9M 2022 RESULTS

November 3rd, 2022

iren

Key Highlights

EBITDA +4% yoy, driven by renewables and waste treatment plants

Gross Investments 1.8x yoy, in line with 10-year Business Plan growth path

Effectiveness in offsetting the several headwinds and the severe scenario volatility

Trade NWC optimized and under control

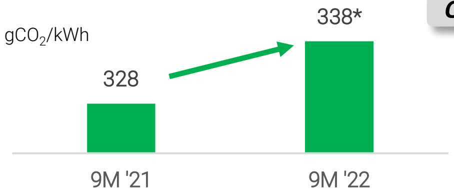
FY 2022 Guidance confirmed with particular commitment on credit ratios

Growth in a sustainable direction

Green transition

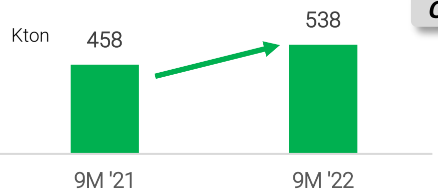
Carbon Intensity

On track



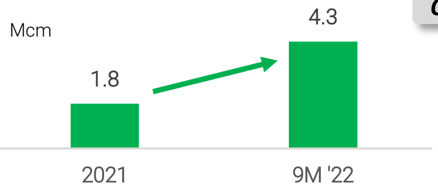
Material recovery in Iren's plants

On track



Biomethane from waste

On track

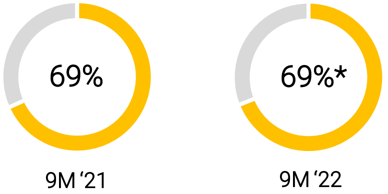


* Excluding drought impact, carbon intensity would have been 322gCO_2/kWh (-2% vs. 9M '21)

Local presence

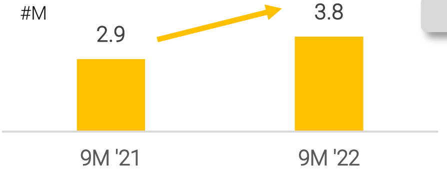
Sorted waste collection

On track



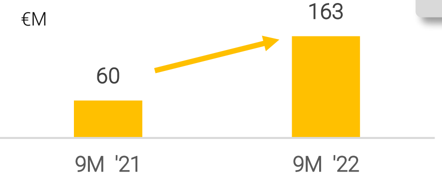
Waste collection inhabitants served

Ahead



Rebuilding projects *(EPC value)*

Ahead

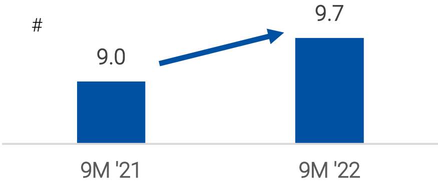


* With the same scope of consolidation

Service quality

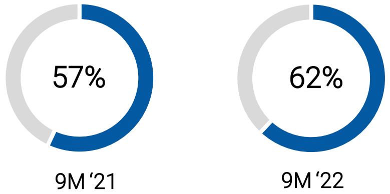
Physical Stores' Customer Satisfaction Index

Ahead



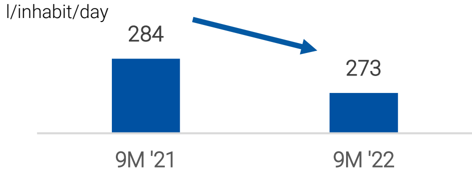
Clients digital contacts

Ahead



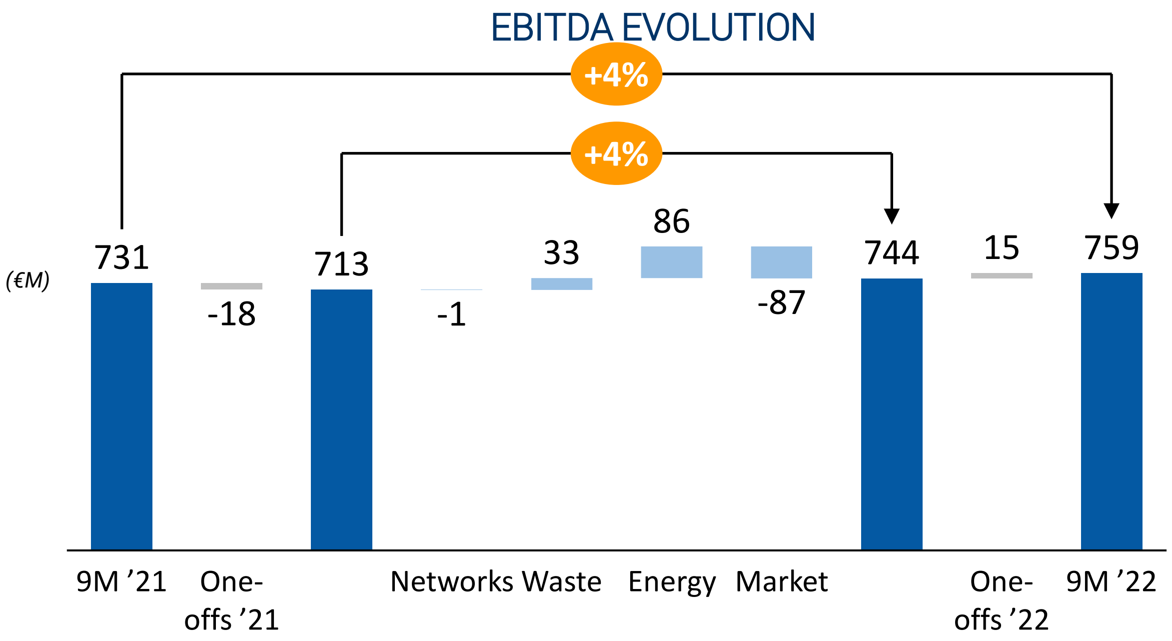
Water withdrawals

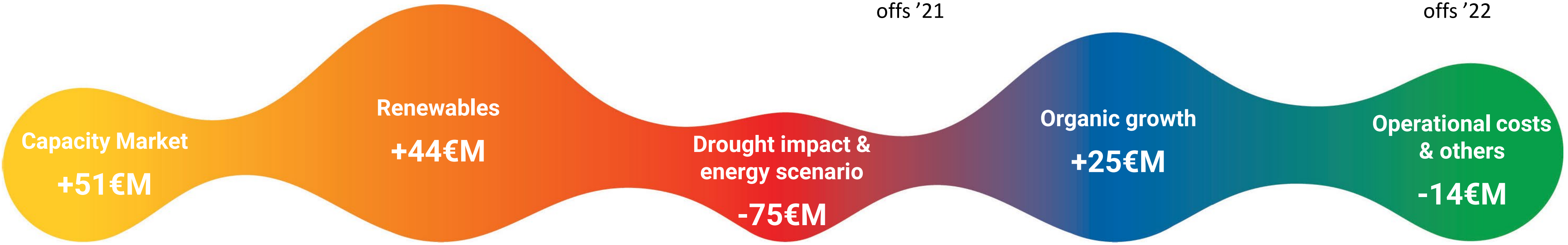
Ahead



Strong investments supporting EBITDA resilience

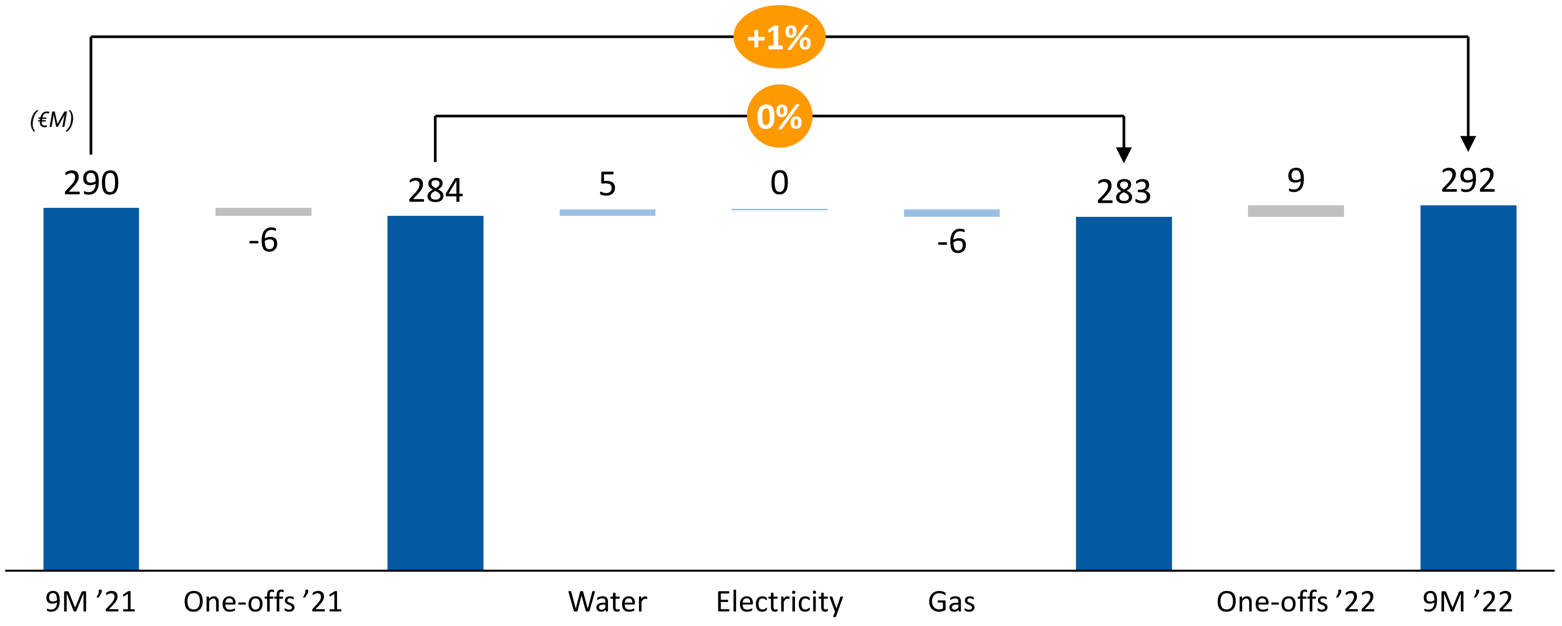
(€M)	9M '21	**9M '22**	Δ	Δ%
Revenues	3.102	**5.644**	2.542	81,9%
EBITDA	731	**759**	28	3,9%
EBIT	335	**324**	-10	-3,1%
Group net profit	241	**138**	-103	-42,7%
Group net profit adj.*	200	**168**	-32	-15,8%
Gross investments	590	**1.073**	483	1,8x
Net Financial Position	2,906**	**3.857**	951	32,7%

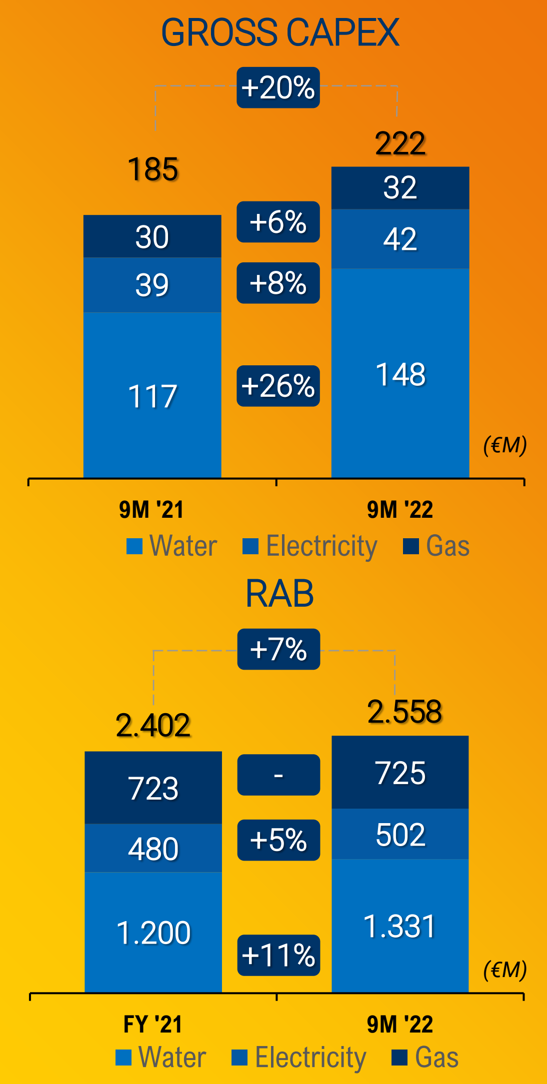




** 9M ‘21 affected by €32M of non-recurring tax income on the realignment of accounting and tax values and by €12M of pre-tax positive one-off effect linked to Unieco debt optimization; 9M ’22 impacted by “Contributo di solidarietà” Decree (i.e. Windfall tax) for estimated €31M following the new guidelines issued by the Italian Fiscal Authority in June 2022*
*** FY 2021*

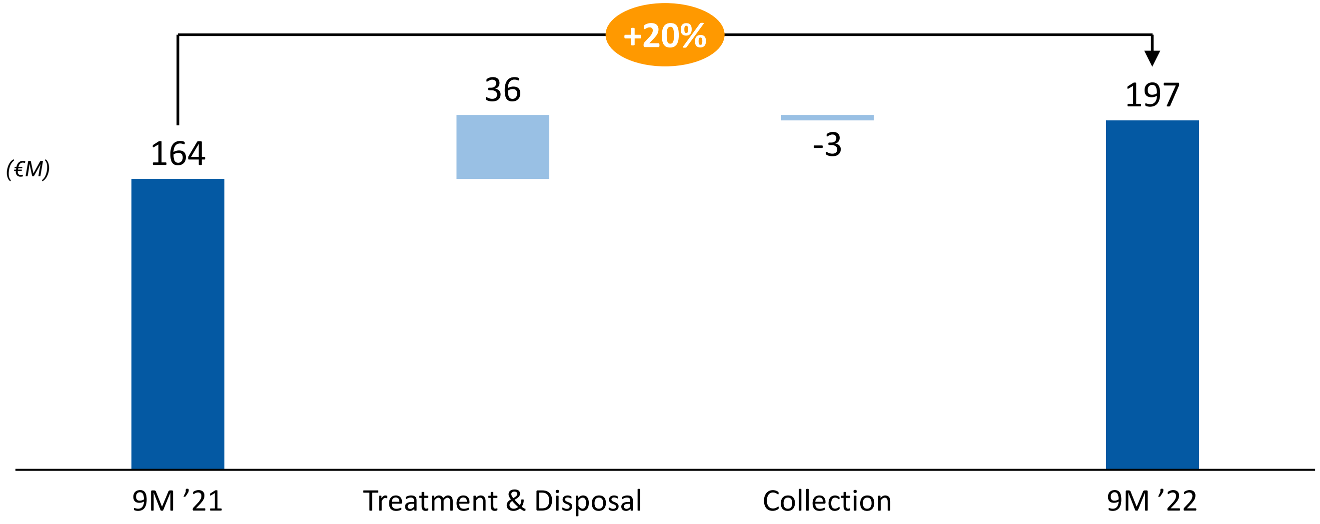
RAB expansion offset by WACC reduction and operational costs

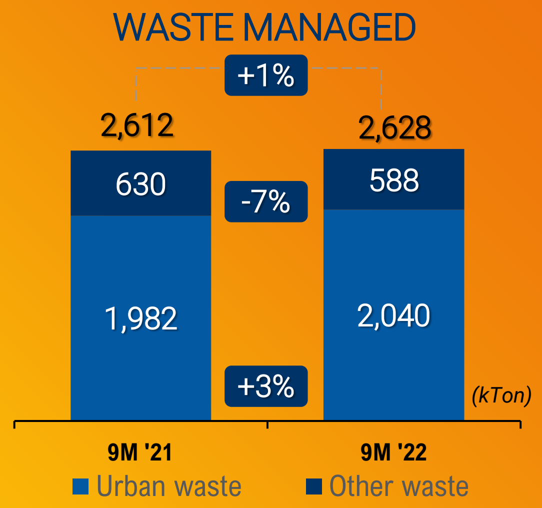


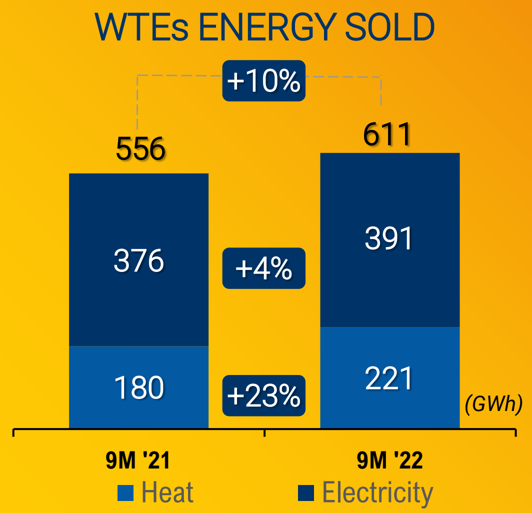


- **7% RAB expansion** led by water and electricity businesses
- Negative impact of **WACC revision** accounted for -10€M overall
- Higher operational costs in water and gas businesses, which will be recovered in tariffs in the coming years also thanks to inflation adjustments
- **Districtization** activities on water cycle continued, **reaching 63%+** of the grid (vs. 58% in 9M ‘21)

Waste treatment facilities continue to drive the BU's growth

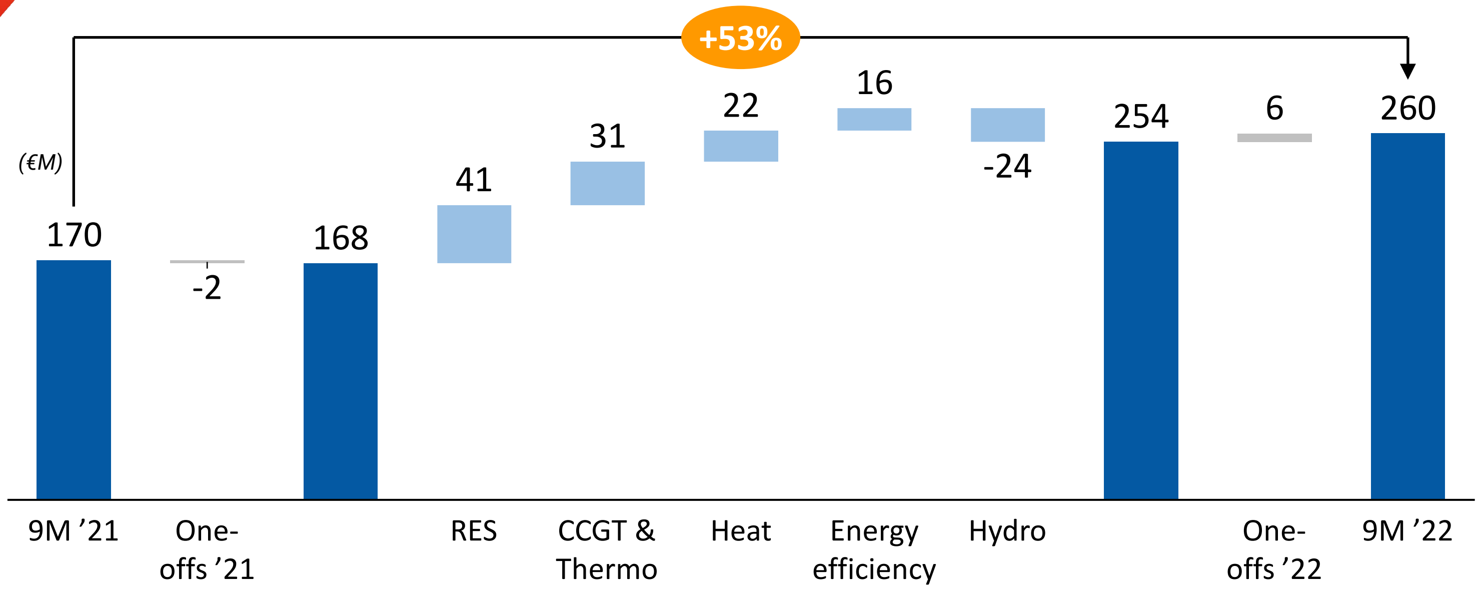




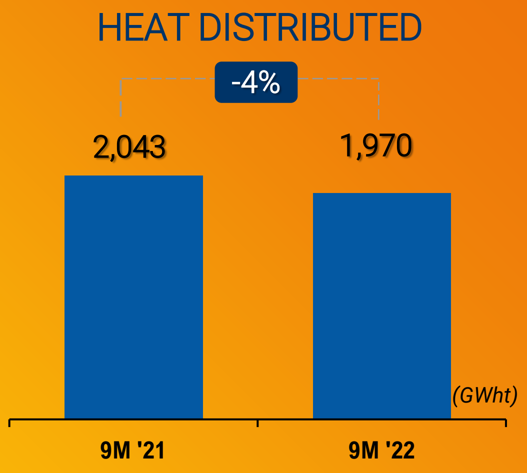


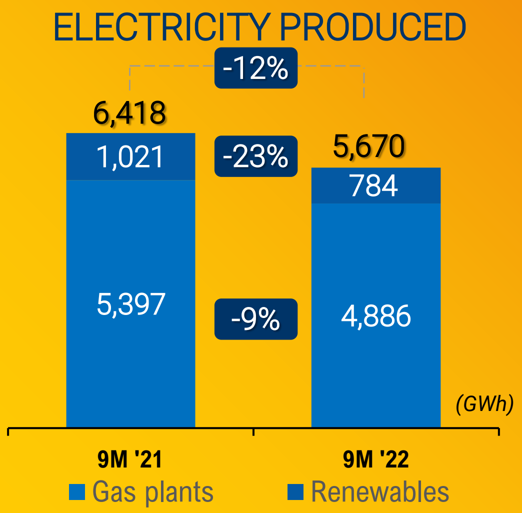
- **Positive energy scenario** impact on WTEs' energy sale along with **+23% of increased heat volumes**
- Higher prices and volumes in **recovered material** and waste intermediation
- Favourable contribution (+6€M) from biodigesters and biomethane production, started in H2 '21
- **Collection** affected by rising operational costs (mainly fuel), which will be recovered in the coming years partially counterbalanced by SEI Toscana consolidation (from July '22)

RES and Cogeneration assets offsetting drought impact

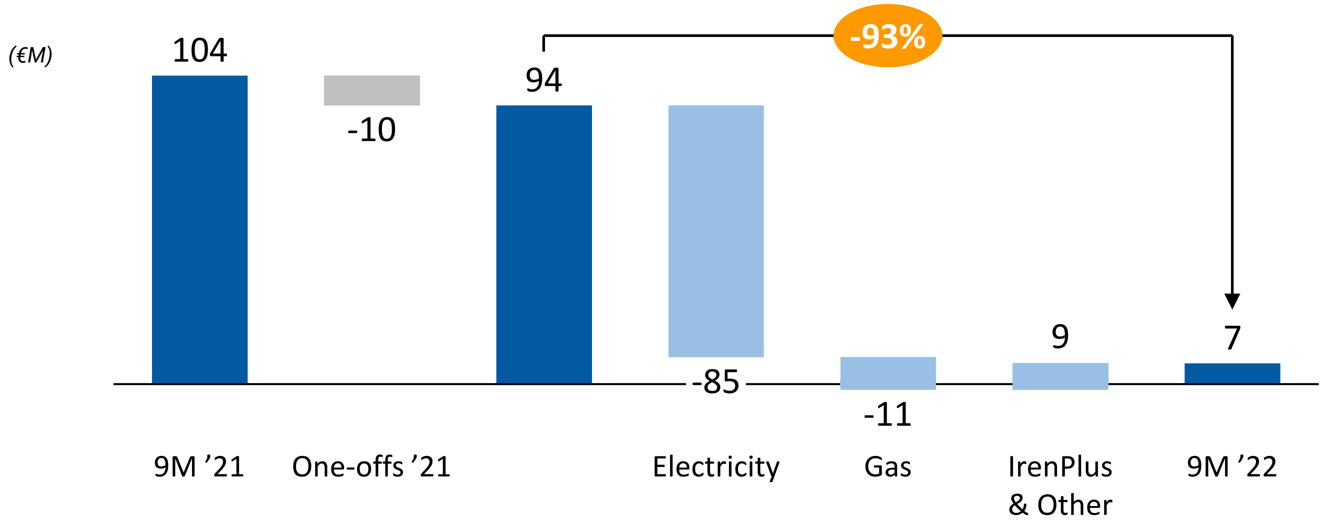


- **Photovoltaic** assets acquisition contributing for **44€M** slightly reduced by **DL Sostegni ter (-4€M)**
- **Hydro volumes** down -39% (-396GWh), impacting also revenues from Green Certificates partially offset by higher MSD
- **Capacity market** (+51€M) along with an overall flat **MSD** (70€M)
- Lower thermoelectric margins due to a turbine failure and cooling water scarcity
- **Margin normalization on heat** (recovering last 2 years contraction) affected by seasonality
- Growth path confirmed in **Iren Smart Solutions activities** (energy efficiency)



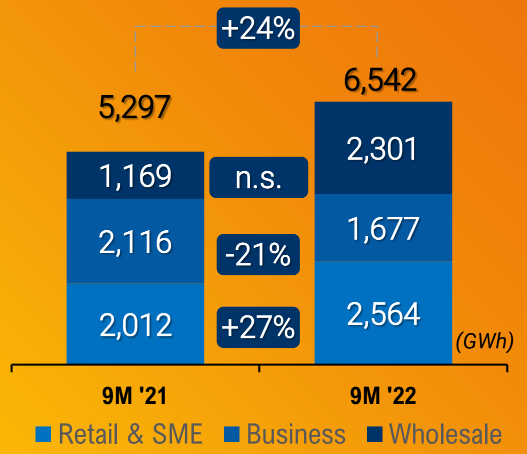


Severe scenario volatility combined with lower naturally hedged volumes

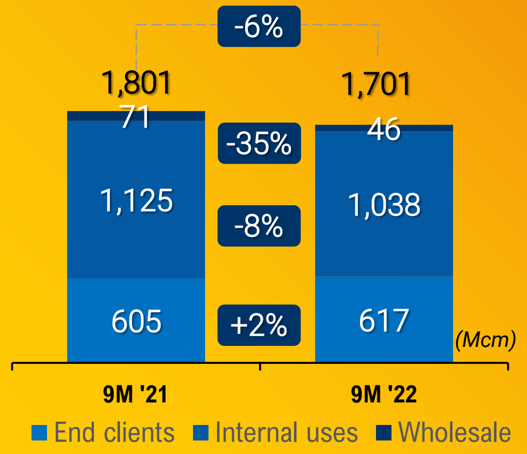


- **Electricity margins' strong contraction** led by higher than expected unhedged volumes (~20%) due to less effective natural hedging (absence of hydro production) in combination with lower churn and spikes in summer consumption. Opportunistic wholesale transaction to partially offset negative commodity margins
- The **gas sector** performance at -11€M, as already reported in H1 results
- **Customer base stands at 2.215k clients** (+212k clients vs end of 2021)
- Positive performance of **Iren Plus** thanks to higher sales volumes

ELECTRICITY SOLD



GAS SOLD



EBITDA to Group Net Profit reconciliation

(€M)

	9M '21	9M '22	Δ	Δ%
EBITDA	730,8	759,3	28,5	3,9%
D&A	-345,2	-390,2		
Provisions to bad debt	-44,6	-52,1		
Other provisions and write-downs	-6,2	7,3		
EBIT	334,8	324,3	-10,5	-3,1%
Financial charges	-48,2	-51,7		
Companies consolidated at equity method	4,7	5,9		
Others	22,3	1,4		
EBT	313,6	279,9	-33,7	-10,8%
Taxes	-51,5	-112,0		
Minorities	-21,6	-30,1		
Group net profit	240,5	137,8	-102,7	-42,7%
Group net profit adjusted*	200,0	168,0	-32,0	-15,8%

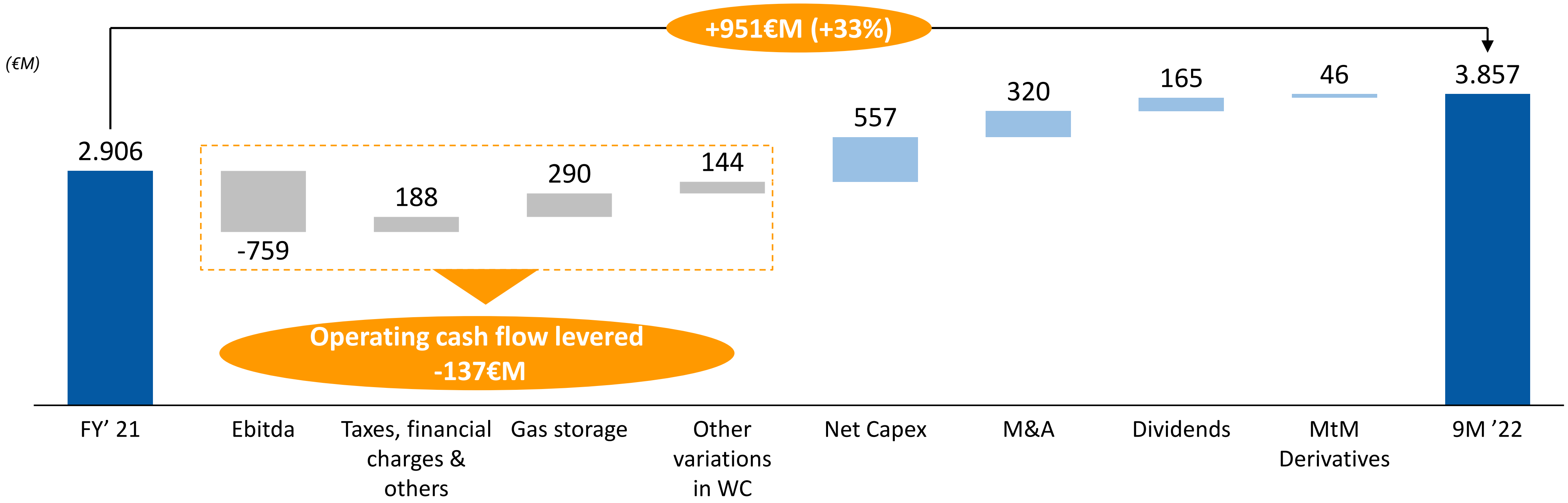
- Higher depreciation as a result of acquisitions and new industrial investments carried-out during the period
- Increase of provisions for bad debt linked to doubling of revenues; so far, no significant deterioration in past due receivables
- Release of legal provisions following claims' settlement (already accounted in H1)

- Average cost of debt down to 1.6% vs 1.7% in 9M 2021
- 2021 Others item affected by Unieco debt optimization for 12€M (pre-tax)

- 31€M estimated full-year impact of "Contributo di solidarietà" decree (i.e. Windfall tax)
- Ordinary tax rate at 29.1% (vs. actual 40%)

* *9M '21 affected by €32M of non-recurring tax income on the realignment of accounting and tax values and by €12M of pre-tax positive one-off effect linked to Unieco debt optimization*

Net Financial Position Evolution (9M 2022 vs FY2021)



- Net capex increase in line with growth path outlined in the 10-year Business Plan
- M&A mainly includes photovoltaic acquisitions and the impact of SEI Toscana consolidation
- Gas storage increased by 290€M vs FY21 as a result of higher volumes (+14% vs. 9M '21) and prices
- Trade NWC increased only by 80€M; remaining variation (60€M) mostly linked to temporary regulation impact (i.e., elimination of system charges)

Further actions put in place to counterbalance headwinds and to strengthen the capital structure

Active energy management

- Gas procurement at 80% of Iren annual needs (~2.4Bcm) already secured, of which 100% for final clients. 244Mmc of gas stored (+14% vs 9M 2021)
- Active WC management through optimized payment and collection terms

No exposure to margin calls on energy derivatives

- No significant exposure to margin calls
- In Q1 Iren sterilized all EEX positions; no further meaningful EEX activities thereafter
- All hedging positions currently on OTC benefiting from contracts with no cash collateral required

Inflation recovery

- Organic growth and synergies to contain impact of increased operating costs resulting from inflation
- In regulated businesses, inflation on capex and opex to be recovered within next few years. RAB to be revalued in 2023 and 2024, taking into account the higher deflator of investments

Solid liquidity and overall capital structure

- 990€M of available liquidity (cash and committed lines)
- 384€M of bond maturities by year-end (53€M in ’23)
- 630€M of new green credit lines subscribed
- Additional uncommitted lines / hot money available to support energy activities and to further strengthen Iren liquidity position
- 5,0 years of average long-term debt duration and 1.6% average cost of debt

Closing Remarks

Reinforced commitment towards investments supporting the **energy transition**

Business plan targets achieved ahead of time on **green transition** (renewables) and **local presence** (inhabitants served in waste collection)

Continuous sound **financial discipline** and efficient **working capital** management

- Continuously volatile energy scenario leading to a very challenging Q4 ahead
- The stop on repricing activities is expected to be compensated in 2022 thanks to a stronger estimated margin contribution from the Energy and Waste BUs
- **Strong commitment to preserve the NFP/EBITDA ratio:** any EBITDA shortfall to be offset through corrective actions to contain leverage
- Investments prioritization to favor EBITDA growth in the short term

FY 2022 GUIDANCE CONFIRMED

ANNEXES

Iren at a glance

>7million

INHABITANTS IN IREN'S 3 LEGACY REGIONS

CUSTOMERS:

~2.0M in the energy sector

~2.7M inhabitants served in the water service

~2.9M inhabitants served in the waste sector

~0.6M inhabitants served in district heating

REGULATED ACTIVITIES
(46% of Ebitda)

Energy Infrastructure
- RAB Electricity distribution: 480m€
- RAB Gas distribution: 723m€
- *2.75% electricity network leaks (vs. national avg. 6.4%)*

Water Service
- RAB water cycle management: 1,199m€
- *32.6% water network leaks (vs. national avg. 42%)*

Urban Waste Collection
- ~1.7m tons of waste collected
- *70.3% of sorted waste collection (vs. national avg. 63%)*

QUASI REGULATED ACTIVITIES
(24% of Ebitda)

Hydroelectric Green Certificates
- 225 GWh GCs produced through hydro
- *560K tons CO2 emission avoided from hydro*

District Heating
- 99.0 mcm of district heated volumes
- *750K tons CO2 emission avoided from cogeneration*

Urban Waste Disposal
- 3 Waste To Energy plants (total capacity ~800Kton/y, 95MW of capacity)
- *100% energy or material recovery from waste managed*

UNREGULATED ACTIVITIES
(30% of Ebitda)

Generation
- 2,800 MW of generation capacity
- *76% of electricity produced by environmentally friendly sources*

Energy Market
- ~6.0 TWh electricity sold to end clients
- ~1.0 bcm gas sold to end clients
- *92% customer satisfaction*

Special Waste
- ~881K tons of special waste managed
- *223.9K tons special waste to energy recovery*

2021 Data

9M 2022 Business units' results

NETWORKS

€M	9M '21	9M '22	Δ	Δ%
Revenues	690	832	142	20%
Ebitda	290	292	2	1%
Electricity	*63*	*57*	-6	-10%
Gas	*69*	*60*	-9	-13%
Water	*158*	*175*	17	11%
Ebit	146	142	-4	-3%
Gross Capex	185	222	37	20%

WASTE

€M	9M '21	9M '22	Δ	Δ%
Revenues	667	784	117	18%
Ebitda	164	197	33	*20%*
Collection	*48*	*42*	*-6*	*-13%*
Treatment & disposal	*116*	*155*	*39*	*34%*
Ebit	81	99	18	22%
Gross Capex	103	118	15	14%

ENERGY

€M	9M '21	9M '22	Δ	Δ%
Revenues	1.214	3.394	2180	(*)
Ebitda	170	260	90	53%
Hydro&Renewables	*61*	*78*	*17*	*28%*
Thermo/Coge, DH	*95*	*152*	*57*	*60%*
Energy efficiency	*14*	*30*	*16*	*(*)*
Ebit	66	158	92	(*)
Gross Capex	107	105	-2	-2%

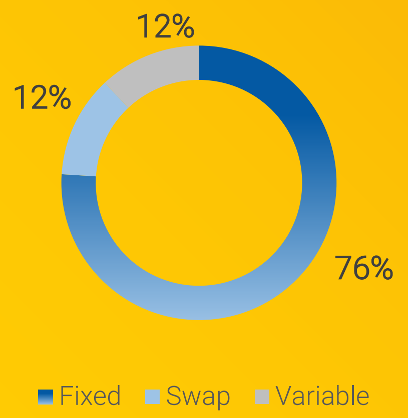
MARKET

€M	9M '21	9M '22	Δ	Δ%
Revenues	1.747	4.110	2.363	(*)
Ebitda	104	7	-97	-93%
Electricity	*16*	*-74*	*-90*	*(*)*
Gas&Heat	*88*	*81*	*-7*	*-8%*
Ebit	41	-76	-117	(*)
Gross Capex	44	61	17	39%

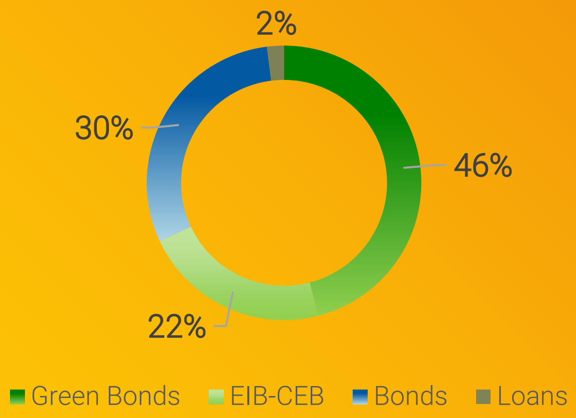
(*) Variation greater than 100%

Financials

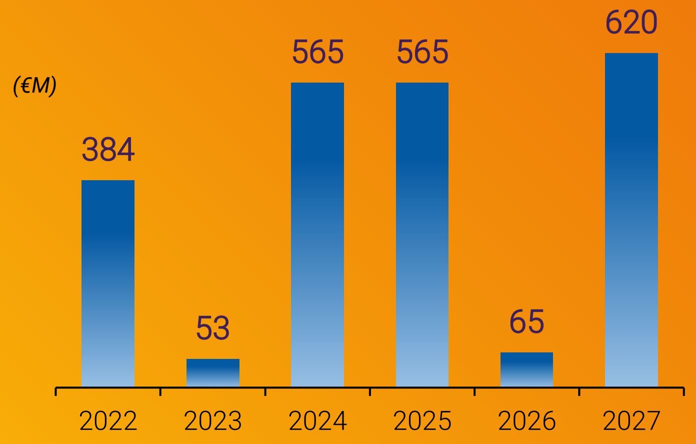
INTEREST RATE



DEBT STRUCTURE



MATURITIES



- **88% of gross debt at fixed interest rate**
- Average long-term debt **duration** of about **5.0 years** vs 5.7 years in 9M '21
- Reduction in the **average cost of debt** (**1.6%** vs. 1.7% in 9M '21)
- **68%** of the Iren total **debt is composed of green and assimilated** instruments

S&P Global Ratings	*BBB-*	Outlook *Positive*
FitchRatings	*BBB*	Outlook *Stable*

Industrial KPIs

	9M '21	9M '22	Δ%
Electricity distributed (GWh)	2,733	2,787	+2%
Gas distributed (mcm)	895	785	-12%
Water distributed (mcm)	130	126	-3%
Waste collected (Kton)	1,242	1,341	+8%
Waste treated (Kton)	2,119	2,094	-1%
Renewable production (GWh)	1,020	785	-23%
Hydro production (GWh)	1,003	608	-39%
Solar production (GWh)	17	177	(*)
Total customers (k)	1,989	2,215	+9%
Electricity	1,036	1,182	+8%
Gas	953	1,033	+14%

(*) Variation greater than 100%

Scenario

	9M '21	9M '22	Δ%
Gas Demand *(bcm)*	47.7	**49.0**	2.7%
PSV €/*000 scm*	30.1	**130.7**	(*)
Energy Demand *(Twh)*	239.0	**240.9**	0.8%
PUN *(€/Mwh)*	86.1	**322.9**	(*)
CO2 €/*Ton*	48.2	**82.1**	70.3%
Green Cert. Hydro *(€/Mwh)*	109.4	**42.9**	-60.8%
TEE (€/TEE)	260	**257**	-1.2%

(*) Variation greater than 100%

Disclaimer

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