

The Board of Directors approves the results at 30 September 2021. Strong growth in all economic and financial indicators: Ebitda up 12%, Group net profit by 58% and investments by 13%.

The results achieved in the first nine months of 2021, which showed EBITDA of 733 million euros (+12.3%) and Group net profit attributable to shareholders of 242 million euros (+57.6%), were supported in particular by the Environment, Energy and Networks business units and bolstered by the positive contribution of the consolidation of I.Blu and Unieco. Moreover, the high cash generation of the period and the positive change in the fair value of derivative instruments made it possible to cover the increase in investments (+12.5%) and M&A operations and to reduce the debt by 91 million euros.

Main economic-financial indicators

- Revenues at 3,104 million euros (+18.1% compared to 2,629 million euros as at 30/9/2020).
- Gross Operating Margin (Ebitda) in the amount 733 million euros (+12.3% compared to 653 million euros as at 30/9/2020).
- Operating profit (Ebit) in the amount of 336 million euros (+16.0% compared to 290 million euros as at 30/9/2020).
- Group net profit attributable to shareholders of 242 million euros (+57.6% compared to 153 million euros as at 30/9/2020).
- Net financial debt at 2,859 million euros (-3.1% compared to 2,950 million euros as at 31/12/2020).

ESG and industry highlights

- Positive **ESG performances**, with sorted waste collection, equal to over 69.4%, and carbon intensity down to 328gCO₂/KWh.
- Overall **organic growth** of approximately 22 million euros in Ebitda.
- **Consolidation** of recently acquired companies (I.Blu and Unieco) equal to 28 million euros in Ebitda.
- **Synergies** equal to 8 million euros in Ebitda.
- **Investments** of 466 million euros (+12.5%), in line with the Plan's assumptions.
- Solid **customer base** in the energy sectors (approximately 2 million customers), up by 112,000 compared to 31/12/2020.

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Reggio Emilia, 11 November 2021 - The Board of Directors of IREN S.p.A. today approved the consolidated financial statements at 30 September 2021.

IREN GROUP: CONSOLIDATED RESULTS AT 30 SEPTEMBER 2021

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Consolidated **revenues** as at 30 September 2021 amounted to 3,103.8 million euros, up +18.1% compared to 2,629.2 million euros in the corresponding period of 2020. The increase in revenues, which affected all business lines, is attributable for 104 million euros to the change in the scope of consolidation of the Environment business unit (relating to I.Blu, consolidated from August 2020, and the Unieco Environment Division, acquired in November 2020), higher energy revenues totalling 333 million euros influenced by the increase in commodity prices (+436 million euros) and the reduction in quantities sold (-103 million euros), and higher revenues of 66 million euros relating to the development of activities related to the energy redevelopment and renovation of buildings favoured by recent tax concessions (bonus facciate and 110% superbonus).

Gross Operating Profit (EBITDA) amounted to 732.6 million euros, a significant increase (+12.3%) compared to 652.6 million euros for the same period in 2020. About 28 million euros of the increase in margin is due to the expansion of the scope of consolidation of the Environment business unit. In addition, the increase in tariffs for network services, activities related to energy redevelopment works and the trend of the energy scenario all contribute to the improvement of the margin. This scenario was characterised by a sudden rise in the price of electricity, with a PUN of 86.1 €/MWh up by +141.8% on the corresponding 9 months of 2020, and therefore the cost of gas procurement, and generated a positive effect on margins.

Overall, the Environment (+23.9%), Power (+10.9%) and Networks (+6.4%) business units improved their margins, while the Market business unit declined (-0.4%).

Operating profit (EBIT) amounted to 336.4 million euros, an increase of +16.0% compared to 290.1 million euros for the same period in 2020. During the period, depreciation and amortisation increased by approximately 34 million euros, mainly due to the start-up of new investments and the expansion of the scope of consolidation, while provisions for impairment of receivables decreased by approximately 7 million euros, due to an improvement over last year, of the estimated effects of the Covid-19 pandemic on expected losses, and provisions for risks and charges decreased by 13 million euros.

Group net profit attributable to shareholders amounted to 241.5 million euros, up +57.6% from the result recorded in 2020. This growth, in addition to reflecting the increase in operating profit, was positively influenced by higher financial income, following the early repayment of a financial liability, and lower financial charges following the -1.7% decrease in the average cost of debt. In addition, the temporary reduction of the tax rate of 16.5% (29.5% in the first nine months of 2020) contributed positively to the result. The latter is influenced by non-recurring tax income mainly related to the exercise of the option on the realignment of accounting and tax values pursuant to Decree 104/20 (Decree Law "August"). Excluding this income, the tax rate would have been approximately 28%.

Net financial debt as at 30 September 2021 was 2,858.9 million euros, down 91 million euros from 31 December 2020 (2,949.6 million euros). Overall, net financial debt fell as the robust cash generation covers the high level of investments, the cash-out for the acquisition of Futura (20%) and Sidiren and

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the consolidation of the related debts, amounting to 56 million euros, and the payment of dividends of 149 million euros. Also worth mentioning is the positive contribution provided by the change in the fair value of derivatives that hedge interest rate and commodity risks.

Gross technical **investments** made in the period amounted to 466 million euros, up +12.5% with respect to 414 million euros in 2020, in line with the forecasts and in observance of expected annual targets. This is augmented by 58 million euros of cash-out for acquisitions, which mainly include the effects of acquisition of 20% of Futura (25 million euros) and Sidiren (30 million euros).

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of Euro)	30/9/2021	30/9/2020	Change %
Revenue	3,104	2,629	18.1%
Networks BU (energy and water infrastructures)	690	745	-7.3%
Waste Management BU	669	533	25.5%
Energy BU (Generation, TLR, Energy Efficiency)	1,214	787	54.3%
Market BU	1,747	1,472	18.7%
Services and other	18	17	8.4%
Netting and adjustments	-1,234	-925	33.3%
Gross Operating Profit (EBITDA)	733	653	12.3%
Networks BU (energy and water infrastructures)	290	272	6.4%
<i>Electrical infrastructure</i>	63	56	11.0%
<i>Gas infrastructures</i>	69	65	6.0%
<i>Water infrastructures</i>	158	151	4.9%
Waste Management BU	166	120	38.0%
Energy BU (Generation, TLR, Energy Efficiency)	170	154	10.9%
Market BU	104	105	-0.4%
<i>Electricity</i>	16	44	-62.8%
<i>Gas and other services</i>	88	61	44.3%
Services and Other	3	2	28.4%
Operating Profit (EBIT)	336	290	16.0%
Networks BU (energy and water infrastructures)	146	132	10.5%
Waste Management BU	82	46	77.4%
Energy BU (Generation, TLR, Energy Efficiency)	66	64	2.9%
Market BU	41	46	-10.7%
Services and Other	1	2	-29.6%

NETWORKS (ENERGY AND WATER INFRASTRUCTURES)

Revenues from the segment amounted to 690.4 million euros, a decrease of -7.3% from 744.8 million euros in the corresponding period of 2020. This contraction can be attributed to the provision of the Ministry of Ecological Transition (MITE), which reduced the quantitative obligation related to Energy Efficiency Certificates (TEEs) by a decree dated 21 May 2021. In fact, the application of the decree resulted in lower costs due to the reduction in the number of certificates purchased to meet the obligation and, at the same time, a related reduction in revenues due to the lower number of certificates delivered to the CSEA, with positive effects on the income statement for the period due to the difference between revenues and costs.

Gross operating profit (EBITDA) stood at 289.6 million euros, an increase of +6.4% compared to 272.1 million euros in the same period of 2020. The trend in the margin reflects the increase in tariff revenues, thanks to the growth of the RAB, as a result of the investments made in previous years.

During the reference period, the Group distributed 2,733 GWh of **electricity**, 895 million cubic metres of **gas** and 130 million cubic metres of **water**.

At 30 September 2021, **gross investments** in the sector amounted to 185 million euros, up slightly (+1.5%) on the same period of the previous year, and were allocated to the modernisation of the gas and electricity networks and the construction of the infrastructure envisaged by the Integrated Water Cycle Sector Plans, the digitalisation of activities and the development of electric mobility.

WASTE MANAGEMENT

In the Waste Management segment, **revenues** came to 668.5 million euros, up +25.5% from 532.9 million euros in the same period of 2020. The increase of 104 million euros is due mainly to the expansion of the scope of consolidation (companies in the Waste Management Division of the Unieco Group, +75 million euros and I.Blu, +29 million euros). Energy revenue (+22 million euros) and revenue from collection services also increased (+19 million euros), while revenue from disposal, intermediation and special waste management activities decreased (-12 million euros).

The **Gross operating profit (EBITDA)** amounted to 165.9 million euros, up +38.0% compared to 120.2 million euros in the same period of 2020. The increase in the Gross operating profit is mainly attributable to the change in the scope of consolidation of approximately 28 million euros. Energy margins were up sharply, thanks to an increase in the price at which electric power is sold (the PUN rose by 141.8% compared with the same period last year), as were margins on the collection and sale of recycled materials generated by the separate collection of waste. Margins on special waste intermediation and disposal activities also decreased, the latter due to reduced use of the Collegno landfill, on which maintenance and expansion works are under way.

During the first nine months of 2021, the waste managed amounted to over 2,612 thousand tonnes.

As at 30 September 2021, **gross investments** in the sector amounted to 102.9 million euros, up significantly compared to 60.3 million euros in the same period of 2020. Investments related to the purchase of collection vehicles and equipment and the construction of plants; in particular, the latter include the paper and plastic sorting plant in Parma and the mechanical-biological treatment plant in Genova Scarpino. The change in the scope of consolidation also contributed to the growth in investments, with particular reference to I.Blu.

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ENERGY (GENERATION, DISTRICT HEATING AND ENERGY EFFICIENCY)

Revenues from the Energy segment amounted to 1,214.1 million euros, an increase of +54.3% from 787.1 million euros in the same period of 2020. The increase in revenues reflects primarily higher sales prices for electricity (approximately +419 million euros), resulting from the improvement in the energy scenario, partially offset by a decrease in the amount of electricity sold (-67 million euros). Heat production revenue also increased slightly, where by contrast an increase in volumes was recorded, due to a more favourable thermal season, partially offset by a drop in sales prices. There was also an increase in revenues from activities related to energy redevelopment and building renovation favoured by recent tax concessions (+66 million euros).

Gross operating profit (EBITDA) of the segment stood at 170.3 million euros, an increase of +10.9% compared to 153.6 million euros in the same period of 2020. The trend in the energy scenario was characterised not only by rising demand and a sharp increase in electricity prices, but also by a sudden and gradual rise in the price of gas used as a raw material. As a result, the sharp increase in margins generated by the hydroelectric power plants was partially offset by a decrease in the margins earned on electrical cogeneration and heat cogeneration activities, the latter of which was down significantly, despite the higher volume of heat produced thanks to a more favourable thermal season and the resulting increase in the number of energy certificates earned (TEEs). The improvement in the margin is also supported by the energy efficiency sector which, thanks to energy redevelopment and building renovation activities, favoured by recent tax concessions (e.g. bonus facciata and 110% superbonus), shows an increase of +7 million euros.

Total **electricity** generated during the period amounted to 6,418 GWh, down (-7.4%) from the 6,933 GWh of the previous year, as a result of the general decline in production by all types of plants: conventional thermoelectric plants (1,573 GWh, -18.4%), hydroelectric and renewable energy plants (1,021 GWh, -5.0%) and cogeneration plants (3,824 GWh, -2.7%).

Heat generated for district heating amounted to 1,855 Gwht, up (+12.7%) respect to 2020. Overall, district heating volumes amounted to approximately 97.2 million cubic metres up +1.7% compared to approximately 95.5 million cubic metres in 2020.

As at 30 September 2021, **gross investments** of 107.2 million euros were made, a slight increase (+1.4%) from the first nine months of 2020. The main investments in the period included the repowering of the Turbigo thermoelectric power plant and the development of district heating networks.

MARKET

Revenues from the Market segment amounted to 1,747.3 million euros, up +18.7% from 1,472.2 million euros in the same period of 2020. The increase in revenues is mainly due to the trend in the energy scenario, with sharply rising prices for both gas and electricity, while quantities are down with the sole exception of the Retail and Small business segment of electricity sales.

Gross operating profit (EBITDA) of the segment amounted to 104.2 million euros, a slight decrease compared to 104.6 million euros in the corresponding period of 2020. The slight reduction in margins is, in fact, the result of two opposing dynamics between the sale of electricity, which fell sharply, and

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the sale of gas, which improved significantly, both as a result of the current energy scenario. The other services sector made a positive contribution to EBITDA.

In the first nine months of 2021, directly marketed **electricity** amounted to 5,297 GWh, down (-3.6%) from the 5,493 GWh recorded in 2020. The downturn in the free market was characterised by a decline in the business segment (-12.4%) and the wholesale segment (-16.5%), despite the increase recorded by small business (+33.3%) and retail (+21.2%) customers. Sales in the protected market amounted to 257 GWh, down -5.5% compared with 272 GWh in the first half of 2020.

In addition, 2,015 million cubic meters of **gas** were purchased, down (-7.3%) from 2,174 million cubic meters last year. Gas sold by the Group amounted to 676 million cubic metres, down by -9.0% compared to 743 million cubic metres last year. The gas used for internal consumption within the Group amounted to 1,125 million cubic metres, a decrease of -8.2% compared to 1,226 million cubic metres in 2020.

Gross investments of 43.7 million euros were made as at 30 September 2021, up by +29.1% from 33.9 million euros in the corresponding period of 2020.

CONFERENCE CALL

The results as of 30 September 2021 will be illustrated today, 11 November, at 11:00 a.m. (Italian time) during the presentation of the 2021-2030 Business Plan to the financial community, also transmitted by *web casting* on the website www.gruppoiren.it *Investors* section.

ALTERNATIVE PERFORMANCE MEASURES

This press release uses some alternative performance measures (APM) that are not included in the international accounting principles adopted by the European Union (IFRS-EU) to allow for a better assessment of the performance of the IREN Group's operating and financial performance. In accordance with the recommendations of the Guidelines published in October 2015 by ESMA, the meaning, content and basis of calculation of these indicators are set out below:

- **Gross operating profit (EBITDA):** calculated by subtracting total revenues from the total operating costs. This APM is used by the Group in the context of documents both internal to the Group and external and is a useful tool for assessing the Group's operating performance (both as a whole and at the individual Business Units level), including by comparing the operating results for the reporting period with those for previous periods or fiscal years. This indicator also makes it possible to carry out the analyses of operating trends and to measure performance in terms of operating efficiency over time.
- **Operating profit (EBIT):** determined by subtracting the depreciation, amortisation, provisions and operating impairment losses from Gross Operating Profit (EBITDA).
- **Net financial debt:** calculated as the sum of non-current financial liabilities at net of non-current financial assets and current financial liabilities at net of current financial assets and cash and cash equivalents. This APM is used by the Group in the context of documents both internal to the Group and external and represents a useful tool to assess the Group's financial structure,

including by comparing the reporting period with those related to the previous periods or fiscal years.

- **Investments:** calculated as the sum of investments in tangible, intangible and financial assets (equity investments) and reported at gross of the capital gains. This APM is used by the Group in both internal and external documents and represents a useful tool to assess the financial resources used for the purchase of durable goods during the period.

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As required by Article 154 bis, Section 2, of the Consolidated Finance Act, Massimo Levrino, in his capacity of Corporate Accounting Documents Officer, states that the accounting information provided in this press release is consistent with the information in the supporting documents and in the Company's accounting books and other accounting records.

The financial report at 30 September 2021 will be filed according to the law at the Company's registered office (Via Nubi di Magellano, 30 - Reggio Emilia) at Borsa Italiana S.p.A. and shall be available to anyone who requests it and will also be available on the Company's website at www.gruppoiren.it.

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The financial statements of the IREN Group, in the process of being audited, are provided below.

INCOME STATEMENT

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	thousands of euro		
	First 9 months 2021	First 9 months 2020 (restated)	Change %
Revenue			
Revenue from goods and services	3,017,089	2,501,301	20.6
Other income	86,709	127,868	(32.2)
Total revenue	3,103,798	2,629,169	18.1
Operating expense			
Raw materials, consumables, supplies and goods	(970,558)	(710,317)	36.6
Services and use of third-party assets	(1,018,553)	(913,790)	11.5
Other operating expenses	(52,036)	(50,455)	3.1
Capitalised expenses for internal work	31,189	26,605	17.2
Personnel expense	(361,228)	(328,627)	9.9
Total operating expense	(2,371,186)	(1,976,584)	20.0
GROSS OPERATING PROFIT (EBITDA)	732,612	652,585	12.3
Depreciation, amortisation, provisions, and impairment losses			
Depreciation and amortisation	(345,428)	(316,266)	9.2
Provisions for impairment of receivables	(44,627)	(51,348)	(13.1)
Other provisions and impairment losses	(6,191)	5,091	(*)
Total depreciation, amortisation, provisions and impairment losses	(396,246)	(362,523)	9.3
OPERATING PROFIT (EBIT)	336,366	290,062	16.0
Financial income and expense			
Financial income	32,157	18,213	76.6
Financial expense	(59,330)	(67,142)	(11.6)
Total financial income and expense	(27,173)	(48,929)	(44.5)
Share of profit (loss) of associates accounted for using the equity method	6,075	6,561	(7.4)
Value adjustments on equity investments	-	(1,672)	(100.0)
Profit (loss) before tax	315,268	246,022	28.1
Income tax expense	(51,897)	(72,582)	(28.5)
Net profit (loss) from continuing operations	263,371	173,440	51.9
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	263,371	173,440	51.9
attributable to:			
- Profit (loss) for the period attributable to shareholders	241,520	153,219	57.6
- Profit (loss) for the period attributable to non-controlling interests	21,851	20,221	8.1

(*) Change of more than 100%

As required by IFRS 3, the cash flow balances of the first 9 months of 2020 have been restated to take into account, at the acquisition date, the effects of the completion, at the end of 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired (*Purchase Price Allocation*) of the company Territorio e Risorse.

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RECLASSIFIED STATEMENT OF FINANCIAL POSITION

	thousands of euro		
	30.09.2021	31.12.2020 Restated	Change %
Non-current assets	6,749,397	6,582,382	2.5
Other non-current assets (liabilities)	(393,354)	(421,336)	(6.6)
Net Working Capital	(93,136)	42,155	(*)
Deferred tax assets (liabilities)	185,657	165,835	12.0
Provisions for risks and employee benefits	(657,876)	(657,188)	0.1
Assets (Liabilities) held for sale	1,144	1,285	(11.0)
Net invested capital	5,791,832	5,713,133	1.4
Equity	2,932,946	2,763,551	6.1
<i>Non-current financial assets</i>	(193,821)	(166,522)	16.4
<i>Non-current financial debt</i>	3,748,737	3,826,378	(2.0)
Non-current net financial debt	3,554,916	3,659,856	(2.9)
<i>Current financial assets</i>	(786,855)	(985,525)	(20.2)
<i>Current financial debt</i>	90,825	275,251	(67.0)
Current net financial debt	(696,030)	(710,274)	(2.0)
Net financial debt	2,858,886	2,949,582	(3.1)
Own funds and net financial debt	5,791,832	5,713,133	1.4

(*) Change of more than 100%

As required by IFRS 3, the balance sheet balances as at 31 December 2020 have been restated to consider, at the date of acquisition, the effects of the updating of the provisional fair value of the net assets of the Unieco Waste Management Division and the completion of the allocation of the acquisition price at the final fair value of the assets and liabilities acquired (*Purchase Price Allocation*) of the district heating business unit of SEI Energia.

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CASH FLOW STATEMENT

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	thousands of euro		
	First 9 months 2021	First 9 months 2020 (restated)	Change %
Opening Net Financial (debt)	(2,949,582)	(2,706,127)	9.0
Profit (loss) for the period	263,371	173,440	51.9
Adjustments for non-financial movements	564,810	537,123	5.2
Utilisations of employee benefits	(7,238)	(5,176)	39.8
Utilisations of provisions for risks and other charges	(15,620)	(21,127)	(26.1)
Change in other non-current assets and liabilities	(35,005)	(2,137)	(*)
Other changes in capital	(135,521)	(22,045)	(*)
Taxes paid	(42,831)	(25,722)	66.5
Cash flows from operating activities before changes in NWC	591,966	634,356	(6.7)
Cash flows from changes in NWC	59,962	(156,896)	(*)
Operating cash flow	651,928	477,460	36.5
Investments in property, plant and equipment and intangible assets	(466,026)	(414,201)	12.5
Investments in financial assets	(1,832)	-	-
Proceeds from the sale of investments and changes in assets held for sale	8,232	2,236	(*)
Changes in consolidation scope	(55,982)	(76,152)	(26.5)
Dividends received	3,261	1,572	(*)
Total cash flows from/(used in) investing activities	(512,347)	(486,545)	5.3
Free cash flow	139,581	(9,085)	(*)
Cash flows of equity capital	(153,374)	(165,570)	(7.4)
Other changes	104,489	(35,145)	(*)
Change in net financial (debt)	90,696	(209,800)	(*)
Closing Net financial (debt)	(2,858,886)	(2,915,927)	(2.0)

(*) Change of more than 100%

As required by IFRS 3, the cash flow presentation for the first 9 months of 2020 has been restated to take into account, at the acquisition date, the effects of the completion, at the end of 2020, of the purchase price allocation at the final fair value of the assets and liabilities acquired (*Purchase Price Allocation*) of the company Territorio e Risorse.

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