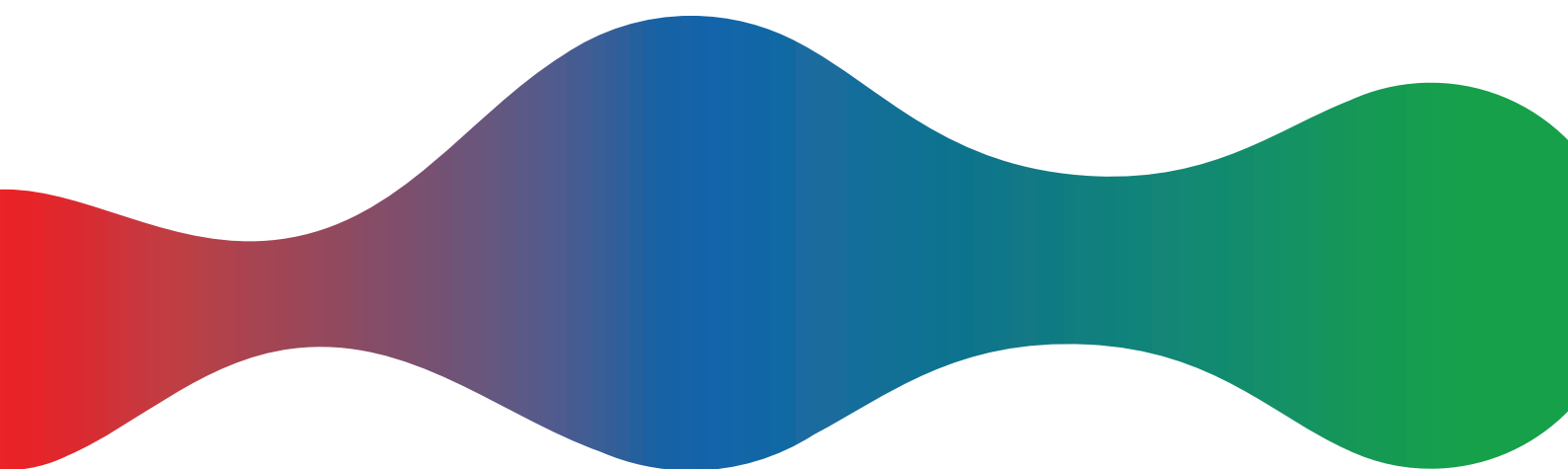


Consolidated Quarterly Report

at 30 September 2020



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COMPANY OFFICERS

Board of Directors ⁽¹⁾

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

Board of Statutory Auditors ⁽¹⁵⁾

Chairperson	Michele Rutigliano
Standing Auditors	Cristina Chiantia
	Simone Caprari
Supplementary Auditors	Donatella Busso
	Marco Rossi

Financial Reporting Manager

Massimo Levrino

Independent Auditors

PricewaterhouseCoopers S.p.A. ⁽¹⁶⁾

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

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

⁽³⁾ Appointed Deputy Chairperson at the meeting of the Board of Directors of 22 May 2019.

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

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

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

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

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

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

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

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

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

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

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

⁽¹⁵⁾ Appointed by the Shareholders' Meeting of 19 April 2018 for the three years 2018-2019-2020.

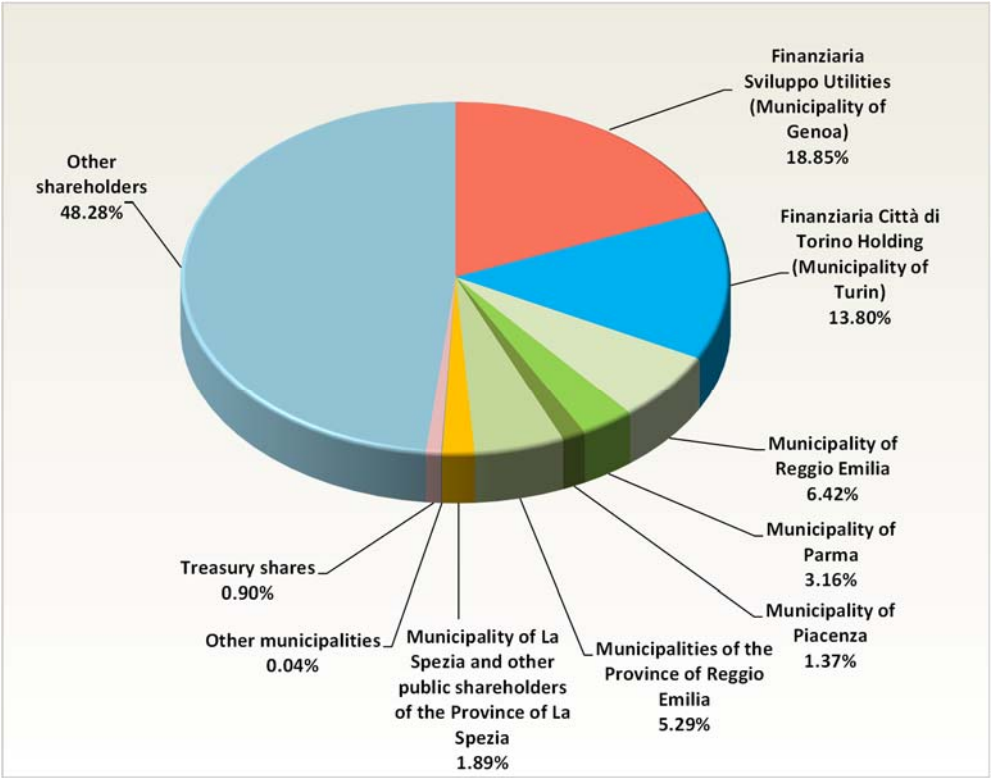
⁽¹⁶⁾ Appointed by the Shareholders' Meeting of 14 May 2012 for the nine years 2012-2020.

SHAREHOLDING STRUCTURE

The Company’s Share Capital amounts to 1,300,931,377 euro, fully paid up, and is made up of ordinary shares with a par value of 1 euro each.

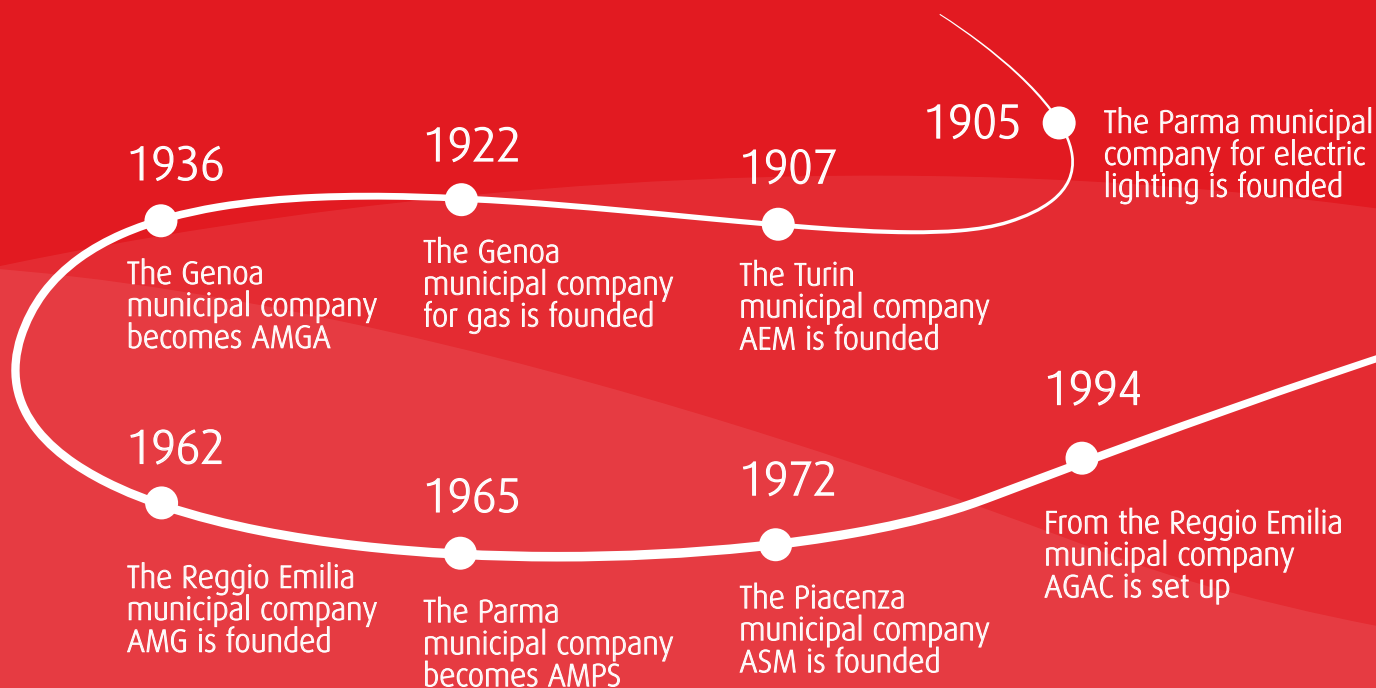
We can note that starting from 27 March 2020 a second tranche was launched of the treasury share purchase programme that began in 2019. At 30 June 2020, Iren S.p.A. holds 11,650,654 treasury shares, equal to 0.90% of share capital.

At 30 June 2020, based on available information, the Iren shareholding structure was as follows:



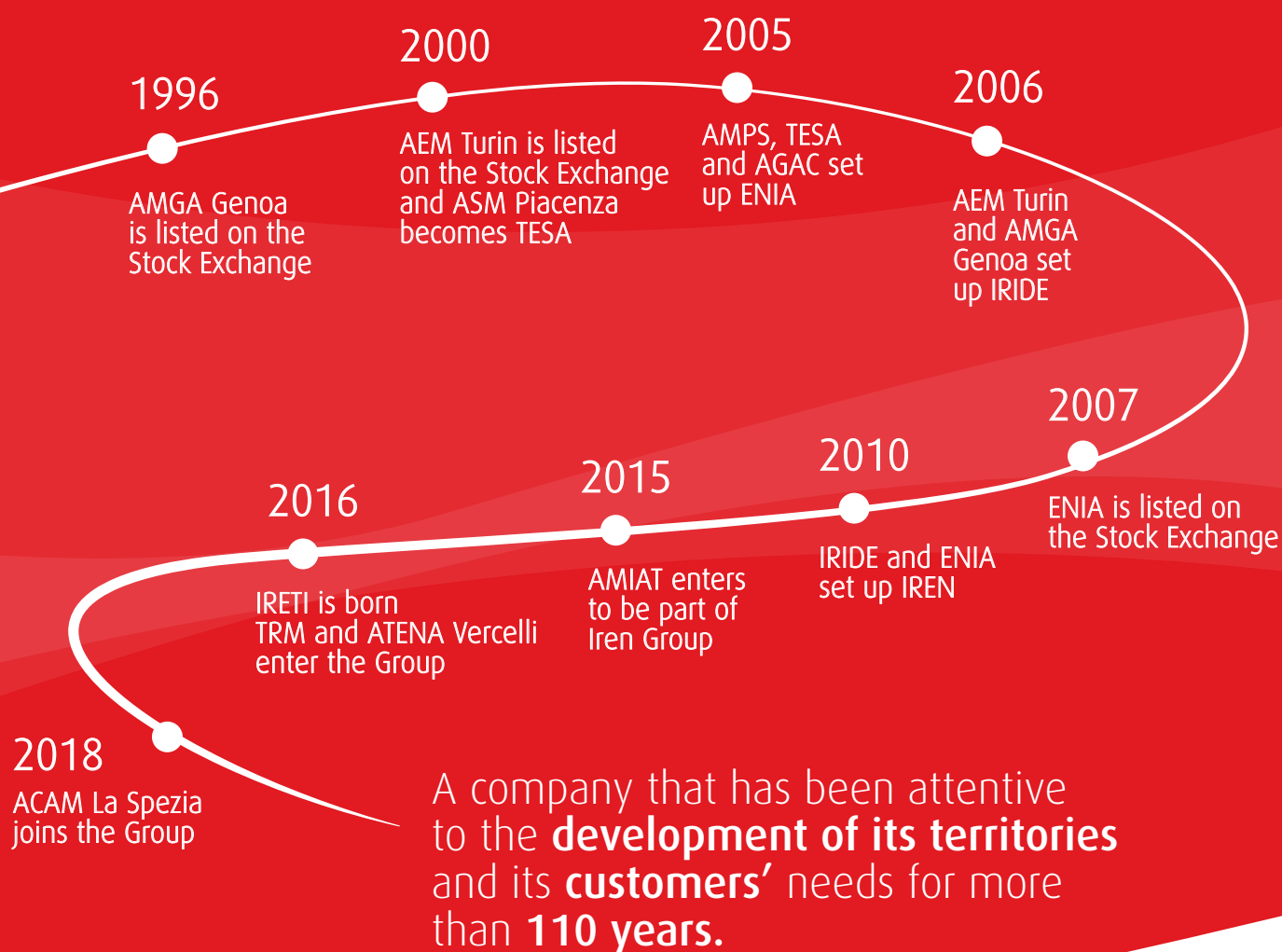
At the same date there were no private shareholders that held a stake of more than 3% of the share capital.

A century of **history**



Mission

Offering our customers and our territories the best integrated management of energy, water and environmental resources with innovative and sustainable solutions to create value over time.
For everyone, every day.



Vision

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

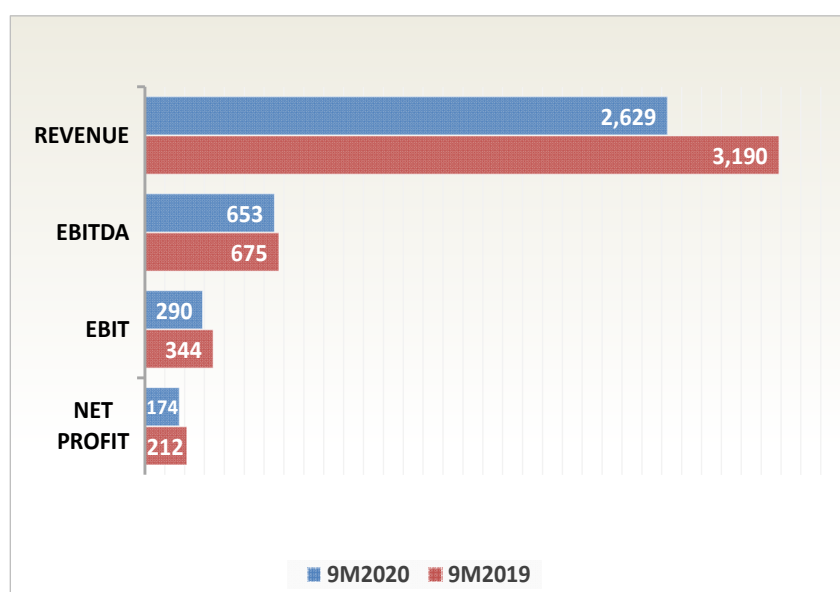
For everyone, every day.

KEY FIGURES OF THE IREN GROUP: HIGHLIGHTS OF THE FIRST NINE MONTHS 2020

Economic data

	millions of euro		
	First 9 months 2020	First 9 months 2019 (restated)	Changes %
Revenue	2,629.2	3,189.9	(17.6)
EBITDA	652.6	675.1	(3.3)
EBIT	290.2	343.9	(15.6)
Net profit	173.5	212.2	(18.2)
EBITDA Margin (EBITDA/Revenue)	24.8%	21.2%	

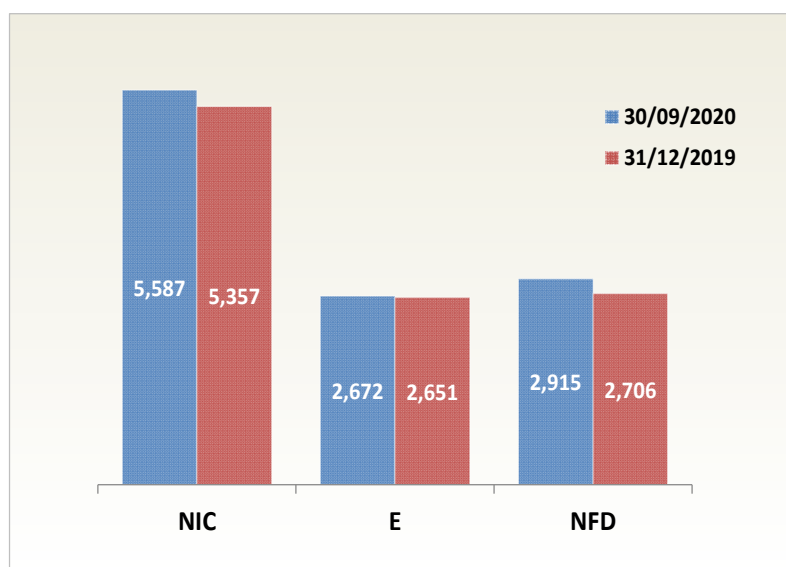
As provided for in IFRS 3, the economic balances of the comparative period were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".



Financial position data

	millions of euro		
	30.9.2020	31.12.2019 (restated)	Changes %
Net Invested Capital (NIC)	5,586.9	5,356.9	4.3
Equity (E)	2,671.5	2,651.3	0.8
Net Financial Debt (NFD)	2,915.4	2,705.6	7.8
Debt/Equity (Net Financial Debt/Equity)	1.09	1.02	

As provided for in IFRS 3, the financial balances at 31 December 2019 were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

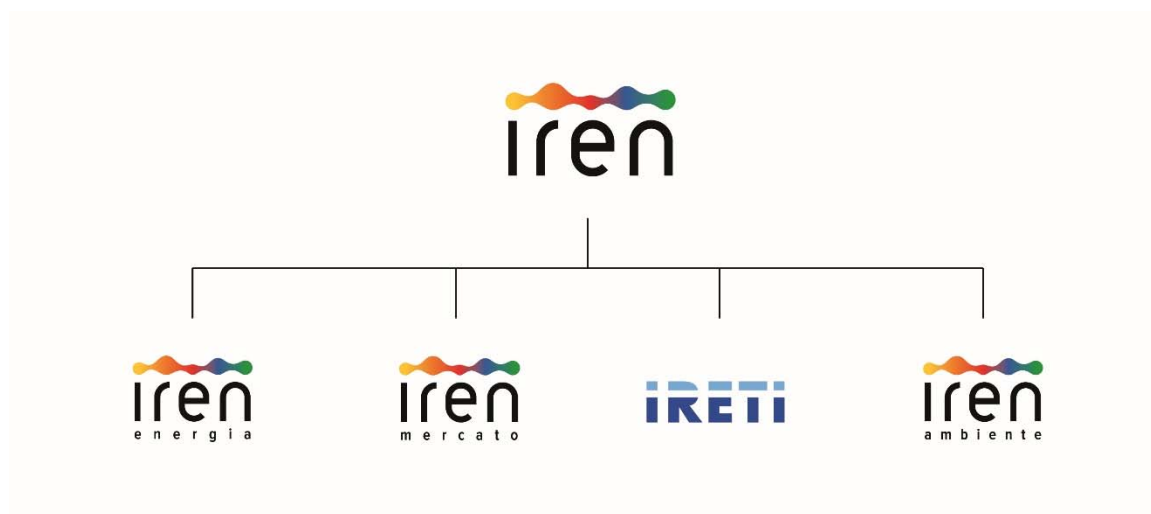


Technical and commercial figures

	First 9 months 2020	First 9 months 2019	Changes %
Electricity produced (GWh)	7,345.6	7,640.6	(3.9)
Thermal energy produced (GWht)	1,759.8	1,933.7	(9.0)
Electricity distributed (GWh)	2,672.9	2,852.4	(6.3)
Gas introduced into the network (mln m ³)	815.9	880.2	(7.3)
Water distributed (mln m ³)	129.6	130.7	(0.8)
Electricity sold (GWh)	12,676.8	14,237.7	(11.0)
Gas sold (mln m ³) (*)	1,968.1	2,036.2	(3.3)
District heating volume (mln m ³)	95.0	93.8	1.3
Waste handled (tonnes)	2,022,430	2,052,844	(1.5)

* of which, 1,225.5 mln m³ for internal use in the first nine months of 2020 (1,295.3 mln m³ in the first nine months of 2019, -5.4%)

THE CORPORATE STRUCTURE OF THE IREN GROUP



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

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

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

NETWORKS BU

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

Integrated Water Services

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

Overall, in the Ambiti Territoriali Ottimali (ATOs) [Optimal Territorial Areas] managed, the service is provided in 242 municipalities through a distribution network of 19,870 kilometres, serving almost 2.8 million residents. As regards waste water, the Networks BU manages a sewerage network spanning a total of 11,107 kilometres.

On 21 July 2020 the group, through IRETI and the company AMIAT, acquired the majority equity interest in Nord Ovest Servizi S.p.A. which holds a 45% stake in Asti Servizi Pubblici operating in the integrated water cycle, in the waste management segment and in that of transport in the province.

Gas distribution

IRETI distributes natural gas in 70 municipalities of the Provinces of Reggio Emilia, Parma and Piacenza, in the Municipality of Genoa and in 20 other municipalities nearby. Through ASM Vercelli it distributes gas in the city of Vercelli, in 8 municipalities of the same province and in 3 other municipalities located in Piedmont and Lombardy. The distribution network, made up of 8,099 kilometres of high, medium and low-pressure pipes, serves a catchment area of approximately 743 thousand redelivery points.

Electricity distribution

IRETI provides the electricity distribution service in the cities of Turin, Parma and, through ASM Vercelli, in the city of Vercelli with 7,742 kilometres of network in medium and low voltage, and a total of more than 721 thousand connected users.

WASTE MANAGEMENT BU

The Waste Management Business Unit carries out waste collection, processing and disposal activities mainly through geographically-distributed companies: Iren Ambiente, operating mainly in the Emilia area, AMIAT, TRM, ASM Vercelli (controlled by IRETI) and Territorio e Risorse, operating in the Piedmont area, ACAM Ambiente and ReCos operating in the Liguria area. Finally, the subsidiary San Germano operates mainly in Sardinia, Lombardy, Piedmont and Emilia Romagna.

With the merger by incorporation of the subsidiaries CMT, in January 2020, and Ferrania Ecologia with effect from 1 April 2020 IREN Ambiente extended its direct operations respectively to the areas of Turin and Savona.

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

Through these activities, the Waste Management BU serves a total of 297 municipalities for a total of more than 3.0 million residents present in its operating areas; the plant assets of the integrated waste cycle consist mainly of 3 waste-to-energy plants (TRM, owned by the company of the same name, in Turin, the Integrated Environmental Hub (Polo Ambientale Integrato -PAI), in Parma, and Tecnoborgo, in Piacenza, these latter owned by the lead company Iren Ambiente), 2 active landfill sites, 197 equipped ecological stations and 36 treatment, selection, biodigestion storage and composting plants.

Consolidation of the Waste Management BU to manage all phases of the waste cycle continued in the current year with the establishment, in January, of Rigenera Materiali with offices in Genoa, fully controlled by Iren Ambiente. The company will design, build, manage and operate a Mechanical/Biological Processing plant (MBP) for residual municipal waste, to be built in the Plant Hub in Scarpino (Genoa). The plant will have a processing capacity of 100 Ktonnes/year and will separate dry and wet municipal solid waste, sending them to disposal or recovery, obtaining from the latter secondary solid fuel.

On 12 August the company I.Blu became part of the group, with the purchase of the 80% stake by Iren Ambiente. I.Blu operates in the selection of plastic waste to be sent for recovery and recycling in two plants, with a total capacity of 200 Ktonnes/year, and in the processing of plastic waste for the production of Blupolymer (a polymer for civil uses) and Bluair ("reducing agent" for steel-making plants).

The operation was carried out with a view to enabling Iren to become the national leader in the selection of Corepla plastics and, prospectively, in the treatment of so-called plasmix, heterogeneous plastics that currently do not have an outlet in the recycling market downstream of separate collection.

ENERGY BU

Production of electricity and heat

The Energy BU's installed capacity totals 2,852 MW of electricity and approximately 2,300 MW of heat. Specifically, it has 28 electricity production plants directly available to it: 20 hydroelectric (of which 3 mini-hydro), 7 thermoelectric in cogeneration and one conventional thermoelectric. The Business Unit also has 194 photovoltaic production plants with installed capacity of 20 MW.

All primary energy sources used are eco-friendly because they are mainly hydroelectric and co-generative. In particular, the hydroelectric production system plays an important role in environmental protection, as it uses a renewable and clean resource, without the emission of pollutants, and reduces the need to make use of other forms of production that have a greater environmental impact.

On the thermoelectric side, at the Group level over 34% of total heat production capacity serving district heating comes from cogeneration plants owned by Iren, producing 80% of the heat destined for district heating. The portion of heat production relative to conventional heat generators is 58%, with 16% heat production for district heating. The remainder is produced by plants of the group that do not belong to the energy BU (waste to energy plants).

During 2020 a contract was signed with Ansaldo for the expansion of the Turbigo thermoelectric power station through the design, supply and construction of a new, gas-powered combined-cycle electricity generation plant, which will make it possible to increase the total installed capacity of the Turbigo site from the current 850 MW to approximately 1,280 MW.

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

District heating

Iren Energia has the largest district heating network in the country with more than 1,041 kilometres of dual pipes. The extension of the network amounts to 679 kilometres in the territory of Turin of which 76 kilometres of network recently acquired (district heating business unit of SEI Energia) in the municipalities of Grugliasco, Rivoli and Collegno (Metropolitan City of Turin), 10 in the Municipality of Genoa, 220 in the Municipality of Reggio Emilia, 103 in the Municipality of Parma and 29 in the Municipality of Piacenza. The total volume heated amounts to 95.0 million cubic metres, of which 5.2 million related to the SEI Energia unit. The acquisition of this unit, in April 2020, includes also 49% of the company Nove S.p.A..

Energy efficiency services

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

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

MARKET BU

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

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

Iren Mercato also acts as "higher protection" service operator for retail customers in the electricity market in the Province of Turin and the Parma area. Through the signing of a contract to purchase a business unit effective as of 1 January 2020, Iren Mercato extended this activity to the Sanremo catchment of users, in the province of Imperia. The operation between AMAIE S.p.A., owned by the municipality of Sanremo, and Iren Mercato, completed at the end of 2019, transferred to the latter the business unit known as Sanremo Luce, bringing a portfolio of around 21 thousand customers in the enhanced protection segment, with expected consumption of around 50 GWh annually.

Historically, Iren Mercato has operated in the direct sale of natural gas in the territories of Genoa, Turin and Emilia.

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

Among the commercial proposals in being, we can note the “New downstream” business line, destined for the sale to retail customer of innovative products in the area of domotics, energy saving and maintenance of domestic systems, and “IrenGO at zero emissions”, the innovative offer for electric mobility aimed at private customers, businesses and public bodies with the objective of reducing the environmental impact of movements. On this subject, the Group has already tested the potentials and benefits of e-mobility through the internal launch of a series of initiatives, such as the installation of recharging infrastructures and the gradual introduction of electric vehicles. All the IrenGO internal and external electric mobility initiatives benefit from 100% green energy supply coming from the Group’s hydroelectric plants.

Sale of Natural Gas

Retail gas customers managed by the Market Business Unit amount to approximately 909 thousand, mainly spread throughout the traditional Genoa, Turin and Emilia Romagna catchment areas and surrounding development areas, and customers of the catchment areas of Vercelli and Campania (respectively through ATENA Trading and Salerno Energia Vendite) and La Spezia.

In particular, Salerno Energia Vendite is present in almost all the provinces in Campania as well as in a number of municipalities of the Basilicata, Calabria, Tuscany and Lazio regions.

Sale of electricity

Retail electricity customers managed are more than 964 thousand, distributed mainly in the areas traditionally served, corresponding to Turin and Parma, and in the other areas covered commercially by Iren Mercato and by ATENA Trading, extended to the municipality of Sanremo as of January with a contribution of approximately 21 thousand customers of the greater protection service.

Sale of heat through the district heating network

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

INFORMATION ON IREN STOCK IN THE FIRST NINE MONTHS OF 2020

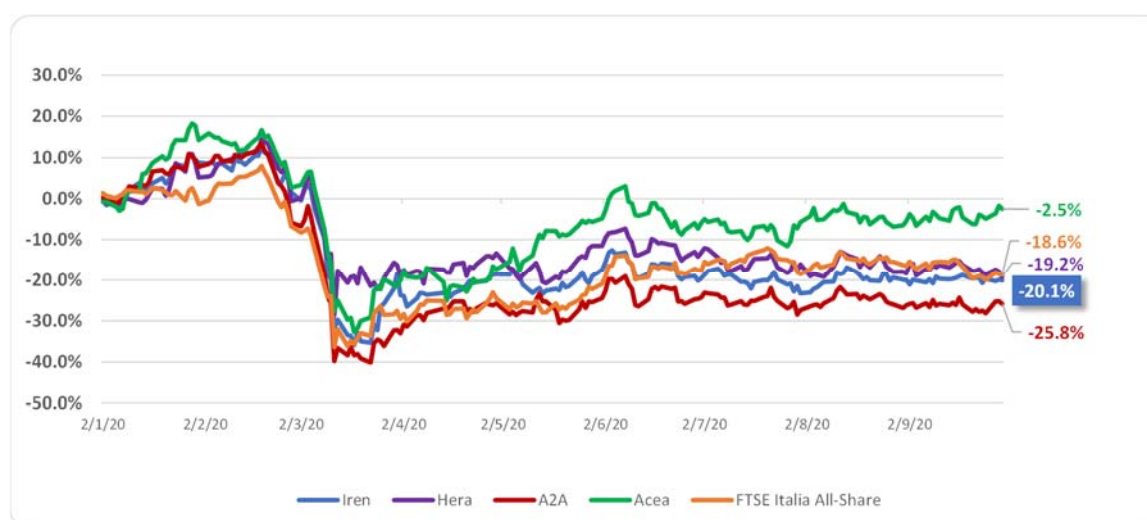
Iren stock performance on the Stock Exchange

During the first 9 months of 2020, the FTSE Italia All-share (the main Borsa Italiana index), recorded a drop of 18.6%. The price of shares was affected by the difficult economic context.

The first part of the year was in fact characterised by an unfavourable energy scenario, with low commodity prices, then the subject of further worsening following the Coronavirus emergency, the consequent lockdown and the expectations of a slow economic recovery, despite the relaunch plans approved by the Central Banks and the Governments.

The difficult situation described above and the continuation, in the first nine months, of the uncertainty due to the probability of a second wave of the epidemic and the consequent countermeasures, had an effect on the share price trend, which reflects the negative expectations of the market such as the incurrence of extra costs associated with the emergency, lower demand and the slowdown of investments in various sectors.

Performance of Iren stock compared to competitors



At 30 January 2020, the last trading day of the period, the price of IREN stock stood at 2.208 euro per share, down by 20.1% compared to the price at the beginning of the year, with average trading volumes during the period of approximately 2.14 million units per day. The average price in the first nine months of 2020 was 2.3661 euro per share.

We can note that, prior to the spread of the epidemic, national lockdown measures and the consequent decrease in share prices on financial markets, the Iren stock had reached a historical maximum on 19 February 2020 (3.10 euro/share), bringing Group market capitalisation over 4 billion euro; the minimum of the period, 1.77 euro per share, was instead recorded on 18 March.

The two graphs presented below show the price performance and volumes traded in Iren stock in the first nine months of 2020.



Share coverage

During the period the Iren Group was followed by eight brokers: Banca IMI, Banca Akros, Equita, Fidentiis, Intermonte, KeplerCheuvreux, Main First and Mediobanca.

SIGNIFICANT EVENTS OF THE PERIOD

Manifestation of interest for the acquisition of the gas sales business unit of Sidigas.com

In January 2020 SI.DI.GAS – Società Iripina Distribuzione GAS S.p.A. accepted the binding manifestation of interest presented by Iren regarding the acquisition of a business unit of its subsidiary Sidigas.com S.r.l. related to natural gas sales, with a portfolio of approximately 55 thousand customers (95% of which in the retail segment), distributed over 78 Municipalities mainly in the Province of Avellino.

The operation is subordinated to fulfilment of a number of conditions precedent, on fulfilment of which – in the meantime contributed to a newly-incorporated vehicle company (NewCO) – it will be acquired by an Iren S.p.A. subsidiary. In this regard, SIDIGAS S.p.A. and Iren agreed a period of exclusive rights for finalising the operation.

Completion of the disposal of the stake in OLT Offshore LNG Toscana

To complete the operation undertaken in the previous year, after obtaining authorisation from the competent authorities, on 26 February 2020 the Group transferred to SNAM 49.07% of OLT Offshore LNG Toscana. The selling price of the equity investment, and the remaining portion of the shareholders' loan, amounted to a total of 332 million euro, excluding any future upward adjustments on fulfilment of certain conditions.

The sale of the equity investment in OLT enabled the Group to optimise its financial structure, obtaining resources necessary for the investments provided for in the business plan and to seize opportunities for growth along external lines.

Contract for expansion of Turbigo power station

On 3 March 2020 Iren signed with Ansaldo Energia a contract worth 180 million euro for the final design, supply and construction of a new, gas-powered combined-cycle electricity generation plant, and of the related auxiliary works, which will make it possible to increase the total installed capacity of the Turbigo site from the current 850 MW to approximately 1,280 MW.

In the Capacity Market auction, the expansion of the power station enabled recognition of the contribution for fifteen years starting from 2022, the year in which the start of the production stage is planned, for a total of 117 million euro. The expansion of Turbigo will make the plant one of those which, operating at high flexibility and in a way complementary to renewable sources, are essential for sustaining the adequacy of the Italian electricity production system.

Purchases of treasury shares

On 27 March 2020, Iren S.p.A. began a second tranche in the treasury share purchase programme begun in 2019. Subsequently, on 29 April the Shareholders' Meeting authorised the Board of Directors to purchase and make use of treasury shares for eighteen months starting from that date, simultaneously revoking, for the unused part, the previous purchase authorisation resolved on 5 April 2019. The Board of Directors may acquire and make use of up to 65,000,000 shares, equal to 5% of share capital, based on the regulations in effect on the subject.

Finally, on 12 May, the Board of Directors, giving a mandate to the CEO to carry out the purchase programme, set the limit at 2% of the Company's share capital, taking into account the shares already in the portfolio.

The new purchase programme continues therefore with the same purpose of providing the Company with treasury shares to be used in external growth operations. At 30 June 2020, Iren S.p.A. holds 11,650,654 treasury shares, equal to 0.90% of share capital.

Acquisition of the district heating business unit from SEI Energia

On 23 April 2020, Iren Energia and Fineurop Investment Opportunities S.p.A., which operates as the assumpor in relation to the SEI Energia arrangement procedure, signed the contract to acquire the district heating business unit from SEI, already managed through a lease by Iren Energia since 2018.

This business unit includes the heat distribution plants and network in the municipalities surrounding metropolitan Turin, Rivoli and Collegno, and 49% of the company NOVE, which manages the service in the Municipality of Grugliasco, for total connected volumes of 5.2 million cubic metres. Total thermal energy distributed is around 150 GWh/year.

The amount paid by Iren to acquire the business unit was 24.4 million euro, taking into account future development options. The economic results of the business unit include EBITDA of 2 million euro during financial year 2019.

Acquisition of the SEI Energia district heating business is done with the prospect of integrating with the existing grid in the metropolitan area of the municipality of Turin, taking advantage of heat produced by Group cogeneration and waste to energy plants.

Acquisition of 7 real estate complexes

At the end of April, Iren S.p.A. repurchased from REAM SGR S.p.A. 7 real estate complexes for office and operational support use, located in Turin, Genoa, Parma and Reggio Emilia, formerly the subject of leasing contracts which fall under the scope of international accounting standard IFRS 16 - Leases. The total value of the transaction is 97 million euro, with no impact on net financial debt.

Shareholders' Meeting

On 29 April 2020, the Ordinary Shareholders' Meeting approved the Company's Financial Statements in relation to financial year 2019 and the Directors' Report and resolved to distribute a dividend of 0.0925 euro per ordinary share (exclusive of treasury shares), confirming what had been proposed by the Board of Directors. The dividend was paid starting from 24 June 2020 (coupon detachment 22 June 2020 and record date 23 June 2020).

The Shareholders' Meeting also:

- approved the first section ("2020 remuneration policy") of the Report on the 2020 remuneration policy and on fees paid for financial year 2019;
- made a favourable consultation vote on the second section ("Fees paid for financial year 2019") of the same Report.

Signing of an 80 million euro loan for sustainable investments in the water sector

On 6 May 2020, Iren S.p.A. signed with Council of Europe Development Bank - CEB) a Public Finance Facility (PFF) in the amount of 80 million euro, usable in multiple tranches and with a duration of 16 years, intended to finance a significant part of the investment plan for the water infrastructure in the provinces of Genoa and Parma, in particular with regards to the expansion and improvement of the aqueduct and sewer network and water treatment systems.

The agreement falls under the framework of sustainable water resource management promoted by the CEB, in line with development objectives shared with Iren, and contributes to strengthening the financial structure in terms of the duration and cost of the debt.

Agreement with Engie for the extension of district heating in the City of Turin

On 15 May 2020 Iren Energia signed an agreement with Engie functional to the development of district heating in the north-eastern zone of Turin. The collaboration involves Engie producing thermal energy at its cogeneration plant in Leinì (north of the metropolitan area), transported through a feeder (to be made by Engie itself) up to the boundary of Turin and therefore of the area covered by the Iren Energia heat distribution network.

Thanks to the agreement, Iren Energia will therefore extend, by the end of 2024, the district heating network in the north-eastern zone of the City, to serve a potential connected volume of 17 million cubic metres. The investments planned for Iren in relation to the extension of the network (pipes, accumulators and substations) amount to 90 million euro.

The significant increase in users served by the district heating service will thus be obtained without the need to create new production sites in the metropolitan area.

Award of the tender procedure for the Unieco Waste Management Division

On 19 June 2020 Iren was announced as the winner in the context of the sale procedure of the Waste Management Division of Unieco, a cooperative in administrative compulsory liquidation. The price offered was 90 million euro subject to adjustment.

The activities of the Waste Management Division, distributed in Piedmont, Emilia Romagna, Marche, Tuscany and Apulia, are carried out through a set of subsidiaries and associates overseeing the main sectors of operations of the waste management chain:

- intermediation, processing, sending for disposal and disposal of hazardous and non-hazardous special waste;
- collection and management of plants for mechanical-biological processing, composting, waste-to-energy and disposal of municipal waste.

The closing of the operation is planned for the second half of November after obtainment of the clearance from the Italian Antitrust Authority, which arrived at the beginning of the month.

The operation will enable Iren Ambiente to its position among the national operators in the waste management segment, expanding the territorial catchment area served and acquiring a strategic position in waste collection in the Tuscan region and strengthening its role as a leading operator in the processing and disposal of special waste.

Issue of a 500 million euro Bond

At the end of June 2020 Iren S.p.A. completed the issue of a ten-year Bond, reserved for institutional investors, for a total of 500 million euro, as part of the Euro Medium Term Notes (EMTN) Programme of 4 billion euro, the subject of a Supplement on 22 June 2020.

The securities, which have a minimum unit price of 100,000 euro and mature on 1 July 2030, pay a gross annual coupon of 1%. They were placed at an issue price of 98,144 euro. The effective gross rate of return on maturity is 1.198%, corresponding to a yield of 135 basis points above the 10-year mid-swap rate.

The settlement date is 1 July, date of listing of the Bond on the regulated market of the Irish Stock Exchange (Euronext Dublin).

Acquisition of control over Nord Ovest Servizi and Asti Energia e Calore

On 21 July 2020 the Group acquired from ASTA S.p.A. (a Gavio group company) through IRETI and AMIAT 50% of the shares of Nord Ovest Servizi S.p.A. (NOS), rising to 75% and, through Iren Energia, 28% of Asti Energia e Calore S.p.A. (AEC), arriving at 62%. The total outlay was 6.5 million euro.

In particular, NOS holds a 45% stake in the share capital of Asti Servizi Pubblici S.p.A., a company controlled by the Municipality of Asti that operates in the integrated water cycle, in the waste management segment and in that of transport in the related province, which is in turn the holder of the remaining 38% of AEC.

The operation ties in with the Iren Group's territorial consolidation strategy, also with a view to the future development of ASP through investments in the water and waste management segment, developing commercial activities and promoting energy efficiency and e-mobility projects, also in synergy with the investee GAIA.

Acquisition of I.Blu and partnership with Idealservice in waste management services

After the preliminary agreement signed at the end of January and as all the conditions precedent had been fulfilled, on 12 August 2020 Iren Ambiente finalised the purchase of 80% of the share capital of I.Blu from Idealservice for a price of 16 million euro. I.Blu operates:

- in the selection of plastic waste to be sent for recovery and recycling, mostly of the Corepla Consortium circuit, in two plants with a total capacity of 200 Ktonnes/year and
- In the processing of plastic waste for the production of Blupolymer (a polymer for civil uses) and Bluair ("reducing agent" for steel-making plants).

The company plans to increase the capacity of the current plants and to build a new plant to process the so-called plasmix, heterogeneous plastics that currently do not have an outlet in the recycling market downstream of separate collection.

In addition, Iren Ambiente and Idealservice signed an agreement that provides for the sub-supply of selection activities and services in multi-material plants and the definition of a partnership between the said Idealservice and San Germano for the management of municipal solid waste collection services in certain areas of Northern Italy.

The operation will enable Iren to become the national leader in the selection of Corepla plastics and, prospectively, in the treatment of plasmix.

Business plan to 2025

On 29 the Board of Directors approved the 2020-2025 Business Plan which presents, compared to the previous one, an increase in investments and margins that continue the growth recorded over the last few years, through commercial expansion at the national level and taking to new areas the results achieved in the historical territories in the fields of waste and energy efficiency.

On this subject, the Group is aiming for:

- an EBITDA of 1,160 million euro at 2025, thanks to growth along internal lines, the contribution deriving from the expansion of the corporate scope and the synergies achievable;
- total investments over the period of the plan of 3.7 billion euro, 400 million euro more than the previous business plan. 40% of them are oriented to the regulated and semi-regulated sectors (improvement of network services and municipal waste collection), a similar portion is referred to development (mainly in the environmental segment of district heating and in the context of smart solution and digitalisation projects) and the remainder is instead destined for maintenance investments;
- a Net financial position/EBITDA ratio at 2025 of 2.5x, although in the short-medium term it may be in the 3.0-3.5x range owing to the finalisation of possible further strategic options and to the significant portion of investments in the first two years;
- Group net profit of 350 million euro in 2025;
- a dividend of 0.095 euro/share for the 2020 result, up 2.7% compared to the last one distributed. Growing unitary distributions are foreseen in particular in the last three years of the Plan, with a dividend of 0.146 euro/share in 2025.

Confirming growth as a priority, the Group also identified certain additional strategic options not included in the data of the Plan, but which can be considered on the basis of future developments:

- options for growth along internal lines focused on participation in gas tender procedures and developing district heating in new areas, on repowering a number of hydroelectric plants, on plans to increase the flexibility of electricity production plants and on additional waste treatment plants;
- external growth options (M&A) both of small dimensions, oriented to a more selective choice aimed at consolidating non-controlling equity investments, and of a significant size, to be implemented maintaining the current investment grade level.

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

Income statement

IREN GROUP INCOME STATEMENT

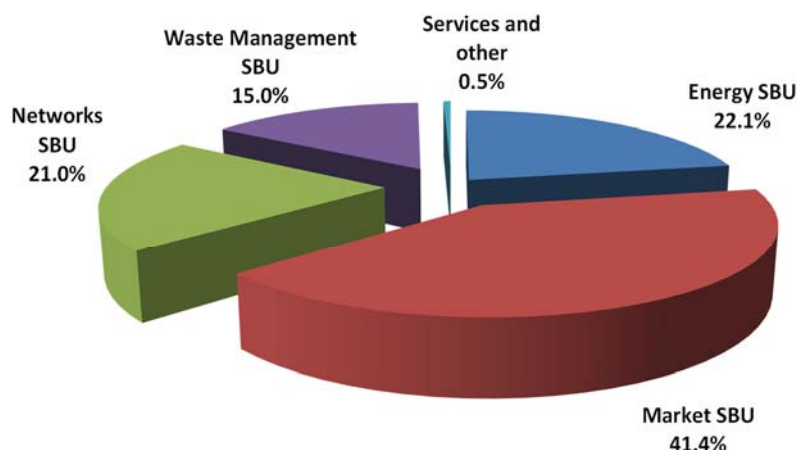
	thousands of euro		
	First 9 months 2020	First 9 months 2019 (restated)	Change %
Revenue			
Revenue from goods and services	2,501,301	3,060,683	(18.3)
Other income	127,868	129,167	(1.0)
Total revenue	2,629,169	3,189,850	(17.6)
Operating expenses			
Raw materials, consumables, supplies and goods	(710,317)	(1,074,316)	(33.9)
Services and use of third-party assets	(913,790)	(1,083,180)	(15.6)
Other operating expenses	(50,455)	(52,326)	(3.6)
Capitalised expenses for internal work	26,605	22,014	20.9
Personnel expense	(328,627)	(326,957)	0.5
Total operating expenses	(1,976,584)	(2,514,765)	(21.4)
GROSS OPERATING PROFIT (EBITDA)	652,585	675,085	(3.3)
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(316,152)	(290,932)	8.7
Provisions for impairment of receivables	(51,348)	(23,719)	(*)
Other provisions and impairment losses	5,091	(16,489)	(*)
Total depreciation, amortisation, provisions and impairment losses	(362,409)	(331,140)	9.4
OPERATING PROFIT (EBIT)	290,176	343,945	(15.6)
Financial income and expense			
Financial income	18,213	22,719	(19.8)
Financial expense	(67,142)	(68,487)	(2.0)
Total financial income and expense	(48,929)	(45,768)	6.9
Share of profit (loss) of investees accounted for using the equity method	6,561	4,704	39.5
Value adjustments on equity investments	(1,672)	-	-
Profit (loss) before tax	246,136	302,881	(18.7)
Income tax expense	(72,615)	(90,660)	(19.9)
Net profit (loss) from continuing operations	173,521	212,221	(18.2)
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	173,521	212,221	(18.2)
attributable to:			
- Profit (loss) for the period attributable to shareholders	153,300	191,025	(19.7)
- Profit (loss) for the period attributable to non-controlling interests	20,221	21,196	(4.6)

(*) Change of more than 100%

As provided for in IFRS 3, the economic balances of the comparative period were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

Revenue

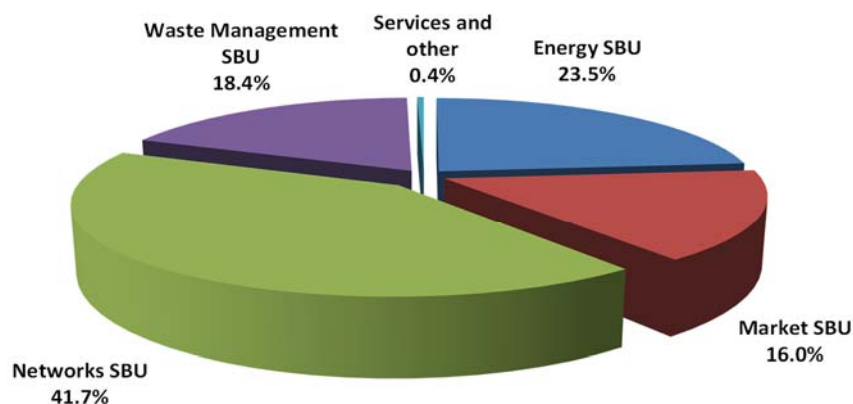
At 30 December 2020, the Group achieved revenue of 2,629.2 million euro, down by -17.6% compared to the 3,189.9 million euro of the corresponding period of 2019. This decrease in revenue can be attributed primarily to a drop in prices of energy commodities, to the reduction in volumes of electricity sold also in relation to the COVID-19 lockdown, the reduction in gas and heat sales for district heating due to a particularly mild winter and lower amounts of energy produced by the Group's plants. The energy scenario, already weak in the early months of the year, subsequently suffered a further worsening starting from the end of February, deteriorating at the same rate as the tightening of the health safety measures put in place to tackle the spread of the effects of the COVID-19 epidemic and which culminated in the total closure of production activities in the period running between the beginning of March and 4 May. During the third quarter of 2020, an increase in thermoelectric energy production was recorded along with a recovery in the electricity price (SNP), in any case, still below the average of the prices recorded in the corresponding period of 2019.



Gross Operating Profit (EBITDA)

The gross operating profit (EBITDA) for the period amounted to 652.6 million euro, down by -3.3% compared to the 675.1 million euro of the corresponding period of 2019.

The trend of the margin was negatively affected by the aforementioned particularly unfavourable energy and weather scenario, the absence of certain non-recurring factors that had characterised positively the last year's results, and the economic consequences associated with the Covid-19 health emergency. The Group's multibusiness portfolio enabled a significant attenuation of the aforementioned negative effects. In fact, the improvements in the margins for the Market (+23.7%) and Networks (+2.9%) business units considerably mitigated the decrease in the Energy business unit (-22.6%) and the Waste Management business unit (-4.4%).



Operating profit (EBIT)

Operating profit totalled 290.2 million euro, -15.6% down from the figure of 343.9 million euro in the corresponding period of 2019. Greater depreciation and amortisation of around 25 million euro was recorded—mainly related to new investments that came into operation during the year—along with greater allocations to provisions for impairment of receivables of 28 million euro, of which approximately 25 million euro was due to the increase in the estimate of expected losses due to the economic crisis linked to the COVID-19 health emergency. Lower net provisions for risks - of 22 million euro - were also recorded, of which approximately 16 million euro related to released earlier provisions for hydroelectric fees.

Financial income and expense

The economic components of a financial nature showed a balance of net financial expenses of 48.9 million euro (45.8 million euro in the first nine months of 2019).

Financial expenses totalled 67.1 million euro, slightly down compared to the same period in 2019 (-2.0%), when the figure was 68.5 million euro. The decrease is attributable to the reduction in the average cost of financial debt, and to lower interest, of an accounting nature, related to existing leases, and was partially offset by the increase in expenses for the discounting of provisions.

Financial income came out at 18.2 million euro, down from the 22.7 million euro of the first nine months of 2019 in which there was, over the whole period, interest income on the loan to the investee OLT Offshore LNG Toscana, sold at the beginning of 2020.

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

The item, which came out at +6.6 million euro (up compared to the +4.7 million euro of the comparative period) includes, pro-quota, the results of the Group's associated companies and joint ventures, the most significant of which regard Aguas de San Pedro, SETA, ACOS and ASA.

Value adjustments on equity investments

The item (-1.7 million euro) includes mainly the effect of restating at fair value the earlier interest in Nord Ovest Servizi, as well as the writing off of an investee in the waste management segment. This item was not present in the first nine months of 2019.

Profit (loss) before tax

As a result of the above trends, profit before tax amounted to 246.1 million euro (302.9 million euro in the comparative period).

Income tax expense

Income taxes for the period were 72.6 million euro (-19.9% compared to the first nine months of 2019, in relation to lower profit before tax), with an effective tax rate currently estimated at 29.5% for financial year 2020 (29.9% in the comparative period).

Net profit (loss) for the period

As a result of what is outlined above, net profit for the period amounted to 173.5 million euro, down by -18.2% compared to the result seen in the first nine months of 2019.

The figure is due to the profit pertaining to shareholders of 153.3 million euro, while profit attributable to non-controlling interests was 20.2 million euro.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

	thousands of euro		
	30.09.2020	31.12.2019 (restated)	Change %
Non-current assets	6,231,725	6,100,862	2.1
Other non-current assets (liabilities)	(445,524)	(444,550)	0.2
Net Working Capital	232,510	165,707	40.3
Deferred tax assets (liabilities)	157,026	158,845	(1.1)
Provisions for risks and employee benefits	(590,144)	(625,240)	(5.6)
Assets (Liabilities) held for sale	1,285	1,293	(0.6)
Net invested capital	5,586,878	5,356,917	4.3
Equity	2,671,501	2,651,340	0.8
Non-current financial assets	(150,822)	(148,051)	1.9
Non-current financial debt	3,542,566	3,167,048	11.9
Non-current net financial debt	3,391,744	3,018,997	12.3
Current financial assets	(939,929)	(774,583)	21.3
Current financial debt	463,562	461,163	0.5
Current net financial debt	(476,367)	(313,420)	52.0
Net financial debt	2,915,377	2,705,577	7.8
Own funds and net financial debt	5,586,878	5,356,917	4.3

As provided for in IFRS 3, the financial balances at 31 December 2019 were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

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

Non-current assets at 30 September 2020 amounted to 6,231.7 million euro, up compared to 31 December 2019, when they were 6,100.9 million euro. The increase of +130.8 million euro was mainly due to the effect of the following determinants:

- technical investments in property, plant and equipment and intangible assets (+414.2 million euro) and depreciation and amortisation (-316.2 million euro) in the period;
- M&A operations, the acquisition of the district heating network (21.9 million euro) and of the equity investment in Nove (2.3 million euro), included in the SEI Energia business unit, the assets of I.Blu, mainly referred to plastic processing plants (40.3 million euro) the equity investment in the associate Asti Servizi Pubblici deriving from the consolidation of Nord Ovest Servizi (9.8 million euro);
- the net change in the portfolio of CO2 emission rights (-54.3 million euro), following the cancellation against the redelivery obligations;
- recognition of rights of use in application of IFRS 16 – Leases for 9.3 million euro, for the most part related to leases for buildings used for business purposes.

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

While Other non-current liabilities were substantially in line with the figure for the end of the previous year, the Net Working Capital increased by 66.8 million euro, coming out at 232.5 million euro compared to the 165.7 million euro recorded at 31 December 2019. The increase was mainly due to the trend in commercial components.

“Provisions for Risks and Employee Benefits” amounted to 590.1 million euro, down by 35.1 million euro compared to 31 December 2019, owing mainly to the change related to provisions for expenses for CO2 emission rights and to the cessation of uncertainties associated with the quantification of hydroelectric shunting fees.

Equity amounted to 2,671.5 million euro, compared to the 2,651.3 million euro of 31 December 2019 (+20.2 million euro). The change is related to the effect of the net profit (+173.5 million euro), the dividends resolved (-149.0 million euro), the trend in the cash flow hedging reserve linked to derivative instruments hedging interest rates and commodities (+7.4 million euro), the recognition of the minorities following the expansion of the consolidation scope (+5.5 million euro) and the purchases of treasury shares (-16.6 million euro).

Net financial debt at the end of the period was 2,915.4 million euro, with an increase of 209.8 million euro compared to 31 December 2019 (+7.8%), due mainly to the significant investments during the period, the growth along external lines and the payment of dividends.

For more details please see the analysis of the statement of cash flows presented below.

STATEMENT OF CASH FLOWS OF THE IREN GROUP

Change in net financial debt

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

	thousands of euro		
	First 9 months 2020	First 9 months 2019 (restated)	Change %
Opening Net Financial (Debt)	(2,705,577)	(2,452,806)	10.3
Profit (loss) for the period	173,521	212,221	(18.2)
Adjustments for non-financial movements	537,042	515,228	4.2
Utilisations of employee benefits	(5,176)	(9,698)	(46.6)
Utilisations of provisions for risks and other charges	(21,127)	(36,385)	(41.9)
Change in other non-current assets and liabilities	(2,137)	(6,162)	(65.3)
Other changes in capital	(22,045)	(25,564)	(13.8)
Taxes paid	(25,722)	(88,738)	(71.0)
Cash flows from operating activities before changes in NWC	634,356	560,902	13.1
Cash flows from changes in NWC	(156,896)	(1,914)	(*)
Operating cash flow	477,460	558,988	(14.6)
Investments in property, plant and equipment and intangible assets	(414,201)	(323,824)	27.9
Investments in financial assets	-	(118)	(100.0)
Proceeds from the sale of investments and changes in assets held for sale	2,236	6,652	(66.4)
Changes in consolidation scope	(76,152)	(54,453)	39.8
Dividends received	1,572	1,289	22.0
Total cash flows used in investing activities	(486,545)	(370,454)	31.3
Free cash flow	(9,085)	188,534	(*)
Cash flow of own capital	(165,570)	(158,992)	4.1
Other changes	(35,145)	(191,464)	(81.6)
Change in Net Financial (Debt)	(209,800)	(161,922)	29.6
Final Net Financial (Debt)	(2,915,377)	(2,614,728)	11.5

(*) Change of more than 100%

As provided for in IFRS 3, the presentation of the cash flows in the comparative period was restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled “Restatement of amounts” in the section “Basis of preparation”.

The increase in financial debt derives from the following determinants:

- operating cash flow of +477.5 million euro, a decrease compared to the figure of the comparative period (-14.6%), owing to the absorption of resources linked to the trend in net working capital;
- a cash flow from investing activities (-486.5 million euro), which comprises essentially technical investments during the period (414.2 million euro, up significantly compared to 323.8 million euro in the first nine months of 2019). The item “changes in consolidation scope” includes the effect of the prices paid and the net debt assumed in relation to the operations to acquire the unit related to the district heating activities of SEI Energia, I.Blu, Nord Ovest Servizi and Asti Energia e Calore;
- The *cash flow of own capital* of -165.6 million euro, which includes the dividends resolved (-149.0 million euro) and the purchase of treasury shares (-16.6 million euro);
- The item *other changes*, of -35.1 million euro, includes the net financial expenses, the change in the fair value of derivatives hedging interest rate risk and commodities and the effect of the recognition of the new leases that come within the scope of IFRS 16. The comparative figure for the first nine months of 2019, which amounted to -191.5 million euro, included among other things the effect of first application of IFRS 16 of -105 million euro and for -37.6 million euro the change in fair value of hedging derivatives.

We can note finally that the statement of cash flows prepared according to the format of a change in cash and cash equivalents is presented in the section “Consolidated Financial Statements at 30 2020”.

SEGMENT REPORTING

The Iren Group identifies the following business segments:

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

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

For a proper interpretation of the income statements relating to individual businesses presented and commented on below, revenue and expense referring to overhead activities were fully allocated to the businesses based on actual usage of the services provided or according to technical and economic drivers. Given the fact that the Group mainly operates in one area, the following segment information does not include a breakdown by geographical area.

Below are the main income statement items with the related comments broken down by operating segment compared to the figures of the nine months of 2019.

At 30 2020 non-regulated activities contributed to the formation of gross operating profit for 29% (28% in the first nine months of 2019), regulated activities accounted for 49%, up from 46% in the corresponding period in 2019, while semi-regulated activities fell, going from 26% in 2019 to 22% in the current period.

Networks SBU

At 30 2020 the Networks business segment, which comprises the businesses of Gas distribution, Electricity and the Integrated Water Service, recorded revenue of 744.8 million euro, up by +0.7%, compared to 739.9 million euro in the corresponding period of 2019.

The gross operating profit (EBITDA) amounted to 272.1 million euro, up +2.9% on the 264.5 million euro of the nine months of 2019, while net operating profit (EBIT) was 132.1 million euro, down -5.5% compared to 139.7 million euro in the corresponding period of 2019.

The positive trend in gross operating profit (EBITDA) was absorbed by higher amortisation and depreciation of around 7 million euro, related to the recent technical investments and to higher allocations to provisions for impairment of receivables of 10 million euro, of which around 9 million euro related to the Covid-19 health emergency.

		First 9 months 2020	First 9 months 2019	Δ %	
Revenue	€/mln	744.8	739.9	0.7	
Gross Operating Profit (EBITDA)	€/mln	272.1	264.5	2.9	
EBITDA Margin		36.5%	35.7%		
	from Electricity Networks	€/mln	56.3	54.8	2.8
	from Gas Networks	€/mln	65.4	63.4	3.1
	from Integrated Water Service	€/mln	150.4	146.3	2.8
Operating Profit (EBIT)	€/mln	132.1	139.7	(5.5)	
Investments	€/mln	179.7	186.4	(3.6)	
	in Electricity Networks	€/mln	30.9	27.2	13.5
	in Gas Networks	€/mln	33.7	35.9	(6.4)
	in Integrated Water Service	€/mln	115.1	123.2	(6.6)
Electricity distributed	GWh	2,672.9	2,852.4	(6.3)	
Gas introduced into the network	Million m³	815.9	880.2	(7.3)	
Water sold	Million m³	129.6	130.7	(0.9)	

The changes in gross operating profit for the segments concerned are illustrated below.

Networks SBU - Electricity

The gross operating profit amounted to 56.3 million euro, up by +2.8% compared to 54.8 million euro in the corresponding period of 2019. The increase in the margin can mainly be attributed to operational synergies achieved in the period.

During the period investments of 30.9 million euro were made, up by +13.5% compared to the 27.2 million euro of the corresponding period of 2019. They were mainly related to new connections, to the construction of new LV/MV cabins and lines, as well as to the completion of a number of primary cabins.

Networks SBU - Gas Distribution

Gross operating profit (EBITDA) of gas distribution networks amounted to 65.4 million euro, up by +3.1% compared to 63.4 million euro in the corresponding period of 2019. The improvement in the margin was due to operating synergies which made it possible to offset the drop in the revenue constraint. This reduction, attributable to the unfavourable effects deriving from the revision of the tariff method (5th regulatory period), was only partially offset by the effects of the increase in the RAB.

Investments made in the period amounted to 33.7 million euro, (35.9 million euro in the corresponding period of 2019), and regarded the provisions of ARERA resolutions, in particular making the network compliant with cathodic protection, and the installation of electronic meters. This last activity, suspended during the lockdown period, started again from the beginning of May.

Networks SBU - Water Cycle

The gross operating profit of the period amounted to 150.4 million euro up by +2.8% compared to 146.3 million euro in the corresponding period of 2019. The increase in the profit was due to the tariff revenue constraint (VRG), in which the components related to the increase in the RAB more than offset the reduction of other components linked to the tariff revision connected with the new regulatory period (MTI-3), and to greater synergies on operating costs which, from a comparative point of view, made it possible to offset the cessation of a number of capital gains of the previous year that were no longer repeatable.

Investments in the period totalled 115.1 million euro, slightly down (-6.6%) compared to the 123.2 million euro of the corresponding period of 2019 and concerned the construction, development and extraordinary maintenance of distribution networks and plants, the sewerage network and, in particular, the construction of new water treatment plants and to the replacement and installation of mainly remote-reading metering units.

Waste Management SBU

At 30 December 2020, the revenue of the segment amounted to 532.9 million euro, up +0.4% from the 531 million euro of the corresponding period of 2019. The increase was substantially due to the higher intermediation revenues and to the expansion of the consolidation scope related to the waste processing companies Ferrania Ecologia (incorporated into Iren Ambiente at the beginning of 2020) and Territorio e Risorse, respectively from July 2019 and October 2019, and to the company I.Blu, from August 2020. However, energy revenue and disposals fell.

		First 9 months 2020	First 9 months 2019 (restated)	Δ %
Revenue	€/mln	532.9	531.0	0.4
Gross Operating Profit (EBITDA)	€/mln	120.2	125.7	(4.4)
EBITDA Margin		22.6%	23.7%	
Operating Profit (EBIT)	€/mln	46.4	54.7	(15.2)
Investments	€/mln	57.4	33.7	70.1
Electricity sold	GWh	381.4	374.2	1.9
Thermal energy produced	GWht	114.2	111.5	2.4
Waste managed	tonnes	2,022,430	2,052,844	(1.5)
Emilia area separate waste collection	%	78.3	76.5	2.4
Piedmont area separate waste collection	%	55.6	53.9	3.2
Liguria area separate waste collection	%	74.3	74.0	0.4

Gross operating profit of the segment amounted to 120.2 million euro, a reduction of -4.4% from the 125.7 million euro for the corresponding period of 2019. The drop in the profit is attributable to the lower energy revenue following the drop in the prices of electricity (average SNP 35.6 €/MWh, -33.8%) produced by the waste-to-energy plants, lower volumes of special waste treated and disposed of in landfills as a result of the COVID-19 health crisis, and a reduction in the prices of recovered materials coming from separate collection; these negative factors were only partially offset by the higher revenue of the municipal waste management activities and in particular of collection and intermediation activities.

The operating profit was 46.4 million euro, down -15.2% compared to the 54.7 million euro recorded in the corresponding period of 2019. In the period higher amortisation and depreciation of around 3 million euro was recorded, in part related to the expanded scope.

Investments during the period amounted to 57.4 million euro, up compared to the 33.7 million euro seen during the same period of 2019. Among the main investments during the period, we can note those related to revamping of the Cairo Montenotte biodigester, vehicles and equipment for door-to-door collection in Turin and the development of the new Just Iren management system.

Energy SBU

At 30 2020 the revenue of the Energy SBU, which includes energy production and the heat management, public lighting and energy efficiency activities, amounted to 787.1 million euro, down by -27.6% compared to 1,087.8 million euro in the corresponding period of 2019. The sharp contraction of revenue is mainly attributable to the drop in the selling price of electricity (-183 million euro the SNP effect) consequent to the unfavourable energy scenario as well as to lower electricity production (-82 million euro). The decline in revenue also reflects the reduction in prices and volumes of heat for district heating due to the particularly mild weather (-25 million euro) and to lower income from energy certificates compared to 2019.

		First 9 months 2020	First 9 months 2019	Δ %
Revenue	€/mln	787.1	1,087.8	(27.6)
Gross Operating Profit (EBITDA)	€/mln	153.6	198.5	(22.6)
EBITDA Margin		19.5%	18.2%	
Operating Profit (EBIT)	€/mln	64.4	100.8	(36.2)
Investments	€/mln	105.4	43.3	(*)
Electricity produced	GWh	6,933.1	7,221.8	(4.0)
<i>from hydroelectric and other renewable sources</i>	GWh	1,074.7	1,014.8	5.9
<i>from cogeneration sources</i>	GWh	3,930.8	4,350.8	(9.7)
<i>from thermoelectric sources</i>	GWh	1,927.6	1,856.2	3.8
Heat produced	GWht	1,645.6	1,822.0	(9.7)
<i>from cogeneration sources</i>	GWht	1,330.9	1,549.8	(14.1)
<i>from non-cogeneration sources</i>	GWht	314.7	272.1	15.6
District heating volumes	Million m ³	95.0	93.8	1.3

(*) Change of more than 100%

In the first nine months the electricity produced was 6,933.1 GWh, down by -4% compared to 7,221.8 GWh in the corresponding period of 2019.

Total thermoelectric production was 5,858.5 GWh, of which 3,930.8 GWh from cogeneration sources, down by -9.7% compared to the 4,350.8 GWh in the first 9 months of 2019 and 1,927.7 GWh from conventional thermoelectric sources, up by +3.8% compared to 1,856.2 GWh in the corresponding period of 2019.

Production from renewable sources was 1,074.7 GWh, of which 1056.6 GWh deriving from hydroelectric sources and, marginally for approximately 18.1 GWh, from other renewables (photovoltaic); overall production increased by +5.9% compared to 1,014.9 GWh in the first 9 months of 2019.

Heat production in the period was 1,645.6 GWht, down by -9.7% compared to the 1,822.0 GWht in the corresponding period of 2019. Overall district heating volumes amounted to approximately 95.0 million m³ up by +1.3% compared to the 93.8 million m³ of 2019. The figures include the volumes related to the acquisition of the SEI Energia business unit (rented up to the end of April 2020).

The gross operating profit (EBITDA) amounted to 153.6 million euro, down (-22.6%) compared to the 198.5 million euro of the first nine months of 2019.

The trend during the first 9 months of 2020 saw a scenario in which national electricity demand came to 225.1 TWh, down by -6.9% compared to the 241.9 TWh of the corresponding period of 2019, with a drop in the average price of electricity (SNP) to 35.6 €/MWh, a -33.8% decline compared to the 53.8 €/MWh in the first 9 months of 2019.

The SNP trend, already down since the beginning of the year compared to 2019, fell further at the time of the lockdown measure connected with the COVID-19 health crisis (the period 17 March - 4 May) which, reducing demand, pushed the price of energy towards the lows reached in May 2020 (21.8 €/MWh). In third quarter 2020, the value of the SNP recovered but was characterised by high volatility related to the actions to contain the pandemic, the availability of hydroelectric production and the increase in gas prices.

A simultaneous reduction in electricity and heat volumes, along with a sharp decline in prices and unit margins on electricity production had a significant impact on the profits of the SBU, only partially offset by improved results from dispatching services (DSM), by higher hydroelectric production and, starting from third quarter 2020, also by greater planned thermoelectric production.

The cessation of certain extraordinary items that had positively affected the first nine months of 2019 and were no longer replicable also had a negative impact on profit for the period.

The operating profit (EBIT) of the energy segment totalled 64.4 million euro, down by 36.2% compared to the 100.8 million euro of the corresponding period of 2019. The depreciation and amortisation of the period increased by about 9 million euro compared to 2019, owing mainly to the resumption of depreciation in the hydroelectric segment on transferable works (Italian Law no. 12 of 11 February 2019), while lower provisions of about 2 million euro and a higher release of provisions for risks of about 16 million euro were recorded, in relation to earlier provisions for hydroelectric fees.

Investments during the period totalled 105.4 million euro, up compared to the 43.3 million euro recorded in the first nine months of 2019, and regarded mainly the start of the project to enlarge the Turbigio thermoelectric power station, which will make it possible to increase installed power from 850 to 1,280 MW.

Market SBU

At 30 2020 the revenue of the segment amounted to 1,472.2 million euro down -28.6% from 2,061 million euro in the corresponding period of 2019. Along with the lower quantities sold — in decline as a result of the production block because of the COVID-19 health crisis and the particularly mild winter — the decrease in turnover was also due to the reduction in energy commodity prices. This trend characterised the entire nine months of the period, with prices in recovery in the third quarter but still below the figures for the corresponding 2019 period.

Gross operating profit (EBITDA) amounted to 104.6 million euro, up (+23.7%) from the 84.5 million euro of the corresponding period in 2019. This increase is related to electricity as well as natural gas sales and is largely attributable to an improvement in unit sales margins, which more than offset the negative effects of volume reduction associated with the COVID-19 health crisis.

Operating profit (EBIT) amounted to 45.7 million euro, down by -3.3% from the figure of 47.3 million euro in the corresponding period of 2019. The positive trend in gross operating profit (EBITDA) was absorbed by higher amortisation and depreciation for around 6 million euro as well as by greater allocations to provisions for impairment of receivables of around 15 million euro related the estimated effects of Covid-19.

		First 9 months 2020	First 9 months 2019	Δ %	
Revenue	€/mln	1,472.2	2,061.0	(28.6)	
Gross Operating Profit (EBITDA)	€/mln	104.6	84.5	23.7	
EBITDA Margin		7.1%	4.1%		
	from Electricity	€/mln	43.6	27.2	60.1
	from Gas	€/mln	57.7	55.2	4.6
	from Other sales services	€/mln	3.3	2.1	55.4
Operating Profit (EBIT)	€/mln	45.7	47.3	(3.3)	
Investments		33.6	29.8	12.8	
Electricity Sold	GWh	5,492.9	7,016.9	(21.7)	
Gas Purchased	Million m³	2,173.9	2,219.0	(2.0)	
	Gas sold by the Group	Million m³	742.6	740.8	0.2
	Gas for internal use	Million m³	1,225.5	1,295.3	(5.4)
	Gas in storage	Million m³	205.8	182.9	12.5

Sale of electricity

Volumes of electricity sold on the free market amounted to 5,221.4 GWh (net of pumping, network leaks, dedicated withdrawals and including unbalancing) down by -22.1% compared to the 6,704.3 GWh of the corresponding period of 2019.

Sales in the protected market amounted to 271.5 GWh, down by -13.1% compared to 312.6 GWh in the corresponding period of 2019.

The table shows quantities sold by client segment class:

Market SBU - Electricity sales

	First 9 months 2020	First 9 months 2019	Δ %
<i>Business</i>	2,416.2	3,823.9	(36.8)
<i>Small business</i>	440.5	587.0	(25.0)
<i>Retail</i>	964.0	1,115.1	(13.6)
<i>Wholesalers</i>	1,400.7	1,178.3	18.9
Free market	5,221.4	6,704.3	(22.1)
Protected market	271.5	312.6	(13.1)
<i>Unbalancing, pumping, grid loss and dedicated withdrawals</i>	308.5	346.6	(11.0)
Total electricity sold	5,801.4	7,363.5	(21.2)

The gross operating profit (EBITDA) of the sale of electricity amounted to 43.6 million euro, an improvement (+60.1%) compared to the 27.2 million euro in the corresponding period of 2019. This increase is attributable to the improvement in the unit margin and to the development of the customer portfolio which made it possible to absorb the negative effects of the reduction in volumes sold, due to the Covid-19 emergency.

Sale of Natural Gas

The volumes purchased amounted to 2,173.9 million m³, down by -2%, compared to the 2,219 million m³ of the corresponding period of 2019.

The gas sold by the group amounted to 742.6 million m³ up by +0.2% compared to the 740.8 million m³ of 2019 thanks to the higher sales to wholesalers while all the other customer segments decreased.

The gas used for consumption internal to the Group amounted to 1,225.5 million m³, down by -5.4%, compared to the 1,295.3 million m³ of the corresponding period of 2019.

The gross operating profit (EBITDA) of gas sales amounted to 57.7 million euro, up (+4.6%) compared to the 55.2 million euro recorded in the corresponding period of 2019. The positive trend in the margin is attributable to the improvements of the unit margins on sales and also to the improvement of the retail sales component ("Quota di Vendita al Dettaglio – QVD"), that together made it possible to absorb the lower quantities of gas sold (all the business segments decreased, with the exception of trading) related to particularly mild seasonal temperatures, and the negative effects of the reduction of volumes sold connected with the Covid-19 health emergency.

Sales of heat and other services

The sale of heat and other services resulted in a gross operating profit (EBITDA) of 3.3 million euro, up compared to the 2.1 million euro of the corresponding period of 2019.

Investments in the period totalled 33.6 million euro, up compared to 29.8 million euro in the corresponding period of 2019.

Services and other

At 30 2020 revenue of the segment, which includes the activities of the analysis laboratories, telecommunications and other minor activities, was 16.6 million euro, up by +1.4% compared to the 16.4 million euro in the corresponding period of 2019.

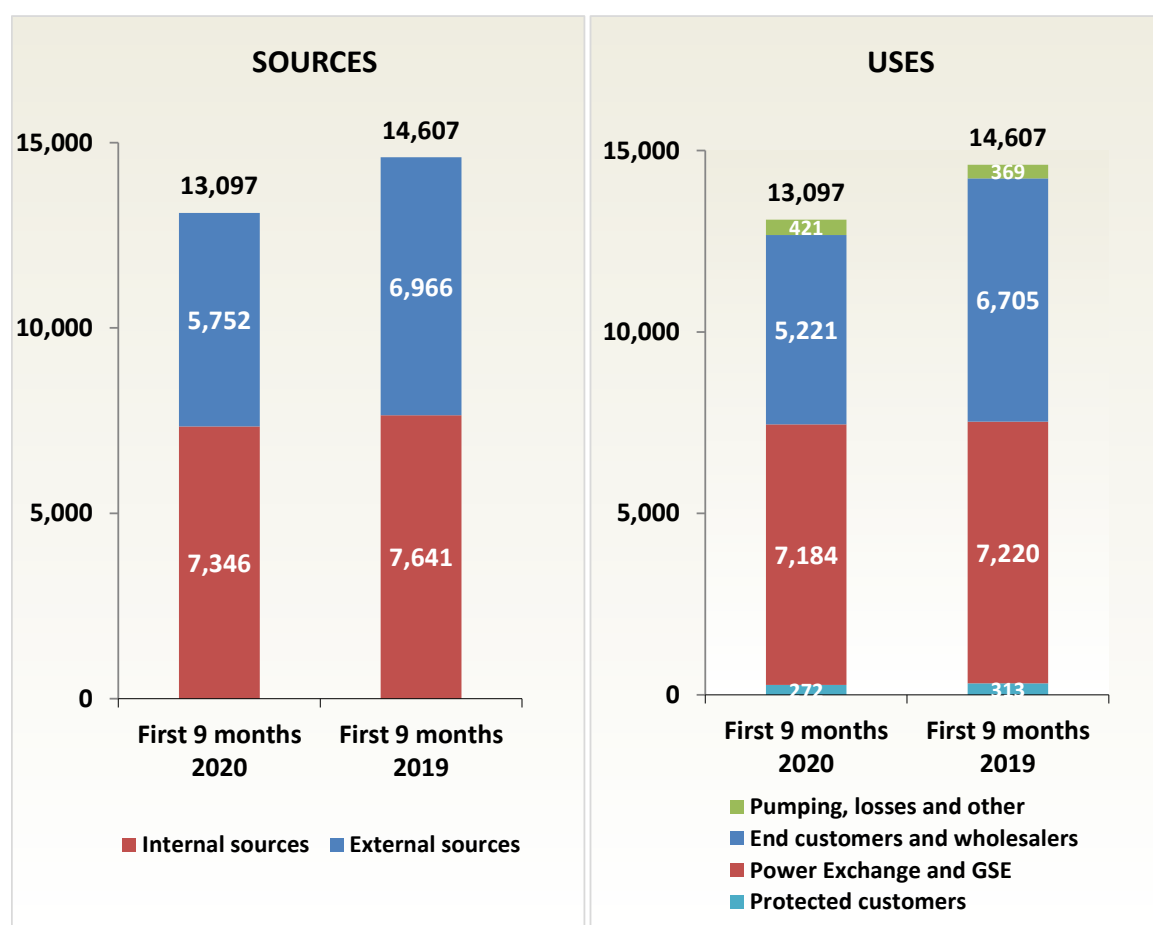
		First 9 months 2020	First 9 months 2019	Δ %
Revenue	€/mln	16.6	16.4	1.4
Gross Operating Profit (EBITDA)	€/mln	2.2	1.9	13.9
<i>EBITDA Margin</i>		<i>13.1%</i>	<i>11.7%</i>	
Operating Profit (EBIT)	€/mln	1.6	1.4	18.9
Investments	€/mln	38.1	30.7	24.2

The gross operating profit was 2.2 million euro, an improvement of +13.9% compared to the 1.9 million euro of 2019. The investments of the period were related mainly to corporate activities: information systems, motor vehicles and property services.

ENERGY BALANCES

Electricity balance sheet

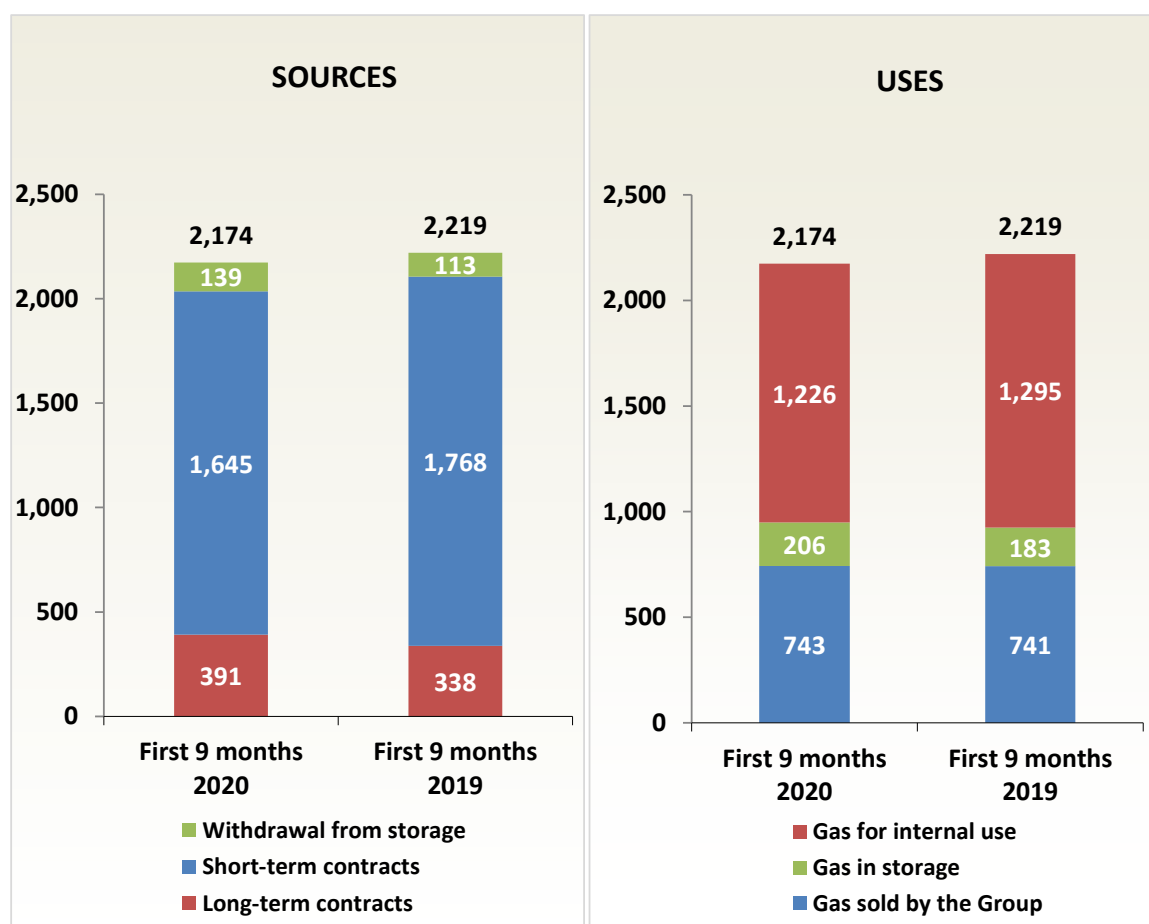
GWh	First 9 months 2020	First 9 months 2019	Δ %
SOURCES			
The Group's gross production	7,345.6	7,640.6	(3.9)
<i>a) Hydroelectric and other renewables</i>	1,074.7	1,014.8	5.9
<i>b) Cogeneration</i>	3,930.8	4,350.8	(9.7)
<i>c) Thermoelectric</i>	1,927.6	1,856.2	3.8
<i>d) Production from WTE plants and landfills</i>	412.6	418.9	(1.5)
Purchases from Acquirente Unico [Single Buyer]	299.7	345.1	(13.1)
Energy purchased on the Power exchange	5,080.2	6,092.0	(16.6)
Energy purchased from wholesalers and imports	371.9	529.2	(29.7)
Total Sources	13,097.4	14,606.9	(10.3)
USES			
Sales to protected customers	271.5	312.6	(13.1)
Sales to final customers and wholesalers	5,221.4	6,704.9	(22.1)
Sales on the Power Exchange	7,183.9	7,220.3	(0.5)
Pumping, distribution losses and other	420.6	369.2	13.9
Total Uses	13,097.4	14,606.9	(10.3)



Gas balance sheet

Millions of m ³	First 9 months 2020	First 9 months 2019	Δ %
SOURCES			
Long-term contracts	390.5	338.2	15.5
Short- and medium-term contracts	1,644.6	1,767.7	(7.0)
Withdrawals from storage	138.7	113.1	22.7
Total Sources	2,173.9	2,219.0	(2.0)
USES			
Gas sold by the Group	742.6	740.8	0.2
Gas for internal use (1)	1,225.5	1,295.3	(5.4)
Gas in storage	205.8	182.9	12.5
Total Uses	2,173.9	2,219.0	(2.0)

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



FINANCIAL MANAGEMENT

General framework

After a long period of stability, during the first half of the year the short-term part of the interest rate curve showed significant movement first downwards then upwards; subsequently, in the third quarter of 2020, a new declining phase began.

The medium/long term part, meanwhile, fell sharply up to the start of the lockdown period for COVID-19, before then recording a brusque upward movement and a later gradual reduction of the interest rates that recorded new lows.

The European Central Bank has kept rates unchanged since March 2016. The benchmark rate is currently 0%.

Examining the trend in six-month Euribor rates, after reaching minimum levels at the beginning of March, the parameter rapidly rose due to uncertainties about market liquidity, followed by a subsequent gradual reduction down to the current level of -0.5%.

At the beginning of the period the quotations of fixed rates, reflected in the values of the IRS at 5 and 10 years, also recorded a drop, then completely cancelled out by the upward movement originating from the uncertainty and the crisis associated with the spread of Covid-19. Thanks above all to the ECB's market interventions, the medium/long-term interest rates drifted downwards with stably negative levels.

Activities performed

During the first nine months of 2020, activities aimed at consolidating the financial structure of the Iren Group continued. The development of funding needs is monitored through careful financial planning, which enables requirements for new financial resources to be anticipated, taking into account the repayments of outstanding loans, the development of debt, the investments, the trend in working capital and the balance of short-term and long-term sources.

The organisational model adopted by the Iren Group, with the goal of financial optimisation of the companies, provides for centralisation in Iren of treasury management, medium/long-term loan operations and financial risk monitoring and management. Iren has relations with the leading Italian and international banks, for the purpose of finding the types of loans best suited to its needs, and the best market conditions.

Moving on in more detail to the operations carried out in the first nine months of 2020 we can note that in the period a loan contract was signed with the new counterparty CEB (Council of Europe Development Bank) for 80 million euro in support of the plan of investments in water infrastructures, while in March the EIB loan "Electricity distribution networks" of a total of 75 million euro, signed in March 2017, was used entirely.

Direct loans with the EIB and CEB, with a duration of up to 16 years, remaining unused and available total 200 million euro.

At the end of June 2020, with settlement date 1 July, a new bond issue for an amount of 500 million euro was completed. This is part of the Euro Medium Term Notes (EMTN) Programme of 4 billion euro. The bonds, Fitch rating BBB, pay a gross annual coupon of 1% and have maturity at 1 July 2030 (duration 10 years). The securities are listed on the regulated market of the Irish stock exchange, where the prospectus was filed, and on the ExtraMOT market of Borsa Italiana.

At the level of Group Companies, in the period we can note the early repayment of the debt positions of Asti Energia e Calore, controlled by Iren Energia starting from July, and I.Blu, acquired by Iren Ambiente in August, for a total of 12 million euro.

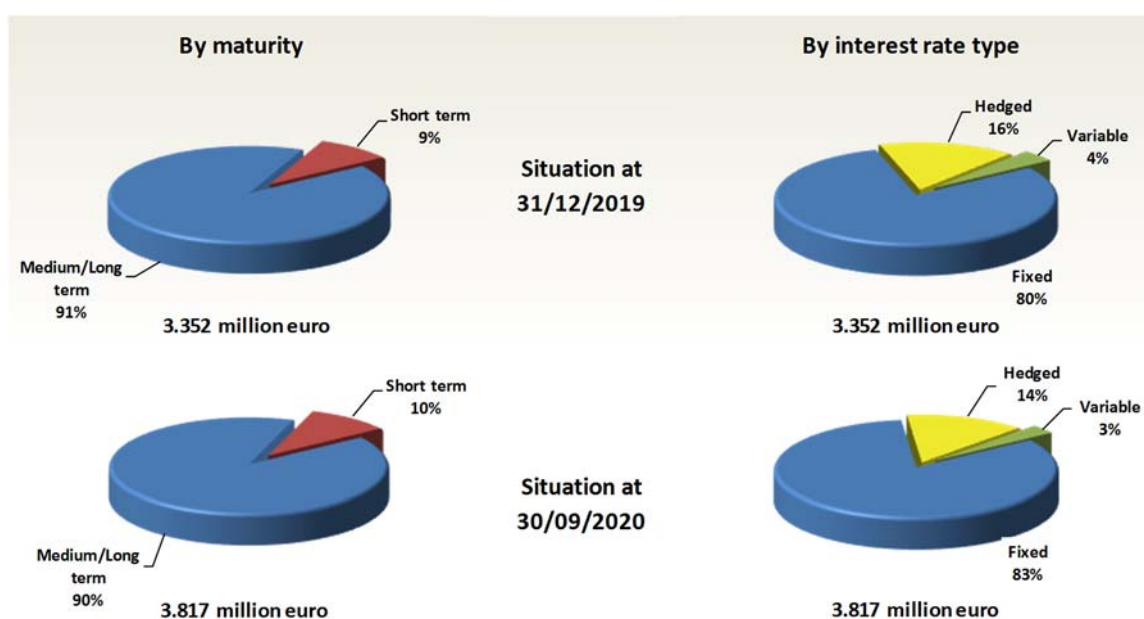
The financial debt from loans (excluding the financial liabilities recognised in application of IFRS 16) at the end of the period was made up of 17% loans and 83% bonds.

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

At the end of the period, the portion of floating rate debt not hedged by exchange rate derivatives was 3% of financial debt from loans, in line with the Iren Group's objective of maintaining adequate protection against 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 2019, is shown in the chart below.



Rating

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

Supporting the Group's liquidity profile and the rating level, Iren has the aforesaid medium/long-term loan facilities agreed and available but not used for 200 million euro, as well as committed credit lines of the Sustainability-linked Revolving Credit Facility (RCF) type, which amounted to 150 million euro at the end of the period, in addition to current cash and cash equivalents.

EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK

Confirmation of Iren's rating

On 20 October 2020 the Fitch agency confirmed for the Group a BBB rating with a stable outlook. The judgement is based mainly on the update of the business plan to 2025 which, in continuity compared to previous years, confirms the prevalence of regulated and semi-regulated activities (approximately 70% of Gross Operating Profit), with consequent limited impact of the negative market effects deriving from the Coronavirus emergency. In addition, Fitch assesses positively the Group's liquidity profile.

"Green Energy" Loan

At the end of October Iren S.p.A. and the European Investment Bank (EIB) signed a credit line of 100 million euro of a duration of 16 years, which will serve to finance projects to develop and increase the efficiency of the district heating network in the Turin area (for total investments of 197 million euro in the period 2021-2025). The operation increases further the total amount of finance instruments adopted since 2017, which contemplates, besides three green bonds, also available lines of the Revolving Credit Facility type and loans based on ESG principles, aimed at financing the Group's sustainable investments.

BUSINESS OUTLOOK

In an international scenario in which the largest world economies recorded a decline in GDP due to the global health crisis, the Iren Group is dealing with a domestic scenario characterised by a sharp reduction in demand and low commodity prices.

The Group expects to limit the impact of the COVID-19 crisis on the Group's operating profit, mainly due to the nature of its business (over 70% in regulated or semi-regulated sectors). On one hand, the crisis slowed some construction sites and, consequently, the investments planned. On the other hand, the Group is incurring emerging costs related to the extraordinary situation, a slowdown in efficiency projects and a partial reduction in sales volumes. With the current visibility, it is estimated that the impact of COVID-19 on end-of-year EBITDA will be 15 million euro.

On the basis of the recent ARERA provisions and of the corporate measures adopted to mitigate the economic and social impacts resulting from the crisis, at the end of the year the Group will report an effect on the working capital of 80 million euro following the interruption of new actions to suspend/reduce supplies (gas, electricity, water and district heating). Due to the possible cash flow difficulties of the customer portfolio, the Group has already increased the provisions for impairment of receivables by evaluating the expected losses of 25 million euro. These assumptions are in line with the assumption that no further lockdowns will occur.

The previous shutdown of activities and the continuation of containment measures will lead to a partial recovery in demand and prices compared to the previous year. However during 2020 the Group, as regards energy activities, has carried out a series of actions which will make it possible to mitigate the impact of the crisis: we should be able to seize the potential of the customer portfolio through a recovery of the unit margins thanks to the commercial strategies implemented and to the increase in the customer base in combination with opportunistic management of the thermoelectric plants.

As regards the regulated sectors, we expect that the tariff changes, related to the regulatory framework approved by ARERA in the water sector and in energy distribution will have a limited negative impact on the expected margins and will be completely offset by the growth in regulated revenue sustained by the investments made. As regards the Waste Management segment, the collection service will have a positive impact on profitability as a result of an improvement in service quality. Profitability of treatment and disposal activities will continue to reflect the drop in volumes of waste managed and the decrease in energy prices.

The Group will also continue in its growth process set forth in the latest business plan, which provides for significant investments, above all in the Networks and Waste Management divisions, as well as investments intended to increase electricity generation capacity. Iren also confirms sustainability as one of the main strategic pillars, continuing to invest in projects linked to the Multicircle Economy, the efficient use of resources and the reduction of emissions, for approximately 60% of the investments outlined in the business plan.

Consolidated Financial Statements

at 30 September 2020

BASIS OF PREPARATION

CONTENT AND STRUCTURE

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

In drawing up these financial statements, the same accounting standards were applied as those adopted for the previous year's statements, to which you are referred for a more ample discussion, with the exception of the changes presented below, which however did not determine impacts on the financial statements of the Iren group at 30 2020.

On 22 July 2014 the Financial Stability Board published the report "Reforming Major Interest Rate Benchmarks" containing recommendations aimed at strengthening existing benchmarks and other potential reference rates based on interbank markets, as well as developing alternative nearly risk-free benchmark rates. To take into account the consequences of the reform of financial disclosure, in particular in the period that precedes the replacement of a benchmark for determining the existing interest rates with an alternative reference rate, on 26 2019 the IASB published *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*, endorsed with Reg. (EU) 2020/ 34 of 16 January 2020.

The amendments, applicable starting from 1 January 2020, establish temporary and limited exceptions to the provisions on hedge accounting, so that entities can continue to observe the provisions presuming that existing benchmarks for determining interest rates will not be modified following the reform of interbank rates. The exceptions regard:

- the designation of a risk component of an element as a hedged element;
- the requirements on the subject of "high probability" for cash flow hedging;
- the assessment of the economic relationship between the hedged element and hedging instrument;
- The reclassification of the amount accumulated in the cash flow hedging reserve.

The exceptions apply to hedging relationships directly affected by the reform of the interest rate benchmarks, that is to say hedging relationships for which the reform generates uncertainties as regards: a) interest rate benchmark (defined contractually or non-contractually) designated as risk hedged; b) timing or amount of the cash flows related to the interest rate benchmarks of the hedged element or of the hedging instrument.

With reference to hedging relationships to which the exceptions are applied, specific supplementary information is required.

The Iren Group's hedging relationships are exposed to the EURIBOR benchmark index. The method of calculating the EURIBOR was revised in 2019 by the European Money Markets Institute (EMMI) in order to comply with the provisions of Regulation (EU) 2016/1011 (Benchmarks Regulation - BMR): it is presumed therefore that the EURIBOR will continue to be used in the immediate future and that the benchmark indices for determining the existing interest rates will not be changed following the reform of interbank rates. It is presumed consequently that there is no uncertainty as regards the timing and amount of the cash flows related to the benchmark indices for determining the existing interest rates and it is estimated that the measurement of exposure to risk directly involved in reform of the benchmark indices is more or less zero. At 30 2020 the nominal amount of the hedging instruments related to the EURIBOR benchmark index was 669,189,237 euro.

Amendments to IFRS 3 - Business Combinations. The amendment, issued by the IASB on 22 October 2018 and endorsed by the European Union with Reg. 2020/551 of 21 April 2020, involved the definition of a business, to be understood as an integrated set of activities that it is possible to conduct and manage for the purpose of providing goods and services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities. This clarification makes it possible to distinguish whether an acquisition refers to a business or a group of assets: only in the first case goodwill can be recognised. In order to identify a business, the entity may carry out the so-called *fair value*

concentration test and/or perform more in-depth assessments to check for the presence of at least one factor of production and of a substantial process applied to it.

Amendments to IFRS 16 – Covid-19-Related Rent Concessions. The document, published by the IASB in May 2020 and endorsed with Reg. 2020/1434 of 9 October 2020, introduces an amendment to IFRS 16 - Leases which has “temporary validity” in relation to the Covid-19 emergency.

Lessees that, as a direct consequence of the Covid-19 pandemic, benefit from concessions, such as reductions, rebates or deferment of rental instalments, can make use of a practical expedient that makes it possible to assume, without making any measurements, that the reduction or postponement of payments due does not represent a contractual change if 3 conditions are fulfilled: a) the consideration of the contract, following the change in the payments, is equal to or less than the consideration due before the change; b) the reduction regards payments due by 30 June 2021; c) the other contractual conditions do not undergo substantial changes.

If it makes use of the practical expedient, the entity reduces the leasing liability recognising in the income statement the amounts not due as a result of the concession (IFRS 16, para. 38b). The entity must provide disclosure on the contracts to which it has applied the practical expedient and on the amounts recognised in the income statement.

The amendment must be applied in the annual periods that begin after 1 June 2020, but may be applied to all financial statements, including interim ones, not yet approved at the date of issue of the document.

As of today the Iren group has not benefited from discounts or rebates of the payments due for leasing in relation to the Covid-19 pandemic. Therefore the practical expedient in question is not in any case applicable.

The financial statement formats adopted by the Iren Group in preparing these financial statements are the same as those applied in preparing the financial statements at 31 December 2019.

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

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

The indirect method is used in the cash flow statement. The cash configuration analysed in the cash flow statement includes cash on hand and cash in current accounts.

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

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

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

It should also be noted that certain complex valuation processes, such as the determination of any impairment losses on non-current assets, are generally carried out in full only at the time of preparing the annual financial statements, when all the information that may be needed is available, except in cases when there is evidence of impairment that requires an immediate measurement of any losses. To this end, we note that the Iren Group is carefully monitoring developments in the energy and financial scenario associated with the economic crisis deriving from the current pandemic, as well as possible long-term impacts on the businesses in which it operates.

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

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

ALTERNATIVE PERFORMANCE MEASURES

The Iren Group uses alternative performance measures (APMs) in order to convey more effectively the information on the profitability performance of the businesses in which it operates, and on its financial and capital situation. These measures are different from the financial measures explicitly required by the IAS/IFRS international accounting standards adopted by the Group.

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

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

Net invested capital: determined by the algebraic sum of Non-current assets, Other non-current assets (liabilities), Net working capital, Deferred tax assets (liabilities), Provisions for risks and employee benefits and Assets (Liabilities) held for sale. For further details on the construction of the single items that make up the indicator please see the statement of reconciliation of the reclassified balance sheet with the accounting statement presented in the annexes to the financial statements.

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

Net financial debt: determined by the sum of Non-current financial liabilities net of Non-current financial assets and Current financial liabilities net of Current financial assets and of Cash and cash equivalents.

This APM is used by the Group in the context of documents both internal and external to the Group and is a useful measurement of the Group's financial structure, also through comparison between the period with which the report is concerned and previous periods or financial years.

Gross operating profit (EBITDA): determined subtracting total operating expenses from total revenue.

This APM is used by the Group in the context of documents, both internal to the Group and external, and is a useful tool for assessing the Group's operating performance (as a whole and at the individual Business Unit level), also through comparison between the operating profit of the period with which the report is concerned and those of previous periods or financial years. This measure also makes it possible to analyse operating performance and to assess performance in terms of operating efficiency over time.

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

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

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

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

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

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

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

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

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

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

SEASONALITY

We can also note that the Iren Group's results for the period reflect the seasonality characteristic of the sectors in which it operates. These are influenced above all by the weather trends, and consequently cannot be extrapolated for the entire year.

RESTATEMENT OF AMOUNTS

In July 2019 the Group acquired control over Ferrania Ecologia. For this acquisition, the definitive fair value of the identifiable assets purchased and liabilities assumed was determined during 2020, reflecting the best knowledge gained in the meantime. Therefore, in the Financial Statements at 30

2019 and at 31 December 2019, it was recognised on a provisional basis, as permitted by IFRS 3. On that basis, the fair value was updated with effect starting from the statement of financial position of the entity at the acquisition date. Therefore the resulting balances in the Statements at 30 and at 31 December 2019 were consequently restated to take the new values into account. In detail, the changes that occurred in the fair value of the assets and liabilities previously recognised determined in the Statement of Financial Position at 31 December 2019 the following adjustments:

	thousands of euro		
	31.12.2019 Published	Effect of IFRS3 accounting	31.12.2019 Restated
ASSETS			
Intangible assets with a finite useful life	2,175,232	17,919	2,193,151
Goodwill	172,677	(13,055)	159,622
Total non-current assets	6,722,418	4,864	6,727,282
TOTAL ASSETS	8,799,858	4,864	8,804,722
EQUITY			
Net profit (loss) for the period	236,578	(189)	236,389
Total equity attributable to shareholders	2,287,773	(189)	2,287,584
TOTAL EQUITY	2,651,529	(189)	2,651,340
LIABILITIES			
Deferred tax liabilities	204,538	5,053	209,591
Total non-current liabilities	4,373,306	5,053	4,378,359
TOTAL LIABILITIES	6,148,329	5,053	6,153,382
TOTAL EQUITY AND LIABILITIES	8,799,858	4,864	8,804,722

In the same way, and again with a view to comparative presentation, the changes that occurred with reference to the economic balances and to the representation of the cash flows of the first nine months of 2019 are also presented.

	thousands of euro		
	First 9 months 2019 Published	Effect of IFRS3 accounting	First 9 months 2019 Restated
Depreciation and amortisation	(290,800)	(132)	(290,932)
OPERATING PROFIT (EBIT)	344,077	(132)	343,945
Profit (loss) before tax	303,013	(132)	302,881
Income tax expense	(90,697)	37	(90,660)
Net profit (loss) for the period	212,316	(95)	212,221
attributable to:			
- Profit (loss) for the period attributable to shareholders	191,120	(95)	191,025
- Profit (loss) for the period attributable to non-controlling interests	21,196		21,196

	thousands of euro		
	First 9 months 2019 Published	Effect of IFRS3 accounting	First 9 months 2019 Restated
Profit (loss) for the period	212,316	(95)	212,221
Adjustments:			
Income tax expense for the period	90,697	(37)	90,660
Amortisation of intangible assets and depreciation of property, plant and equipment	290,800	132	290,932
Operating cash flow	558,988	-	558,988
Cash flows for the period	(241,282)	-	(241,282)

CONSOLIDATION PRINCIPLES

The consolidation scope includes subsidiaries, joint ventures and associates.

Subsidiaries

Entities controlled by the Group are considered subsidiaries, as defined by IFRS 10 - *Financial Statements*. Control exists when the Parent Company has at the same time:

- decision-making power over the investee, that is the power to direct its relevant activities, that is activities that have a significant influence on the results of the same;
- the right to variable (positive or negative) returns from its involvement with the entity;
- the ability to use its decision-making power to determine the amount of the returns coming from its involvement with the entity.

The financial statements of the subsidiaries are included in the financial statements from the date that control commences until the date that control ceases.

Equity and portion of profit/loss attributable to minority interests are identified separately in the statement of financial position and income statement.

Subsidiaries are on a line-by-line basis intra-group balances, transactions, unrealised income and expenses are eliminated in full.

We can note also that: a) all changes in the equity interest that do not constitute a loss of control are treated as *equity transactions* and therefore have a contra entry in equity; b) when a parent company transfers control to one of its investees, but continues all the same to hold an interest in the company, it measures the equity investment retained in the financial statements at *fair value* and recognises any gains or losses deriving from loss of control in the income statement.

Joint ventures

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

With reference to entities jointly owned by mixed public and private ventures, 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 of public entity, the existence of joint control is judged on the basis of contractual agreements, assessing the actual possibility for the private partner to jointly control strategic decisions regarding the joint venture.

Joint arrangements are divided into 2 types:

- a Joint Venture (JV) is an arrangement whereby the parties have rights to the net assets of the arrangement. Joint Ventures are measured using the equity method;
- a Joint Operation (JO) is an arrangement whereby the parties are not limited exclusively to participating in the company's net profit or loss, but have rights to its assets and obligations for its liabilities. In this case the assets/revenues 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 financial statements include the Group's share of the associates' profit or loss recognised using the equity method from the date that significant influence commences until the date that significant influence ceases. If the Group's share of losses of an associate equals or exceeds the carrying amount of its interest in the associate, the carrying amount is reduced to nil and recognition of further losses is not detected, except to the extent that the Group is obliged to respond.

Transactions eliminated on consolidation

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

CONSOLIDATION SCOPE

The consolidation scope includes the companies directly or indirectly controlled by the Parent Company, plus joint ventures and associates.

Parent Company:

Iren S.p.A.

Companies *on a line-by-line basis*

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

1) Iren Ambiente and its subsidiaries:

- Waste Management ACAM
- AMIAT V and the subsidiary:
 - o AMIAT
- Bonifica Autocisterne
- I.Blu
- Iren Ambiente Parma
- Iren Ambiente Piacenza
- Montequerce
- ReCos
- Rigenera Materiali
- San Germano
- Territorio e Risorse
- TRM

2) Iren Energia and its subsidiaries:

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

3) Iren Mercato and its subsidiaries:

- Salerno Energia Vendite

4) IRETI and its subsidiaries:

- ACAM Acque
- ASM Vercelli and its subsidiary:
 - o ATENA Trading
- Consorzio GPO
- Iren Laboratori
- Iren Acqua and its subsidiary:
 - o Iren Acqua Tigullio
- Nord Ovest Servizi

During the first nine months of 2020, the following mergers by incorporation of subsidiaries took effect: Busseto Servizi into IRETI, CMT into Iren Ambiente, Immobiliare delle Fabbriche into Iren Acqua and Spezia Energy Trading into Iren Mercato.

While these have an effect on the shareholding structure, they did not lead to changes in the scope of consolidation, and occurred in the context of rationalisation intended to strengthen the Group's organisational model, which also affected other companies acquired through recent M&A transactions.

We can also note that, again from the point of view of operations that did not change the consolidation scope:

- in January 2020 Iren Ambiente established the company Rigenera Materiali (RI.MA.), which will design, build, manage and operate a Mechanical/Biological Processing Plant for residual municipal waste, to be built in the Plant Hub in Scarpino (Genoa).
- in 2020 the companies Iren Ambiente Parma and Iren Ambiente Piacenza were set up by Iren Ambiente for the management of municipal and assimilated waste in the territorial catchment area of Parma and Piacenza, on the basis of the contract to be signed with the Agenzia Territoriale dell'Emilia Romagna per i Servizi Idrici e Rifiuti (Territorial Agency of Emilia Romagna for Water and Waste Services).

For details of the subsidiaries, joint ventures and associates please see the lists contained at the end of this document.

CHANGES IN FULL CONSOLIDATION SCOPE

On 1 May 2020 the transfer to Iren Energia of a business unit, "SEI Energia", came into effect. This includes the district heating network in the Municipalities of Rivoli and Collegno and 49% of the company NOVE which manages the district heating network in the Municipality of Grugliasco, for a total volume of the business unit of 5.2 million cubic metres for approximately 50,000 equivalent residents served.

Pursuant to IFRS 3 – Business combinations, the positive differential between the amount paid, of 24,353 thousand euro, and the provisional value of the net assets acquired was recognised under goodwill, in the amount of 853 thousand euro.

We can note that in July 2020 the Group acquired from ASTA S.p.A. (a Gavio group company) through IRETI and AMIAT 50% of the shares of Nord Ovest Servizi S.p.A.(NOS), for a price of 6,513 thousand euro, rising to 75% and, through Iren Energia, 28% of Asti Energia e Calore S.p.A. (AEC), for a price of 34 thousand euro, arriving at 62%.

NOS, measured at equity up to 30 June 2020, consequently came into the full consolidation scope starting from July. In line with the provisions of IFRS 3 – *Business Combinations*, the acquisition of control over NOS entailed the restatement at fair value of the previous interest held (25% for a total value of 4,539 thousand euro), with the consequent recognition of an expense in the item "Value adjustments on equity investments" of 1,579 thousand euro.

While awaiting the assessment to be completed under the terms of IFRS 3, the positive difference, calculated on a provisional basis, between the purchase price of the equity investment and the provisional fair value, at the date of obtaining control, of the identifiable assets acquired and the identifiable liabilities assumed was allocated to goodwill for 1,326 thousand euro.

Like Nord Ovest Servizi, Asti Energia e Calore was also measured at equity up to 30 June 2020, and is fully starting from July. While awaiting the definition of the related Purchase Price Allocation, an insignificant difference between the price paid and the provisional fair value of the net assets acquired is recognised.

In August 2020 Iren Ambiente completed the purchase of 80% of the share capital of I.Blu from Idealservice; the company operates in the field of the selection of plastic waste to be sent for recovery and recycling, as well as in the processing of plastic waste for the production of Blupolymer (a polymer for civil uses) and Bluir ("reducing agent" for steel-making plants).

The positive differential between the amount paid, of 16,275 thousand euro, and the provisional fair value of the net assets acquired was recognised under goodwill, in the amount of 5,711 thousand euro.

STATEMENT OF

FINANCIAL POSITION

	thousands of euro	
	30.09.2020	31.12.2019 (restated)
ASSETS		
Property, plant and equipment	3,672,044	3,600,408
Investment property	2,890	3,003
Intangible assets with a finite useful life	2,236,120	2,193,151
Goodwill	167,511	159,622
Investments accounted for using the equity method	148,152	137,275
Other equity investments	5,008	7,403
Non-current trade receivables	85,078	74,443
Non-current financial assets	150,822	148,051
Other non-current assets	29,935	35,490
Deferred tax assets	361,930	368,436
Total non-current assets	6,859,490	6,727,282
Inventories	73,526	71,789
Trade receivables	768,901	905,628
Current tax assets	5,635	18,851
Other receivables and other current assets	363,478	305,296
Current financial assets	78,670	75,807
Cash and cash equivalents	861,259	345,876
Total current assets	2,151,469	1,723,247
Assets held for sale	1,285	354,193
TOTAL ASSETS	9,012,244	8,804,722

As provided for in IFRS 3, the financial balances at 31 December 2019 were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

	thousands of euro	
	30.09.2020	31.12.2019 (restated)
EQUITY		
Equity attributable to shareholders		
Share capital	1,300,931	1,300,931
Reserves and Retained Earnings (Losses)	858,175	750,264
Net profit (loss) for the period	153,300	236,389
Total equity attributable to shareholders	2,312,406	2,287,584
Equity attributable to non-controlling interests	359,095	363,756
TOTAL EQUITY	2,671,501	2,651,340
LIABILITIES		
Non-current financial liabilities	3,542,566	3,167,048
Employee benefits	102,883	106,420
Provisions for risks and charges	382,881	415,260
Deferred tax liabilities	204,904	209,591
Other payables and other non-current liabilities	475,459	480,040
Total non-current liabilities	4,708,693	4,378,359
Current financial liabilities	463,562	461,163
Trade payables	691,272	887,062
Other payables and other current liabilities	322,474	306,735
Current tax liabilities	37,058	1,761
Provisions for risks and charges - current portion	117,684	118,302
Total current liabilities	1,632,050	1,775,023
Liabilities related to assets held for sale	-	-
TOTAL LIABILITIES	6,340,743	6,153,382
TOTAL EQUITY AND LIABILITIES	9,012,244	8,804,722

INCOME STATEMENT

	thousands of euro	
	First nine months 2020	First nine months 2019 (restated)
Revenue		
Revenue from goods and services	2,501,301	3,060,683
Other income	127,868	129,167
Total revenue	2,629,169	3,189,850
Operating expenses		
Raw materials, consumables, supplies and goods	(710,317)	(1,074,316)
Services and use of third-party assets	(913,790)	(1,083,180)
Other operating expenses	(50,455)	(52,326)
Capitalised expenses for internal work	26,605	22,014
Personnel expense	(328,627)	(326,957)
Total operating expenses	(1,976,584)	(2,514,765)
GROSS OPERATING PROFIT (EBITDA)	652,585	675,085
Depreciation, amortisation, provisions and impairment losses		
Depreciation and amortisation	(316,152)	(290,932)
Provisions for impairment of receivables	(51,348)	(23,719)
Other provisions and impairment losses	5,091	(16,489)
Total depreciation, amortisation, provisions and impairment losses	(362,409)	(331,140)
OPERATING PROFIT (EBIT)	290,176	343,945
Financial income and expense		
Financial income	18,213	22,719
Financial expense	(67,142)	(68,487)
Total financial income and expense	(48,929)	(45,768)
Share of profit (loss) of investees accounted for using the equity method	6,561	4,704
Value adjustments on equity investments	(1,672)	-
Profit (loss) before tax	246,136	302,881
Income tax expense	(72,615)	(90,660)
Net profit (loss) from continuing operations	173,521	212,221
Net profit (loss) from discontinued operations	-	-
Net profit (loss) for the period	173,521	212,221
attributable to:		
- Profit (loss) for the period attributable to shareholders	153,300	191,025
- Profit (loss) for the period attributable to non-controlling interests	20,221	21,196

As provided for in IFRS 3, the economic balances of the comparative period were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

STATEMENT OF OTHER COMPREHENSIVE INCOME

	thousands of euro	
	First nine months 2020	First nine months 2019 (restated)
Profit/(loss) for the period - Group and non-controlling interests (A)	173,521	212,221
Other comprehensive income that will subsequently be reclassified to the Income Statement		
- effective portion of changes in fair value of cash flow hedges	11,802	(33,717)
- changes in fair value of financial assets	-	-
- share of other profits/(losses) of companies accounted for using the equity method	(620)	1,719
Tax effect of other comprehensive income	(3,781)	8,396
Total other comprehensive income to be subsequently be reclassified to the Income Statement, net of tax effect (B1)	7,401	(23,602)
Other comprehensive income that will subsequently not be reclassified to the Income Statement		
- actuarial gains/(losses) on employee defined benefit plans (IAS 19)	-	-
- portion of other profits/(losses) of companies accounted for using the equity method related to employee defined benefit plans (IAS 19)	-	-
Tax effect of other comprehensive income	-	-
Total other comprehensive income that will subsequently not be reclassified to the Income Statement, net of tax effect (B2)	-	-
Total comprehensive income/(expense) (A)+(B1)+(B2)	180,922	188,619
attributable to:		
- Profit (loss) for the period attributable to shareholders	161,289	169,345
- Profit (loss) for the period attributable to non-controlling interests	19,633	19,274

As provided for in IFRS 3, the economic balances of the comparative period were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

STATEMENT OF CHANGES IN

EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2018	1,300,931	133,019	58,346
Legal reserve			6,296
Dividends to shareholders			
Retained earnings			
Purchases of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
30/09/2019 (restated)	1,300,931	133,019	64,642
31/12/2019 (restated)	1,300,931	133,019	64,642
Legal reserve			12,071
Dividends to shareholders			
Retained earnings			
Purchases of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Comprehensive income for the period			
of which:			
- Net profit for the period			
- Other comprehensive income			
30/09/2020	1,300,931	133,019	76,713

As provided for in IFRS 3, the financial balances at 31 December 2019 were restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

thousands of euro

Cash flow hedging reserve	Other reserves and retained earnings (losses)	Total reserves and retained earnings (losses)	Profit (loss) for the period	Total equity attributable to shareholders	Equity attributable to non-controlling interests	Total equity
(17,353)	468,384	642,396	242,116	2,185,443	376,928	2,562,371
	(6,296)	-		-		-
	(108,995)	(108,995)		(108,995)	(40,731)	(149,726)
	242,116	242,116	(242,116)	-		-
	(8,870)	(8,870)		(8,870)		(8,870)
	-	-		-		-
	490	490		490	(415)	75
	477	477		477	3	480
(21,680)	-	(21,680)	191,025	169,345	19,274	188,619
			191,025	191,025	21,196	212,221
(21,680)	-	(21,680)		(21,680)	(1,922)	(23,602)
(39,033)	587,306	745,934	191,025	2,237,890	355,059	2,592,949
(31,429)	584,032	750,264	236,389	2,287,584	363,756	2,651,340
	(12,071)	-		-		-
	(119,504)	(119,504)		(119,504)	(29,451)	(148,955)
	236,389	236,389	(236,389)	-		-
	(16,615)	(16,615)		(16,615)		(16,615)
	-	-		-	5,476	5,476
	(94)	(94)		(94)	(1)	(95)
	(254)	(254)		(254)	(318)	(572)
7,989	-	7,989	153,300	161,289	19,633	180,922
			153,300	153,300	20,221	173,521
7,989	-	7,989		7,989	(588)	7,401
(23,440)	671,883	858,175	153,300	2,312,406	359,095	2,671,501

STATEMENT OF CASH FLOWS

thousands of euro

	First nine months 2020	First nine months 2019 (restated)
A. Opening cash and cash equivalents	345,876	369,318
Cash flows from operating activities		
Profit (loss) for the period	173,521	212,221
Adjustments:		
Income tax expense for the period	72,615	90,660
Share of profit (loss) of associates and joint ventures	(6,561)	(4,704)
Net financial expense (income)	48,929	45,768
Amortisation of intangible assets and depreciation of property, plant and equipment	316,152	290,932
Net impairment losses (reversals of impairment losses) on assets	1,672	2,707
Net provisions for risks and other charges	103,032	90,931
Capital (gains) losses	1,203	(1,066)
Utilisations of employee benefits	(5,176)	(9,698)
Utilisations of provisions for risks and other charges	(21,127)	(36,385)
Change in other non-current assets and liabilities	(2,137)	(6,162)
Other changes in capital	(22,045)	(25,564)
Taxes paid	(25,722)	(88,738)
B. Cash flows from operating activities before changes in NWC	634,356	560,902
Change in inventories	2,521	(8,167)
Change in trade receivables	93,970	199,288
Change in tax assets and other current assets	(60,312)	18,809
Change in trade payables	(204,857)	(207,912)
Change in tax liabilities and other current liabilities	11,782	(3,932)
C. Cash flows from changes in NWC	(156,896)	(1,914)
D. Cash flows from/(used in) operating activities (B+C)	477,460	558,988
Cash flows from/(used in) investing activities		
Investments in property, plant and equipment and intangible assets	(414,201)	(323,824)
Investments in financial assets	-	(118)
Proceeds from the sale of investments and changes in assets held for sale	2,236	6,652
Changes in consolidation scope	(45,452)	(37,602)
Dividends received	1,572	1,289
E. Total cash flows from/(used in) investing activities	(455,845)	(353,603)
F. Free cash flow (D+E)	21,615	205,385
Cash flows from/(used in) financing activities		
Capital increase	-	-
Purchases of treasury shares	(16,615)	(8,870)
Dividends paid	(148,899)	(150,083)
New non-current loans	575,000	-
Repayment of non-current loans	(34,315)	(358,158)
Change in financial payables for leasing	(106,310)	(10,468)
Change in other financial liabilities	(90,612)	69,160
Change in financial receivables	349,633	41,438
Interest paid	(37,756)	(40,146)
Interest received	3,642	10,460
G. Total cash flows from/(used in) financing activities	493,768	(446,667)
H. Cash flows for the period (F+G)	515,383	(241,282)
I. Closing cash and cash equivalents (A+H)	861,259	128,036

As provided for in IFRS 3, the presentation of the cash flows in the comparative period was restated to take into account the effects deriving from the completion, at the end of the first half of 2020, of the allocation of the purchase price at the definitive fair value of the acquired assets and liabilities (Purchase Price Allocation) of Ferrania Ecologia at the acquisition date. For further information please see the paragraph entitled "Restatement of amounts" in the section "Basis of preparation".

LIST OF FULLY

COMPANIES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
Iren Ambiente S.p.A.	Piacenza	Euro	63,622,002	100.00	Iren
Iren Energia S.p.A.	Turin	Euro	918,767,148	100.00	Iren
Iren Mercato S.p.A.	Genoa	Euro	61,356,220	100.00	Iren
Ireti S.p.A.	Genoa	Euro	196,832,103	100.00	Iren
Acam Acque S.p.A.	La Spezia	Euro	24,260,050	100.00	IRETI
Acam Ambiente S.p.A.	La Spezia	Euro	3,000,000	100.00	Iren Ambiente
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
AMIAT S.p.A.	Turin	Euro	46,326,462	80.00	AMIAT V
AMIAT V. S.p.A.	Turin	Euro	1,000,000	93.06	Iren Ambiente
ASM Vercelli S.p.A.	Vercelli	Euro	120,812,720	59.97	IRETI
Asti Energia e Calore S.p.A.	Asti	Euro	120,000	62.00	Iren Energia
Atena Trading S.r.l.	Vercelli	Euro	556,000	100.00	ASM Vercelli
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51.00	Iren Ambiente
Coin Consultech S.r.l.	Reggio Emilia	Euro	10,000	100.00	Studio Alfa
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	IRETI
Formaira S.r.l.	San Damiano Macra (Cuneo)	Euro	10,000	100.00	Maira
I. Blu S.r.l.	Pasian di Prato (UD)	Euro	9,001,000	79.99	Iren Ambiente
Iren Acqua S.p.A.	Genoa	Euro	19,203,420	60.00	IRETI
Iren Acqua Tigullio S.p.A.	Chiavari (Genoa)	Euro	979,000	66.55	Iren Acqua
Iren Laboratori S.p.A.	Genoa	Euro	2,000,000	90.89	IRETI
Iren Smart Solutions S.p.A.	Reggio Emilia	Euro	2,596,721	60.00	Iren Energia
				20.00	Iren Ambiente
				20.00	Iren Mercato
Maira S.p.A.	San Damiano Macra (Cuneo)	Euro	596,442	66.23	Iren Energia
Monte Querce S.c. a r.l.	Reggio Emilia	Euro	100,000	60.00	Iren Ambiente
Nord Ovest Servizi S.p.A.	Turin	Euro	7,800,000	45.00	IRETI
				30.00	Amiat
ReCos S.p.A.	La Spezia	Euro	6,420,608	99.14	Iren Ambiente
Rigenera Materiali S.r.l.	Genoa	Euro	3,000,000	100.00	Iren Ambiente
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50.00	Iren Mercato
San Germano S.p.A.	Turin	Euro	1,425,000	100.00	Iren Ambiente
Studio Alfa S.p.A.	Reggio Emilia	Euro	100,000	86.00	Iren Smart Solutions
Territorio e Risorse S.r.l.	Tortona	Euro	2,510,000	100.00	Iren Ambiente
TRM S.p.A.	Turin	Euro	86,794,220	80.00	Iren Ambiente

LIST OF JOINT VENTURES

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

LIST OF ASSOCIATES

Company	Registered office	Currency	Share capital	% interest	Shareholder company
A2A Alfa S.r.l. (1)	Milan	Euro	100,000	30.00	Iren Mercato
Acos Energia S.p.A.	Novi Ligure	Euro	150,000	25.00	Iren Mercato
Acos S.p.A.	Novi Ligure	Euro	17,075,864	25.00	IRETI
Acquaenna S.c.p.a.	Enna	Euro	3,000,000	48.50	IRETI
Aguas de San Pedro S.A. de C.V.	S.Pedro Sula (Honduras)	Lempiras	159,900	39.34	IRETI
Aiga S.p.A.	Ventimiglia	Euro	104,000	49.00	IRETI
Amat S.p.A.	Imperia	Euro	5,435,372	48.00	IRETI
Amter S.p.A.	Cogoleto (Genoa)	Euro	404,263	49.00	Iren Acqua
ASA S.p.A.	Livorno	Euro	28,613,406	40.00	IRETI
ASTEA S.p.A.	Recanati	Euro	76,115,676	21.32	Consorzio GPO
Asti servizi pubblici S.p.A.	Asti	Euro	7,540,270	45.00	Nord Ovest Servizi
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.50	Iren Energia
CSP Innovazione nelle ICT S.c.r.l.	Turin	Euro	600,000	25.00	Iren Energia
Fata Morgana S.p.A. (2)	Reggio Calabria	Euro	2,225,694	25.00	IRETI
Fin Gas S.r.l.	Milan	Euro	10,000	50.00	Iren Mercato
Fratello Sole Energie Solidali Impresa Sociale S.r.l.	Genoa	Euro	350,000	40.00	Iren Energia
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45.00	Iren Ambiente
Global Service Parma S.c. a r.l. (1)	Parma	Euro	20,000	30.00	IRETI
Iniziative Ambientali S.r.l.	Novellara (Reggio Emilia)	Euro	100,000	40.00	Iren Ambiente
Mondo Acqua S.p.A.	Mondovì (Cuneo)	Euro	1,100,000	38.50	IRETI
Nove S.p.A.	Grugliasco (TO)	Euro	9,983,505	49.00	Iren Energia
Parma Servizi Integrati S.c. a r.l.	Parma	Euro	20,000	11.00	Iren Smart Solutions
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25.00	IRETI
Plurigas S.p.A. (2)	Milan	Euro	800,000	30.00	Iren
Seta S.p.A.	Turin	Euro	12,378,237	48.85	Iren Ambiente
Sinergie Italiane S.r.l. (1)	Milan	Euro	1,000,000	30.94	Iren Mercato
STU Reggiane S.p.A.	Reggio Emilia	Euro	6,587,558	30.00	Iren Smart Solutions
Tirana Acque S.c. a r.l. (1)	Genoa	Euro	95,000	50.00	IRETI
Valle Dora Energia S.r.l.	Turin	Euro	537,582	49.00	Iren Energia

(1) Company in liquidation

(2) Company in liquidation classified among discontinuing operations

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

The undersigned Massimo Levrino, Financial Reporting Manager of IREN S.p.A declares, pursuant to paragraph 2 of Article 154-bis of the “Testo Unico della Finanza” [Consolidated Finance Act] that the accounting information contained in this Report at 30 2020 corresponds to the documentary records, books and accounting entries.

10 November 2020

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

Massimo Levrino

