges to be reimbursed within 12 months	10	10
Total	**1,423,228**	**2,279,400**

NOTE 28_CURRENT CONTRACT LIABILITIES

This item totalled 21,452 thousand euro (39,209 thousand euro as at 31 December 2022) and refers to the amounts paid by customers as advance payments for energy efficiency measures in buildings, which have not yet been completed.

NOTE 29_SUNDRY LIABILITIES AND OTHER CURRENT LIABILITIES

All amounts recognised in this item are due within 12 months. The carrying amount of these payables approximates their fair value as the impact of discounting is negligible.

thousands of euro

	30/06/2023	31/12/2022
VAT liability	2,632	2,650
Government land tax/UTIF	14,027	1,559
IRPEF liability	1,238	1,734
Other tax liabilities	35,156	33,397
Tax liabilities due within 12 months	**53,053**	**39,340**
Amounts due to employees	67,944	62,427
Cassa Servizi Energetici e Ambientali (CSEA)	49,597	9,963
Amounts due to social security institutions within 12 months	31,061	31,269
Other current liabilities	124,605	92,563
Sundry liabilities due within 12 months	**273,207**	**196,222**
Accrued expenses and deferred income	25,898	25,569
Total	**352,158**	**261,131**

The increase in for the government land tax is due to pre-payments and settlement payments which are influenced by invoicing volumes for the current year and the previous year.
The change in amounts due to Cassa per i Servizi Energetici e Ambientali (the Energy and Waste Management Services Fund) in the year is related to the estimates of negative equalisation of electricity and gas.
Other current liabilities mainly refer to the cost estimates for the obligations relating to energy efficiency certificates, payables for tariff components of electricity distribution to be paid to the GSE, liabilities for

purification fees, liabilities for RAI fees collected in the bill and amounts due to customers for works invoiced but not yet carried out relating to the energy efficiency of buildings.

NOTE 30_CURRENT TAX LIABILITIES

The item “Current tax liabilities” amounting to 60,710 thousand euro (34,969 thousand euro as at 31 December 2022) is made up of IRES and IRAP payables, comprising the estimate of taxes for the current half-year.

NOTE 31_PROVISIONS FOR RISKS AND CHARGES - CURRENT PORTION

This item amounted to 207,732 thousand euro (207,526 thousand euro as at 31 December 2022) and refers to the current portion of the provisions, divided as follows:

- provisions for charges related to the obligation to cancel ETS allowances of 123,185 thousand euro;
- provisions for environmental offset charges of 9,935 thousand euro;
- provisions for early retirement of 2,664 thousand euro;
- provisions for dismantling and reclaiming sites and post-closure provisions for 6,428 thousand euro;
- other provisions for risks of 65,520 thousand euro.

For further details on the breakdown of and changes in provisions for risks and charges see Note 23.

NOTE 32_LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

There are no liabilities directly associated with assets held for sale at 30 June 2023 and at 31 December 2022.

FINANCIAL POSITION

Net financial debt, calculated as the difference between current and non-current financial debt and current and non-current financial assets, can be broken down as follows:

thousands of euro

	30/06/2023	**31/12/2022**
Non-current financial assets	(159,129)	(169,057)
Non-current financial debt	4,233,991	4,266,014
Non-current net financial debt	**4,074,862**	**4,096,957**
Current financial assets	(438,103)	(1,044,778)
Current financial debt	283,485	294,575
Current net financial debt	**(154,618)**	**(750,203)**
Net financial debt	**3,920,244**	**3,346,754**

Net Financial position with related parties

Non-current financial assets include 36,545 thousand euro due from the Municipality of Turin and 5,457 thousand euro due from associates.

Current financial assets include 3,191 thousand euro due from the Municipality of Turin and 4,472 thousand euro due from associates.

Current financial liabilities include 14,750 thousand euro in payables to related party shareholders (for dividends), 1,117 thousand euro in payables to associated companies and 6 thousand euro in payables to other related parties.

The net financial position according to the structure proposed by ESMA in the document of 4 March 2021 *Guidelines on disclosure requirements under the Prospectus Regulation and* implemented by Consob with *Attention Reminder No. 5/21 of 29 April 2021* is shown below.

Thousands of euro

	30/06/2023	31/12/2022
A. Cash and cash equivalents	(210,032)	(788,402)
B. Cash equivalents	-	-
C. Other current financial assets	-	(2,476)
D. Liquidity (A) + (B) + (C)	**(210,032)**	**(790,878)**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	214,514	229,476
F. Current portion of non-current financial debt	68,971	65,099
G. Current financial debt (E + F)	**283,485**	**294,575**
H. Net current financial debt (G – D)	**73,453**	**(496,303)**
I. Non-current financial debt (excluding current portion and debt instruments)	1,215,381	1,250,392
J. Debt instruments	3,018,610	3,015,622
K. Trade payables and other non-current debt	-	-
L. Non-current financial debt (I + J + K)	**4,233,991**	**4,266,014**
M. Total financial debt (H + L)	**4,307,444**	**3,769,711**

The annexes to the condensed interim consolidated financial statements include the reconciliation statement between "total financial debt", calculated according to the structure proposed by ESMA, and "net financial debt", calculated according to Iren Group's policy and reported at the beginning of this section.

The table below shows the changes in the year in current and non-current financial liabilities.

Thousands of euro

Current and non-current financial liabilities 31.12.2022	**4,560,589**
Monetary changes as reported in the statement of cash flows	
New non-current loans	5,000
Repayment of non-current loans	(58,080)
Repayment of financial payables for leasing	(8,509)
Change in other financial payables	87,697
Interest paid	(35,212)
Dividends paid	(176,300)
Non-monetary changes	
Liabilities acquired following change in consolidation scope	27,295
New finance leases	5,302
Fair value change in derivatives	(123,727)
Interest and other financial expense	50,023
Dividends declared	183,398
Current and non-current financial liabilities 30.06.2023	**4,517,476**

X. NOTES TO THE INCOME STATEMENT

Unless otherwise stated, the following comments and tables show the figures in thousands of euro.

The Group's consolidated income statement as from 1 February 2023 includes the economic figures of the company Romeo 2, starting from 1 April 2023 those of Amter, while starting from 1 June 2023 those of Acquaenna; the economic results for the first half of 2023 are therefore influenced by the inclusion of these quantities in the consolidation scope.
Again for the purposes of a correct analysis of the income statement, we can also note that the items include, along the entire time horizon in question, the results of the companies:

- Iren Green Generation Group, Valdarno Ambiente, C.R.C.M., Alegas, Dogliani Energia and Valle Dora Energia, all acquired in the first half of 2022;
- Società dell'Acqua Potabile (SAP), SEI Toscana, Ekovision, Valdisieve, Mara Solar, Limes 1, Limes 2 and Omnia Power, all acquired in the second half of 2022.

REVENUE

NOTE 33_REVENUE FROM GOODS AND SERVICES

This item amounted to 3,103,488 thousand euro (3,650,475 thousand euro in the first half of 2022) as follows.

Thousands of euro

	First half of 2023	First half of 2022
Electricity revenue	1,233,364	1,858,213
Heat revenue	148,878	252,487
Gas revenue	538,611	552,860
Integrated water service revenue	242,371	232,009
Waste collection and disposal revenue	463,364	363,751
Revenue from asset construction services under concession	87,281	92,387
Revenue from other services	389,619	298,768
Total	**3,103,488**	**3,650,475**

The following table shows the reconciliation between the item Revenue from goods and services and the segment reporting in Section XII below. Segment reporting

thousands of euro

	Networks	Waste Management	Energy	Market	Other services	Intragroup elimina-tions	Total
Revenue from goods and services	458,269	550,805	1,500,393	2,084,323	11,692	(1,501,994)	3,103,488
Other revenue	85,025	43,671	99,666	42,960	2,788	(163,211)	110,899
Total	**543,294**	**594,476**	**1,600,059**	**2,127,283**	**14,480**	**(1,665,205)**	**3,214,387**

The table below provides a breakdown of revenue from goods and services by business segment.

Thousands of euro

	Networks	Waste Management	Energy	Market	Other services	Intragroup elimina-tions	Total
Electricity revenue	69,397	33,699	1,059,921	821,892	-	(751,545)	1,233,364
District heating revenue	-	9,586	158,768	(3)	-	(19,473)	148,878
Gas revenue	58,974	2,232	-	1,190,434	-	(713,029)	538,611
Integrated water service revenue	241,245	2,227	-	-	-	(1,101)	242,371
Waste management revenue	7	468,570	-	-	-	(5,213)	463,364
Revenue from asset construction services under concession – IFRIC 12	85,550	1,419	312	-	-	-	87,281
Revenue from other services	3,096	33,072	281,392	72,000	11,692	(11,633)	389,619
Total Revenue from goods and services	**458,269**	**550,805**	**1,500,393**	**2,084,323**	**11,692**	**(1,501,994)**	**3,103,488**

The nature and timing of the performance obligations contained in customer contracts are described below:

Sale and distribution of electricity and gas and sale of heat to end customers
Contracts for the sale of energy carriers to end customers include fees that relate to both the sale and distribution of the relevant commodities, identified as a single, indistinct performance obligation. This obligation is fulfilled upon delivery at the redelivery point or heat exchange substation.
These contracts relate to supplies of a continuous nature, which imply the fulfilment of the relevant obligations in an over-time logic, since the end customer benefits, repeatedly over time, from individual commodity units that are homogeneous with each other.
This revenue includes the estimated disbursements made but not yet invoiced. This estimate is based on the customer's historical consumption profile, adjusted to reflect weather conditions or other factors that may affect consumption.
In this context, revenue from the electricity and gas distribution service, supplied through the Group's networks to third-party sellers, is recognised on the basis of tariffs determined by the competent Authorities to reflect the remuneration recognised for investments made, taking into account the equalisation mechanisms provided for. They, too, refer to services aimed at fulfilling the relevant obligations on an ongoing basis, with a view to the continuity of the service provided characteristic of network businesses.
Integrated Water Service
Similarly to the other network businesses mentioned above, aqueduct (water collection, drinking water, lifting and distribution), sewerage and wastewater treatment services relate to obligations fulfilled over time. They, too, are entered on the basis of the tariffs determined by the competent authorities to reflect the remuneration paid for the investments made.

Waste management revenue
Revenue generated by the environmental supply chain mainly relates to:
- collection and urban sanitation, where performance obligations are fulfilled continuously over time on the basis of existing contracts;
- the treatment of municipal and special waste, including its disposal and measurement. In this regard, the Group assesses the relevant services as provided over time, particularly with regard to the continuous disposal of homogeneous waste units, also within the framework of existing agreements with the competent authorities.

It should also be noted that in this context there are, to a residual extent, rapid-response services provided in accordance with obligations arising from events (e.g. snow clearing service).

Other revenue
The revenue included under this heading refers in particular:

- to products/services ancillary to the sale of commodities (the so-called new downstream), which are distinctly identified, and which concern performance obligations that are fulfilled punctually upon the transfer of the product/service to the customer;
- to services related to the management of energy services, including maintenance services, and to orders for the energy efficiency of plants and buildings. Both refer to obligations fulfilled over time. In particular, revenue relating to contracts for efficiency upgrading are recognised on the basis of the stage of completion of the contract work, deduced from the total estimated costs incurred, by means of the recognition of an asset arising from contracts with customers until the obligation has been fully met.

NOTE 34_OTHER INCOME

Other income totalled 110,899 thousand euro (61,138 thousand euro in the first half of 2022) and refers to grants, revenue for energy certificates and sundry income. The tables below show the details of the individual items.

Grants

thousands of euro

	First half of 2023	First half of 2022
Grants related to assets	6,852	6,930
Connection grants	5,628	5,388
Other grants	40,902	5,824
Total	**53,382**	**18,142**

The grants related to assets and connection grants represent the relevant portion of grants calculated in proportion to the depreciation rates of the plants to which they refer.
The connection grants include amounts received for connection to the Group's electricity, water, gas and heat distribution networks.
The increase in the item "Other contributions" is largely attributable to the regulatory measures introduced to combat the high energy price, which provided for a tax credit for so-called "non-energy-intensive" and "non-gas-intensive", aimed at compensating the higher charges incurred for electricity and gas purchased and used in economic activity. The effect of these measures for the Group amounted to 38,985 thousand euro.

Revenue from energy efficiency certificates

thousands of euro

	First half of 2023	First half of 2022
Revenue from ex-Green Certificates incentive	25,541	7,553
Revenue from Energy Efficiency Certificates (White Certificates)	905	12,030
Revenue from CO_2 emission quotas	9,396	-
Total	**35,842**	**19,583**

Other income

	First half of 2023	First half of 2022
		thousands of euro
Service contracts	595	1,135
Lease income	1,019	818
Capital gains on sale of assets	1,610	151
Insurance settlements	2,923	2,608
Sundry reimbursements	3,844	4,633
Other revenue and income	11,684	14,068
Total	**21,675**	**23,413**

COSTS

NOTE 35_RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

This item is broken down as follows:

thousands of euro

	First half of 2023	First half of 2022
Purchase of electricity	279,444	573,955
Purchase of gas	911,328	1,449,480
Purchase of heat	325	426
Purchase of other fuels	94	78
Purchase of water	2,505	2,125
Other raw materials and inventory materials	123,581	69,311
Emission trading	143,684	111,252
White certificates	9,093	6,117
Change in inventories	65,876	(77,896)
Total	**1,535,930**	**2,134,848**

Costs for raw materials, consumables, supplies and goods decreased by 598,918 thousand euro. The decrease in the costs of purchasing electricity and gas is mainly linked to the decrease in prices of commodities.
The purchase of raw materials and materials in stock increased in connection with the marketing to retail customers of products in the area of home automation, energy saving and maintenance of domestic installations and, to a lesser extent, fuels for operating vehicles.
The change in inventories was partly due to gas stocks.

NOTE 36_SERVICES AND USE OF THIRD-PARTY ASSETS

Costs for services amounted to 738,219 thousand euro (711,063 thousand euro in the first half of 2022), as follows:

thousands of euro

	First half of 2023	First half of 2022
Electricity transport and electricity system expenses	203,828	197,070
Gas carriage	(73,220)	22,400
Third-party works, maintenance and industrial services	280,297	230,655
Collection and disposal, snow clearing, public parks	165,251	120,638
Expenses related to personnel (meal allowance, training, business travel)	7,218	6,540
Technical, administrative and commercial consulting and advertising expenses	46,928	48,491
Legal and notary fees	1,861	1,685
Insurance	12,569	11,991
Bank expenses	6,044	4,747
Telephone expenses	3,324	2,950
IT expenses	26,573	24,877
Reading and invoicing services	7,848	5,311
Board of Statutory Auditors' fees	723	562
Other costs for services	48,975	33,146
Total costs for services	**738,219**	**711,063**

Costs for third-party works mainly relate to operating and maintenance costs of plants and networks.
Gas transmission costs are negative as a result of the effects of ARERA introduction of a UG2c tariff component with a negative sign, envisaged as part of urgent and extraordinary interventions in favour of consumers in relation to the situation of tension in the functioning of the gas markets.
"Other costs for services" includes residual costs for internal consumption, back office, transport and other services: this item increased largely as a result of higher transport costs and the closure of estimates from previous years.

Use of third-party assets amounted to 18,439 thousand euro (17,576 thousand euro in the first half of 2022). The item included mainly fees paid to the single operator of the Genoa Area and the fees paid to the companies that own the assets of the integrated water service of the Municipalities of Parma, Piacenza, and Reggio Emilia.
Secondarily, this item includes short-term leases or when the underlying asset is of low value, which the group has decided to exclude from the scope of application of IFRS 16.

NOTE 37_OTHER OPERATING EXPENSES

Other operating expenses amounted to 51,446 thousand euro (49,246 thousand euro in the first half of 2022), as follows:

thousands of euro

	First half of 2023	First half of 2022
General expenses	11,028	10,377
Instalments and higher instalments for water shunting	20,878	12,934
Taxes and duties	12,833	12,479
Capital losses on goods disposal	390	206
Other sundry operating expenses	6,317	13,250
Total	**51,446**	**49,246**

General expenses include among other things contributions to the running costs of various entities and penalties from service providers. The item "Taxes and duties" relates mainly to expenses for IMU property tax on the Group's plants and buildings and expenses for occupying and reclaiming public land.
The item "Other sundry operating expenses" includes adjustments of revenue pertaining to previous years.

NOTE 38_CAPITALISED EXPENSES FOR INTERNAL WORK

Capitalised expenses for internal work amounted to 28,666 thousand euro (21,649 thousand euro in the first half of 2022), and regard increases in capital assets made with internal resources and production factors.

Thousands of euro

	First half of 2023	First half of 2022
Capitalised personnel expense	(21,123)	(16,054)
Capitalised inventory materials	(7,543)	(5,595)
Total	**(28,666)**	**(21,649)**

NOTE 39_PERSONNEL EXPENSES

Personnel expenses amounted to 292,561 thousand euro (257,798 thousand euro in the first half of 2022), as follows:

thousands of euro

	First half of 2023	First half of 2022
Gross remuneration	208,901	185,171
Social security contributions	63,618	56,010
Post-employment benefits	399	481
Other long-term employee benefits	91	80
Other personnel expense	18,374	15,138
Directors' fees	1,178	918
Total	**292,561**	**257,798**

As specified in Note 38, 21,123 thousand euro of costs related to employees were capitalised.

Other personnel expense includes social security and recreational contributions, the contribution paid to the supplementary health care fund, insurance for accidents occurring outside working hours, the portion of post-employment benefits, and contributions to be paid by the employer to supplementary pension funds.
The composition of personnel is shown in the following table.

	First half of 2023	FY 2022	Average for the period
Executives	116	117	117
Junior managers	388	372	380
White collars	4,562	4,474	4,516
Blue collars	5,831	5,620	5,686
Total	**10,897**	**10,583**	**10,699**

The main changes in the workforce compared to 31 December 2022 were ascribable to:

- the initiation/conclusion of services contracted out by San Germano (Waste Management BU);
- the continuation of the generational turnover plan, with a considerable number of recruitments on the labour market;
- the consolidation, in May 2023, by IRETI of AcquaEnna for a total of 103 resources.

NOTE 40_DEPRECIATION AND AMORTISATION

Depreciation/amortisation for the period amounted to 286,848 thousand euro (252,874 thousand euro in the first half of 2022).

Thousands of euro

	First half of 2023	First half of 2022
Property, plant and equipment and investment property	172,168	149,553
Intangible assets	114,680	103,321
Total	**286,848**	**252,874**

For further details on depreciation/amortisation, refer to the tables of changes in property, plant and equipment and intangible assets.

NOTE 41_PROVISIONS AND IMPAIRMENT LOSSES

This item amounted to a total of71,335 thousand euro (28,230 thousand euro in the first half of 2022) as follows:

thousands of euro

	First half of 2023	First half of 2022
Impairment losses on loans and receivables	**35,819**	**35,644**
Provisions for risks and restoration of third-party assets	39,786	5,968
Release of provisions	(4,270)	(14,270)
Impairment losses	-	888
Total net other provisions and impairment losses	**35,516**	**(7,414)**
Total	**71,335**	**28,230**

The net impairment losses on loans and receivables relate to trade receivables and non-current contract assets
.
The increase in the period was recognised to adjust the loss allowance to the amount of expected losses on the basis of the simplified approach provided for by IFRS 9, where "loss" means the present value of all future net cash flows, adjusted to take into account forward-looking information..

The trend of the provisions for risks and restoration of third-party assets refers to the assessment of risks of liabilities in the electrical and water segments, as well as to probable costs in the waste management segment, while releases of provisions in the period refer to the revision of estimates of expenses set aside in previous years.
The item Provisions for risks and restoration of third-party assets includes 33,648 thousand euro in application of DL Sostegni Ter Art 15, of which 13,648 thousand euro referred to the year 2022 and 20,000 thousand euro as the best estimate available to date and referred to the first half of 2023. In the first half of 2023, the Lombardy Regional Administrative Court ruled (June 2023) that the decision on the incompatibility of the "Sostegni Ter" Decree Law with EU Regulation No. 2022/1854 was within the remit of the EU Court of Justice.
Details of changes in provisions are provided in the note to the Statement of financial position item "Provisions for risks and charges".

NOTE 42_FINANCIAL INCOME AND EXPENSE

Financial income

Financial income amounted to 14,001 thousand euro (5,764 thousand euro in the first half of 2022). The details are shown in the following table:

	First half of 2023	First half of 2022
Dividends	118	-
Bank interest income	3,500	110
Interest income on loans/receivables	394	497
Interest income from customers	3,236	2,262
Capital gain on disposal of financial assets	519	-
Other financial income	6,234	2,895
Total	**14,001**	**5,764**

Interest income on loans/receivables refers primarily to interest on current account overdrafts between the Group and the Municipality of Turin (68 thousand euro) and interest on loans granted to associates (96 thousand euro). Other financial income consists mainly of income for the discounting of provisions.

Financial expense

The item amounted to 54,413 thousand euro (37,465 thousand euro in the first half of 2022). The breakdown of financial expenses is shown in the following table:

thousands of euro

	First half of 2023	First half of 2022
Interest expense on mortgages	21,918	1,226
Interest expense on bonds	19,910	24,352
Hedging effect of interest rate derivatives	(7,216)	1,367
Interest expense on bank current accounts	3,574	222
Other interest expense	3,625	620
Capitalised borrowing costs	(223)	(1,458)
Fair value losses on derivatives	249	-
Interest cost – Employee benefits	919	147
Financial expense on lease liabilities	710	254
Other financial expense	10,947	10,735
Total	**54,413**	**37,465**

Interest expense on loans and bonds includes the expense relating to the measurement at amortised cost.

Other financial expenses consist mainly of financial expenses for discounting provisions and expenses arising from the assignment to financial intermediaries of credits related to deductions on works carried out to improve the energy efficiency of buildings (ecobonus).

NOTE 43_GAINS (LOSSES) ON EQUITY INVESTMENTS

The net gains of 4,110 thousand euro (net gains of 5,046 thousand euro in the first half of 2022) mainly refer to the remeasurement at acquisition-date fair value of the non-controlling interest relating to the business combinations of Amter (1,586 thousand euro) and Acquaenna (2,463 thousand euro).

In the first half of 2022 this item referred to the remeasurement at acquisition-date fair value of the non-controlling interest and the gain deriving from the bargain purchase in connection with the business combination of Valle Dora Energia (+5,078 thousand euro), net of the impairment losses on non-controlling interests (-32 thousand euro).

NOTE 44_SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES

The share of profit of equity-accounted investees amounted to 1,993 thousand euro (a profit of 5,625 thousand euro in the first half of 2022). For more details please see Note 5 “Equity-accounted investments”.

NOTE 45_INCOME TAXES

The item Income taxes amounts to 55,914 thousand euro and includes the estimated income taxes for the first half of 2023, while in the comparative period it amounted to 104,062 thousand euro and included the estimated income taxes for the first half of 2022 for 73,583 thousand euro and the so-called “Solidarity Contribution” for 30,479 thousand euro.

The estimate of income tax for the first half of 2023 is the result of the best estimate of the average expected tax rate for the full year, applied to the pre-tax profit for the period, adjusted to reflect the tax effect of certain items recognised entirely in the period. The tax rate for the first half of 2023 was 26.1% and benefited from the positive effect of the non-taxability of tax credits recognised against corporate energy costs and the effect of the redemption of positive differentials arising from business combinations carried out during 2022.

In the first half of 2022, the item non-recurring taxes included the provisions of by Decree-Law no. 21/2022 (article 37), which had provided for a levy for the year 2022 as an extraordinary grant against high utility bills (so-called “Solidarity contribution”).

NOTE 46_PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

None.

NOTE 47_ PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Profit attributable to non-controlling interests, which amounted to 15,120 thousand euro (19,298 thousand euro in the first half of 2022), relates to the share of profit of non-controlling interests in companies fully consolidated but not wholly owned by the Group.

NOTE 48_EARNINGS PER SHARE

For the purposes of calculating basic and diluted earnings per share, it is noted that the number of shares for the first half of 2023 represents the weighted average number of shares in issue in the reporting period based on the provisions of IAS 33 § 20. The parent has not issued any financial instruments that have the potential to dilute its common stock, therefore diluted earnings per share is equal to basic earnings per share.

	First half of 2023	First half of 2022
Profit for the period (thousands of euro)	142,932	137,237
Weighted average number of shares outstanding over the year (thousand)	1,283,076	1,283,076
Basic earnings per share (euro)	**0.11**	**0.11**

NOTE 49_OTHER COMPREHENSIVE INCOME

Other comprehensive income was 20,098 thousand euro (other comprehensive expense of 5,662 thousand euro in H1 2022) and included other comprehensive income items that will be reclassified to profit or loss at a later date. In detail they refer to:

- the effective portion of changes in the fair value of cash flow hedging instruments, showing a gain of 24,529 thousand euro, which refers to derivatives hedging changes in interest rates and derivatives hedging changes in commodity prices (for the Group, this concerns electricity and gas).
- the share of other profits/(losses) of equity-accounted investees, a positive 2,756 thousand euro, which refers to changes in the fair value of cash flow hedging instruments of associates;
- the change in the translation reserve, amounting to a negative 374 thousand euro, due to the change in the exchange rate used to translate the financial statement balances of associates that prepare their financial statements in currencies other than the euro
- the tax effect of other comprehensive income, for 6,813 thousand euro.

XI. GUARANTEES AND CONTINGENT LIABILITIES

Guarantees given concerned sureties and other guarantees for own commitments in the amount of 1,009,841 thousand euro (1,113,185 thousand euro as at 31 December 2022). The most significant items relate to guarantees and commitments in favour of:

- Revenue Agency for 132,565 thousand euro for a VAT credit refund request;
- the Electricity Market Operator (GME) for 132,528 thousand euro to guarantee the energy market participation contract;
- Shell Energy Europe for 85,000 thousand euro to guarantee the gas supply contract;
- ARPAE for 75,790 thousand euro for waste conferment and operations and post-closure management of plants subject to Integrated Environmental Authorisation (I.E.A.);
- ATERSIR for 62,877 thousand euro for agreements and tenders in progress relating to the Integrated Water Service and the Urban Waste Management Service;
- the Turin Provincial/Metropolitan City Governments, for 58,227 thousand euro for waste conferment and post-closure management of plants subject to I.E.A.;
- ATO-R, for 44,335 thousand euro, as definitive guarantees in the Amiat/TRM tender procedure;
- Ministry of the Environment, for 36,755 thousand euro for various authorisations;
- CONSIP for 33,864 thousand euro mainly for electricity supply contracts;
- Municipality of Turin, for 31,843 thousand euro, as definitive guarantee in the AMIAT/TRM acquisition;
- SNAM Reti Gas for 27,670 thousand euro to guarantee contracts and network codes;
- Province of La Spezia for 22,081 thousand euro for waste transfer and management of plants;
- Customs Authority, for 19,096 thousand euro to guarantee the regular payment of revenue tax and additional local and provincial duties on electricity consumption and gas excise;
- Piedmont Region for 15,596 thousand euro as guarantee for project financing for the concession of large water derivation plants for hydroelectric purposes;
- Tuscany Region for 15,297 thousand euro to guarantee landfill and plant authorisations;
- Calabria Region 14,644 thousand euro, for proposed project financing waste-to-energy Gioia Tauro;
- Apulia Region for 12,444 thousand euro to guarantee landfill and plant authorisations;
- Aisa Impianti for 7,800 thousand euro as guarantee for the contract of transfer at the plants;
- Terna, for 7,236 thousand euro to guarantee injection and withdrawal dispatching contracts and to guarantee the electricity transport service contract;
- Consorzio di Bacino Basso Novarese for 6,989 thousand euro to guarantee the contract for the collection and disposal of urban waste;
- Province of La Spezia for 6,912 thousand euro for contributions and management of plants.

COMMITMENTS

Commitments to suppliers

During its operations, the Group entered contracts for the purchase of a specific quantity of commodities and CO_2 emission quotas at a certain future date, having the characteristics of own use and therefore falling within the so-called "own use exemption" under IFRS 9.

These commitments are represented by:

- contracts for the purchase of natural gas at a fixed price, with a countervalue of 162,478 million euro;
- contracts for the purchase of methane gas at an indexed price, for a forecast quantity of the equivalent of 2,267 MWh;
- electricity purchase agreements, with a countervalue of 48,408 million euro.

CONTINGENT LIABILITIES

Iren Mercato S.p.A. / Azienda Sanitaria Locale Roma 1 - Iren Mercato S.p.A. / Local Health Authority Rome 4
Two proceedings are pending before the Court of Rome, initiated by certain local health authorities in Lazio and relating to the economic relations between them and Iren Mercato, in its own right and as a member of the temporary joint venture entrusted under the Agreement of 4 August 2006 entered into with the Lazio Region for the “Technological multi-service and provision of energy carriers - Lot D”; in particular:
- writ of summons dated 10 April 2020 by ASL ROMA 1 (contract of 13 December 2007) with the aim of ascertaining the undue receipt of the fee for the supply of hot water and steam for the period from 1 July 2007 to 28 February 2017, contesting the incorrect application of the tariff, and the consequent repayment of the sum; the plaintiff has quantified this amount as 8 million euro; In April 2023, the court-appointed expert filed an expert’s report in which it was acknowledged that the services were invoiced by ATI in accordance with the contractual provisions; the judge reserved the decision;
- writ of summons dated 12 April 2022 by ASL ROMA 4 (contract of 08 June 2007) with the aim of ascertaining the undue receipt of the fee for the supply of hot water and steam for the period from 01 April 2007 to 19 February 2017, contesting the incorrect application of the tariff, and the consequent repayment of the sum; the plaintiff has quantified this amount as 7.5 million euro; following the appointment of the Court-appointed expert witness by the Judge, the expert witness operations were commenced.

The risk of losing the case has been cautiously estimated as possible, given the uncertainty connected with expert appraisals involving highly technical services completed many years ago.

AGCM proceedings on abuse of dominant position in the district heating sector
On 23 May 2023, the AGCM initiated proceeding No. A/563 to investigate possible violations of Art. 3(1)(a) of Law 287/90 for alleged abuse of a dominant position, relating to unjustifiably onerous sales prices and contractual conditions, concerning district heating services in Piacenza and Parma. The proceedings are expected to be concluded by July 2024.

XII. SEGMENT REPORTING

Segment reporting, based on the Group's management and internal reporting structure, is given below in accordance with IFRS 8.
Given the nature of the activity performed by Group companies, a geographical segment analysis is not relevant.

The operating segments in which the Group operates are:

- 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, Energy efficiency services)
- Market (Sale of electricity and gas)
- Other services (Laboratories, Telecommunications and other minor services).

These operating segments are disclosed pursuant to IFRS 8. Under this standard, the disclosure about operating segments should be based on the elements which management uses in making operational and strategic decisions.

For a proper interpretation of the economic results relating to individual businesses, revenue and expense referring to joint 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 reporting does not include a breakdown by geographical segment.

Net invested capital by business segment compared to the figures as at 31 December 2022 restated and income statements (up to the operating profit/(loss)) for the current period by business segment are presented below, compared against the 2022 first half figures restated.

It should be noted that there is no revenue from transactions with a single customer equal to or exceeding 10% of total revenue.

In the segment reporting tables below, the following measures are presented:

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

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.

Net Working Capital (NWC): determined as the algebraic sum of current and non-current contract assets and liabilities, current and non-current trade receivables, inventories, current tax assets and liabilities, sundry assets and other current assets, trade payables and sundry liabilities and other current liabilities.

Fixed Capital: determined by the sum of Property, Plant and Equipment, Investment Property, Intangible Assets with a finite life, Goodwill, equity-accounted investments, and Other Investments.

Gross operating profit or loss: calculated as the sum of profit or loss before tax, share of profit or loss of equity-accounted investees, impairment gains and losses on equity investments, financial income and expense, and amortisation, depreciation, provisions and impairment losses.

Operating profit or loss: calculated as the sum of profit or loss before tax, share of profit or loss of equity-accounted investees, impairment gains and losses on equity investments and financial income and expense.

Reclassified statement of financial position by business segment at 30 June 2023

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,488	1,497	2,247	355	30	217	7,834
Net Working Capital	28	-39	289	(62)	9	-	225
Other non-current assets and liabilities	(657)	(157)	(171)	32	3	-	(950)
Net invested capital (NIC)	**2,859**	**1,301**	**2,365**	**325**	**42**	**217**	**7,109**
Equity							3,189
Net financial debt							3,920
Own funds and net financial debt							**7,109**

Reclassified statement of financial position by business segment at 31 December 2022

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,323	1,475	2,270	337	28	222	7,655
Net Working Capital	(42)	(200)	150	(138)	6	-	(224)
Other non-current assets and liabilities	(604)	(172)	(186)	53	-	16	(893)
Net invested capital (NIC)	**2,677**	**1,103**	**2,234**	**252**	**34**	**238**	**6,538**
Equity							3,191
Net financial debt							3,347
Own funds and net financial debt							**6,538**

Income statement by operating segment for the first half of 2023

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Total revenue and income	545	594	1,600	2,128	14	(1,667)	3,214
Total operating expenses	(356)	(462)	(1,410)	(2,035)	(12)	1,667	(2,608)
Gross Operating Profit	**189**	**132**	**190**	**93**	**2**	**-**	**606**
Net amortisation, depreciation and impairment losses	(104)	(78)	(117)	(57)	(2)	-	(358)
Operating profit	**85**	**54**	**73**	**36**	**0**	**-**	**248**

Income statement by business segment for the first half of 2022 restated

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Total revenue and income	528	486	2,139	2,635	14	(2,090)	3,712
Total operating expenses	(330)	(360)	(1,932)	(2,605)	(12)	2,090	(3,149)
Gross Operating Profit (EBITDA)	**198**	**126**	**207**	**30**	**2**	**-**	**563**
Net amortisation, depreciation and impairment losses	(99)	(63)	(64)	(55)	(1)	-	(281)
Operating profit (loss)	**99**	**63**	**143**	**(25)**	**1**	**-**	**282**

XIII. ANNEXES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

LIST OF FULLY CONSOLIDATED COMPANIES

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

ReCos S.p.A.	La Spezia	Euro	1,000,000	99.51	Iren Ambiente
Re Mat S.r.l.	Turin	Euro	57,750	88.43	Iren Ambiente
Rigenera Materiali S.r.l.	Genoa	Euro	3,000,000	100.00	Iren Ambiente
Romeo 2 S.r.l.	Parma	Euro	10,000	100.00	Ireti Gas
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50.00	Iren Mercato
San Germano S.p.A.	Turin	Euro	1,425,000	100.00	Iren Ambiente
Scarlino Energia S.p.A.	Scarlino (GR)	Euro	1,000,000	100.00	Iren Ambiente Toscana
SEI Toscana S.r.l.	Siena	Euro	45,388,913	41.78	Iren Ambiente Toscana
				16.37	Valdarno Ambiente
				0.20	CRCM
TB S.p.A.	Florence	Euro	2,220,000	100.00	Valdarno Ambiente
Territorio e Risorse S.r.l.	Turin	Euro	2,510,000	65.00	Iren Ambiente
				35.00	ASM Vercelli
TRM S.p.A.	Turin	Euro	86,794,220	80.00	Iren Ambiente
Uniproject S.r.l.	Maltignano (AP)	Euro	91,800	100.00	Iren Ambiente
Valdarno Ambiente S.r.l.	Terranuova Bracciolini (AR)		22,953,770	56.016	Iren Ambiente Toscana
Valdisieve S.c.a.r.l.	Florence	Euro	1,400,000	70.96	Sei Toscana
				0.96	Iren Ambiente Toscana
Valle Dora Energia S.r.l.	Turin	Euro	537,582	74.50	Iren Energia

LIST OF JOINT VENTURES

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

LIST OF ASSOCIATES

Company	Registered office	Currency	Share capital	% interest	Investor
A2A Alfa S.r.l. (1)	Milan	Euro	100,000	30.00	Iren Mercato
Acos S.p.A.	Novi Ligure	Euro	17,075,864	25.00	Ireti
Acos Energia S.p.A.	Novi Ligure	Euro	150,000	25.00	Iren Mercato
Aguas de San Pedro S.A. de C.V.	S.Pedro Sula (Honduras)	Lempiras	159,900	39.34	Ireti
Aiga S.p.A. (1)	Ventimiglia	Euro	104,000	49.00	Ireti
Amat S.p.A. (1)	Imperia	Euro	5,435,372	48.00	Ireti
Arienes S.c.a.r.l.	Reggio Emilia	Euro	50,000	42.00	Iren Smart Solutions
ASA S.p.A.	Livorno	Euro	28,613,406	40.00	Ireti
Asa S.c.p.a.	Castel Maggiore (BO)	Euro	1,820,000	49.00	Iren Ambiente
Astea S.p.A.	Recanati (MC)	Euro	76,115,676	21.32	Consorzio GPO
Asti Servizi Pubblici S.p.A.	Asti	Euro	7,540,270	45.00	Nord Ovest Servizi
Barricalla S.p.A.	Turin	Euro	2,066,000	35.00	Iren Ambiente
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.50	Iren Energia
Centro Corsi S.r.l.	Reggio Emilia	Euro	12,000	33.00	Alfa Solutions S.p.A.
CSA S.p.A. (1)	Terranuova Bracciolini (AR)	Euro	1,369,502	47.97	Iren Ambiente Toscana
CSAI S.p.A.	Terranuova Bracciolini (AR)	Euro	1,610,511	40.32	Iren Ambiente Toscana
EGUA S.r.l.	Cogorno (GE)	Euro	119,000	49.00	Ireti
Fata Morgana S.p.A. (2)	Reggio Calabria	Euro	2,225,694	25.00	Ireti
Fin Gas S.r.l.	Milan	Euro	10,000	50.00	Iren Mercato
Fratello Sole Energie Solidali Impresa Sociale S.r.l.	Genoa	Euro	350,000	40.00	Iren Energia
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45.00	Iren Ambiente
Global Service Parma S.c.a.r.l. (1)	Parma	Euro	20,000	30.00	Ireti
Iniziative Ambientali S.r.l.	Novellara (RE)	Euro	100,000	40.00	Iren Ambiente
Mondo Acqua S.p.A.	Mondovì (CN)	Euro	1,100,000	38.50	Ireti
OMI Rinnovabili S.c.a.r.l.	Reggio Emilia	Euro	10,000	40.15	Alfa Solutions S.p.A.
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25.00	Ireti
Rimateria S.p.A. (3)	Piombino (LI)	Euro	4,589,273	30.00	Iren Ambiente
Seta S.p.A.	Turin	Euro	12,378,237	48.85	Iren Ambiente
Sienambiente S.p.A.	Siena	Euro	2,866,575	40.00	Iren Ambiente Toscana
Sinergie Italiane S.r.l. (1)	Milan	Euro	1,000,000	30.94	Iren Mercato
STU Reggiane S.p.A.	Reggio Emilia	Euro	13,020,080	30.00	Iren Smart Solutions
Tirana Acque S.c. a r.l. (1)	Genoa	Euro	95,000	50.00	Ireti

(1) Company in liquidation

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

(3) Company in bankruptcy

LIST OF EQUITY INVESTMENTS IN OTHER COMPANIES

Company	Registered office	Currency	Share capital	% interest	Investor
Acque Potabili Siciliane S.p.A. (1)	Palermo	Euro	5,000,000	9.83	Iren Acqua
Aeroporto di Reggio Emilia S.p.A.	Reggio Emilia	Euro	2,177,871	0.11	Alfa Solutions S.p.A.
AISA S.p.A. in liquidation (1)	Arezzo	Euro	3,867,640	3.00	Iren Ambiente Toscana
AISA Impianti S.p.A.	Arezzo	Euro	6,650,000	3.00	Iren Ambiente Toscana
Alpen 2.0 S.r.l.	Turin	Euro	70,000	14.29	Maira
ATO2ACQUE S.c.a.r.l.	Biella	Euro	48,000	16.67	ASM Vercelli
Aurora S.r.l.	S. Martino in Rio (RE)	Euro	514,176	0.10	Alfa Solutions S.p.A.
Autostrade Centro Padane S.p.A.	Cremona	Euro	30,000,000	1.46	Ireti
C.R.P.A. S.p.A.	Reggio Emilia	Euro	2,201,350	2.27	Ireti
CIDIU Servizi S.p.A.	Collegno (TO)	Euro	10,000,000	17.90	Amiat
Consorzio CIM 4.0 s.c.a.r.l.	Turin	Euro	232,000	4.30	Iren
CCC-Consorzio Cooperative Costruzioni	Bologna	Euro	15,637,899	0.06	Bonifiche Servizi Ambientali
Consorzio Topix	Turin	Euro	1,600,000	0.30	Iren Energia
Enerbrain S.r.l.	Turin	Euro	28,181	10.00	Iren Smart Solutions
Environment Park S.p.A.	Turin	Euro	11,406,780	3.39	Iren Energia
				7.41	AMIAT
Genera S.c.a.r.l.	Ascoli Piceno	Euro	1,390,361	1.00	Uniproject
L.E.A.P. S.c. a r.l.	Piacenza	Euro	155,000	8.30	Iren Ambiente
Parma Servizi Integrati S.c. a r.l.	Parma	Euro	20,000	11.00	Iren Smart Solutions
Reggio Emilia Innovazione S.c.a.r.l. in liquidation (2)	Reggio Emilia	Euro	871,956	0.99	Iren Ambiente
Serchio Verde Ambiente S.p.a. in liquidation (2)	Castelnuovo di Garfagnana (LU)	Euro	1,128,950	5.93	Iren Ambiente Toscana
Società di Biotecnologie S.p.A.	Turin	Euro	536,000	2.93	Iren Smart Solutions
Stadio Albaro S.p.A. in liquidation (2)	Genoa	Euro	1,230,000	2.00	Iren Mercato
Tech4Planet	Rome	Euro	70,808	11.03	Iren Spa
T.I.C.A.S.S. S.c. a r.l.	Genoa	Euro	136,000	2.94	Ireti

RELATED PARTY TRANSACTIONS

	Trade receivables	Loan assets	Other receivables	Trade payables	Financial liabilities
OWNERS					
Municipality of Genoa	639	-	770	7,429	-
Municipality of Parma	8,477	-	413	759	-
Municipality of Piacenza	2,174	-	-	700	-
Municipality of Reggio Emilia	3,401	-	540	815	-
Municipality of Turin	88,143	39,737	107	2,187	14,750
Finanziaria Sviluppo Utilities	16	-	41	-	-
JOINT VENTURES					
Acque Potabili	119	-	-	(2)	-
ASSOCIATES					
ACOS	4	5,540	-	-	-
ACOS Energia	-	75	-	-	-
Aguas de San Pedro	1	362	-	-	-
AIGA	228	75	-	85	-
AMAT	24	-	-	-	-
Arienes	18,936	-	-	643	1,117
ASA	213	-	-	1,072	-
ASA Livorno	2,822	-	-	(292)	-
ASTEA	4	844	-	(44)	-
Asti Servizi Pubblici	28	-	-	40	-
Barricalla	143	952	-	4,270	-
Energy BI	13	1,029	-	-	-
Centro Corsi	-	40	-	-	-
CSA in liquidation	193	-	-	1,447	-
CSAI	396	403	-	173	-
EGUA	151	-	-	-	-
Fratello Sole Energie Solidali	203	-	23	23	-
GAIA	1,628	132	-	1,828	-
Global Service Parma	18	-	-	72	-
Iniziative Ambientali	293	-	-	8,122	-
Mondo Acqua	9	-	-	-	-
Omi Rinnovabili	-	-	-	53	-
Piana Ambiente in liquidation	70	-	-	-	-
SETA	3,854	-	-	444	-
Sienambiente	90	-	-	1,827	-
STU Reggiane	19	476	18	-	-
OTHER RELATED PARTIES					
Subsidiaries of Municipality of Turin	530	-	15	1,067	-
Subsidiaries of Municipality of Genoa	3,223	-	15	733	6
Subsidiaries of Municipality of Parma	788	-	51	1,262	-
Subsidiaries of Municipality of Piacenza	(33)	-	-	573	-
Subsidiaries of Municipality of Reggio Emilia	153	-	-	1,630	-
Others	37	-	-	-	-
TOTAL	**137,007**	**49,665**	**1,993**	**36,916**	**15,873**

thousands of euro

	Other liabilities	Revenue and income	Costs and other charges	Financial income	Financial expense
OWNERS					
Municipality of Genoa	-	1,020	3,925	-	-
Municipality of Parma	1	235	965	-	2
Municipality of Piacenza	-	9,343	761	-	-
Municipality of Reggio Emilia	1	796	333	-	-
Municipality of Turin	-	121,546	2,199	77	-
Finanziaria Sviluppo Utilities	-	-	-	-	-
JOINT VENTURES					
Acque Potabili	-	37	1	-	-
ASSOCIATES					
ACOS	-	22	-	-	-
ACOS Energia	-	2	2	-	-
Aguas de San Pedro	-	-	-	-	-
AIGA	-	-	-	-	-
AMAT	-	-	-	-	-
Arienes	12,017	221	-	-	-
ASA	-	601	1,352	-	-
ASA Livorno	-	103	(151)	-	-
ASTEA	-	4	(21)	-	-
Asti Servizi Pubblici	-	63	37	-	-
Barricalla	-	154	3,104	-	-
Energy BI	-	6	-	30	-
Centro Corsi	-	-	20	-	-
CSA in liquidation	-	179	-	-	-
CSAI	-	1,026	149	-	17
EGUA	-	78	-	-	-
Fratello Sole Energie Solidali	7	1,020	-	-	-
GAIA	-	1,550	2,715	-	-
Global Service Parma	-	-	-	-	-
Iniziative Ambientali	-	3	-	-	-
Mondo Acqua	-	6	-	-	-
Omi Rinnovabili	-	-	43	-	-
Piana Ambiente in liquidation	-	-	-	-	-
SETA	-	5,992	498	-	-
Sienambiente	-	84	9,758	-	6
STU Reggiane	-	20	-	13	-
OTHER RELATED PARTIES					
Subsidiaries of Municipality of Turin	16	2,292	1,802	-	2
Subsidiaries of Municipality of Genoa	-	3,599	997	-	-
Subsidiaries of Municipality of Parma	-	1,124	1,388	-	-
Subsidiaries of Municipality of Piacenza	-	133	572	-	-
Subsidiaries of Municipality of Reggio Emilia	-	629	3,450	-	-
Others	-	164	-	-	-
TOTAL	**12,042**	**152,052**	**33,899**	**120**	**27**

RECONCILIATION OF IFRS FINANCIAL STATEMENTS WITH RECLASSIFIED FINANCIAL STATEMENTS (Consob Communication no. 6064293 of 26 July 2006)

thousands of euro

IFRS STATEMENT OF FINANCIAL POSITION		RECLASSIFIED STATEMENT OF FINANCIAL POSITION	
Property, plant and equipment	4,385,652	Property, plant and equipment	4,385,652
Investment property	1,988	Investment property	1,988
Intangible assets	2,980,675	Intangible assets	2,980,675
Goodwill	248,899	Goodwill	248,899
Equity-accounted investments	206,164	Equity-accounted investments	206,164
Other equity investments	10,585	Other equity investments	10,585
Total (A)	**7,833,963**	**Non-current assets (A)**	**7,833,963**
Other non-current assets	85,267	Other non-current assets	85,267
Sundry liabilities and other non-current liabilities	(553,456)	Sundry liabilities and other non-current liabilities	(553,456)
Total (B)	**(468,189)**	**Other non-current assets (liabilities) (B)**	**(468,189)**
Inventories	74,120	Inventories	74,120
Non-current contract assets	177,354	Non-current contract assets	177,354
Current contract assets	194,850	Current contract assets	194,850
Non-current trade receivables	31,683	Non-current trade receivables	31,683
Trade receivables	1,113,897	Trade receivables	1,113,897
Current tax assets	4,470	Current tax assets	4,470
Sundry assets and other current assets	496,538	Sundry assets and other current assets	496,538
Trade payables	(1,423,228)	Trade payables	(1,423,228)
Contract liabilities	(21,452)	Contract liabilities	(21,452)
Sundry liabilities and other current liabilities	(352,158)	Sundry liabilities and other current liabilities	(362,093)
Current tax liabilities	(60,710)	Current tax liabilities	(60,710)
Total (C)	**235,364**	**Net working capital (C)**	**225,429**
Deferred tax assets	352,335	Deferred tax assets	352,335
Deferred tax liabilities	(149,423)	Deferred tax liabilities	(149,423)
Total (D)	**202,912**	**Deferred tax assets (liabilities) (D)**	**202,912**
Employee benefits	(90,226)	Employee benefits	(90,226)
Provisions for risks and charges	(397,954)	Provisions for risks and charges	(397,954)
Provisions for risks and charges - current portion	(207,732)	Provisions for risks and charges - current portion	(197,797)
Total (E)	**(695,912)**	**Provisions and employee benefits (E)**	**(685,977)**
Assets held for sale	1,144	Assets held for sale	1,144
Liabilities directly associated with assets held for sale	-	Liabilities directly associated with assets held for sale	-
Total (F)	**1,144**	**Assets held for sale (Liabilities directly associated with assets held for sale) (F)**	**1,144**
		Net invested capital (G=A+B+C+D+E+F)	**7,109,282**
Equity (H)	**3,189,038**	**Equity (H)**	**3,189,038**
Non-current financial assets	(159,129)	Non-current financial assets	(159,129)
Non-current financial liabilities	4,233,991	Non-current financial liabilities	4,233,991
Total (I)	**4,074,862**	**Non-current financial debt (I)**	**4,074,862**
Current financial assets	(228,071)	Current financial assets	(228,071)
Cash and cash equivalents	(210,032)	Cash and cash equivalents	(210,032)
Current financial liabilities	283,485	Current financial liabilities	283,485
Total (L)	**(154,618)**	**Current financial debt (L)**	**(154,618)**
		Net financial debt (M=I+L)	**3,920,244**
		Own funds and net financial debt (H+M)	**7,109,282**

RECONCILIATION BETWEEN TOTAL FINANCIAL DEBT (ESMA COMMUNICATION OF 4 MARCH 2021) AND NET FINANCIAL DEBT

thousands of euro

	30/06/2023	31/12/2022
A. Cash and cash equivalents	(210,032)	(788,402)
B. Cash equivalents	-	-
C. Other current financial assets	-	(2,476)
D. Liquidity (A) + (B) + (C)	**(210,032)**	**(790,878)**
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	214,514	229,476
F. Current portion of non-current financial debt	68,971	65,099
G. Current financial debt (E + F)	**283,485**	**294,575**
H. Net current financial debt (G - D)	**73,453**	**(496,303)**
I. Non-current financial debt (excluding current portion and debt instruments)	1,215,381	1,250,392
J. Debt instruments	3,018,610	3,015,622
K. Trade payables and other non-current debt	-	-
L. Non-current financial debt (I + J + K)	**4,233,991**	**4,266,014**
M. Total financial debt (H + L)	**4,307,444**	**3,769,711**
(-) C. Other current financial assets	-	2,476
(+) Non-current financial assets (statement of financial position item)	(159,129)	(169,057)
(+) Current financial assets (statement of financial position item)	(228,071)	(256,376)
Net financial debt	**3,920,244**	**3,346,754**

Attestation on the Condensed Interim Consolidated Financial Statements pursuant to article 154-bis of Legislative Decree 58/1998

1. The undersigned Luca Dal Fabbro, Chairperson of the Board of Directors, and Anna Tanganelli, Administration, Finance, Control and M&A Manager and Manager in charge of financial reporting of IREN S.p.A., hereby certify, in view of the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:

   - the suitability in respect of the group's characteristics and
   - the effective application of the administrative and accounting procedures as the basis for preparation of the condensed interim financial statements, in the first half of 2023.

2. It is also hereby certified that:

   2.1 the condensed interim financial statements:

   a) have been prepared in compliance with the applicable IFRS endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July 2002;

   b) correspond to the results of the books and accounting records;

   c) are suitable to offer a true and fair view of the financial position and financial performance of the issuer and the group of companies included in the consolidation scope.

   2.2 the interim directors' report contains a reliable analysis of the key events that took place during the first six months of the year and of their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim directors' report also contains a reliable analysis of disclosures on significant transactions with related parties.

27/07/2023

Chairperson
of the Board of Directors

Luca Dal Fabbro

Administration, Finance, Control and M&A Manager
and Manager in charge of financial reporting under Law 262/05

Anna Tanganelli

(signed on the original)

KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Iren S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Iren Group, comprising the statement of financial position as at 30 June 2023, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Iren Group as at and for the six months ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Turin, 1 August 2023

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit

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