

The Board of Directors approves the fiscal year results at 30 June 2021: The upward trend in all economic and financial indicators is confirmed: Ebitda up 9%, Group net income up 46% and investments up 10%.

The results obtained in the first half of 2021 show growth supported by all business areas and sustained by the positive contribution from the consolidation of I.Blu and Unieco. This performance is reflected in an EBITDA of €517 million (+9.3%) and Group net profit attributable to shareholders of €193 million (+45.6%), while maintaining a substantially unchanged level of debt thanks to the robust generation of cash, able to meet the high level of investment (+9.8%).

Main economic-financial indicators

- Revenues at € 2,005 million (+9.8% compared to € 1,826 million at 30/6/2020).
- Gross Operating Margin (Ebitda) at € 517 million (+9.3% compared to € 473 million at 30/6/2020).
- Operating profit (Ebit) of € 251 million (+8.3% compared to € 232 million at 30/6/2020).
- Group net profit attributable to shareholders of € 193 million (+45.6% compared to € 133 million at 30/6/2020).
- Net financial debt at € 2,959 million (+0.3% compared to € 2,950 million at 31/12/2020).

ESG and industry highlights

- ESG performance was positive, with recycling up over 69% and carbon intensity down to 312gCO₂/KWh.
- Overall organic growth of around € 12 million in Ebitda.
- Consolidation of recently acquired companies (I.Blu and Unieco) amounting to € 18 million Ebitda.
- Synergies amounting to € 6 million Ebitda.
- Investments of € 279 million (+9.8%), in line with the Plan's forecasts.
- Solid customer base in the energy sectors (over 1.9 million customers), up by more than 30,000 compared to 31/12/2020.

[Iren Group](#)

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Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Barabino & Partners

Tel. +39 02 72023535

Giovanni Vantaggi + 39 328
8317379
g.vantaggi@barabino.it

Reggio Emilia, 3 August 2021 - The Board of Directors of IREN S.p.A. today approved the consolidated financial statements at 30 June 2021.

"The results just approved highlight the solidity of the internal and external growth path undertaken by the Group. Particularly positive was the contribution of the companies acquired in 2020, I.Blu and Unieco, which allowed us to expand the operating perimeter and develop new business chains, confirming Iren's strong focus on the circular economy through the constant search for innovation applied to processes and services." said the **Chairman of Iren Renato Boero**.

"The results achieved in this first half of 2021 highlight the solidity and resilience of a Group based on its geographical location and multi-business model, in which all sectors in which it is active bring positive margins. These characteristics, together with the increased level of investment, were the basis for the speed of recovery and the ability to move towards the objectives set. Commitments, which will be made even more challenging in the Business Plan that we will present in November 2021" - commented Gianni Vittorio Armani, CEO of the Group who then added - "Thanks to the support brought by the excellent results achieved in this half-year, it is possible to improve the guidance of the main economic-financial indicators for 2021."

IREN GROUP: CONSOLIDATED RESULTS AT 30 JUNE 2021

Consolidated **revenues** at 30 June 2021 amounted to € 2,005 million, up 9.8% compared to € 1,826 million in the first half of 2020. The increase in revenues, which was recorded for all lines of business, increased by approximately € 73 million as a result of the change in the scope of consolidation of the Environment area (relating to I.Blu and the companies of the Unieco Environment Division, which were acquired in the second half of 2020), higher energy revenues related to the increase in commodity prices and higher revenues of approximately € 33 million relating to the development of activities connected with energy requalification and building renovation favoured by recent tax breaks.

The **Gross Operating Margin (EBITDA)** amounted to € 517.5 million, an increase of +9.3% compared to € 473.3 million in the corresponding period of 2020. The margin dynamics were characterised by an improvement in the energy scenario and a favourable climate trend. These factors, together with the enlargement of the consolidation scope, made it possible to absorb the negative effects of the pandemic amounting to € 6 million. The improvement in margin affected all the group's business units: Environment (+23.6%), Market (+8.1%), Networks (+6.2%) and Energy (+5.4%).

The **Operating Result (Ebit)** amounted to € 251.1 million, an increase of +8.3% compared to € 231.9 million in the same period of 2020. Depreciation and amortisation increased by approximately € 22 million during the period, mainly due to new investments coming on stream and the expansion of the scope of consolidation, lower accruals to the provision for bad debts of approximately € 9 million, as a result of an improvement, compared to last year, in the estimate of the effects of the Covid-19 pandemic on expected losses, and lower releases of provisions of approximately € 12 million.

Group net profit attributable to shareholders amounted to € 193.2 million, up (+45.6%) from the € 132.7 million recorded in 2020. In addition to reflecting the increase in operating profit, this growth also reflects the effects of optimising Unieco's debt by € 13 million and a temporary decrease in the tax

Investor Relations
Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations
Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Barabino & Partners
Tel. +39 02 72023535
Giovanni Vantaggi + 39 328
8317379
g.vantaggi@barabino.it

rate to 14.1% (29.5% in the first half of 2020). 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"). Not considering this income, the tax rate would have been approximately 29%.

Net financial debt at 30 June 2021 amounted to € 2,958.6 million, broadly in line with the figure at 31 December 2020 (€ 2,949.6 million). Altogether, net debt increased by 0.3% as the robust cash generation covers the high level of investments, the cash out for the acquisition of 20% of Futura and the consolidation of the related debt of € 25 million, and the payment of dividends of € 149 million. Also worth mentioning is the positive contribution of the change in fair value of derivatives that hedge interest rate and commodity risks.

Gross technical investments made in the period amounted to € 279 million, up 9.8% from € 254 million in 2020, in line with expectations and in compliance with the expected annual targets.

IREN GROUP: MAIN RESULTS BY BUSINESS AREA

(millions of Euro)	30/06/2021	30/06/2020	Change %
Revenues	2,005	1,826	9.8%
Networks BU (energy and water infrastructures)	442	490	-9.8%
Waste Management BU	436	350	24.6%
Energy BU (Generation, TLR, Energy Efficiency)	715	551	29.7%
Market BU	1,159	1,073	8.1%
Services and other	10	11	-10.3%
Netting and adjustments	-757	-649	16.6%
Gross Operating Profit (EBITDA)	517	473	9.3%
Networks BU (energy and water infrastructures)	190	179	6.2%
<i>Electrical infrastructures</i>	40	37	8.0%
<i>Gas infrastructures</i>	46	41	11.4%
<i>Water infrastructures</i>	104	101	3.4%
Waste Management BU	99	80	23.6%
Energy BU (Generation, TLR, Energy Efficiency)	134	127	5.4%
Market BU	93	86	8.1%
<i>Electricity</i>	21	31	-30.7%
<i>Gas and other services</i>	72	55	30.9%
Services and Other	1	1	4.7%
Operating Profit (EBIT)	251	232	8.3%
Networks BU (energy and water infrastructures)	94	81	15.1%
Waste Management BU	44	32	39.0%
Energy BU (Generation, TLR, Energy Efficiency)	65	73	-11.9%
Market BU	48	45	7.4%
Services and Other	0	0	-42.8%

NETWORKS (ENERGY AND WATER INFRASTRUCTURES)

Revenues for the sector amounted to € 441.5 million, down 9.8% compared to € 489.5 million in the first half 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

Investor Relations
 Giulio Domma
 Tel. + 39 0521.248410
 investor.relations@gruppoiren.it

Media Relations
 Roberto Bergandi
 Tel. + 39 011.5549911
 Mob. + 39 335.6327398
 roberto.bergandi@gruppoiren.it

Barabino & Partners
 Tel. +39 02 72023535
 Giovanni Vantaggi + 39 328
 8317379
 g.vantaggi@barabino.it

(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 securities purchased to meet the obligation and, at the same time, a related reduction in revenues due to the lower number of securities 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 amounted to € 189.8 million, up 6.2% compared to € 178.7 million in the first half of 2020. The dynamics of the margin reflect the increase in tariff revenues, thanks to the growth of the RAB, following the investments made in previous years.

During the reporting period, the Group distributed 1,808 GWh of **electricity**, 777 million cubic metres of **gas** and 86 million cubic metres of **water**.

At 30 June 2021, **gross investments** in the sector amounted to € 114 million (-2%) and were intended for the modernisation of the gas and electricity networks and the creation of the infrastructures envisaged in the Integrated Water Cycle Sector Plans, the digitalisation of activities and the development of electric mobility.

WASTE MANAGEMENT

In the Environment sector, **revenues** totalled € 436.5 million, up +24.6% from € 350.3 million in the first half of 2020. The increase is essentially due to the enlarged scope of consolidation related to the I.Blu companies (+€ 23 million approx.) consolidated from August 2020 and the companies of the Environment Division of the UNIECO group (+€ 50 million approx.) consolidated from 1 November 2020. Energy revenues were also up (about € 10 million) as well as revenues from collection services, while revenues from disposal and special waste brokerage and management decreased.

Gross operating profit amounted to € 99.5 million, an increase of +23.6% compared to € 80.5 million in the first half of 2020. The increase in the margin is mainly due to the change in the scope of consolidation, amounting to approximately € 18.0 million. Margins on collection, the sale of recovered materials and energy revenues also improved as a result of the increase in the sale price of electricity (the PUN rose by over 100% compared to the previous year), offset by reductions in special waste brokerage and disposal, the latter due to reduced use of the Collegno landfill.

During the six-month period, the waste managed amounted to more than 1,752 thousand tonnes.

As of 30 June 2021, **gross investments** made in the sector amounted to € 47.3 million, up sharply from € 28.0 million in the first half of 2020. Investments relate to the purchase of vehicles and equipment for waste collection and the construction of plants; in particular, the paper and plastic sorting plant in Parma and the TMB plant in Genoa Scarpino. Also contributing to the growth in investments was the change in the scope of consolidation, in particular of the company I.Blu.

Investor Relations
Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations
Roberto Bergandi
Tel. + 39 011.5549911
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8317379
g.vantaggi@barabino.it

ENERGY (GENERATION, DISTRICT HEATING AND ENERGY EFFICIENCY)

Energy sector **revenue** amounted to € 715.1 million, up +29.7% compared to € 551.2 million in the first half of 2020. The main reason for the increase in revenues is the rise in sales prices of electric power (up about € 125 million) made possible by an improvement in the energy market. The first half of 2021 was characterised by a national electricity demand of 154.9 TWh, an increase of +7.9% compared to 143.5 TWh in the corresponding period of 2020. The PUN for the period also averaged € 66.9/MWh, up 107.6% from € 32.2/MWh in the first half of 2020.

Revenues from heat production increased slightly, with an increase in volumes due to a more favourable heating season, partially offset by a drop in sales prices. There was also an increase in revenues from energy efficiency activities (about € 33 million).

The **gross operating margin** for the sector was € 134.2 million, up 5.4% compared to € 127.3 million in the first half of 2020.

The improvement in the energy market, characterised by rising demand and a sharp increase in electricity prices, enabled the Energy business to improve its margins, despite the persistence of a partial lockdown situation that characterised most of the first half of 2021. This improvement was partially compensated by a decrease in the unit marginality of heat production due to a sudden and progressive increase in gas cost, despite the higher quantities produced as a result of a more favourable thermal seasonality.

The improvement compared to the first half of 2020 is also supported by the energy efficiency sector which, thanks to energy requalification and building renovation activities, favoured by recent tax breaks (e.g. facade bonus and 110% superbonus), shows an improvement of +€ 4 million.

Total **electricity** generated during the period amounted to 4,613 GWh, up (+1.1%) from the 4,560 GWh of the previous year, thanks to the greater contribution of cogeneration plants (3,131 GWh, +10.6%), which more than offset the decrease of 735 GWh (-3.6%) in the hydroelectric and renewable energy sector and 747 GWh (-22.8%) in the thermoelectric sector.

Heat production for district heating stands at 1,698 GWht, up (+12.7%) on the 2020 figure. Overall, district heating volumes amounted to approximately 96.8 Mmc up +2.6% compared to approximately 94.4 Mmc in 2020.

Gross investments of € 68.1 million were made at 30 June 2021, up +3.8% compared to € 65.6 million in the corresponding period of 2020. The main investments in the period included the repowering of the Turbigio thermoelectric power plant and the development of district heating networks.

MARKET

Revenues in the Market segment amounted to € 1,159.0 million, an increase of +8.1% compared to € 1,072.6 million in the first half of 2020. The increase in turnover, +€ 87 million approx., is due to the trend in the energy scenario with rising prices for both gas and electricity, and is minimally offset by lower quantities sold.

The **Gross Operating Margin** for the sector was € 92.5 million, up 8.1% from € 85.6 million in the first half of 2020. The increase is due mainly to an improvement in unit margins on gas sales, which, in

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

Barabino & Partners

Tel. +39 02 72023535

Giovanni Vantaggi + 39 328
8317379
g.vantaggi@barabino.it

addition to higher prices, benefited in particular from the use of storage facilities in 2020. On the other hand, the margin on sales of electric power was down.

Directly marketed **electricity** in the first six months of 2021 amounted to 3,398 GWh, down (-5.9%) from the 3,611 GWh recorded in 2020. The downturn in the free market affected almost all customer sectors, with contractions in the sectors most affected by the pandemic ranging from -10% (retail segment) to -12.5% (small business segment). Only the Business segment, with sales of 1,423 GWh, recorded an increase (+1.9%) compared with 1,396 GWh in the first half of 2020. Sales on the regulated market amounted to 182 GWh, down 6% compared to 194 GWh in the first half of 2020.

In addition, 1,536 million cubic metres of **gas** were purchased, down (-3.9%) from 1,597 million cubic metres last year. Gas sold by the Group amounted to 585 Mmc, down 9.2% compared to 645 Mmc in the first half of 2020. The retail and small business segments show sales down compared to 2020 and this despite a more favourable heating season due to the effects of the pandemic. The Trading segment declined sharply, while the Business segment improved compared to the same period of 2020. The gas used for internal consumption within the Group amounted to 840 Mmc, an increase of +2.6% compared to 818 Mmc in the first half of 2020.

At 30 June 2021, **gross investments** of € 32.3 million were made, an increase of +40.7% compared to € 22.9 million in the same period of 2020.

BUSINESS OUTLOOK

Thanks to its resilient business profile with respect to the Covid-19 pandemic, the Group will continue to pursue its growth path as set out in the latest industrial plan, which envisages significant investments, especially in the Networks and Environment divisions, in addition to investments to increase electricity generation capacity and extend the district heating network. The major investment plan in the regulated sectors to improve the quality of the service is therefore confirmed, especially in the water sector, where the goal is to increase purification capacity and reduce the use of the water resource.

With regard to the Waste Management segment, investments will be aimed at building the waste treatment and disposal plants envisaged in the industrial plan and at increasing the quality of the service by extending door-to-door collection and punctual pricing. These investments, together with the complete coverage of the waste cycle (from collection to treatment and disposal), will make it possible to increase the volume of recycled waste.

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

Regarding the energy activities, in 2021 the Group implemented a series of actions that will mitigate the impact of volatility in energy prices thanks to a hedging policy implemented with the goal of stabilising margins.

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
roberto.bergandi@gruppoiren.it

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8317379
g.vantaggi@barabino.it

The Group therefore confirms its development prospects thanks to the aforementioned investments capable of sustaining organic growth, to a strong development of activities concerning energy efficiency projects in buildings (taking advantage of the opportunities offered by current legislation) and to a complete integration of the recently acquired companies in the Environment sector.

Moreover, the prospects for growth in profitability take into account the continuation of the Covid-19 emergency, which the Group estimates will have a negative effect on EBITDA of no more than € 10 million, additional provisions for bad debts of € 10 million (already set aside in the first half) and a partial re-absorption of € 20 million of the negative effect on net working capital recorded in 2020.

CONFERENCE CALL

The results as at 30 June 2021 will be illustrated today, 3 August at 4.00 pm (Italian time) during a *conference call* to the financial community, also broadcasted by *web casting* in *listen only* mode 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 margin:** determined by subtracting total revenues from total operating costs. This APM is used by the Group in both internal and external documents 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 result:** calculated by subtracting amortisation, provisions and operating write-downs from the Gross Operating Margin.
- **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 both internal and external documents 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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Giulio Domma
Tel. + 39 0521.248410
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Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
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8317379
g.vantaggi@barabino.it



PRESS RELEASE

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 June 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.

Investor Relations

Giulio Domma
Tel. + 39 0521.248410
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Media Relations

Roberto Bergandi
Tel. + 39 011.5549911
Mob. + 39 335.6327398
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8317379
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The financial statements of the IREN Group currently being audited are provided below.

PROFIT AND LOSS ACCOUNT

thousands of euro

	First half of 2021	First semester 2020 recalculated	Change %
Revenues			
Revenues from goods and services	1,966,711	1,742,825	12.8
Other income	38,293	83,063	(53.9)
Total revenues	2,005,004	1,825,888	9.8
Operating expenses			
Raw materials, consumables, supplies and goods	(562,083)	(508,371)	10.6
Services and use of third-party assets	(663,309)	(606,511)	9.4
Other operating expenses	(34,879)	(33,652)	3.6
Capitalised expenses for internal work	20,714	17,534	18.1
Personnel expense	(247,971)	(221,584)	11.9
Total operating expenses	(1,487,528)	(1,352,584)	10.0
GROSS OPERATING PROFIT	517,476	473,304	9.3
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(228,507)	(206,508)	10.7
Provisions for doubtful accounts	(33,662)	(42,523)	(20.8)
Other provisions and impairment losses	(4,198)	7,626	(*)
Total depreciation, amortisation, provisions and impairment losses	(266,367)	(241,405)	10.3
OPERATING RESULT	251,109	231,899	8.3
Financial management			
Financial income	26,964	13,777	95.7
Financial expenses	(41,603)	(44,144)	(5.8)
Total financial activities	(14,639)	(30,367)	(51.8)
Share of profit (loss) of associates accounted for using the equity method	6,276	5,143	22.0
Value adjustments to equity investments	-	(146)	(100.0)
Profit (loss) before tax	242,746	206,529	17.5
Income tax	(34,238)	(60,927)	(43.8)
Net profit (loss) from continuing operations	208,508	145,602	43.2
Net profit (loss) from discontinued operations	-	-	-
Net profit (loss) for the period	208,508	145,602	43.2
attributable to:			
- Profit (loss) for the period attributable to shareholders	193,238	132,674	45.6
- Profit (loss) for the period attributable to minorities	15,270	12,928	18.1

(*) Change of more than 100%

As required by IFRS 3, the income statement balances for the first half of 2020 have been recalculated to take into account, at the acquisition date, the effects of the completion, at the end of the 2020 financial year, of the purchase price allocation to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of the company Territorio e Risorse.

Investor Relations
Giulio Domma
Tel. + 39 0521.248410
investor.relations@gruppoiren.it

Media Relations
Roberto Bergandi
Tel. + 39 011.5549911
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8317379
g.vantaggi@barabino.it

RECLASSIFIED STATEMENT OF FINANCIAL POSITION

thousands of euro

	30.06.2021	31.12.2020 Restated	Change %
Non-current assets	6,624,484	6,582,382	0.6
Other non-current assets (liabilities)	(413,492)	(421,336)	(1.9)
Net Working Capital	24,966	42,155	(40.8)
Deferred tax assets (liabilities)	198,253	165,835	19.5
Provisions for risks and employee benefits	(633,473)	(657,188)	(3.6)
Assets (Liabilities) held for sale	1,144	1,285	(11.0)
Net invested capital	5,801,882	5,713,133	1.6
Shareholders' equity	2,843,256	2,763,551	2.9
<i>Long-term financial assets</i>	(201,110)	(166,522)	20.8
<i>Medium/long term financial debt</i>	3,747,434	3,826,378	(2.1)
Non-current net financial debt	3,546,324	3,659,856	(3.1)
<i>Current financial assets</i>	(861,694)	(985,525)	(12.6)
<i>Current financial debt</i>	273,996	275,251	(0.5)
Current net financial debt	(587,698)	(710,274)	(17.3)
Net financial debt	2,958,626	2,949,582	0.3
Own funds and net financial debt	5,801,882	5,713,133	1.6

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

Investor Relations
 Giulio Domma
 Tel. + 39 0521.248410
 investor.relations@gruppoiren.it

Media Relations
 Roberto Bergandi
 Tel. + 39 011.5549911
 Mob. + 39 335.6327398
 roberto.bergandi@gruppoiren.it

Barabino & Partners
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 Giovanni Vantaggi + 39 328
 8317379
 g.vantaggi@barabino.it

CASH FLOW STATEMENT

thousands of euro

	First half of 2021	First semester 2020 recalculated	Change %
Opening Net Financial (debt)	(2,949,582)	(2,706,127)	9.0
Result for the period	208,509	145,602	43.2
Adjustments for non-financial transactions	374,632	365,053	2.6
Disbursement of employee benefits	(4,918)	(3,393)	44.9
Utilisations of provisions for risks and other charges	(9,714)	(9,907)	(1.9)
Change in other non-current assets and liabilities	(12,214)	556	(*)
Other changes in capital	(67,113)	(17,235)	(*)
Taxes paid	(42,630)	-	-
Cash flows from operating activities before changes in NWC	446,552	480,676	(7.1)
Cash flows from changes in NWC	(40,220)	(220,100)	(81.7)
Operating cash flow	406,332	260,576	55.9
Investments in property, plant and equipment and intangible assets	(279,130)	(254,153)	9.8
Investments in financial assets	(1,701)	-	-
Proceeds from the sale of investments and changes in assets held for sale	2,743	(1,394)	(*)
Changes in consolidation scope	(24,862)	(24,353)	2.1
Dividends received	1,604	1,372	16.9
Total cash flows from/(used in) investing activities	(301,346)	(278,528)	8.2
Free cash flow	104,986	(17,952)	(*)
Cash flows of equity capital	(153,374)	(155,730)	(1.5)
Other changes	39,344	(39,255)	(*)
Change in net financial (debt)	(9,044)	(212,937)	(95.8)
Closing Net financial (debt)	(2,958,626)	(2,919,064)	1.4

(*) Change of more than 100%

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

Investor Relations
 Giulio Domma
 Tel. + 39 0521.248410
 investor.relations@gruppoiren.it

Media Relations
 Roberto Bergandi
 Tel. + 39 011.5549911
 Mob. + 39 335.6327398
 roberto.bergandi@gruppoiren.it

Barabino & Partners
 Tel. +39 02 72023535
 Giovanni Vantaggi + 39 328
 8317379
 g.vantaggi@barabino.it