

Interim Financial Report

at 30 June 2024



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

CORPORATE OFFICERS

Board of Directors (at 30 June 2024) ⁽¹⁾

Chairperson	Luca Dal Fabbro ⁽²⁾
Deputy Chairperson	Moris Ferretti ⁽³⁾
Directors	Francesca Culasso ⁽⁴⁾
	Enrica Maria Ghia ⁽⁵⁾
	Pietro Paolo Giampellegrini ⁽⁶⁾
	Francesca Grasselli ⁽⁷⁾
	Paola Girdinio ⁽⁸⁾
	Cristiano Lavaggi ⁽⁹⁾
	Giacomo Malmesi ⁽¹⁰⁾
	Giuliana Mattiazzo ⁽¹¹⁾
	Tiziana Merlino ⁽¹²⁾
	Gianluca Micconi ⁽¹³⁾
	Patrizia Paglia ⁽¹⁴⁾
	Cristina Repetto ⁽¹⁵⁾
	Licia Soncini ⁽¹⁶⁾

Board of Statutory Auditors (at 30 June 2024) ⁽¹⁷⁾

Chairperson	Sonia Ferrero
Standing Auditors	Ugo Ballerini
	Donatella Busso
	Simone Caprari
	Fabrizio Riccardo Di Giusto
Alternate Auditors	Lucia Tacchino
	Carlo Bellavite Pellegrini

Independent Auditors KPMG S.p.A. ⁽¹⁸⁾

Manager in Charge of Financial Reporting Giovanni Gazza

⁽¹⁾ Appointed by the Shareholders' Meeting of 21 June 2022 for the 2022-2023-2024 three-year period.

⁽²⁾ Appointed Chairperson by the Shareholders' Meeting of 21 June 2022. By a resolution passed on 30 August 2023, the Board of Directors of Iren S.p.A. appointed Mr. Dal Fabbro as Strategic Director Finance, Strategies and Delegated Areas. Reference should be made to the provisions of Note (9) with reference to the measures taken by the Board of Directors of Iren S.p.A. on 7 May 2024 concerning the temporary reformulation of the proxies following the revocation of those held by Mr. Signorini.

⁽³⁾ Deputy Chairperson in the three-year period 2019-2021. He was confirmed in office for the three-year period 2022-2024 at the meeting of the Board of Directors on 21 June 2022. With a resolution passed on 30 August 2023, the Board of Directors of IREN S.p.A. appointed Mr. Ferretti as Strategic Director Human Resources, CSR and Delegated Areas. Reference should be made to the provisions of Note (9) with reference to the measures taken by the Board of Directors of Iren S.p.A. on 7 May 2024 concerning the temporary reformulation of the proxies following the revocation of those held by Mr. Signorini.

⁽⁴⁾ Chairperson of the Control, Risk and Sustainability Committee.

⁽⁵⁾ Member of the Control, Risk and Sustainability Committee.

⁽⁶⁾ Chairperson of the Remuneration and Appointments Committee.

⁽⁷⁾ Member of the Related Party Transactions Committee.

⁽⁸⁾ Appointed as Director by the Shareholders' Meeting of Iren S.p.A. held on 27 June 2024, replacing Director Paolo Signorini. Mr. Paolo Signorini held the position of Director and Chief Executive Officer of Iren S.p.A. from 30 August 2023 until 7 May 2024, the date on which the Board of Directors of Iren S.p.A. convened on an urgent and extraordinary basis, following the dissemination of press news relating to an order of precautionary measures ordered by the Judicial Authority of Genoa against Mr. Signorini. On the same date, the Board, acknowledging the Chief Executive Officer's objective temporary inability to exercise his delegated powers and with the aim of ensuring stability and continuity in corporate management, activated the provisions of the Group's internal contingency plan and resolved to temporarily revoke the delegated powers of the CEO, assigning them to the other two Managing Bodies. As mentioned above, in relation to the decisions taken by the Shareholders' Meeting of Iren S.p.A. of 27 June 2024, on the same date, Mr. Signorini also ceased to be a Director.

⁽⁹⁾ Member of the Remuneration and Appointments Committee.

⁽¹⁰⁾ Member of the Control, Risk and Sustainability Committee.

⁽¹¹⁾ Member of the Related Party Transactions Committee.

⁽¹²⁾ Member of the Control, Risk and Sustainability Committee.

⁽¹³⁾ Member of the Remuneration and Appointments Committee.

⁽¹⁴⁾ Member of the Remuneration and Appointments Committee.

⁽¹⁵⁾ Member of the Related Party Transactions Committee.

⁽¹⁶⁾ Chairperson of the Related Party Transactions Committee.

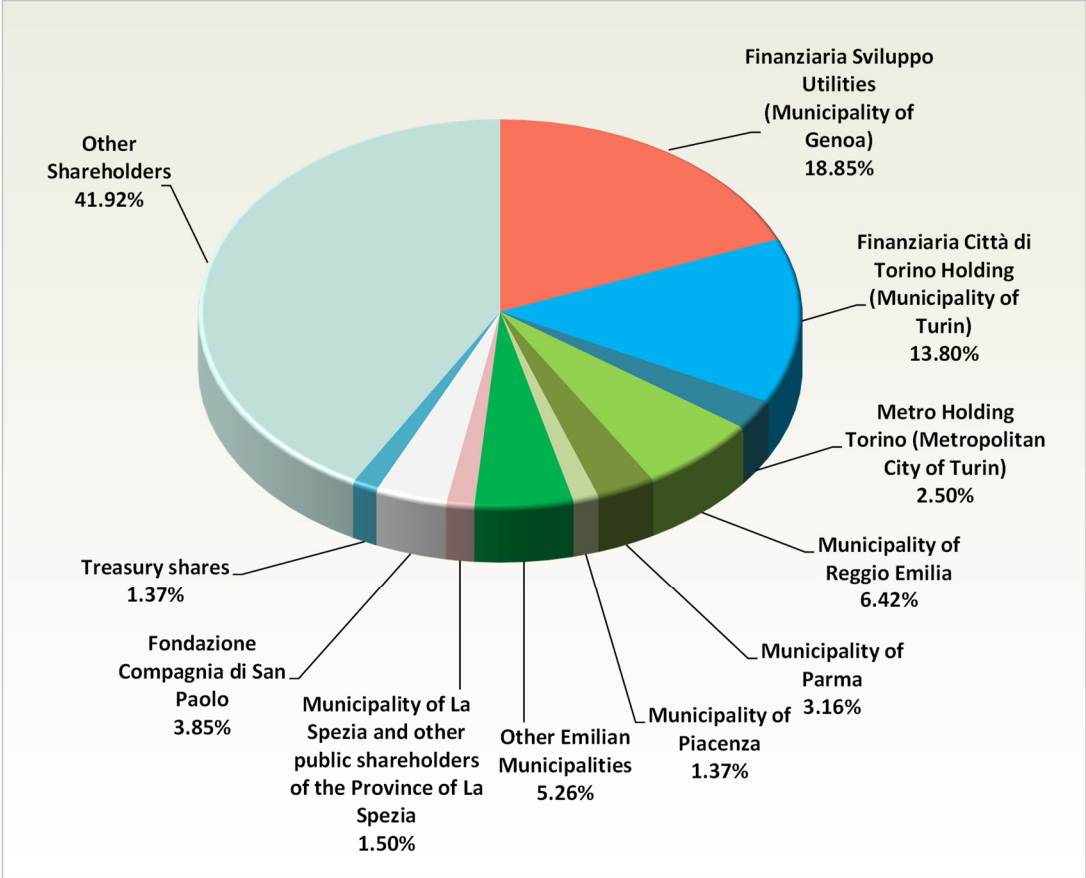
⁽¹⁷⁾ Appointed by the Shareholders' Meeting of 27 June 2024 for the 2024-2025-2026 three-year period. Up to this date, Michele Rutigliano (Chairperson), Ugo Ballerini (Standing Auditor), Ms Chiantia (Standing Auditor), Simone Caprari (Standing Auditor), Sonia Ferrero (Standing Auditor), Lucia Tacchino (Alternate Auditor) and Fabrizio Riccardo Di Giusto (Alternate Auditor) have been members of the Board of Statutory Auditors of Iren S.p.A..

⁽¹⁸⁾ Appointed by the Shareholders' Meeting of 22 May 2019 for the 2021-2029 nine-year period.

OWNERSHIP STRUCTURE

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

At 30 June 2024, based on available information, the Iren shareholding structure was as follows:



A century of history

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



1905

Parma's municipal electric lighting company is born



1907

The Turin municipal company AEM is born



1922

Genoa's municipal gas company is created



1936

AMGA is born from municipal gas company of Genoa



2000

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



2005

AMPS, TESA and AGAC establish ENIA



2006

AEM Turin and AMGA Genoa form IRIDE



2007

ENIA listed on the Stock Exchange



2010

IRIDE and ENIA constitute IREN

Mission

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

For everyone, every day.



1962

The Reggio Emilia municipal company AMG is born



1965

The Parma municipal company becomes AMPS



1972

The Piacenza municipal company ASM is born



1994

AGAC was set up from the Reggio Emilia municipal company



1996

AMGA Genoa listed on the Stock Exchange



2015

AMIAT joins the Iren Group



2016

Ireti is born, TRM and ATENA Vercelli enter the Group



2018

ACAM La Spezia joins the Group



2020

The Group acquires Unieco Waste Management Division



2022

Iren Green Generation for renewables development is born

Vision

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

For everyone, every day.

KEY FIGURES OF IREN GROUP: FIRST HALF 2024 HIGHLIGHTS

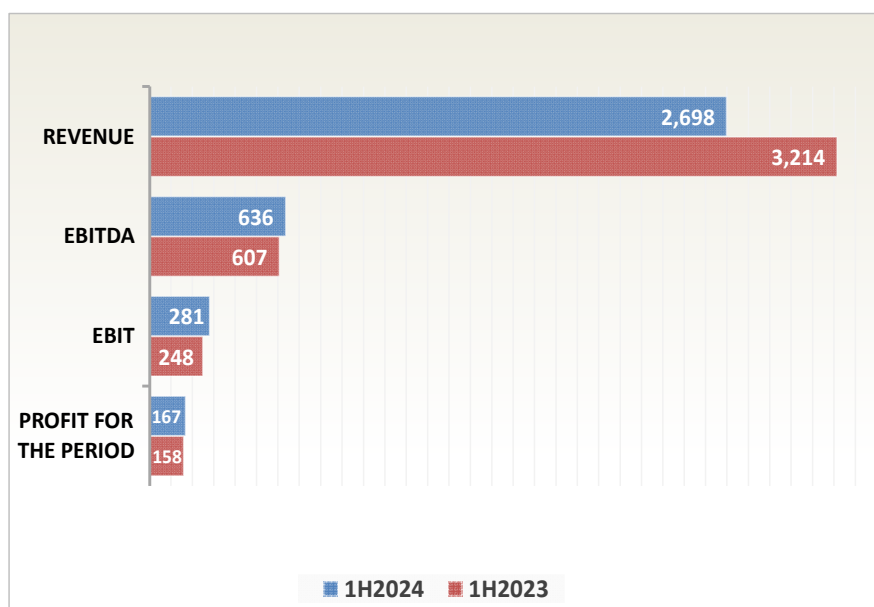
Results

	millions of euro		
	First half of 2024	First Half of 2023 Restated	Changes %
Revenue	2,697.6	3,214.4	(16.1)
Gross operating profit (EBITDA)	635.8	606.5	4.8
Operating Profit (EBIT)	280.6	248.1	13.1
Profit for the period	167.4	158.2	5.8
<hr/>			
Gross Operating Profit (EBITDA) Margin (EBITDA/Revenue)	23.6%	18.9%	

The comparative figures for the first half of 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquaenna.

For further information, please refer to the “Business Combinations” section in the Notes to the Condensed Interim Consolidated Financial Statements.

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

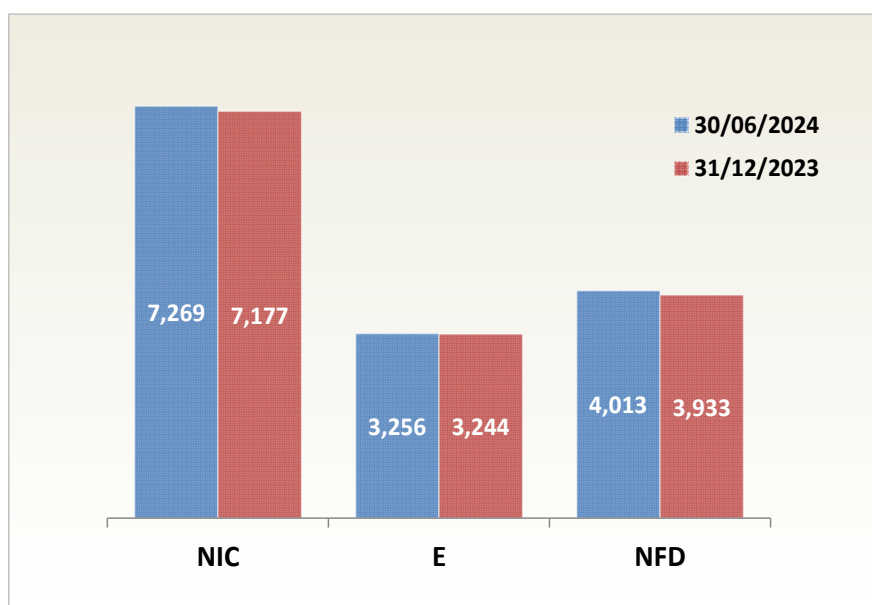


Financial position

	millions of euro		
	30.06.2024	31.12.2023 Restated	Changes %
Net Invested Capital (NIC)	7,268.7	7,177.4	1.3
Equity (E)	3,255.7	3,244.3	0.4
Net Financial Debt (NFD)	4,013.0	3,933.1	2.0
Debt/Equity (Net Financial Debt/Equity)	1.23	1.21	

The comparative figures at 31 December 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the purchase price to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of Acquaenna.

For further information, please refer to the "Business Combinations" section in the Notes to the Condensed Interim Consolidated Financial Statements.



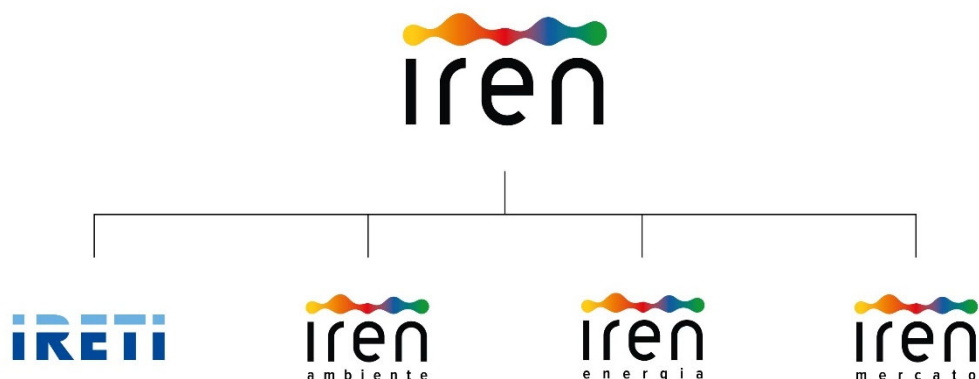
Technical and commercial figures

	First half of 2024	First half of 2023	Changes %
Electricity produced (GWh)	4,131.5	4,214.7	(2.0)
Thermal energy produced (GWht)	1,602.8	1,498.5	7.0
Electricity distributed (GWh)	1,748.0	1,755.5	(0.4)
Gas distributed (mln m ³)	592.5	600.8	(1.4)
Water sold (mln m ³)	85.6	88.1	(2.8)
Electricity sold (GWh)	5,701.0	5,707.3	(0.1)
Gas sold (mln m ³) (*)	1,219.0	1,287.5	(5.3)
District heating volume (mln m ³)	101.1	99.6**	1.5
Waste treated (tonnes)	2,004,595	1,960,808	2.2

* of which for internal use 652.9 mln m³ in the first half of 2024 (709.8 mln m³ in the same period of 2023, -8.0%)

**Data pro-forma due to cessation of industrial use (-2.09 Mm³)

THE CORPORATE STRUCTURE OF IREN GROUP



The Group is structured according to a model that envisages an industrial holding company (Iren S.p.A., listed at Borsa Italiana, with registered office in Reggio Emilia), which brings together all the Group's corporate staff activities, and four Business Units, governed by four lead companies responsible for the individual business lines, located in the main operational offices of Genoa, Parma, Piacenza, Reggio Emilia, Turin, Vercelli and La Spezia.

In particular, Iren S.p.A. is responsible for strategic, development, coordination and control activities, while the four Business Units (BUs) have been entrusted with the coordination and direction of the companies operating in their respective sectors:

- Networks, which works in the areas of Integrated Water Service, gas distribution and electricity distribution;
- Waste Management, dealing with waste collection and transport, urban hygiene and design and management of waste treatment and disposal plants;
- Energy, operating in the fields of electricity production from renewable sources, electrical and thermal cogeneration, thermoelectric production, district heating, energy efficiency services, public lighting and global service and heat management services;
- Market, active in the sale of electricity and gas and in the supply of heat, as well as in the sale of energy saving and home automation products and e-mobility services for customers.

NETWORKS BU

Integrated Water Service

The Networks BU operates in water supply, sewerage and wastewater treatment in the provinces of Genoa, Savona, Piacenza, Parma, Reggio Emilia, Vercelli, La Spezia, Enna and some other municipalities in Piedmont.

In this context, it is noted that at the end of March 2023, IRETI acquired control of the associate AMTER through the acquisition of 51% of the share capital. The company manages the water cycle in the western area of the province of Genoa, and more specifically in the municipalities of Campo Ligure, Cogoleto, Masone, Mele Rossiglione, Arenzano and Tiglieto, with a 287 km drinking water network and a 140 km sewerage network, as well as 11 wastewater treatment plants, including the district one in Rossiglione.

On 31 May 2023, IRETI also increased its investment in the associate AcquaEnna, allowing its consolidation. AcquaEnna is the company entrusted with the management of the water service in all the 20 municipalities of the Province of Enna until 2034, for a total of 155 thousand inhabitants served.

Overall, in the Ambiti Territoriali Ottimali (ATO, Optimal Territorial Areas) managed, the service is provided in 225 municipalities through a distribution network of 16,991 kilometres, serving over 2.5 million residents. As regards wastewater, the Networks BU manages a sewerage network spanning a total of 8,630 kilometres.

From 1 January 2024, Azienda Reggiana per la Cura dell'Acqua - ARCA S.r.l. is the new operator of the Integrated Water Service of the Province of Reggio Emilia, taking over from the previous operator IRETI. ARCA is a mixed public-private shareholding company, formed by the public partner AGAC Infrastrutture S.p.A. and the private operating partner IRETI, selected through a tender procedure. The operational activities related to the provision of water services are carried out by Società Operativa Territoriale Iren Acqua Reggio, wholly owned by IRETI. The Reggio Emilia ATO consists of 41 municipalities with a catchment area of almost 500 thousand inhabitants, a water network of 4,986 km and a sewerage network of 3,487.

Gas distribution

The distribution service, managed in 119 municipalities, guarantees the withdrawal of natural gas from Snam Rete Gas pipelines and its transportation through local networks for delivery to end users. In particular, the Networks BU distributes methane gas in 73 municipalities in the provinces of Reggio Emilia, Parma and Piacenza (including the provincial capitals), in the municipality of Genoa and 20 other neighbouring municipalities, as well as in the city of Vercelli, in 19 municipalities in the same province and in 3 other municipalities located in Piedmont and Lombardy.

The distribution network, made up of 8,444 kilometres of high, medium and low-pressure pipes, serves a catchment area of approximately 757 thousand redelivery points.

Moreover, the Networks BU manages the distribution and sale of LPG, particularly in the province of Reggio Emilia and in the province of Genoa, via specific storage plants, located in towns that are still not reached by the natural gas network.

It should be noted that with the rationalisation operation of the gas distribution concessions between Ascopiave and Iren completed at the beginning of 2023, the Networks BU manages the gas distribution concessions in 15 municipalities: 9 in the Vercelli area, 2 in the Piacenza area, 1 in the province of Parma and finally, the municipalities of Albenga, Ceriale and Cisano sul Neva in the province of Savona.

Electricity distribution

The Networks BU provides the electricity distribution service in the cities of Turin, Parma and Vercelli with 7,883 kilometres of network in medium and low voltage, and a total of more than 732 thousand connected users.

WASTE MANAGEMENT BU

The Business Unit carries out all the activities of the municipal waste management cycle (collection, sorting, treatment, recovery and disposal), with particular attention to sustainable development and environmental protection confirmed by increasing levels of sorted waste collection; it also manages an important portfolio of customers to whom it provides all services and plant availability for the disposal of special waste.

The activities are carried out in various territorial contexts, starting from the historical basin of Emilia (provinces of Reggio Emilia, Parma and Piacenza) to Piedmont (in particular Turin, the province of Vercelli and Novara), where the Waste Management BU is entrusted with the collection sector and is present with treatment and disposal plants (also with the production of electricity and thermal energy through waste-to-energy), and Liguria, in the collection sector (in the La Spezia area) and with treatment and waste-to-energy plants.

In the Tuscan area, the Waste Management BU is present in all stages of the supply chain: from intermediation to treatment and disposal of both urban and special waste, with a significant presence in the provinces of Siena, Grosseto and Arezzo, where the Group also manages the collection service. The Business Unit also acts as a collection operator in specific areas in Sardinia and Lombardy and has disposal plants in the regions of Marche and Apulia. Finally, via I.Blu, it is active in the sorting of plastic waste for recovery and recycling and in the treatment of plastic waste for the production of Blupolymer (polymer for civil uses) and Bluair (reducing agent for steel plants).

In June and October 2023 respectively, the Waste Management BU expanded its scope with the acquisition of a majority stake in ReMat and Semia Green. The first is an innovative Turin-based start-up operating in the recovery of polyurethane foam (particularly from mattresses, seat padding and furniture), while the second is active in the province of Siena in the capture of biogas from landfills. Since the beginning of 2024, SienAmbiente has also been included in the group's consolidation scope. The company operates, in the province of Siena, a municipal waste sorting and valorisation plant, two composting plants, a waste-to-energy plant and a landfill for a total waste treated of about 200,000 tonnes per year.

The Waste Management BU serves a total of 436 municipalities with about 3.85 million residents in its operational areas. The integrated waste cycle is mainly made up of 3 waste-to-energy plants (TRM in Turin, Polo Ambientale Integrato (PAI) (Integrated Environmental Hub), in Parma, and Tecnoborgo, in Piacenza), 4 active landfills, 420 equipped technological stations and 56 plants including sorting, storage, recovery, biodigestion and composting.

ENERGY BU

The Business Unit operates in the production of electricity and heat, the latter distributed through district heating networks, and in energy efficiency services to public and private entities.

Production of electricity and heat

The Energy BU has an installed electric power capacity of 3,286 MW in electric power mode and 3,114 MW in cogeneration mode, and a thermal power capacity of 2,350 MWt. Specifically, it has 41 electricity production plants directly available: 33 hydroelectric (of which 3 mini-hydro), mostly located in Piedmont and Campania, 7 cogeneration thermoelectric (Piedmont and Emilia-Romagna) and one conventional thermoelectric in Turbigo (Milan).

The Business Unit also has 110 photovoltaic plants with an installed capacity of 189 MW, the largest of which are located in Apulia and Basilicata, and a wind farm in Liguria.

Electricity produced by plants fuelled by renewable or high-efficiency cogeneration sources, which account for 64% of the Group's plant portfolio, generate 73% of all output. In particular, the hydroelectric system and production from solar sources play an important role in terms of environmental protection, thanks to the use of renewable and clean resources, without the emission of polluting substances, and allow to reduce the use of other forms of production with higher environmental impact.

On the thermal production side, it should be noted that, on average, at Group level only 13% of the heat for district heating is produced by conventional heat generators: in fact, 76% comes from high-efficiency cogeneration plants, while the residual portion (11%) is produced by plants not belonging to the Business Unit (waste-to-energy plants, as part of their disposal activities).

District heating

Iren Energia has the most extensive district heating network at national level (1,135 kilometres of double pipe network), with 769 kilometres in Turin and surrounding municipalities, 219 in the municipality of Reggio Emilia, 104 in the municipality of Parma, 35 in the municipality of Piacenza and 8 in the municipality of Genoa; the total heated volume amounts to 101.1 million cubic metres.

Energy efficiency services

The Energy BU, through its subsidiary Iren Smart Solutions, addresses companies, private condominiums, Public Administration and third sector entities, with an articulated portfolio of services:

- energy efficiency, carrying out design and implementation of energy requalification interventions: insulation, co-insulation, replacement of windows, innovative technological services, efficiency improvement of heating and air conditioning systems;
- installation of photovoltaic, solar thermal and self-generation energy systems;
- management of heating systems;
- realisation of Renewable Energy Communities (RECs);
- energy consultancy, energy management and monitoring for energy saving;
- global service for the integrated management of electrical and technological plants of complex property assets;
- relamping LEDs through energy efficiency projects in lighting, public and artistic lighting, efficient management of traffic light systems.

MARKET BU

The Market BU operates in the sale of electricity, gas and heat for district heating, and of extra-commodity services and products, in particular for energy efficiency. It is present throughout Italy, with a greater concentration in the central-northern area.

Sale of electricity

The Market BU operates, in the context of the free market, all over the country, with a higher concentration of customers in Central and Northern Italy, and handles the sale of the energy provided by the Group's various sources on the market of end customers and wholesalers.

The number of retail and small business electricity customers managed exceed 1.2 million, distributed mainly in the areas of historical presence (Turin, Parma, Reggio Emilia, Piacenza, Vercelli and Genoa) and in the other commercially covered areas (Alessandria and Salerno).

The company also operates as the operator of the "greater protection" service for retail customers on the electricity market in the city of Turin, the territory of Parma and the catchment area of the municipality of Sanremo (IM).

Sale of Natural Gas

The retail gas portfolio of the Market Business Unit mainly concerns the historical basins of Genoa, Turin and Emilia, the development areas bordering on them, Vercelli, Alessandria and La Spezia, as well as the Campania area, in almost all provinces, and some municipalities in the Basilicata, Calabria, Tuscany and Lazio regions, for a total of almost one million customers.

Sale of heat through the district heating network

Iren Mercato sells heat, supplied by Iren Energia, to district heating customers in the municipalities of Turin and surrounding municipalities, Reggio Emilia, Parma, Piacenza and Genoa, as well as the newly established district heating areas.

Among the commercial proposals complementary to the sale of commodities, we highlight the business lines intended for the sale to retail customers of innovative products in the area of home automation, energy saving and maintenance of domestic systems, as well as "IrenGO zero emissions" for e-mobility, aimed at private customers, companies and public bodies with the aim of reducing the environmental impact of travel, also through the installation of charging infrastructures at the Group's offices and the progressive introduction of electric vehicles. All IrenGO initiatives benefit from 100% green energy supply coming from the Group's renewable source plants.

INFORMATION ON THE IREN STOCK IN THE FIRST HALF OF 2024

IREN stock performance on the stock exchange

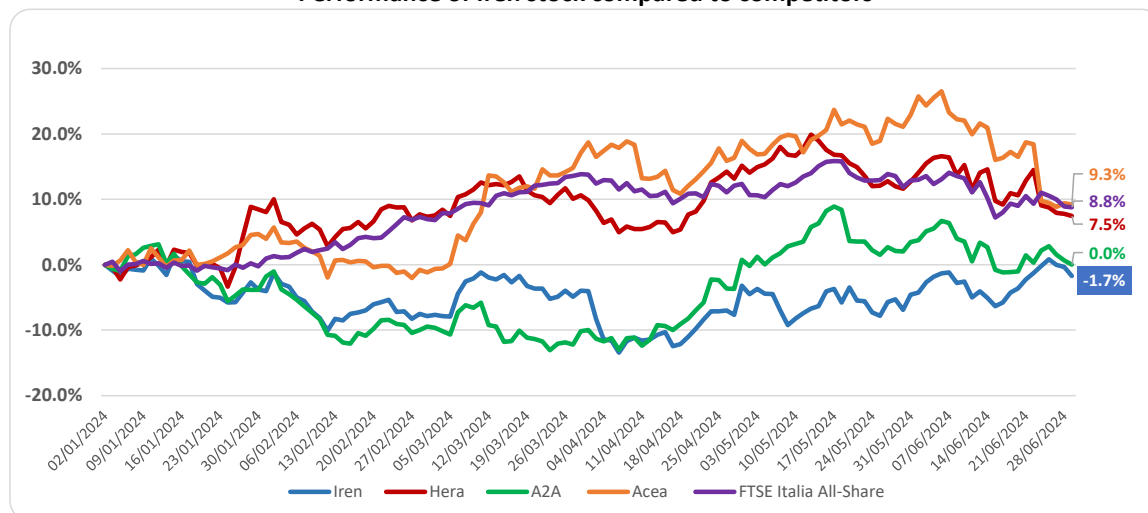
During the first half of 2024, the main European and American stock market indices reported a positive trend, boosted by the US macroeconomic results (which saw a dynamic and growing economy) and despite the interest rates set by the central banks, which remain high, and the continuing geopolitical tensions. This situation prompted a revision of inflation expectations, postponing the European Central Bank's rate cut forecasts.

In this context, in the first half of 2024, the FTSE Italia All-Share (the main Italian Stock Exchange index) reported an increase of 8.8%, while the four Italian multi-utilities recorded dissimilar performances, linked to the various models of companies' business and the related exposures to the energy scenario.

Iren Group reported a slightly negative share price trend, mainly due to the modest exposure to the energy scenario, with falling commodity prices, and the events that affected the CEO, linked to activities prior to his role in Iren.

On 25 June 2024, the Group presented the update of the Business Plan to 2030.

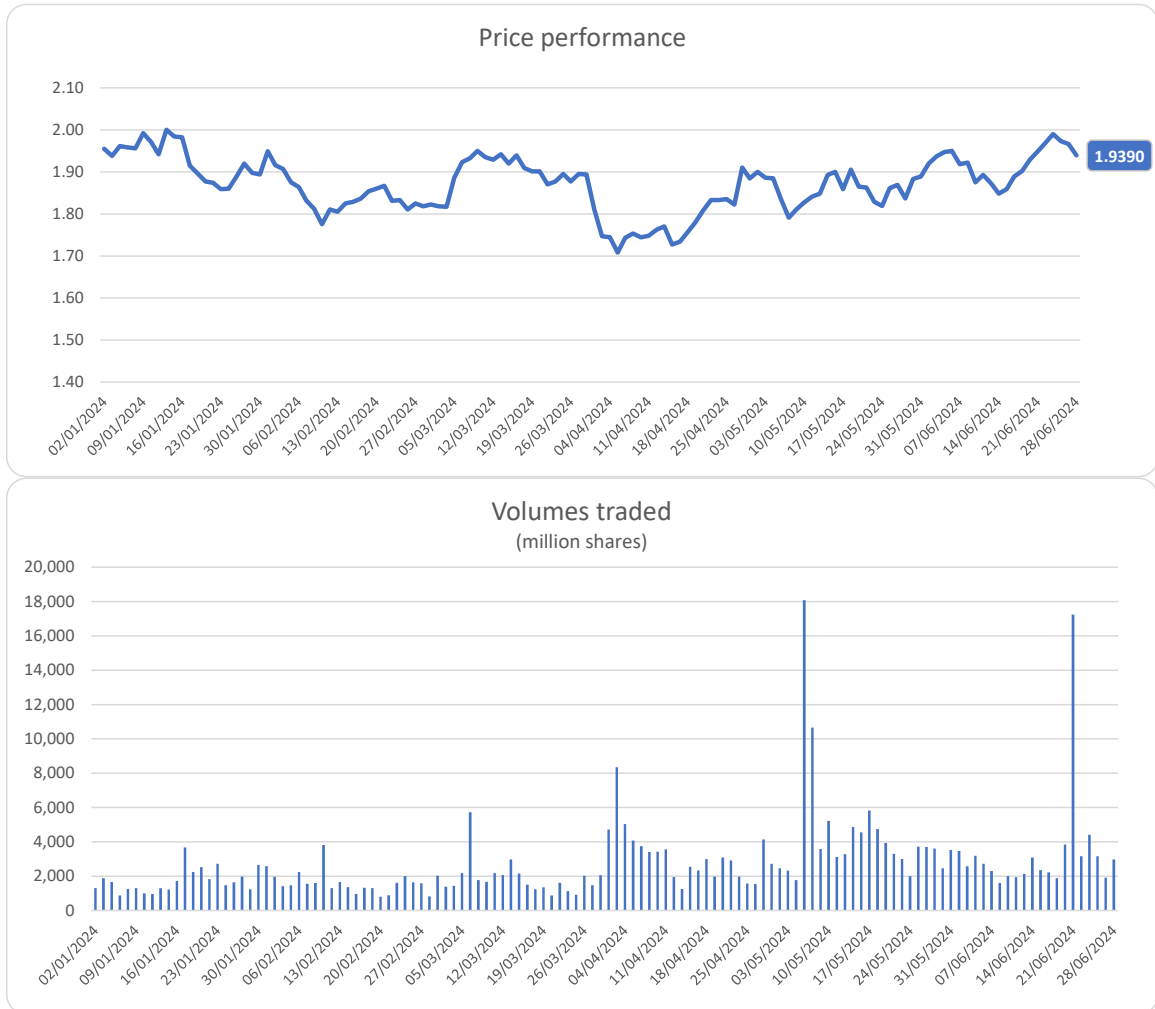
Performance of Iren stock compared to competitors



At 28 June 2024, the last trading day in the period, the price of IREN share stood at 1.939 euro/share, down by 1.7% compared to the price at the beginning of the year, with average trading volumes during the period amounting to 2.74 million units.

The average price for the period was 1.87 euro per share. The high for the period was recorded on 12 January (2.00 euro/share), while the low for the period, at 1.708 euro/share, was recorded on 5 April.

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



Share coverage

During the period, Iren Group was followed by six brokers: Banca Akros, Equita, Intermonte, Intesa Sanpaolo, Kepler Cheuvreux and Mediobanca.

MARKET CONTEXT

THE MACROECONOMIC SCENARIO

The restrictive monetary policies undertaken in 2023, in addition to the continuing geopolitical conflicts, had generated pessimistic expectations for global economic growth in 2024, which instead remains in line with the pre-pandemic period, showing that it has partly absorbed the various risk factors.

In fact, the modest growth observed in the first part of the year demonstrated a certain degree of resilience of the global economy, to the point of leading to an improvement in expectations compared to the beginning of the year: in 2024, world GDP growth of 3.1% is expected¹, which is in line with 2023.

However, the positive economic development in the first half of the year was not uniform across the board. In the Euro Area, the economy is stagnating due to the continuing effects of part of the 2022 energy price crisis. Euro Area GDP in 2024 is expected to grow by 0.7%, still up from 2023, when it stood at +0.5%.

In Italy the economic trend is similar to the European one, with a slight recovery expected by 2024 (+0.7%). The first quarter saw an increase in GDP in cyclical terms of 0.3%, mainly due to the positive trend in construction investments and a slight growth in consumption. A low level of demand and investment in other sectors, caused by credit access conditions and the continuing effects of high energy prices, however, limit growth expectations for the current year.

On the other hand, positive signals are coming from the development of inflation rates, on which the effects of the introduction of restrictive monetary policies are visible. After a series of interest rate hikes, the European Central Bank held the reference rate constant at 4.75% in the last quarter of 2023 and in the first part of 2024. The aim was to avoid excessively high rates in order to avert the risk of recession, and to maintain the mentioned level for as long as it would take to bring inflation down to acceptable levels. Last month, thanks to the positive signals and the disinflation process that had taken place, the ECB decided to embark on the path of lowering rates, with an initial cut of 0.25%. However, the uncertainty of the geopolitical situation and the risk of pressure on energy prices in particular could lead to delays in the planned lowering of interest rates.

Against this background, the general inflation index decreased by 3 percentage points to 2.3% in 2023. Core inflation (the calculation of which is deducted of goods subject to high volatility such as, for example, food and energy commodities) is expected to be 2.6% in 2024, roughly halved compared to 2023 (+4.9%). The difference between the two indicators lies mainly in energy prices, which are subject to record growth between 2022 and 2023 and then fall sharply, driving the disinflationary trend.

Household spending

ISTAT data show a positive trend in the disposable income of consumer households, increasing in the first quarter of 2024 compared to the previous quarter, with a growth of 3.5%. This increase was not reflected in final consumption expenditure, which rose by only 0.5%.

Household investment also did not follow the trend in disposable income, with a negative quarter-on-quarter change compared to Q4 2023 (-0.3%). As a result, the propensity to save has risen above all, increasing by 2.6% compared to the previous quarter².

Investments

Gross fixed investments contributed to the increase in GDP in the first quarter, growing by 0.5% in cyclical terms. Among the various components driving this growth, the construction sector continues to be in the foreground, as well as the transport sector. On the other hand, investments in biological resources and expenditure on plant, machinery and armaments are declining³.

¹ Source: OECD, Economic Outlook, Volume 2024 Issue 1, May 2024.

² Source: ISTAT data, July 2024.

³ Source: ISTAT data, July 2024.

The Bank of Italy's estimates for the investment trend are improving for 2024: a growth of 0.9% is expected by the end of the year. However, considering the termination of incentives in the construction sector and financing conditions that remain restrictive, the weak positive signal is expected to end as early as 2025⁴.

Exports

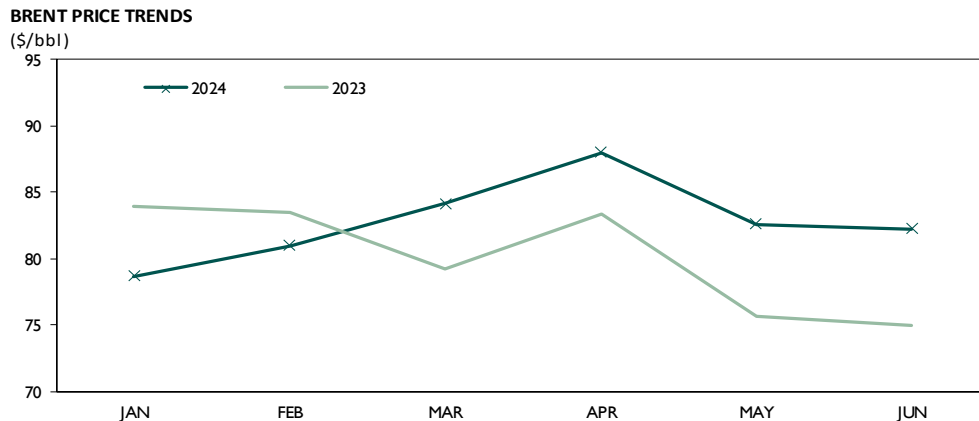
In the first quarter of 2024, there was a slight cyclical growth in exports (-0.6%), while imports fell in the same period (-1.7%)⁵.

The expected improvement in the macroeconomic context and recovery in demand lead to an estimated export growth of 2.3% in 2024. By contrast, the import forecast for the current year shows a slight trend decline of 0.7%, caused by the low level of investment, with the exception of the construction sector.

THE OIL MARKET

The average price of Brent in the first half of 2024 amounted to 83 \$/bbl, 4% higher than the average value for the first half of 2023 (80 \$/bbl). The price of Brent crude oil in euro in the first six months of 2024 stood at 77 €/bbl, valued at an annual average euro/dollar exchange rate of 1.1, a recovery of 4% compared to the same period in 2023.

The rise in oil prices is largely linked to continued production cuts by OPEC+ countries, led by Saudi Arabia and Russia, as well as being in line with the general price recovery in commodity markets in recent months. The exacerbation of geopolitical tensions in the Red Sea and the Middle East also helped to support prices. The production cuts implemented by OPEC+ during 2023, and intensified in early 2024, totalling 3.7 million barrels per day, were extended until the end of 2024. The continuation of the OPEC+ production quota system, should further extensions to production cuts be implemented, could generate new price tensions in the coming months.



Data processed by MBS Consulting

⁴ Source: Bank of Italy, Macroeconomic Projections for the Italian Economy, June 2024.

⁵ Source: ISTAT data, July 2024.

THE NATURAL GAS MARKET

Supply and Demand

In the first six months of 2024, gas consumption fell by -6.6% compared to the same period of the previous year, totalling 31.0 billion cubic metres compared to 33.2 billion cubic metres in 2023.

Despite the drop in prices during the winter months, gas demand continues to be weak, mainly due to the persistence of above-average temperatures and a high level of production from renewable sources, including a strong recovery in hydroelectric generation. In the different sectors, it is especially the energy intensive industry that is still recording low consumption levels, a sign of a delay in the recovery of production.

Looking at the different sectors, gas consumption recorded by the thermoelectric sector was 8.8 billion cubic metres, down 11.1% compared to the first six months of 2023 (9.9 billion cubic metres). Industrial uses of gas recorded a demand of 5.9 billion/m³, in line with the first half of 2023. Finally, demand from distribution facilities amounted to 15.3 billion/m³, slightly down from the same period in 2023 (15.7 billion/m³, -2.5%)

GAS WITHDRAWN (Bln m3)*	2024	2023	2022	Change % 2024 vs 2023	Change % 2023 vs 2022
Industrial uses	5.9	5.9	6.6	0.0%	-10.6%
Thermoelectric uses	8.8	9.9	12.7	-11.1%	-22.0%
Distribution plants	15.3	15.7	18.4	-2.5%	-14.7%
Third party network and system consumption / line pack	1.0	1.7	1.3	-41.2%	30.8%
Total purchased	31.0	33.2	39.0	-6.6%	-14.9%

*Cumulative amounts as at 30 June processed by MBS Consulting

GAS INPUT (Bln m3)*	2024	2023	2022	Change % 2024 vs 2023	Change % 2023 vs 2022
Imports	30.1	31.9	36.1	-5.6%	-11.6%
National production	1.4	1.4	1.5	0.0%	-6.7%
Storage	-0.4	-0.1	1.5	(**)	(**)
Total input (incl. storage)	31.1	33.2	39.1	-6.3%	-15.1%
Maximum capacity	63.4	63.0	63.0		
Load factor	47.4%	50.6%	57.2%		

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

**Change of more than 100%

In the first half of 2024, imports decreased in line with the demand trend (-5.6% compared to the same period in 2023), while domestic production was stable at 1.4 billion/m³.

Wholesale gas prices

In the first three months of 2024, wholesale prices for natural gas on all major European hubs continued the downward trend that had stabilised at the end of 2023, thanks to low demand during the winter months and a broadly stable supply picture. Since April, quotations in the main spot markets have, on the other hand, been affected by an above-expected increase in Asian LNG demand, combined with a series of unscheduled shutdowns of some key liquefaction plants in the US and Australia.

Despite the persistence of geopolitical tensions, gas price increases remained moderate at the European level, also thanks to an abundant storage level.

The average spot prices at the TTF in the first half of 2024 amounted to 29.6 €/MWh, with a decrease of -33.5% compared to the first six months of 2023 (44.5 €/MWh).

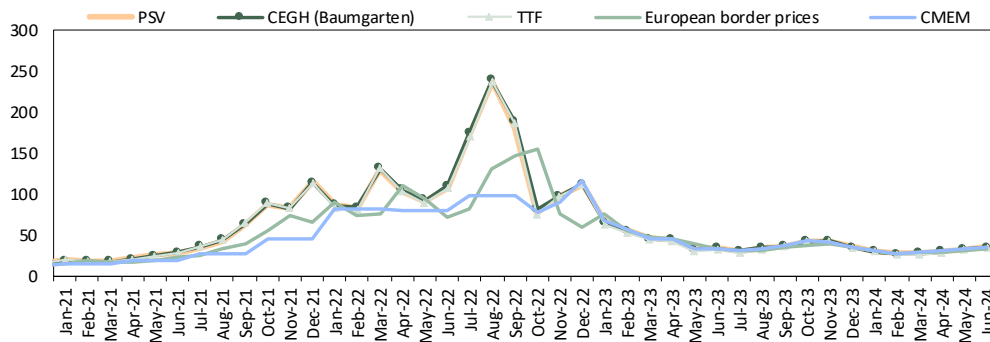
The average CEGH (Baumgarten) price recorded to date is just over 30 €/MWh (down by approximately 34% on a half-yearly basis), while the PSV in the first half of 2024 was on average equal to 31.2 €/MWh, -33.5% compared to the first half of 2023, in which it was equal to 46.9 €/MWh.

In the first half of 2024, there was also a decrease in the average PSV-TTF spread, which amounted to 1.6 €/MWh and was -30.4% lower than the spread in the first half of 2023 (2.3 €/MWh).

In the first six months of 2024, prices at the border decreased, in line with the trend observed in the main European hubs, recording an average level of 30.6 €/MWh, -38% lower than in the first six months of 2023. The average of Italian prices at the border in the half year was slightly higher than the European average, settling at 31.5 €/MWh.

WHOLESALE PRICES IN EUROPE

(€/MWh)



Latest data 30 June 2024

Data processed by MBS Consulting

Imbalance Price and the Protected Market

In the Italian market, the imbalance price in the first half of 2024 was on average 31.4 €/MWh⁶, -33.6% lower than the price for the first half of 2023 (equal, on average, to 47.3 €/MWh). On the markets of the MGAS platform, which are functional for the definition of the imbalance price (MGP-GAS and MI-GAS), during the first half of 2024, a volume of nearly 7 billion cubic metres was traded, of which 2 billion cubic metres traded on the intra-day MI-GAS market.

The CMEM component, intended to reflect the cost of gas supply in the protected market, is calculated by ARERA as the monthly average of the PSV Day Ahead price recorded by ICIS-Heren: the average value since the beginning of the year is 31.2 €/MWh.

⁶ The price refers to the SAP, System Average Price, as defined by ARERA Resolution 312/2016/R/gas.

THE ELECTRICITY MARKET

Supply and Demand

Electricity production in Italy in the first six months of 2024 was almost 110 TWh, 10.5% lower than in the same period of 2023, mainly due to a reduced contribution from thermoelectric production. Energy demand in the half-year was just over 150 TWh, in line with 2023 values, 71.7% of which was met by domestic production and the remaining 28.3% by imports.

Nearly 50% of national production is accounted for by the thermoelectric sector, with a volume of 53 TWh, but a sharp decrease compared to the same period in 2023 (-33.1%). Hydroelectric production amounted to 26 TWh, a sharp increase compared to 2023 (+65.8%) and also 24% higher than the average of the last five years. Overall, the hydroelectric source contributed 24.3% to the national net production, while geothermal, solar and wind energy contributed 26.7% overall, with an energy production of 29 TWh, an increase of 11.7% compared to 2023.

Electricity demand in Italy during the first six months of the year was 0.6% higher than in the first half of 2023, without an actual recovery despite the drop in energy prices. Demand decreased significantly in the South (-31.9%) and in the Centre (-11.0%), while it grew by 0.9% in the Islands and by 16.5% in the North.

Demand and supply of accumulated electricity (GWh and changes in trends)

	until 30/06/2024	until 30/06/2023	Change %
Demand	151,389	150,501	0.6%
Northern Italy	85,400	73,325	16.5%
Centre	38,829	43,638	-11.0%
Southern Italy	13,861	20,362	-31.9%
The Islands	13,299	13,176	0.9%
Net production	108,821	121,588	-10.5%
Hydro power	26,484	15,970	65.8%
Thermal power	53,298	79,625	-33.1%
Geothermoelectric	2,654	2,654	0.0%
Wind and photovoltaic	26,385	23,339	13.1%
Pumping consumption	-348	-806	-56.8%
Foreign balance	42,916	29,719	44.4%

Data processed by MBS Consulting

Day-Ahead Market (DAM) prices

In the first half of 2024, the PUN stood at an average price of 93.4 €/MWh, a decrease of -31.5% compared to 2023, when the first-half average had reached 136.3 €/MWh. In Italy, the price of electricity saw a downward trend in the first months of the year, but then increased in the last two months and stood at 103.2 €/MWh in June, consistent with the seasonality and the start of the cooling season.

The performance of the world LNG market in the last months of the half-year, with the increase in Asian demand and the limited availability of supply, helped to support the electricity price in Italy, still significantly influenced by the dynamics of the gas market. The same trend reversal was common to all zonal prices, which, compared to the PUN average for the first half of 2023, showed an average deviation of 31%.

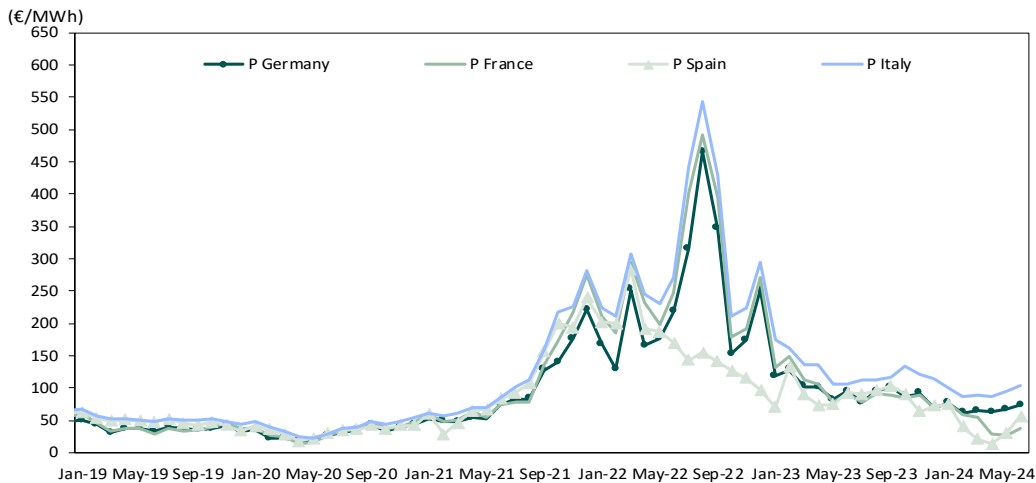
During the first half of 2024, the differential between average zone prices (6 €/MWh) underwent a significant reduction compared to the first half of 2023 (9 €/MWh, -33.3%). The highest average zonal price was recorded in Sicily, with an average baseload CCT of -0.9 €/MWh, while Sardinia was the area with the lowest average PUN (-3.7 €/MWh).

Trend in the main European energy exchanges

The average price for the European energy exchanges⁷ in the first half of 2024 was 51.2 €/MWh, a sharp decrease compared to the same period of 2023, when it stood at 101.5 €/MWh (-49.6%), showing a decline of more than 50% for the second year in a row.

The average differential with the PUN was thus 42.2 €/MWh, while in the first half of the previous year it stood at 34.8 €/MWh. In line with what happened in Italy, European prices were significantly lower than in 2023 in the period from January to June (by an average of -50%). Among the main countries, Spain had the lowest average electricity price in the first six months of 2024 (39.1 €/MWh, -44.0% compared to the same period in 2023), driven by the combination of low demand and high production from renewable sources (solar and wind in particular).

EUROPEAN ELECTRICITY PRICE TRENDS



Data processed by MBS Consulting

Futures related to Baseload PUN on the EEX

The following table shows the future prices related to the PUN traded in the second quarter of 2024. In the first three months of 2024, monthly product prices tended to fall, with a reversal of the trend starting in April, consistent with the expected increase in demand for cooling for the summer period.

On the other hand, quarterly futures prices saw an upward trend in quotations throughout the period, discounting a possible return of price tensions linked to LNG and natural gas market dynamics. Calendar-25 (Y1 25) essentially followed the same growing dynamic, with a premium of over 10 €/MWh between the average prices of January and those of June 2024.

Apr-24 Futures		May-24 Futures		June-24 Futures	
Monthly	€/MWh	Monthly	€/MWh	Monthly	€/MWh
May-24	82.5	Jun-24	92.1	July-24	103.3
Jun-24	83.5	July-24	96.2	Aug-24	107.4
July-24	88.7	Aug-24	105.0	Sept-24	104.5
Quarterly		Quarterly		Quarterly	
Q3 24	95.9	Q3 24	104.0	Q3 24	107.9
Q4 24	107.4	Q4 24	115.5	Q4 24	115.7
Q1 25	111.9	Q1 25	120.7	Q1 25	118.1
Yearly		Yearly		Yearly	
Y1 25	110.3	Y1 25	109.8	Y1 25	110.7

Data processed by MBS Consulting

⁷ The price of European energy exchanges is calculated by taking the arithmetic average of market results in Germany, France and Spain.

SIGNIFICANT EVENTS OF THE PERIOD

Consolidation of Sienambiente

Based on the coming into effect of the new shareholders' agreements between the shareholders Iren Ambiente Toscana, the Province of Siena and the municipalities of the same province, signed in October 2023, as of 1 January 2024, Sienambiente S.p.A. is included in Iren Group's line-by-line consolidation area. The company can therefore count on the Group's synergies and resources to carry out its business plan, which envisages, in particular, on the plant self-sufficiency front, the total renovation of the Cortine industrial centre with the construction of a waste sorting and treatment plant, as well as the construction of a biodigester that will produce biomethane from organic waste. Sienambiente operates a municipal waste sorting and valorisation plant, two composting plants, a waste-to-energy plant and a landfill for a total waste treated of about 200,000 tonnes per year.

Integrated Water Service of the Province of Reggio Emilia

From 1 January 2024, Azienda Reggiana per la Cura dell'Acqua - ARCA S.r.l. is the new operator of the Integrated Water Service of the Province of Reggio Emilia, taking over from the previous operator IRETI. ARCA is a mixed public-private shareholding company, formed by the public partner AGAC Infrastrutture S.p.A. and the private operating partner IRETI, selected through a tender procedure awarded at the end of 2022.

Within the scope of the activities related to the provision of water services, ARCA delegates the performance of certain operational tasks, the entrusting of which is governed by a specific agreement, to the Territorial Operating Company Iren Acqua Reggio, a wholly owned subsidiary of IRETI. For the users, the start of the new management did not entail any fulfilment or formality: in fact, the existing supply contracts, and the related billing, passed in continuity to the management of ARCA maintaining the same conditions already applied by IRETI and defined on the basis of the regulation in force.

Issue of a fifth Green Bond of 500 million euro

As part of the existing Euro Medium Term Notes (EMTN) programme (amounting to 4 billion euro), on 15 January 2024, Iren S.p.A. concluded, with considerable success in terms of orders received, the issue and listing of a Bond (the fifth in the Green Use of Proceeds format) reserved for institutional investors, amounting to 500 million euro and with a duration of 8.5 years, intended to finance and refinance projects that contribute to the achievement of the sustainability objectives defined in the Business Plan.

The bonds, which have a minimum unit denomination of 100,000 euro and mature 22 July 2032, pay a gross yearly interest of 3.875% and were placed at an issue price of 99.514%. The effective rate of return at maturity is therefore 3.946%, corresponding to a yield of 135 basis points above the mid-swap rate.

The new Bond is listed on the regulated market of the Irish Stock Exchange (Euronext Dublin) and is admitted for trading on the Euronext Access Milan system, organised and managed by Borsa Italiana, in the segment dedicated to green instruments.

Customer acquisition in auctions for the Gradual Protection Service

At the end of the competitive procedures for the assignment of the Gradual Protection Service, in the first half of 2024, Iren Mercato was awarded the following contracts:

- two lots in the non-vulnerable domestic segment of the greater protection sector, covering ten provinces, for a total of about 300 thousand customers. Specifically, Iren Mercato, together with its subsidiary Salerno Energia Vendite (SEV), was awarded Lot 22 - South 6 (Salerno, Taranto, Potenza, Brindisi and Matera) and Lot 23 - South 7 (Cosenza, Foggia, Barletta-Andria-Trani, Campobasso and Isernia). SEV therefore strengthens its presence in some regions where it already operates successfully;
- three lots in the Small and Medium Enterprises segment, effective from 1 July 2024, concerning the regions of Tuscany and Calabria (Lot 1), Piedmont and Emilia Romagna (Lot 4), and Apulia, Abruzzo, Basilicata, Molise, Umbria and Sicily (Lot 7), for a total of 38,000 withdrawal points.

The Gradual Protection Service, set up by ARERA after the removal of price protection (protected market), is a transitional regime for consumers who have not yet chosen a supplier in the free market and in which, for a period not exceeding three years, energy is supplied by operators awarded the relevant auctions.

EGEA transaction: investment agreement

Following the discussions that followed the submission of the September 2023 offer for certain EGEA Group assets, on 30 March 2024, Iren signed a binding investment agreement to acquire 50% of the share capital of a NewCo into which the operating branches are expected to be transferred of EGEA S.p.A., EGEA Commerciale S.r.l. and EGEA Produzioni e Teleriscaldamento S.r.l. (“EGEA PT”), as part of the negotiated crisis settlement procedure pursuant to Legislative Decree 14/2019 (“Crisis Code”) of the same companies. Under the terms of the agreement, the NewCo will be 50% owned by Iren through a capital increase of 85 million euro, to be subscribed and paid in at the closing of the transaction, and 50% by a MidCo, wholly owned by EGEA S.p.A.. Iren will also have:

- a four-year call option on the MidCo investment, exercisable as of 31 March 2025;
- the option, starting from 1 January 2025, to subscribe a reserved capital increase of 42.5 million euro, which would bring the Iren share to 60% of NewCo, in order to pursue further development investments, mainly in the district heating and integrated water service sectors.

As part of the transaction, using part of the resources brought in through the Iren capital increase at the closing, NewCo will also acquire from Lighthouse Terminals Limited (a company of the iCON Infrastructure fund) 100% of Lime Energia S.r.l., which holds 49% non-controlling interests in certain EGEA group companies, thus going on to hold 100% of Ardea S.r.l. (public lighting), Reti Metano Territorio S.r.l. (gas distribution) and TLRNET S.r.l. (district heating).

The main assets included in the scope of the transaction concern:

- a portfolio of about 200,000 gas and electricity customers;
- district heating networks in Piedmont municipalities such as Alba and Alessandria;
- the public lighting service in some municipalities in the province of Cuneo;
- the waste collection service in approximately 290 municipalities in the regions of Piedmont, Liguria, Tuscany, Lazio and Sardinia (a total of 1.2 million inhabitants served);
- the Integrated Water Service for 300,000 inhabitants in the ATO 4 of Cuneo in particular;
- gas distribution with more than 50,000 Redelivery Points in Piedmont and Lombardy;
- electricity generation through renewable sources such as photovoltaic plants, biogas and biomethane.

The NewCo perimeter shows an expected ordinary gross operating profit of 50-55 million euro and a Net Financial Debt, expected immediately after the debt restructuring linked to the negotiated crisis settlement, of about 170 million euro.

In the period since the signing of the investment agreement, the main conditions precedent to the completion of the transaction occurred: on 23 April, the transaction obtained the Golden Power authorisation and on 26 June, the Antitrust authorisation, while on 28 June, the Sixth Civil Section - Insolvency Proceedings of the Court of Turin published the homologation order, pursuant to the Crisis Code, concerning the debt restructuring agreements entered into by EGEA, EGEA PT and EGEA Commerciale with its financial creditors, its bondholders and its suppliers, as well as the tax settlement proposals submitted to the Revenue Agency and the Customs and Monopolies Agency.

Finally, the consolidated results referring to the perimeter subject to the transaction show compliance with the adjusted net financial debt (adjusted for working capital, severance indemnity fund and provisions for risks expected and adjusted after due diligence) contractually indicated as a condition precedent.

Subject to the verification of limited further conditions set forth in the Investment Agreement, the closing of the transaction is therefore expected on 1 August 2024.

The transaction aims to re-launch EGEA industrial activities, mainly regulated, integrating them into the business portfolio while guaranteeing employment levels, and to expand and develop the presence of Iren in the lower Piedmont region in a manner compatible with the Group’s financial sustainability targets.

Appointment of the Lead Independent Director

Following in-depth studies started in 2023, the Board of Directors, in adherence to the Corporate Governance Code for Listed Companies and national and international best practices, formalised the appointment of a Lead Independent Director (“LID”), identified in the director Enrica Maria Ghia, who meets the requirements of independence and professionalism for the role.

The LID will carry out the functions set forth in the Corporate Governance Code, which were largely already the responsibility of the previous figure of the Coordinator of Independent Directors, in the person of director Licia Soncini, who took an active role in fostering the evolution of this role. The LID will therefore represent a point of reference and coordination of the requests and contributions of the Independent Directors within the Board of Directors.

Subscription of green financing

On 10 and 19 June 2024, respectively, Iren S.p.A. subscribed:

- with the Council of Europe Development Bank (CEB) a Public Finance Facility (PFF) loan of 80 million euro, usable in several tranches with a term of up to 16 years, to finance part of the Group’s water infrastructure investment plan in the provinces of Genoa and La Spezia. The planned investments concern the expansion and improvement of the aqueduct and sewerage network and purification systems with a view to the sustainable use of water resources, also through the consequent reduction of network losses. The credit line follows two previous loans of the same amount aimed at improving the water infrastructure in Genoa and Parma and the development of district heating in the Turin metropolitan area;
- with the European Investment Bank (EIB) a 200 million euro, 18-year credit line, which will be used to support sustainable investments related to electricity grid resilience projects, aimed at the maintenance, upgrading and development of distribution networks, as well as the installation of new smart meters in the Group’s historical territories such as Emilia-Romagna and Piedmont, and in particular in the municipalities of Parma, Turin and Vercelli.

Acquisition of Agrovoltaica

On 18 June 2024, Iren Green Generation acquired control of Agrovoltaica S.r.l., which holds the authorisation to build the first large advanced agrivoltaic plant in Italy: an innovative solution that combines agriculture and photovoltaic production through the installation of structures and panels more than two metres above the ground, guaranteeing the possibility of cultivation on almost the entire surface of the field. The plant will have a total capacity of 49 MW, plus 50 MW of storage capacity, covering 65 hectares and an expected annual production of 80 GWh.

The consideration for the transaction is 4.8 million euro, including the repayment of loans by the selling shareholders: the total investment expected for the construction of the plant, which will be operational by 2027, is 54 million euro.

Dismissal of Mr. Paolo Signorini (Chief Executive Officer and General Manager until 7 May 2024 and Board member until 27 June 2024)

The Board of Directors, in its meeting of 25 June 2024, taking into account the preliminary investigation conducted, for their respective competences, by both the Remuneration and Appointments Committee (also acting as the Related Party Transactions Committee) and the Control, Risk and Sustainability Committee, resolved to dismiss Mr. Paolo Signorini from his role of Senior Manager of Iren S.p.A. for objective just cause, as a result of the objective incompatibility of his work performance with the contingent situation generated.

The precautionary detention measures taken against Mr. Signorini on 7 May 2024, in connection with the ongoing investigation by the Public Prosecutor’s Office of Genoa and confirmed even after the requests made by his defence, resulted in the now irreversible and therefore no longer merely temporary impossibility of exercising his functions of Senior Manager of Iren S.p.A..

With regard to economic elements, there is no provision for the payment of sums of money in connection with the termination of the fixed-term employment relationship before the end of the term. In this regard, all instruments to protect the rights and prerogatives of the Company remain in place. Mr. Signorini also does not appear to hold Iren shares.

The Board of Directors therefore confirmed the organisational configuration approved at the extraordinary meeting called on 7 May, which saw the reallocation of the powers previously held by the former Chief Executive Officer to the other two Delegated Bodies, with the aim of ensuring stability and continuity in corporate management. In particular:

- in addition to the current mandates (Communication, External Relations and Public Affairs, Associations, Internationalisation and Strategic Projects, Regulatory Affairs, Permitting, Innovation, Finance and Investor Relations, Corporate Secretariat and M&A), the Executive Chairperson was entrusted with the management delegations in the following areas: Waste Management, Energy, Market and Networks Business Units as well as Legal Affairs, Energy Management and Administration, Ordinary Finance and Control;
- the Executive Deputy Chairperson, in addition to the current delegations (Corporate Affairs, Corporate Social Responsibility and Local Committees, Internal Audit and Compliance and Personnel and Organisation), was entrusted with the management delegations regarding Procurement, Logistics and Services, Information Technologies and Systems and Risk Management.

In addition, already on 30 May 2024, the Board of Directors resolved to declare itself an injured party in the ongoing criminal proceedings involving Mr. Signorini, appointing a trusted criminal law expert in this regard.

Without prejudice to the foregoing, the IREN Shareholders' Meeting, on 27 June 2024, proceeded to appoint, upon the proposal of the shareholder FSU S.r.l., Paola Girdinio as Director of the Company, to replace Director Mr. Paolo Signorini (co-opted on 30 August 2023 and in charge until the first Shareholders' Meeting, i.e. the Shareholders' Meeting of 27 June 2024, called to deliberate on the matter).

Iren has also started the performance of two specific audits - one by the internal function in charge as soon as the news of the precautionary detention order towards Mr. Signorini was acquired, and one by an independent and qualified advisor - in order to thoroughly analyse the activities carried out by Mr. Signorini himself in Iren (during the period of his office, from 30 August 2023 until 7 May 2024), and to assess the correctness of his work, in relation to the proxies and powers attributed to him.

On 29 July 2024, the Board of Directors examined the final reports of the specific audits and took note of the related findings. Based on the results of the aforementioned specific audits, there are currently no circumstances such as to have material impacts on the Group's financial position and financial performance or critical issues regarding the integrity of the internal control system. However, the Group reserves the right to carry out further investigations aimed at the possible initiation of legal actions for its protection.

Business Plan 2024-2030

On 25 June 2024, the Board of Directors approved the update of the Business Plan to 2030, based on the principles of strong strategic focus and careful financial discipline.

The Iren growth strategy, which involves strengthening the workforce through 2,400 new hires, is confirmed in the three fundamental pillars:

- **ecological transition**, with a progressive decarbonisation of energy generation sources and the strengthening of leadership in the circular economy and in the sustainable use of resources, in particular water;
- **value creation from the territories**, thanks to their ability to work as a system, making their expertise available to the country to develop new infrastructure and facilities;
- **service quality**, by improving performance and maximising customer/citizen satisfaction levels, including through a broader portfolio of services and products.

The Group has set itself the following objectives:

- Gross operating profit of 1.8 billion euro by 2030, with a CAGR of +6% thanks to growth through internal lines, expansion of the consolidation perimeter and achievable synergies. The increase affects all business sectors;
- total investments of 8.2 billion euro (of which 60% development and 40% maintenance), mainly for network services (integrated water cycle, electricity and gas distribution), the development of new power generation capacity from renewable sources and waste treatment plants, as well as the growth of the retail customer base.

The current investment plan differs from the previous one in its greater focus on regulated businesses, the slowdown in the development of renewable capacity, the rescheduling of the development of plants in the waste management sector, and growth by external lines. In this regard, 94% of the planned investments are related to organic growth (by internal lines) and only 6% are earmarked for consolidation, tenders and M&A, most of which (85%) have already been identified and are being finalised (EGEA).

Of the cumulative investments, 80% are in the regulated and semi-regulated sectors, in order to upgrade, modernise and digitalise grid services, develop renewable capacity through Power Purchase Agreements and incentives, extend district heating and improve the service quality of municipal waste collection. Investments see a higher concentration in the first four years and are characterised by a low execution risk, high predictability of results and a high degree of flexibility to modify the planned disbursements in time if necessary.

More than 70% of the investments, amounting to 5.8 billion euro, are directed towards projects that contribute to achieving sustainability targets;

- an improving Net Financial Position/gross operating profit ratio, up to 2.7x in 2030. Despite the significant investment plan, the financial profile is expected to be balanced given the maximum threshold of 3.5x, set in line with current ratings and supported by the share of regulated and semi-regulated assets in the Group's asset portfolio (approximately 80%).

Planned sources of financing included the sale of the Turbigio thermoelectric asset, expected after 2027, and the provision of equity from financial partners to support the development of renewable energy sources.

The average cost of debt is expected at levels lower than 2.4% until 2025, while for the remaining years of the plan the expectations stand at 2.6%.

Finally, starting from 2027, 90% of the debt will be made up of sustainable finance instruments, aiming for 100% by 2030;

- a Group net profit of more than 400 million euro by 2030, with a CAGR of +7%;
- an expected dividend equal to the maximum value between an annual increase of 8% and a pay-out of 60% of the ordinary Group net profit. In the second part of the plan horizon, the pay-out will be 60%.

Shareholders' Meeting

At their Ordinary Meeting on 27 June 2024, the Shareholders of Iren S.p.A. approved the Parent's separate financial statements at 31 December 2023 and the Directors' Report, and resolved to distribute a dividend of 0.1188 euro per ordinary share, confirming the proposal made by the Board of Directors. The Shareholders' Meeting also:

- appointed a new member of the Board of Directors, proposed by Finanziaria Sviluppo Utilities S.r.l. (FSU) and holding office until the approval of the Financial Statements as at 31 December 2024, in the person of Paola Girdinio, replacing Director Paolo Signorini;
- approved the first section ("2024 Remuneration Policy") of the 2024 Report on the Remuneration Policy and on fees paid for 2023;
- issued a favourable vote on the second section ("Fees paid for 2023") of the same Report;
- approved the reformulation, limited only to the vacancy period following the resignation of Mr. Armani and lasting from 12 June 2023 to 30 August 2023, of the maximum amount for the remuneration of the Directors holding special offices established by the Shareholders' Meeting, in order to allow the Board of Directors to grant the Executive Chairperson and the Executive Deputy Chairperson additional remuneration for the year, proportional to the additional powers and responsibilities during the aforementioned period;
- appointed the Board of Statutory Auditors and its Chairperson for the three years 2024-2025-2026 and determined the related remuneration.

ALTERNATIVE PERFORMANCE MEASURES

Iren Group uses alternative performance measures (APM) in order to convey more effectively the information on the profitability of its business lines, and on its financial position and financial performance. These measures are different from the financial measures explicitly required by the IFRS, the international financial reporting 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 (NIC): determined by the algebraic sum of non-current assets, other non-current assets (liabilities), net working capital, deferred tax assets (liabilities), provisions for risks, and employee benefits and assets held for sale (liabilities directly associated to assets held for sale).

For further details on the development of the individual items that make up the measure, please refer to the reconciliation of the reclassified statement of financial position with the statement of financial position, included in the annexes to the Consolidated 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 reporting period and previous periods or years. This indicator also makes it possible to carry out the analyses of operating trends and to measure performance in terms of operating efficiency over time.

Net financial debt: calculated as the sum of non-current financial liabilities at net of non-current financial assets and current financial liabilities net of current financial assets and cash and cash equivalents.

For further details on the development of the individual items that make up the indicator, please refer to the reconciliation of the reclassified statement of financial position with the statement of financial position, included in the annexes to the Consolidated Financial Statements.

This APM is used 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 of the previous periods or years.

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

For further details on the development of the individual items that make up the indicator, please refer to the reconciliation of the reclassified statement of financial position with the statement of financial position, included in the annexes to the Consolidated Financial Statements.

This APM is in both internal and external documents and represents a useful tool to assess the Group's operational efficiency, including by comparing the reporting period with those of the previous periods or years.

Gross operating profit or loss (EBITDA): calculated as the sum of pre-tax profit or loss, share of profit or loss of equity-accounted investees, impairment gains and losses on equity investments, financial income and expense, and amortisation, depreciation, provisions and Impairment losses. The gross operating profit or loss is explicitly shown as a subtotal in the financial statements.

This APM is used by the Group in the context of both internal and external documents and is a useful tool for assessing the Group's operating performance (both as a whole and for the individual Business Units), including by comparing the operating profit or loss for the reporting period with that for previous periods or years. This measure also makes it possible to carry out the analyses of operating trends and to measure performance in terms of operating efficiency over time.

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

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

Investments: represents the sum of investments in property, plant and equipment, intangible assets and financial assets (equity investments), presented gross of grants related to assets.

This APM is used by the Group in the context of internal and external documents, and measures the financial resources absorbed to purchase durable goods in the period.

Gross operating profit or loss (EBITDA) margin: calculated by dividing the gross operating profit or loss by revenue.

This APM is used by the Group in both internal and external documents and is a useful tool to assess the Group's operating performance (both as a whole and for individual Business Units), also by comparison with previous periods or years.

Net financial indebtedness: determined as the ratio between net financial indebtedness and equity including non-controlling interests.

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

Investors should note that:

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

FINANCIAL POSITION, FINANCIAL PERFORMANCE AND CASH FLOWS OF THE IREN GROUP

Income statement

IREN GROUP INCOME STATEMENT

	thousands of euro		
	First half of 2024	First half of 2023 Restated	Change %
Revenue			
Revenue from goods and services	2,637,373	3,103,488	(15.0)
Other income	60,237	110,899	(45.7)
Total revenue	2,697,610	3,214,387	(16.1)
Operating expenses			
Raw materials, consumables, supplies and goods	(909,191)	(1,535,930)	(40.8)
Services and use of third-party assets	(813,218)	(756,658)	7.5
Other operating expenses	(48,048)	(51,446)	(6.6)
Capitalised costs for internal work	27,546	28,666	(3.9)
Personnel expense	(318,944)	(292,561)	9.0
Total operating expenses	(2,061,855)	(2,607,929)	(20.9)
GROSS OPERATING PROFIT (EBITDA)	635,755	606,458	4.8
Depreciation, amortisation, provisions and impairment losses			
Depreciation and amortisation	(319,865)	(287,054)	11.4
Impairment losses on loans and receivables	(34,224)	(35,819)	(4.5)
Other provisions and impairment losses	(1,053)	(35,516)	(97.0)
Total depreciation, amortisation, provisions and impairment losses	(355,142)	(358,389)	(0.9)
OPERATING PROFIT (EBIT)	280,613	248,069	13.1
Financial income and expense			
Financial income	26,908	14,001	92.2
Financial expense	(69,953)	(54,413)	28.6
Net financial expense	(43,045)	(40,412)	6.5
Gains (losses) on equity investments	(1,243)	5,079	(*)
Share of profit of equity-accounted investees, net of tax effects	4,706	1,324	(*)
Pre-tax profit	241,031	214,060	12.6
Income taxes	(73,579)	(55,856)	31.7
Profit from continuing operations	167,452	158,204	5.8
Profit (loss) from discontinued operations	-	-	-
Profit for the period	167,452	158,204	5.8
attributable to:			
- the owners of the parent	145,178	142,979	1.5
- non-controlling interests	22,274	15,225	46.3

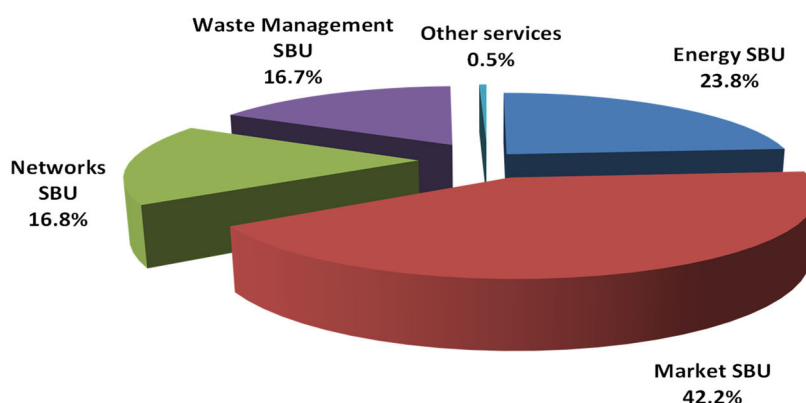
(*) Change of more than 100%

The comparative figures for the first half of 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquanna.

For further information, please refer to the "Business Combinations" section in the Notes to the Condensed Interim Consolidated Financial Statements.

Revenue

For the six months ended 30 June 2024, the Group reported revenue of 2,697.6 million euro, down -16.1% compared to 3,214.4 million euro in the first half of 2023. The main factors in the reduction of turnover are attributable to energy revenue, influenced for over 320 million euro by the reduction in commodity prices and for approximately 48 million by lower unit consumption and climatic effects, factors that have reduced energy sales. Revenue related to energy efficiency activities such as energy upgrades of buildings also decreased, due to the gradual completion of works related to the 110% Superbonus (around EUR -190 million). Finally, changes in the consolidation scope affected revenue positively by approximately 42 million euro and refer to the consolidation of Sienambiente (from January 2024) and Acquaenna (from June 2023).



Gross Operating Profit (EBITDA)

Gross operating profit (EBITDA) amounted to 635.8 million euro, up +4.8% compared to 606.5 million euro in the first half of 2023. The first half of 2024 was characterised by a less favourable energy scenario than in 2023, major tariff revisions affecting the Networks BU (with the positive update of regulatory parameters), the full recovery of margins in the Market BU, and the start of the operating phase of some plants in the Waste Management sector, although not yet fully operational.

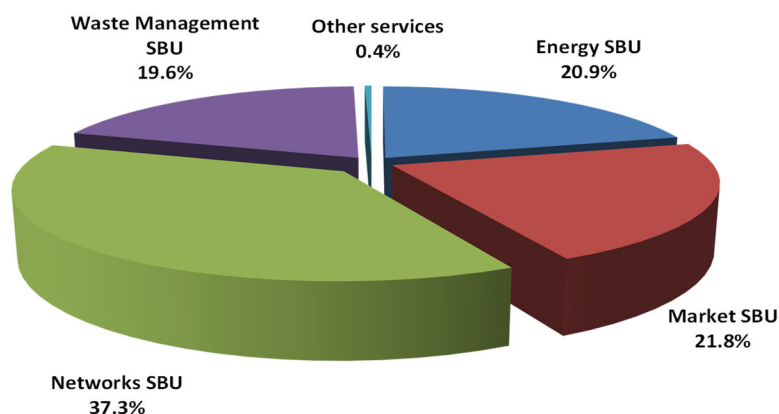
As far as the energy scenario is concerned, the main factor characterising the period was the drop in the price of electricity (-31.6% on 2023) and, consequently, in electricity and heat generation margins; this had a major negative impact on gross operating profit (-71 million euro), which was partially absorbed (+41 million euro) by the higher quantities produced, particularly by hydroelectric production (+49.2% on 2023), which benefited from an improvement in the hydraulicity of the period and from photovoltaic due to the contribution of new plants (+48.2% on 2023).

Marketing activity is particularly positive, especially the sale of electricity, which has benefited from a significant recovery in margins (+45 million euro).

A positive contribution to the profit is generated by organic growth related to tariff increases as a result of investments made in networks in recent years (+7 million euro) and tariff revisions at the beginning of the year (+39 million euro), more than offset by the decline in plants in the waste management sector (-28 million euro) due to lower plant operation (maintenance, breakdowns) and the completion phase of energy efficiency projects (-31 million euro).

Finally, perimeter changes related to the consolidation of Sienambiente (as of January 2024) and AcquaEnna (as of June 2023), amounting to approximately EUR 10 million, contributed to the profit improvement.

The change in the gross operating profit with reference to the individual business units is broken down as follows: marked improvement in the Market business unit (+48.4%), Networks +25.8%, Waste Management -5.6%, Energy -30.1%.



Operating profit (EBIT)

Operating profit (EBIT) amounted to 280.6 million euro, up +13.1% compared to 248.1 million euro in the first half of 2023. The period saw higher amortisation/depreciation of approximately 33 million euro related to the entry into operation of new investments and the expansion of the consolidation scope, lower provisions for risks of about 34 million euro mainly due to the elimination of extraordinary provisions as a result of the provisions of the “Sostegni ter” Decree Law in 2023 and no longer repeatable, and lower loss allowance of approximately 2 million euro.

Financial income and expense

Net financial expense came to 43.0 million euro, up 6.5% compared to the first half of 2023 (40.4 million). Financial income recorded an increase of 12.9 million euro compared to the comparison period, to which interest income relating to the investment of liquidity in short-term deposits contributes. On the financial expense side, there was an increase of 15.6 million euro (70.0 million in the first half of 2024 compared to 54.4 million in the same period of 2023) due to higher interest expense from debt.

Losses on equity investments

These losses for the first half of 2024 (-1.2 million euro) refer to the price adjustment of the subsidiary Società dell’Acqua Potabile, acquired in previous years, and to the impairment of non-controlling interests. In the comparative period, the amount of +5.1 million euro mainly referred to the redetermination at fair value, at the date of acquisition of control, of the previous interests in Acquaenna (+3.2 million) and AMTER (+1.8 million).

Share of profit of equity-accounted investees, net of tax effects

This item, which amounts to +4.7 million euro (+1.3 million in the first half of 2023), includes the share of the pro-rata profit or loss of the Group’s associates, the most significant of which regard Aguas de San Pedro, Asti Servizi Pubblici and SETA.

Pre-tax profit

As a result of the above trends, consolidated pre-tax profit amounted to 241.0 million euro, up compared to 214.1 million euro in the comparative period.

Income taxes

Income taxes for the first half of 2024 amounted to 73.6 million euro, up from 55.9 million euro in the comparative period. The effective tax rate is 30.5%.

It is noted that the tax rate of the comparative period (26.1%) benefited from the positive effects of the non-taxability of the tax credits recognised to counteract companies’ energy costs, a measure no longer present for 2024, and the redemption of positive differentials resulting from business combinations.

Profit for the period

As a consequence of the above, there was a net profit for the period of 167.4 million euro (+5.8% compared to the first half of 2023, when it stood at 158.2 million).

The figure is due to the profit attributable to the owners of the parent of 145.1 million euro, while profit attributable to non-controlling interests was 22.3 million euro.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF THE IREN GROUP

	thousands of euro		
	30.06.2024	31.12.2023 Restated	Change %
Non-current assets	8,165,606	8,071,245	1.2
Other non-current assets (liabilities)	(436,947)	(418,064)	4.5
Net Working Capital	107,834	68,430	57.6
Deferred tax assets (liabilities)	272,258	269,560	1.0
Provisions for risks and employee benefits	(841,210)	(814,902)	3.2
Assets held for sale (liabilities directly associated with assets held for sale)	1,144	1,144	-
Net invested capital	7,268,685	7,177,413	1.3
Equity	3,255,723	3,244,294	0.4
<i>Non-current financial assets</i>	(140,652)	(128,937)	9.1
<i>Non-current financial debt</i>	4,512,010	4,048,104	11.5
Non-current net financial debt	4,371,358	3,919,167	11.5
<i>Current financial assets</i>	(1,159,940)	(639,279)	81.4
<i>Current financial debt</i>	801,544	653,231	22.7
Current net financial debt (position)	(358,396)	13,952	(*)
Net financial debt	4,012,962	3,933,119	2.0
Own funds and net financial debt	7,268,685	7,177,413	1.3

(*) Change of more than 100%

The comparative figures at 31 December 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the purchase price to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of Acquanna.

For further information, please refer to the "Business Combinations" section in the Notes to the Condensed Interim Consolidated Financial Statements.

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

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

Non-current assets at 30 June 2024 amounted to 8,165.6 million euro, up compared to 31 December 2023, when they were 8,071.2 million euro. The increase (+94.4 million euro) is mainly attributable to the combined effect of the following:

- investments in property, plant and equipment and intangible assets (+345.0 million euro) and depreciation and amortisation (-319.9 million euro) in the period;
- the new assets, including goodwill, arising from the consolidation of Sienambiente, previously an associate, (a municipal waste selection and valorisation plant, two composting plants, a waste-to-energy plant, a landfill and shares in investee companies totalling 81.8 million euro), net of the elimination of the related equity investment (-20.8 million euro) and the development of photovoltaic parks (Agrovoltaica) for 5.6 million;
- the change in right-of-use assets in application of IFRS 16 - Leases for 4.4 million, largely relating to lease and rental contracts for buildings, plant and vehicles used for operating activities.

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

Changes in “Other non-current assets (liabilities)” mainly refer to the recognition of deferred income components related to grants received for investments, including those related to PNRR funds for network efficiency and the circular economy.

Net working capital stood at 107.8 million euro, against 68.4 million euro at 31 December 2023. The increase (+39.4 million) is essentially attributable to commercial components (including activities deriving from contracts with customers), mitigated by the change in the tax position (transfer of Superbonus credits and estimate of taxes for the period).

Provisions for risks and employee benefits amounted to 841.2 million euro, an increase compared to the figure at the end of 2023, when they stood at 814.9 million. The main change relates to the provision for CO₂ emission rights obligations of the period yet to be purchased.

Equity amounted to 3,255.7 million euro, compared with 3,244.3 million at 31 December 2023 (+11.4 million). The change is due to the net profit (+167.4 million), the dividends paid (-178.7 million), the trend of the cash flow hedge reserve linked to interest rate and commodity hedging derivatives (+11.8 million), the change in the consolidation scope and the consequent effect of the change in interest in already controlled companies (+10.7 million) and other minor changes (+0.2 million).

Net Financial Debt stood at 4,013.0 million euro at 30 June 2024, slightly up (+2.0%) compared to 31 December 2023, when it stood at 3,933.1 million. 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 following table shows the changes in the Group's net financial debt during the period.

	thousands of euro		
	First half of 2024	First half of 2023 Restated	Change %
Opening Net Financial debt	(3,933,119)	(3,346,754)	17.5
Profit for the period	167,452	158,204	5.8
Non-monetary adjustments	553,447	581,019	(4.7)
Payment of employee benefits	(5,639)	(4,112)	37.1
Utilisations of provisions for risks and other charges	(29,640)	(166,305)	(82.2)
Change in other non-current assets and liabilities	13,440	8,882	51.3
Taxes paid	-	-	-
Cash flows for transactions on commodities derivatives markets	(28,463)	(17,471)	62.9
Other changes in equity	94	(373)	(*)
Cash flows from changes in NWC	(187,134)	(527,182)	(64.5)
Operating cash flow	483,557	32,662	(*)
Investments in property, plant and equipment and intangible assets	(345,018)	(355,794)	(3.0)
Investments in financial assets	(178)	(426)	(58.2)
Proceeds from the sale of investments and changes in assets held for sale	1,761	18,280	(90.4)
Acquisition of subsidiaries	(23,500)	(63,278)	(62.9)
Dividends collected	891	1,610	(44.7)
Total cash flows used in investing activities	(366,044)	(399,608)	(8.4)
Free cash flow	117,513	(366,946)	(*)
Cash flows from own capital	(178,684)	(183,398)	(2.6)
Other changes	(18,672)	(24,486)	(23.7)
Change in Net financial debt	(79,843)	(574,830)	(86.1)
Closing Net financial debt	(4,012,962)	(3,921,584)	2.3

(*) Change of more than 100%

The comparative figures for the first half of 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquaenna.

For further information, please refer to the "Business Combinations" section in the Notes to the Condensed Interim Consolidated Financial Statements.

The change in Net Financial Debt compared to 31 December 2023 of +79.9 million euro is due to the following main factors:

- *operating cash flow* of +483.5 million (+32.7 in the comparative period), in which operating profitability was only partially absorbed by the change in Net Working Capital;
- *cash flows used in investing activities* of -366.0 million (-399.6 million in the corresponding period of 2023) which includes in particular the technical investments of the period (345.0 million) and, under the item "Acquisition of subsidiaries", the net financial debt deriving from the full consolidation of Sienambiente (18.7 million) and the consideration for the acquisition of Agrovoltaica (Energy BU, for 4.8 million).
The figure for the first half of 2023 (63.3 million) was largely related to the acquisitions of Acquaenna and Romeo 2 (Networks BU);
- *cash flows from own capital* equal to -178.7 million (-183.4 million in the first half of 2023), referring to the payment of dividends for the period;

- *other changes*, equal to -18.7 million (-24.5 million in the comparative period), mainly refer to the combined effect of the interest paid in the period and the positive change in the fair value of hedging derivatives.

Finally, the statement of cash flows prepared according to the model expressed as a change in cash and cash equivalents is presented at the beginning of the “Condensed Interim Consolidated Financial Statements at 30 June 2024”.

SEGMENT REPORTING

Iren Group operates in the following business segments:

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

These operating segments are presented 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 reporting does not include a breakdown by geographical area.

The following tables show the Net Invested Capital compared to 31 December 2023 and the income statements for the first half of 2024 (up to the operating profit/loss) by business segment, compared to the figures for the first half of 2023 restated.

At 30 June 2024, non-regulated activities contributed 30% to gross operating profit (33% at 30 June 2023), regulated activities accounted for 54% (up from 50% in the corresponding period of 2023), and semi-regulated activities contributed 16% (17% in the first half of 2023).

Reclassified statement of financial position by business segment at 30 June 2024

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,689	1,616	2,285	354	18	204	8,166
Net Working Capital	115	95	27	(130)	1	-	108
Other non-current assets and liabilities	(690)	(168)	(176)	28	1	0	(1,005)
Net invested capital (NIC)	3,114	1,543	2,136	252	20	204	7,269
Equity							3,256
Net financial debt							4,013
Own funds and net financial debt							7,269

Reclassified statement of financial position by business segment as at 31 December 2023, restated

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,622	1,545	2,300	350	30	224	8,071
Net Working Capital	85	(6)	235	(247)	1	-	68
Other non-current assets and liabilities	(686)	(154)	(190)	68	0	-	(962)
Net invested capital (NIC)	3,021	1,385	2,345	171	31	224	7,177
Equity							3,244
Net financial debt							3,933
Own funds and net financial debt							7,177

Income statement by business segment for the first half of 2024

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Total revenue and income	621	616	877	1,556	18	(990)	2,698
Total operating expenses	(383)	(491)	(744)	(1,418)	(16)	990	(2,062)
Gross Operating Profit (EBITDA)	238	125	133	138	2	-	636
Net amortisation, depreciation and impairment losses	(112)	(97)	(85)	(60)	(1)	-	(355)
Operating profit (EBIT)	126	28	48	78	1	-	281

Income statement by business segment for the first half of 2023 restated

millions of euro

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

Networks SBU

For the six months ended 30 June 2024, the Networks business segment, which includes the Gas Distribution, Electricity and Integrated Water Service businesses, reported revenue of 620.7 million euro, up +13.8% compared to 545.3 million euro in the first half of 2023. The increase is mainly attributable to positive changes in tariff revenue constraints, affected by important changes in tariff methods (MTi-4 for the Integrated Water Service, ROSS for the electricity network and the change in parameters for gas distribution in continuity of method), to the growth in RAB dictated by the important investments made in recent years, to the higher revenue related to the construction of assets under concession falling within the scope of IFRIC 12 and to the change in the consolidation scope following the consolidation of Acquaenna (from June 2023).

The Gross operating profit (EBITDA) amounted to 237.5 million euro, up +25.8% compared to 188.7 million euro in the previous year and is mainly attributable to the increase in tariff restrictions.

The operating result amounted to 125.5 million euro, up +48.8% from 84.4 million euro in the first half of 2023, and was characterised by higher depreciation and amortisation of about 8 million euro, lower accruals to provisions for risks of 2 million euro, and lower releases of provisions of 2 million euro.

		First half 2024	First half 2023 restated	Changes %
Revenue	€/mln	620.7	545.3	13.8
Gross Operating Profit (EBITDA)	€/mln	237.5	188.7	25.8
% of revenue		38.3%	34.6%	
	<i>from Electricity Networks</i>	€/mln 43.5	40.9	6.6
	<i>from Gas Networks</i>	€/mln 47.9	41.0	16.8
	<i>from Integrated Water Service</i>	€/mln 146.0	106.8	36.6
Operating profit (EBIT)	€/mln	125.5	84.4	48.8
Investments	€/mln	163.0	145.8	11.8
	<i>in Electricity Networks</i>	€/mln 39.9	34.7	15.0
	<i>in Gas Networks</i>	€/mln 15.4	18.4	(16.4)
	<i>in Integrated Water Service</i>	€/mln 101.6	87.7	15.9
	<i>Other</i>	€/mln 6.0	5.0	20.8
Electricity distributed	GWh	1,748.0	1,755.5	(0.4)
Gas distributed	Mm ³	592.5	600.8	(1.4)
Water sold	Mm ³	87.6	87.1	0.6

Networks SBU - Electricity

The gross operating profit (EBITDA) amounted to 43.5 million euro, up +6.6% compared to 40.9 million euro in the first half of 2023. The improvement is attributable to the organic growth of realised investments and the introduction of the new ROSS tariff method valid for the regulatory period 2024-2031.

Investments amounted to 39.9 million euro, up 15% from 34.7 million euro in the first half of 2023, and relate mainly to connections, LV/MV distribution network resilience activities in order to improve the quality of the service, the construction of new primary and secondary stations in addition to the continuation of the replacement plan for electronic meters with 2G technology.

Networks SBU - Gas Distribution

The gross operating profit (EBITDA) amounted to 47.9 million euro, up +16.8% compared to 41 million euro in the first half of 2023. The improvement is generated by the increase in the revenue constraint mainly due to the positive effect of higher investments and updated tariff parameters.

Investments amounted to 15.4 million euro, down -16.4% compared with 18.4 million euro in the first half of 2023, and involved mainly upgrading the network to cathodic protection and installing electronic meters.

Networks SBU - Integrated Water Service

The gross operating profit (EBITDA) amounted to 146 million euro, up +36.6% compared to 106.8 million euro in the first half of 2023. The improvement is attributable to the organic growth of investments made and the introduction of the new MTI-4 tariff method valid for the fourth regulatory period 2024-2029, as well as the updating of tariff parameters. In addition, this result benefits from the emergence of income related to the recognition of the inflationary effects of the 2023 period in the tariff.

Investments amounted to 101.6 million euro, up +15.9% compared to 87.7 million euro in the first half of 2023. These activities relate to the construction, development and extraordinary maintenance of distribution networks and plants and of the sewerage network, as well as the installation of measuring units mainly with new technology involving remote reading, as well as the construction and modernisation of wastewater treatment plants.

There were also investments of 6 million euro, a slight increase compared to 5 million euro in the first half of 2023, mainly related to information systems and to the development of electric mobility on operating vehicles.

Waste Management SBU

For the six months ended 30 June 2024, the segment's revenue amounted to 616.3 million euro, a marginal increase of +3.7% from 594.5 million euro in the first half of 2023. The increase in revenue is attributable to collection activities, partially offset by lower energy revenue.

Sienambiente, a company operating in the disposal business in the province of Siena, entered the consolidation area during the half-year.

		First half of 2024	First half of 2023	Changes %
Revenue	€/mln	616.3	594.5	3.7
Gross Operating Profit (EBITDA)	€/mln	124.5	131.9	(5.6)
<i>% of revenue</i>		20.2%	22.2%	
Operating Profit (EBIT)	€/mln	28.0	53.9	(48.0)
Investments	€/mln	70.2	90.5	(22.5)
Electricity sold	GWh	237.3	243.4	(2.5)
Thermal energy produced	GWht	180.9	193.3	(6.4)
Waste managed	tonnes	2,004,595	1,960,808	2.2
Separate collection historical territories	%	71.6	70.4	1.7
Separate collection other territories	%	62.8	60.0	4.7

The gross operating profit (EBITDA) amounted to 124.5 million euro, a decrease of -5.6% compared to 131.9 million euro in the first half of 2023. The trend is characterised by the improvement in the profit in collection activities, which is fully offset by the contraction in the profit of treatment and disposal activities. In addition to being penalised by the drop in the prices of electricity and other energy (heat and biomethane), Waste disposal was also negatively affected by planned extraordinary maintenance activities and a breakdown at the Turin WTE, the lack of extraordinary contributions on energy consumption, a reduction in the volume of waste disposed of in landfills due to the partial saturation of sites.

Other recently started plants (Gavassa, Borgaro Torinese and Vercelli) are not fully operational.

The operating profit (EBIT) amounted to 28 million euro, down -48% compared to 53.9 million euro in the first half of 2023. Depreciation and amortisation increased by about 11 million euro during the period, mainly due to the enlarged scope of consolidation and the commissioning of some plants for sorting and recovering materials deriving from separate waste collection, and greater loss allowances of 3 million euro and lower releases for about 1 million euro.

Investments amounted to 70.2 million euro, down -22.5% compared to 90.5 million euro in the first half of 2023. Investments related to the purchase of vehicles and equipment for waste collection and the construction of plants; in particular, the latter include the Irma paper and plastic processing plant in Borgaro Torinese (TO), the biomethane plant on the Santhià OFMSW biodigester and the Saliceti biodigester.

Energy SBU

For the six months ended 30 June 2024, the revenue of the Energy SBU, which includes the production of electricity and heat, management of district heating, activities related to public lighting and energy efficiency, amounted to 877.4 million euro, a decrease of -45.2% compared to 1,600.1 million euro in the first half of 2023.

The reduction in revenue is mainly attributable to the decline in electricity and heat sales prices, partially offset by the greater heat quantities produced.

Revenue from activities related to energy requalification and building renovation also decreased as a consequence of the completion phase of sites related to the 110% Superbonus (approximately -145 million euro).

		First half of 2024	First half of 2023	Changes %
Revenue	€/mln	877.4	1,600.1	(45.2)
Gross Operating Profit (EBITDA)	€/mln	133.0	190.1	(30.1)
<i>% of revenue</i>		15.2%	11.9%	
Operating Profit (EBIT)	€/mln	47.6	73.4	(35.0)
Investments	€/mln	52.2	41.3	26.1
Electricity produced	GWh	3,902.1	3,948.7	(1.2)
<i>from hydroelectric sources</i>	GWh	691.1	463.1	49.2
<i>from photovoltaic</i>	GWh	144.6	97.5	48.2
<i>from cogeneration sources</i>	GWh	2,473.5	2,442.0	1.3
<i>from thermoelectric sources</i>	GWh	593.0	946.0	(37.3)
Heat produced	GWht	1,421.9	1,305.1	8.9
<i>from cogeneration sources</i>	GWht	1,194.8	1,148.4	4.0
<i>from non-cogeneration sources</i>	GWht	227.0	156.7	44.9
District heating volumes	Mm ³	101.1	99.6*	1.5

*Pro-forma due to cessation of industrial use (-2.09 Mm³)

For the six months ended 30 June 2024, electricity generated totalled 3,902.1 GWh, down -1.2% from 3,948.7 GWh in the first half of 2023.

Electricity production from cogeneration sources amounted to 2,473.5 GWh, up +1.3% compared to 2,442 GWh in the corresponding period of 2023, while thermoelectric production was equal to 593 GWh, a decrease of -37.3% compared to 946 GWh in the first half of 2023.

Production from renewable sources amounted to 835.7 GWh, up +49.1% from 560.6 GWh in FY 2023. The increase concerns both hydroelectric production, which amounted to 691.1 GWh compared to 463.1 GWh (+49.2%) in the corresponding period of 2023, thanks to the improved hydraulicity of the period, and photovoltaic production, of 144.6 GWh compared to 97.5 GWh in the corresponding period of 2023 (+48.2%).

The heat produced amounts to 1,421.9 GWht, an increase of +8.9% compared to the 1,305.1 GWht of the first half of 2023 due to a more favourable thermal season and the development of the network at 101.1 Mm3 of district heating volumes compared to 99.6 mm3 of the first half of 2023 (+1.5%).

The gross operating profit (EBITDA) amounted to 133 million euro, down -30.1% compared to 190.1 million euro in the same period of 2023.

The trend in the energy scenario was characterised by a downward trend in commodity prices back to pre-crisis energy levels of 2021-2022.

The drop in prices had a negative effect on production margins, affecting all production segments, with the greatest impact on Electricity and Heat Cogeneration, only partially offset by the increase in quantities produced, particularly for Hydroelectric production, thanks to favourable wind levels and snowfall on the ground in the period.

Energy Efficiency-related activities also decreased compared to the first half of 2023, due to the reduction of energy upgrading of buildings (Superbonus 110%) and energy management activities.

The operating profit (EBIT) amounted to 47.6 million euro, down -35% compared to 73.4 million euro in the first half of 2023. Depreciation and amortisation for the period increased by 3 million euro, while accruals to the provision for risks were lower by about 33 million euro, mainly due to the elimination of extraordinary accruals made as a result of the provisions of the “Sostegni ter” Decree Law in 2023 and no longer repeatable.

Investments amounted to 52.2 million euro, up +26.1% compared to 41.3 million euro in the first half of 2023. Major projects include the development of district heating networks and photovoltaic plants.

Market SBU

For the six months ended 30 June 2024, the segment's revenue amounted to 1,556.3 million euro, down -26.9% from 2,127.8 million euro in the first half of 2023. The contraction in turnover is attributable to the decline in electricity and gas prices and the decrease in gas volumes sold, only marginally offset by the higher electricity volumes sold.

The gross operating profit (EBITDA) amounted to 138.5 million euro, up +48.4% compared to 93.5 million euro in the first half of 2023. The improvement is attributable to both commodities even if the sale of electricity shows a profit increasing by +81.4% compared to the 33.2 million euro of the first half of 2023.

The operating profit (EBIT) amounted to 78.4 million euro, an improvement compared to 35.7 million euro in the first half of 2023. During the period, higher depreciation and amortisation of 5 million euro, offset by lower impairment losses on loans and receivables of about 6 million euro were recorded.

		First half of 2024	First half of 2023	Changes %	
Revenue	€/mln	1,556.3	2,127.8	(26.9)	
Gross Operating Profit (EBITDA)	€/mln	138.5	93.5	48.4	
% of revenue		8.9%	4.4%		
	<i>from Electricity</i>	€/mln	60.3	33.2	81.4
	<i>from Gas</i>	€/mln	71.8	58.1	23.6
	<i>from Heat and other services</i>	€/mln	6.4	2.2	(*)
Operating profit (EBIT)	€/mln	78.4	35.7	(*)	
Investments		38.0	42.8	(11.4)	
Electricity Sold	GWh	3,119.2	2,857.0	9.2	
Gas Purchased	Mm ³	1,250.5	1,287.5	(2.9)	
	<i>Gas sold by the Group</i>	Mm ³	566.2	577.7	(2.0)
	<i>Gas for internal use</i>	Mm ³	652.9	709.8	(8.0)
	<i>Gas in storage</i>	Mm ³	31.5	-	(*)

(*) Change of more than 100%

Sale of electricity

The volumes of electricity sold on the market amounted to 3,119.2 GWh, an increase of +9.2% compared to 2,857 GWh in the first half of 2023.

The increase in sales on the market affected all customer segments in particular the Business segment, with sales of 732.9 GWh up +8.7% compared to 674.2 GWh in 2023; the Retail and Small business customer segment, with sales of 1,449.9 GWh up +1.4% compared to 1,429.4 GWh in the first half of 2023; and the Wholesalers segment with sales of 848.2 GWh compared to 655 GWh in 2023 (+29.5%).

The Greater protection market amounts to 88.2 GWh, down -10.3% compared to 98.4 GWh in the first half of 2023.

The gross operating profit (EBITDA) from electricity sales is equal to 60.3 million euro, up +81.4% compared to 33.2 million euro in the first half of 2023. The improvement achieved is mainly attributable to a market scenario with increasing profit margins that has made it possible to absorb the increase in operating expenses.

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

Market SBU – Sale of electricity

	First half of 2024	First half of 2023	Change %
<i>Business</i>	732.9	674.2	8.7
<i>Retail and small business</i>	1,449.9	1,429.4	1.4
<i>Wholesalers</i>	848.2	655.0	29.5
Free market	3,031.0	2,758.6	9.9
Protected market	88.2	98.4	(10.3)
Total Electricity sold	3,119.2	2,857.0	9.2

Sale of Natural Gas

Purchased volumes amounted to 1,250.5 Mm3, down 2.9% compared with 1,287.5 Mm3 in the first half of 2023.

Gas sold by the Group amounted to 566.2 million m3, down by -2% compared to 577.7 million m3 sold in the first half of 2023.

The gas used for internal consumption within the Group amounted to 652.9 Mm3, a decrease of -8% compared to 709.8 Mm3 in the first half of 2023.

The gross operating profit (EBITDA) from the sale of gas amounted to 71.8 million euro, up +23.6% compared to 58.1 million euro in the first half of 2023. The margin trend can be attributed to a more favourable market scenario that allowed profit margins to improve to pre-crisis levels, and allowed the increase in operating expenses to be absorbed.

Other sales services

Other sales services show a gross operating profit of 6.4 million euro, an improvement compared to the 2.2 million euro of the first half of 2023. The improvement is mainly attributable to higher sales of certain Iren Plus branded products and services.

Investments of the Market SBU amounted to 38 million euro, down -11.4% from the 42.8 million euro in the first half of 2023.

Other services

For the six months ended 30 June 2024, revenue of the segment, which includes the activities of the analysis laboratories, telecommunications and other minor activities, was 18.0 million euro, up by +24.1% compared to the 14.5 million euro in the first half of 2023.

		First half of 2024	First half of 2023	Changes %
Revenue	€/mln	18.0	14.5	24.1
Gross Operating Profit (EBITDA)	€/mln	2.0	2.0	2.0
% of revenue		11.3%	13.7%	
Operating Profit (EBIT)	€/mln	1.0	0.5	(*)
Investments	€/mln	21.8	35.3	(38.3)

(*) Change of more than 100%

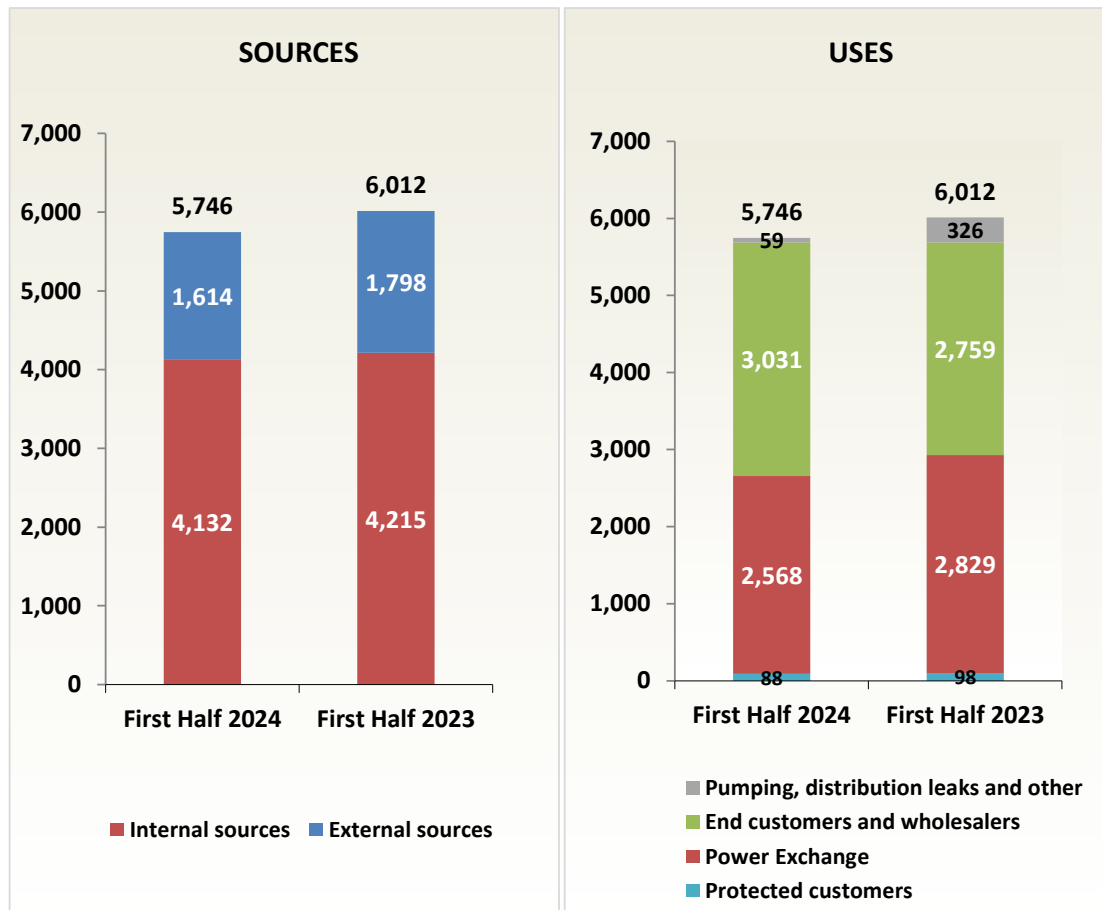
The gross operating profit (EBITDA) amounted to 2 million euro, substantially in line with the first half of 2023.

Investments in the period amounted to 21.8 million euro, down compared to 35.3 million euro in the first half of 2023 and mainly related to information systems, vehicles and buildings.

ENERGY BALANCES

Electricity balance

GWh	First half of 2024	First half of 2023	Changes %
SOURCES			
Group's gross production	4,131.5	4,214.7	(2.0)
<i>a) Hydroelectric</i>	691.1	463.1	49.2
<i>b) Photovoltaics, wind and other renewables</i>	144.6	97.5	48.3
<i>c) Cogeneration</i>	2,473.5	2,442.0	1.3
<i>d) Thermoelectric</i>	593.0	946.0	(37.3)
<i>e) Production from WTE and landfills</i>	229.4	266.0	(13.8)
Purchases from Acquirente Unico [Single Buyer]	97.1	108.3	(10.3)
Energy purchased on the Power exchange	1,181.4	1,167.0	1.2
Energy purchased from wholesalers and imports	335.9	522.5	(35.7)
Total Sources	5,745.9	6,012.4	(4.4)
USES			
Sales to protected customers	88.2	98.4	(10.4)
Sales to end customers and wholesalers	3,031.0	2,758.6	9.9
Sales on the Power exchange	2,568.1	2,829.3	(9.2)
Pumping, distribution leaks and other	58.7	326.1	(82.0)
Total Uses	5,745.9	6,012.4	(4.4)

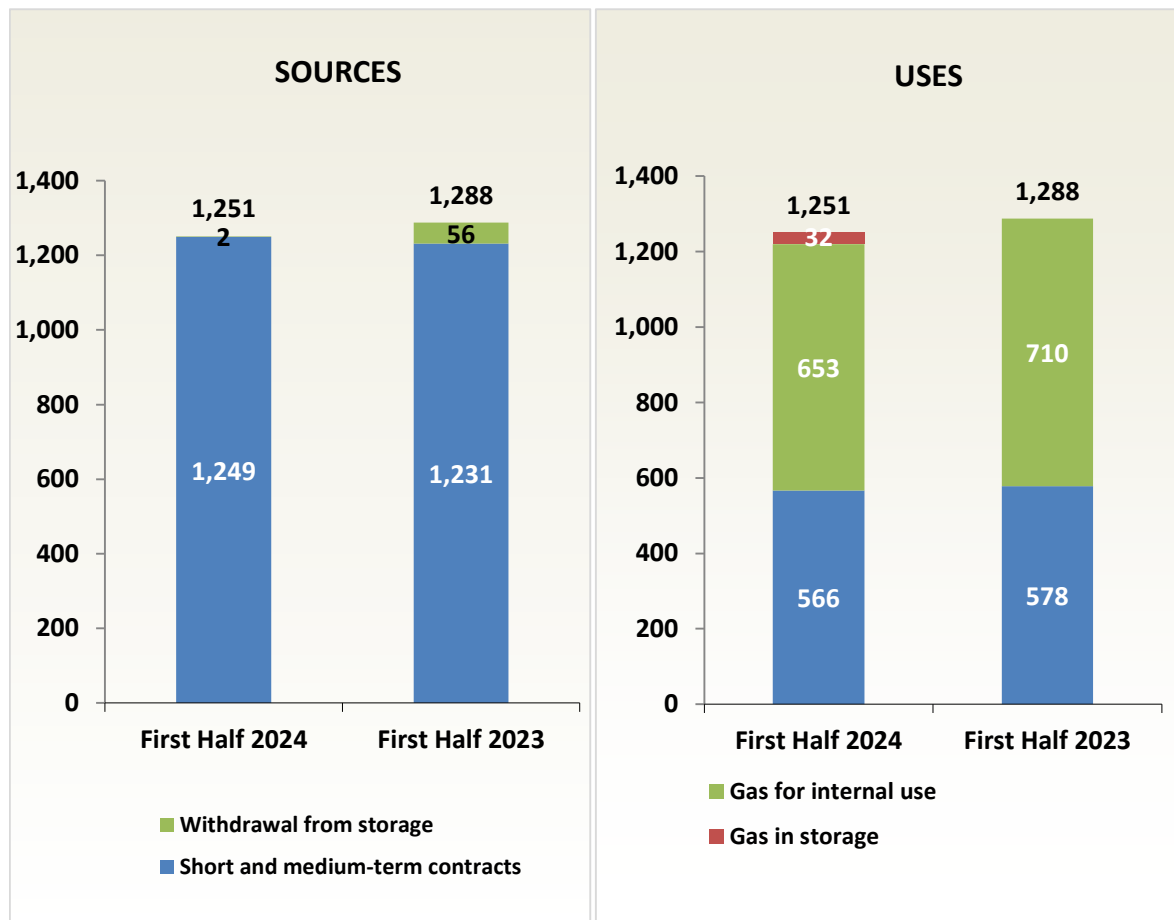


Gas balance sheet

Millions of m ³	First half of 2024	First half of 2023	Changes %
SOURCES			
Short- and medium-term contracts	1,249.0	1,231.3	1.4
Withdrawals from storage	1.6	56.2	(97.2)
Total Sources	1,250.5	1,287.5	(2.9)
USES			
Gas sold by the Group	566.2	577.7	(2.0)
Gas for internal use (1)	652.9	709.8	(8.0)
Gas in storage	31.5	0.0	(*)
Total Uses	1,250.5	1,287.5	(2.9)

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

(*) Change of more than 100%



FINANCIAL ACTIVITIES

General framework

In the first half of 2024, the inversion of the interest rate curve persists: for more than a year now, the levels of the short-term part of the curve have been higher than those of the medium/long-term part, which, although slightly up from the end of 2023, incorporate bearish expectations.

The performance of rates discounts the effect of inflationary pressures and the resulting monetary policy manoeuvres implemented and expected. In its June session, the European Central Bank lowered its official discount rate from 4.50% (unchanged from September 2023) to 4.25%; potential further rate cuts are expected by the end of the year.

Finally, examining the six-month Euribor rate, we note that the parameter has stabilised at a level of approximately 3.6%-3.7%, while the prices of fixed rates, reflected in the IRS values, are positioned at levels around 2.7%-2.8%.

Activities performed

During the first half of 2024, work continued to consolidate Iren Group's financial structure. Changes in financial requirements are monitored through careful planning, which makes it possible to forecast the need for new resources, taking into account the repayments of outstanding loans, changes in debt, investments, the trend in working capital and the balance of short-term and long-term sources.

The organisational model adopted by Iren Group, with the goal of financial optimisation of the companies, entails centralising with the parent management of cash flows, non-current loans and financial risk monitoring and management. Iren has relationships with leading Italian and international banks, for the purpose of procuring the types of loans best suited to its needs and at the best market conditions.

With reference to the transactions carried out in the first half of 2024, as described in "Significant events of the period" section, in January, Iren S.p.A completed the issuance and listing of a Green Bond (the fifth in the Green Use of Proceeds format) for an amount of 500 million euro and with a duration of 8.5 years, based on the existing Euro Medium Term Notes (EMTN) programme of 4 billion euro, reserved for institutional investors and intended for the financing and refinancing of projects that contribute to the achievement of the sustainability objectives defined in the Business Plan.

Furthermore, in February, the Board of Directors of Iren S.p.A resolved to sign a green loan with the Council of Europe Development Bank (CEB) in the amount of 80 million euro.

The PFF (Public Financing Facility) loan was approved by the CEB Board of Directors on 26 January 2024 and co-finances, together with the EIB (European Investment Bank), the amount of investments planned for the period 2022-2026 in some territories of the Liguria area (the provinces of Genoa and La Spezia), concerning the upgrading and expansion of water extraction and treatment plants, water distribution networks, sewerage systems and wastewater treatment plants.

The loan agreement was stipulated on 10 June, bringing CEB financing to Iren (the only Italian corporate entrusted by CEB) to 240 million euro.

On 19 June, a 200 million euro green loan was also signed with the EIB, following the successful completion of the technical-credit appraisal carried out in previous months: the line is aimed at supporting investments in the resilience of electricity grids in the historical areas of Emilia Romagna and Piedmont, in the provinces of Parma, Turin and Vercelli.

In this regard, direct loans already entered into with EIB and CEB, with a duration of up to 18 years, not used and available, amount to a total of 495 million euro at 30 June 2024.

Within the Group, as of 1 January 2024, Sienambiente entered the consolidation scope with amortising medium/long-term bank loans totalling 28.4 million euro.

Financial debt from loans, which does not include lease-related liabilities recognised in application of IFRS 16, at the end of the period consisted of 30% loans and 70% bonds; 79% of total debt is financed by sustainable funds, consistent with the Iren Sustainable Finance Framework, such as Green Bonds and loans the interest rate of which is linked to ESG Key Performance Indicators.

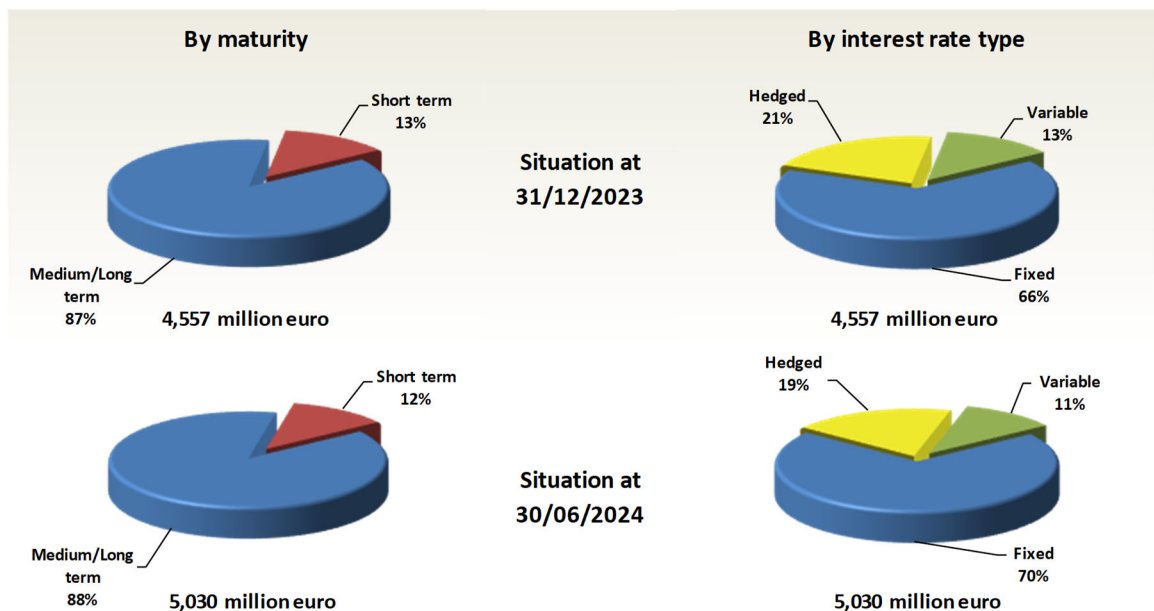
As regards financial risks, Iren Group is exposed to various types of risk, including liquidity risk, interest rate risk, and currency risk. As part of its Risk Management activities, the Group uses non-speculative hedging contracts to limit risks of fluctuations in the interest rate.

In this context, in the first half of 2024, two new interest rate swap contracts were finalised to hedge a total of 100 million euro of debt, effective in June and December 2025 and maturing in 2030 and 2028, respectively; a pre-hedge activity also continued aimed at future capital market transactions. The consolidation of Sienambiente also added two interest rate swap contracts to hedge 16 million euro of debt, with maturities in December 2027 and March 2034.

At the end of the period, the portion of floating rate debt not hedged by derivatives was equal to 11% of financial debt from loans, in line with Iren Group's objective of maintaining adequate protection from significant increases in interest rates.

Overall, the activity carried out is aimed at refinancing debt with a view to improving the financial structure, with optimisation of the cost of capital and 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 2023, is shown in the chart below.



Rating

The Iren Group holds the ratings:

- "BBB" with "Stable" Outlook for long-term creditworthiness with the agency Standard & Poor's Global Ratings (S&P), confirmed on 23 July 2024 following the update of the business plan to 2030;
- "BBB" with "Stable" Outlook for long-term creditworthiness with Fitch Ratings, with confirmation of the "BBB" rating and revision of the Outlook to "Stable" on 26 July 2024, following the update of the business plan to 2030.

The same ratings are also attributed to senior unsecured debt. Both judgments are based on the strategies outlined in the Business Plan to 2030, with reference to investments intended for organic growth and the energy transition. The maintenance of a business portfolio, consisting mainly of regulated and semi-regulated activities, the creation of value and the stability guaranteed by the integration of the various businesses are considered positive elements. From a financial point of view, the ratings assigned also express the Group's state of adequate liquidity, high credibility on the capital market and excellent relations with banking counterparties, thanks also to an increasing use of sustainable finance instruments.

At ESG level, for both agencies, sustainability issues have a neutral or scarcely relevant impact from a lending point of view, both due to the nature of the business and the way in which the issue of sustainability is managed in Group dynamics.

To support the Group's liquidity profile and rating level, in addition to current and assimilated cash and cash equivalents to service upcoming maturities within twelve months, Iren has a total of 695 million euro, including:

- the aforementioned medium/long-term financing lines entered into and available but not utilised (495 million euro);
- committed Sustainability-Linked revolving credit facilities (RCF), entered in December 2023 with Unicredit and BPER (200 million euro).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE AND OUTLOOK

Rating

On 23 and 26 July 2024 respectively, the rating agencies Standard & Poor's Global Ratings (S&P) and Fitch Ratings (Fitch) updated their ratings with reference to the Iren Group. Especially:

- S&P affirmed the Group's long-term creditworthiness at "BBB" with a "Stable" outlook. The same rating is also attributed to senior unsecured debt;
- Fitch has also confirmed the long-term creditworthiness of "BBB": the same rating is also attributed to senior unsecured debt. At the same time, the Agency revised the outlook to "Stable" from "Positive".

These assessments come after the update of the business plan to 2030, which maintains an integrated and diversified business mix, with a strong focus on regulated and semi-regulated activities (which allows stable results even in the presence of volatility in the energy markets), with a remodulation of overall investments and disciplined organic growth.

The stable outlook reflects the continuity of the Group's financial policy and management's commitment to maintaining current rating ratings, by a solid and wide margin, and a careful financial discipline. Finally, from a financial point of view, the rating confirmations express the state of adequacy of the Group's liquidity, high credibility on the capital market and strong relationship with banks, as well as solid and prudent risk management.

Examination of the extraordinary audits referring to Mr. Signorini

As already reported in the "Significant events of the period", as soon as learning the news of the precautionary detention measure against Mr. Signorini, Iren has started carrying out two specific audits - one by the internal function in charge, and one by an independent and qualified advisor - to analyse in depth the activities carried out by Mr. Signorini himself in Iren (during the period of his office, from 30 August 2023 until 7 May 2024), and to assess the correctness of his work, in relation to the proxies and powers attributed to him.

On 29 July 2024, the Board of Directors examined the final reports of the specific audits and took note of the related findings.

Based on the results of the aforementioned specific audits, there are currently no circumstances such as to have material impacts on the economic and financial position of the company or critical issues regarding the integrity of the internal control system. However, the Company reserves the right to carry out further investigations aimed at the possible initiation of legal actions for its protection.

OUTLOOK

In a complex macroeconomic environment, there are three main risks with potential impact on the Group's results: interest rate trends, commodity price volatility and inflationary dynamics. Iren continuous monitoring of the aforementioned trends allows it to adopt timely mitigation actions aimed at achieving the expected economic-financial results. The year 2024 will be characterised by the continuation of the investments envisaged in the Business Plan updated in June 2024. Approximately 1 billion euro of investments are planned for the current year, primarily for the efficiency upgrading of distribution networks, the development of waste collection and treatment plants, the development of renewable capacity, and the acquisition of a non-controlling interest in EGEA. Iren issued the fifth Green Bond for a total of 500 million euro and signed two credit lines for a further 280 million euro. These instruments further strengthen the Group's financial structure, improving liquidity ratios, and at the same time confirm its strong commitment to expanding its sustainable financing portfolio.

The economic results are expected to grow compared to those of 2023 due to the improvement of the regulatory parameters for distribution and waste collection activities, the consolidation of Siena Ambiente in the waste sector, and the maintenance of a solid profitability of the customer portfolio, together with an increase therein due to the liberalisation of the market. As far as the energy business is concerned, energy prices are expected to fall, only partially offset by higher volumes from renewable sources and the lower contribution of energy efficiency activities, due to the non-applicability of the 110% Superbonus incentives. On the strength of a robust investment plan and expected growth in economic results, the Group can confirm the development trend and financial sustainability as envisaged in the recent update of the Business Plan.

RISKS AND UNCERTAINTIES

The management of corporate risks is an essential component of the Internal Control System of the Corporate Governance of a listed company, and the Corporate Governance Code of Listed Companies assigns specific responsibilities on this aspect. The Enterprise Risk Management model applied by the Group includes the methodological approach to integrated identification, assessment and management of the Group risks.

For each of the following risk types:

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

Specific “policies” have been defined with the primary goal of fulfilling strategic guidelines, organisational-managerial principles, macro processes and techniques necessary for the active management of the related risks.

The Group’s Enterprise Risk Management model also regulates the roles of the various parties involved in the risk management process, which is governed by the Board of Directors, and calls for specific Commissions to manage the financial, tax, IT, credit, energy and climate risks.

The Cyber Risk Policy, the Climate Change Risk Policy and the Tax Control Model were adopted in 2020 following the approval of the Board of Directors of Iren S.p.A., while the other Policies have undergone some substantial revisions over time to adapt them to the current organisational models and to the evolution of risk factors. Lastly, the updated set of Risk Policies was approved on 25 June 2024 by resolution of the Board of Directors of Iren S.p.A., following the opinion of the Control, Risk and Sustainability Committee.

The approach followed is also consistent with the commitments expressed in the Sustainability Policy: in fact, it takes into account the risks and opportunities associated with sustainability issues that are material to the Iren Group, assessing, for each risk category envisaged in the Group’s risk model, the environmental, social and governance (ESG) risk profiles, as also envisaged by EU Directive 2022/2464 - Corporate Sustainability Reporting Directive (CSRD).

As the Iren Group pays particular attention also to maintaining trust and a positive image of the Group, the Enterprise Risk Management model manages also “reputational risks”, which relate to the impacts on stakeholders of any malpractices.

Within the Group, there is the Risk Management Department, which - as of 7 May - reports *pro tempore* to the Deputy Chairperson of the Company.

Within the scope and within the limits of the powers granted by the Board of Directors, the Deputy Chairperson, in liaison with the Chairperson, is in charge of overseeing the functionality of the internal control system by (i) supporting the Control, Risk and Sustainability Committee in identifying the main corporate risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and in periodically submitting them to the Board of Directors for review; (ii) implementing the guidelines defined by the Board of Directors by ensuring that the competent corporate structures design, implement and manage the internal control and internal auditing system, constantly verifying its overall adequacy, effectiveness and efficiency, and adapting it to the dynamics of the operating conditions and the legislative and regulatory framework.

The Risk Management Department deals with:

- the integrated management of the Group's Enterprise Risk Management (ERM) System: methodological approach, definition of policies and monitoring of the System;
- management of insurance policies.

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

The Risk Management Department also oversees the Group's Business Continuity Management (BCM) model, the objective of which is to guarantee the resilience of the business in the face of unexpected events, ensuring the continuity of business processes deemed critical. The Group BCM includes the organisational and technological safeguards necessary to ensure continuity of processes, as well as a proactive and structured response to Emergency and/or Crisis events.

Below is a breakdown of the management methods active within the group for the different types of risk.

1 FINANCIAL RISKS

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

a) Liquidity risk

Liquidity risk is the risk that financial resources available to the company will be insufficient to cover financial and trade commitments in accordance with the agreed terms and deadlines.

The procurement of financial resources has been centralised in order to optimise their use. In particular, centralised management of cash flows at Iren makes it possible to allocate the funds available at the Group level according to the needs that from time to time arise among the individual companies. Cash movements are recognised in intra-group accounts along with intra-group interest income and expense.

A number of investees have an independent structure in compliance with the guidelines provided by the parent.

b) Currency risk

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

c) Interest rate risk

Iren Group is exposed to fluctuations in interest rates, especially with regard to financial expenses related to debt. Iren Group's strategy is to limit exposure to the risk of interest rate volatility, maintaining at the same time a low cost of funding, diversifying sources of funding.

Compliance with the limits imposed by the Policy are verified during the Financial Risk Commission meetings with regard to the main metrics, together with analysis of the market situation, interest rate trends, the value of hedges and confirmation that the conditions established in covenants have been met, both at a final level, for the past time deadlines and subject to verification, and from a prospective perspective.

2. CREDIT RISK

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

In carrying on its business, the Group is exposed to the risk that assets may not be honoured on maturity with a consequent increase in their age and in insolvency up to an increase in assets subject to arrangement procedures or unenforceable. Among other factors, this risk is still also affected by the economic and financial situation, which in 2022, led to a particularly significant increase in prices for end customers of gas, electricity and district heating. To limit exposure to credit risk, a number of tools are used. These include

analysing the solvency of customers at the acquisition stage through careful assessment of their creditworthiness, transferring the receivables of discontinued and/or active customers to external credit recovery companies and introducing new recovery methods for managing legal disputes. In addition, numerous payment methods are offered to customers through channels, including digital channels, and appropriately monitored payment plans are proposed.

The credit management policy and creditworthiness assessment tools, as well as monitoring and recovery activities, are managed through automated processes and integrated with company applications and differ in relation to the various categories of customers and types of service provided.

Credit risk is hedged, for some types of business customers, with opportune forms of first-demand bank or insurance guarantees issued by subjects of leading credit standing and with credit insurance for the reseller customer segment.

An interest-bearing guarantee deposit is required for some types of services (water, natural gas, highly-protected electricity sectors) in compliance with regulations governing these activities. This deposit is reimbursed if the customer uses payment by direct debit from a current account.

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

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

The control of credit risks is also strengthened by the monitoring and reporting procedures, in order to identify promptly possible countermeasures. Furthermore, on a quarterly basis, a report is produced containing the evolution of the trade receivables of the Group companies, in terms of customer type, contract status, business chain and ageing range. The assessment of credit risk is carried out both at the consolidated level and at the level of Business Units and companies. Some of the above assessments are carried out at intervals of less than three months or when there is a specific need.

3. ENERGY RISK

The Iren Group is exposed to price risk on the energy commodities traded, these being electricity, natural gas, environmental emission certificates, etc., since both purchases and sales are affected by fluctuations in the price of these commodities directly, or through indexing formulae. Currently no exposure to currency risk, typical of oil-based commodities, is present, thanks to the development of the European organised markets that trade the gas commodity in the euro currency and no longer indexed to oil products.

The Group's policy is oriented to a strategy of active management of the positions to stabilise the margin taking the opportunities offered by the markets; it is implemented by aligning the indexing of commodities purchased and sold, through vertical and horizontal use of the various business chains, and operating on the financial markets.

For this purpose, the Group plans the production of its plants and purchases and sales of energy and natural gas, in relation to both volumes and price formulae. The objective is to achieve sufficient margin stability through a policy of indexed purchases and sales that achieves a high degree of natural hedging, with adequate recourse to futures and spot markets.

For a more detailed analysis of the risks dealt with up to now, reference should be made to the "Group Financial Risk Management" section of the Notes to the Financial Statements.

4. CLIMATE CHANGE RISKS

The Iren Group has included in the Enterprise Risk Management system a Risk Policy dedicated to climate change risks, which are becoming increasingly important for organisations. Moreover, they affect the health of the planet, with estimates of significant effects already in the medium term. All companies, and in particular those operating in significantly exposed sectors such as the Iren Group, must necessarily consider climate change risk analysis as an emerging and determining factor in the definition of their medium- and long-term strategies. The assessment of ESG risks, which includes climate change risks, is moreover one of the essential factors in defining the significance of the impacts generated and suffered, also in a medium- to long-term perspective.

The adoption of the Climate Change Risk Policy and the resulting risk analysis and management represent a process that will enable the Group to provide even more effective control over its exposure to damaging events and the opportunities that the external context and its changes may offer, as well as its contribution to the achievement of sustainable development objectives defined at national and international level.

The Policy analyses and regulates, focusing on the applicability to the individual Business Units, the risk factors related to climate change, distinguishing between physical risks and transition risks. Physical risks resulting from changing climatic conditions are divided into acute physical risks - if related to local catastrophic natural events (e.g. floods, heat waves, fires, etc.) - and chronic physical risks - if related to long-term climate change (e.g. global warming, rising sea levels, water scarcity, etc.).

The transition to a low-carbon economy could entail extensive changes in government policies, with consequent regulatory, technological and market changes. Depending on the nature and speed of these changes, transition risks may result in a varying level of financial and reputational risk for the Group.

The Policy requires the presence of a specific Risk Commission to periodically review the Group's risk profile, defining and proposing updates to the Chief Executive Officer on strategies for managing risk classes and reporting any emerging critical issues to the Delegated Bodies. The document also includes guidelines for reporting, aimed at ensuring transparency of information to all stakeholders.

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

Climate data are based on scenarios published by the *International Panel on Climate Change* (IPCC), the so-called *Representative Concentration Pathways* (RCPs) where the number associated to each RCP indicates the "strength" of climate change generated by human activity by 2100 compared to the pre-industrial period.

The climate scenarios taken into consideration in the analysis are the RCP 2.6 scenario (which envisages strong mitigation aimed at keeping global warming well below 2°C compared to pre-industrial levels while achieving the objectives defined by the Paris Agreement), the RCP 4.5 scenario (considered by the Iren Group to be the most representative of the current global climate and political context), which envisages easing of objectives compared to the RCP 2.6 scenario and a stabilisation of emissions by 2100 at around double pre-industrial levels, and the RCP 8.5 scenario (commonly associated with the expression 'Business-as-usual', or 'No mitigation'), which envisages no particular countermeasures and a growth in emissions at current rates. Socio-economic data, on the other hand, are mainly based on the International Energy Agency's *NetZero Emissions by 2050 Scenario* (NZE) and *Stated Policies Scenario* (STEPS). The assessment model adopted by the Group allows to quantify the variation of the economic-financial variables, through specific KPIs, for those assets that are potentially more exposed to climate change risks.

The application of the model shows that the actions introduced in the 2030 Business Plan, in which asset-specific investments are outlined, have a mitigating effect on the impacts of climate change on the activities of Iren Group. Mitigation actions of a strategic nature, linked to investments, are flanked by others of an operational and insurance nature.

Recently, a further project phase was developed to complete the assessment model, which included the inclusion of the most significant plants/activities for the risk under consideration that were not included in the previous analysis, also updating the model with respect to the new regulatory and climatic scenarios. For more details on the assessments that emerged, please refer to Iren Group's Sustainability Report.

In addition, in 2022 and 2023, for the purpose of applying the European Taxonomy (EU Regulation 2020/852), the Group carried out an analysis specifically aimed at verifying the DNSH (Do No Significant

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

5. TAX RISKS

The Iren Group has adopted a specific internal control and tax risk management system, understood as the risk of operating in violation of tax regulations or in contrast with the principles or aims of the legal system. The tax risk control and management system, the “Tax Control Framework” (hereinafter “TCF”), enables the Group to pursue the objective of minimising its exposure to tax risk by identifying, updating, assessing and monitoring tax-related governance, processes, risks and controls.

The Group is committed to managing its tax affairs in accordance with all applicable laws and regulations. For this reason, Iren has adopted the TCF as an internal control system that defines the governance for the management of taxation and related risk in line with the principles of the company strategy and, in particular, the Tax Strategy.

The Tax Control Framework adopted consists of a set of rules, guidelines, tools and models aimed at supporting the Group’s employees in carrying out their daily activities, ensuring consistency on relevant tax matters.

Therefore, the TCF’s structure provides for the presence of two pillars that outline its operating scheme: the Tax Strategy and the Tax Compliance Model.

The Tax Strategy defines the objectives and the approach adopted by the Group in managing the tax variable. The purpose of this document is to establish the Principles of conduct in tax matters in order to i) contain tax risk due to exogenous and endogenous factors, and ii) continue to guarantee over time the correct and timely determination and settlement of taxes due by law, and the performance of related obligations. The Tax Strategy has been approved and issued by the Board of Directors of Iren S.p.A..

The Tax Compliance Model is an element of the Internal Control and Risk Management System. This document contains the detailed description of the phases comprising the risk assessment, control and periodic monitoring processes carried out by Iren, and the subsequent reporting on tax issues to the Chief Executive Officer and the other relevant bodies and functions. It also aims to summarize the main responsibilities assigned to the various functions involved in tax-relevant processes. The Tax Compliance Model is prepared by the Tax and Compliance Function and is ultimately approved by the Board of Directors of Iren S.p.A..

The project for the creation of a TCF aligned with the best practices in the matter took shape with the presentation by Iren S.p.A. and Iren Energia of the application for access to the Collaborative Compliance institution, a regime between the Revenue Agency and the large companies introduced by Legislative Decree no. 128 of 5 August 2015 in order to promote the implementation of enhanced forms of communication and cooperation based on mutual trust between tax authorities and taxpayers, and to encourage, in the common interest, the prevention and resolution of tax disputes. The preliminary investigation for admission was successfully concluded in December 2021 with the admission of the two companies.

6. OPERATIONAL RISKS

This category includes all the risks which, in addition to those already noted in the previous paragraphs, may influence achievement of the targets, i.e. relating to the effectiveness and efficiency of business transactions, levels of performance, profitability and protection of the resources against losses.

The objective of the Group's Enterprise Risk Management model is the integrated and synergistic management of risks.

For each business line and operating area, the Group's risk management process provides for an analysis of the activities performed and the identification of the main risk factors related to the achievement of objectives. Following the identification activity, the risks are assessed qualitatively and quantitatively (in terms of magnitude and probability of occurrence), thus making it possible to identify the most significant risks. The analysis also involves an assessment of the current and prospective level of control of the risk, monitored by means of specific *key risk indicators*.

The phases mentioned above make it possible to structure specific plans to deal with each risk factor.

Along all the management phases, each risk is subjected on a continuous basis to a process of control and monitoring, which checks whether the treatment activities approved and planned have been correctly and effectively implemented, and whether any new operational risks have arisen. The process of managing operational risks is associated with a comprehensive and structured reporting system for presenting the results of the risk measurement and management activity. Each process stage is performed in accordance with standards and references defined at Group level. At least annually, the operational risk situation is updated, in which the dimension and level of control of the monitored risks are highlighted; financial, IT, credit and energy risk situations are updated quarterly.

Group risk reporting, updated every six months, is sent to top management and risk owners, who are involved in management activities. The risk analysis also supports the preparation of planning tools.

In this regard, Iren has equipped itself with a very detailed risk map that corresponds to the reality of the Group, with qualitative and quantitative assessments of each individual risk and with details of the controls and mitigation actions in place or planned. For each risk identified, the relevant ESG (Environmental, Social and Governance) impacts are associated.

Of particular note are:

a. Legal and regulatory risks

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

b. Plant-related risks

In relation to the size of the Group's production assets, plant-related risks are managed with the methodological approach described above in order to correctly allocate resources in terms of control and preventive measures (preventive/predictive maintenance, control and supervisory systems, emergency and continuity plans, etc.). The Risk Management Department periodically performs surveys on the most important facilities, through which it can accurately detail the events to which these facilities could be exposed, and the consequent preventive actions. The risk is also hedged by insurance policies designed considering the situation of the single plants.

c. IT Risks

Cyber risks are defined as the set of internal and external threats which can compromise business continuity or cause civil liability damage to third parties in the event of loss or disclosure of sensitive data. From an internal point of view, the operational risks regarding information technology are closely related to the business of Iren Group, which operates network infrastructures and plants, including through remote control, accounting operational management and invoicing systems and energy commodity trading platforms. Iren Group is, in fact, one of the leading Italian operators on the Energy Exchange and any accidental unavailability of the system could have considerable economic consequences, connected with the non-submission of energy sale or purchase offers. At the same time, problems related to supervision and data acquisition on physical systems could cause plant shutdowns and collateral and even serious damage. A breakdown of invoicing systems could also determine delays in issuing bills and the related collections, as well as damage to reputation.

To mitigate such risks, specific measures have been adopted, such as redundancies, highly-reliable systems and appropriate emergency procedures, which are periodically subject to simulations, to ensure their

effectiveness. Iren Group is also exposed to the risk of cyber attacks aimed both at acquiring sensitive data and at stopping operations, causing damage to plants and networks and compromising service continuity. Market benchmarks also show that attacks aimed at the acquisition of one's own and third parties' data, resulting in civil liability actions and even serious penalties, and the acquisition of trade secrets are becoming increasingly frequent. In this regard:

- a Web Application FireWall (WAF) solution was adopted to protect against attempted exploitation of portal vulnerabilities;
- a Virtual Patching solution was introduced, with the aim of protecting "obsolete" systems that can no longer be updated from a security point of view;
- continuous monitoring was activated by the Iren Computer Security Incident Response Team (CSIRT) in the face of the Russian-Ukrainian and Israeli-Palestinian wars, through the adoption of specific monitoring measures;
- patching activities were enhanced;
- a staff awareness and training programme was implemented;
- threat Intelligence activities were enhanced;
- the internal Cybersecurity team was strengthened;
- security measures have been taken that include defining IT architectures and performing security tests during the release of systems deemed critical;
- security requirements for Operational Technology (OT) systems were defined.

In addition, the Group Cyber Risk Policy is in force, approved by the Board of Directors of Iren S.p.A., which - like the other main risk policies - provides for the convening of specific Risk Commissions, the monitoring of performance indicators and dedicated reporting.

The operational risk management process also aims at optimising the Group's insurance programmes.

7. STRATEGIC RISKS

In the development of the 2030 Business Plan, the Group has structured three distinct areas of analysis: a qualitative-quantitative risk assessment, a specific focus on investments and a focus on climate change risks.

The qualitative risk assessment was based on an analysis of industry trends, the Group's exposure to related strategic risks and the related ability of the Business Plan to mitigate these risks. Consequently, for the risk categories and related elementary risks mapped as part of the Group's Risk Map, which also integrates the ESG impacts for each risk, a detailed analysis of the quantitative drivers relating to the risks with an impact in the years of the Plan was carried out. Once these risks have been identified, the relative impacts, probability of occurrence and mitigation actions have been quantified in order to quantify both the inherent and residual risk value. This assessment led to the enhancement of the Plan's stress test and related rating indices.

With regard to the Plan investment analysis, the mitigating effect on risks and execution risks of the capital expenditure categories and major initiatives were identified.

Finally, an analysis of the risk factors from climate change impacting the Group was carried out, with modelling of the most significant assets and risk factors for different climate scenarios and time horizons. Model results were analysed and investments to mitigate Climate Change risks were evaluated.

M&A transactions and other initiatives of a strategic nature, which were assessed during the year, were also subject to detailed analysis, with a particular focus on the impact of these transactions on the Group's sustainability objectives (environmental indicators, where significant, and social indicators relating, for example, to compliance with labour, health and safety regarding the target and governance policies) and consistency with the EU Taxonomy.

TRANSACTIONS WITH RELATED PARTIES

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

The above document was prepared implementing:

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

The corporate documents adopted in accordance with the legislation on transactions with related parties, defined in coordination with the provisions of the administrative and accounting procedures pursuant to art. 154-*bis* TUF, aim specifically:

- (i) regulate the performance of transactions with related parties by Iren, directly or through subsidiaries, identifying internal procedures and rules capable of ensuring the substantial and procedural transparency and correctness of such transactions, and
- (ii) establish the methods for fulfilling the related disclosure obligations, including those provided for in legal and regulatory measures in force and applicable.

These, very briefly, provide for:

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

Iren and its subsidiaries carry out transactions with related parties in accordance with the principles of transparency and fairness. These transactions mainly concern services provided to customers in general (gas, water, electricity, heat, etc.) or following concessions and awards of services, in particular for the waste management sector, and are governed by the contracts applied in such situations.

Where the services provided are not the above, the transactions are governed by specific agreements whose terms are established, where possible, in accordance with normal market conditions. If these references are not available or significant, the contractual conditions are defined also in consultation with independent experts and/or professionals.

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

LEGISLATIVE AND REGULATORY FRAMEWORK

This section reports on the main legislative and regulatory changes (new rules or amendments to pre-existing rules) that occurred in the first half of 2024 in relation to the sectors of operation, as well as the scope of the concessions and franchises held by the Iren Group.

EUROPEAN FRAMEWORK

EPBD Directive

On 8 May 2024, the new Energy Performance of Buildings Directive (EPBD), also called the “Green Homes Directive”, or “EPBD IV”, was published.

The aim of the standard is to progressively reduce greenhouse gas emissions and energy consumption in buildings by regulating actions to be taken by the year 2030: the target to be reached is zero emissions in 2050.

The commitment required of Member States is to prepare a national plan for the complete renovation of the residential and non-residential, public and private housing stock.

A gradual decrease in average primary energy consumption will therefore have to be guaranteed for existing buildings until 2050, while new buildings will already have to be zero-emission by 2030 (the deadline is brought forward to 2028 for publicly owned buildings).

At least 55% of the reduction in average primary energy consumption will have to be achieved by renovating the worst-performing buildings. From 2025, heating systems that run only on natural gas (“stand-alone boilers”) will no longer be eligible for incentives. From 2040, natural gas boilers will have to be totally eliminated.

There are also targets for the deployment of solar energy systems in buildings and for the creation of sustainable mobility infrastructure.

NATIONAL FRAMEWORK

GAS

Gas Networks

Res. 131/2024/R/gas - Approval of the procedures transmitted by SNAM Rete Gas S.p.A., pursuant to Authority Resolution 220/2023/R/gas, concerning biomethane production plants

The measure approves the two procedures submitted by SNAM Rete Gas, pursuant to Resolution 220/2023/R/gas, concerning the mapping of transport capacity and the optimisation of connections of biomethane plants to natural gas transport and distribution networks.

In connection with network mapping activities, distribution companies are required to provide SNAM Rete Gas with information on the network sections deemed suitable for the connection of biomethane production plants and estimates of their absorption capacity over a multi-year time horizon.

With regard to connection optimisation, from 1 June 2024, connection verification requests are sent by applicants to SNAM Rete Gas, which carries out a preliminary analysis aimed, where possible, at directly allocating the request to the competent distribution system operator (DSO) or transport system operator (TSO) on the basis of technical and security criteria. Connection requests that are not directly attributable to the transport network or the distribution network according to said criteria are subject to an economic assessment, involving the territorially competent DSO/TSO, in order to identify the project solution that can minimise the overall costs for the system. Subsequently, the applicant will proceed to send the connection request to the identified operator, who will proceed to prepare the quote for the connection.

Res. 134/2024/R/gas - Redetermination of reference tariffs for gas distribution and metering services for the years 2017 to 2022

With Resolution 134/2024/R/gas, ARERA redetermined the tariffs for gas distribution and metering services for the period from 2017 to 2022 in order to take into account the acceptance of tariff redetermination requests and rectification requests submitted by distribution companies. In the redetermination of the reference tariffs, the share relating to the coverage of the operating costs recognised for the distribution service was updated to take into account the correction of the calculation error detected by the Regional Administrative Court (TAR) as part of the appeals against Resolution 570/2019/R/GAS, which took place with Resolution 409/2023/R/GAS.

The resolution produced effects both for the recalculation of the recognised operating costs and for the granting of tariff recalculation/adjustment petitions (exit from the tariff regime ex officio of some served locations and adjustment of some physical measurement data).

Res. 173/2024/R/gas - Recognition, on an extraordinary basis, of the effects resulting from revisions of the ISTAT data used to determine the change in the GFCF deflator for gas distribution and metering services

With reference to the proceedings initiated with Resolution 66/2024/R/gas, Resolution 173/2024/R/gas was published, with which ARERA implements the recognition, on an extraordinary basis, of the effects deriving from the revisions of the ISTAT data used to determine the variation of the deflator of gross fixed investments valid for the determination of the tariffs for the distribution of natural gas and gas other than natural gas.

The measure, for natural gas distribution, has an effect on the updating of the deflator valid for the 2024 tariff year, which is set at +5.3% (replacing the value of +3.8%, which had been published at the time of the RAB GAS 2023 data collection and confirmed with Res. 631/2023/R/gas).

Res. 186/2024/R/gas - Determination of provisional reference tariffs for gas distribution and metering services for the year 2024 and redetermination of definitive reference tariffs for the year 2023 Amendments to the RTDG

The measure approves the provisional reference tariffs for gas distribution and metering services for the year 2024. The reference tariffs incorporate the effects of the aforementioned Resolution 409/2023/R/gas (correction of the material error committed by ARERA in the calculation of the operating costs recognised for distribution as of 2020) but still do not fully incorporate the effects of the Council of State rulings annulling part of Resolution 570/2019/R/gas.

The same measure redetermines the values of some tariff components, as per Table 5 of the Gas Distribution and Metering Tariffs Regulation (RTDG), following the redetermination of the rate of change of the deflator for the year 2024, which took place with Resolution 173/2024/R/gas.

Res. 231/2024/R/gas - Initiation of proceedings for compliance with the rulings of the Council of State, Sec. II, Nos. 10185/2023, 10293/2023, 10294/2023, 10295/2023 AND 1450/2024 concerning tariffs for natural gas distribution and metering services

In relation to the regulation of gas distribution and metering service tariffs for the regulatory period 2020 - 2025 approved by Resolution 570/2019/R/gas, with ruling no. 10293/2023 published on 29 November 2023, the Council of State ruled on the appeal filed by ARERA against the TAR ruling no. 630/2023, rejecting it and confirming the TAR ruling in relation to the lack of transparency and justification for the failure to specify the criteria for processing data relating to operators and in relation to the incorrect definition of clusters for the definition of recognised operating costs. At the same time, the Council of State upheld the Authority's appeal concerning the alignment of the beta parameter of the metering service to that of distribution for the definition of the WACC rate.

Subsequently, with Resolution 231/2024/R/gas of 11 June 2024, ARERA initiated the proceedings for the execution of the Council of State rulings nos. 10185/2023, 10293/2023, 10294/2023, 10295/2023 and 1450/2024 concerning the determination of the operating costs for the distribution service for the 2020-2025 regulatory period, expected to be concluded by 31 December 2024. The Authority has anticipated that it will proceed along two lines:

- a) the first, aimed at filling the gaps in the preliminary investigation and reasoning found by the judges of first and second instance;
- b) the second, aimed, inter alia, at deepening the topics covered by specific pronouncements:
 - (i) differentiation of operating costs related to the distribution service according to density;

- (ii) impact of the peculiarities of the area served on the actual operating costs of the companies;
- (iii) significance of service obligations to guarantee bilingualism on operating costs.

Res. 147/2024/R/gas - Pilot projects for the optimisation of the management and innovative use of infrastructure in the natural gas sector: payment of the advance payment referred to in paragraph 4.9 of Annex A to Authority Resolution 404/2022/R/gas

With this resolution, the Authority approved the payment on account of 30% of the contribution requested for pilot projects to optimise the management and use of infrastructure in the natural gas sector. In addition, the measure postponed the submission of the first interim report under Determination 9/2022 - Infrastructure, Energy and Unbundling Directorate (DIEU) to 31 July.

Determination DSME/4/2023 - Standardisation of regulatory accounting documents for natural gas distribution service and Res. 94/2024/R/gas - First provisions on the regulation of guarantees for access to the natural gas distribution service

With these measures, the Authority (Directorate for System Services and Energy Monitoring) initiated the updating of the Standard Network Code to ensure greater standardisation of processes. In particular, with the aforementioned determination, ARERA published the Operating Instructions on the subject of accounting data standards for the natural gas distribution service, which are scheduled to become fully operational as of 1 October 2024. Resolution 94/2024/R/gas defined the first provisions concerning the introduction of the security deposit in the list of admissible guarantees for gas distribution contracts.

Wholesale gas market

Storage Filling Thermal Year 2024-2025

Res. 129/24, in implementation of Ministerial Decree of 28 March 2024 - the Authority also confirms for the thermal year of storage 2024/2025, in continuity with the regulations for the previous Thermal Year 2023/2024:

- that storage companies' technical consumption costs are not charged to storage users but are covered through the storage companies' financial balance mechanism (Art. 28 RAST - Regulation for Access to Storage Services);
- that, for the purpose of covering the gas quantities for the management of the technical consumption of the storage companies, the quantities still available in the storage stocks supplied by the balancing manager may be used;
- if, at the end of the month of October 2024, the storage user's storage capacity is lower than the minimum (paragraph 17.1 RAST), the storage company shall charge the higher of the fee pursuant to subsection 26.1 RAST or 1.5 €/MWh;
- the allocation to the GSE and to the largest transport company of space capacity (for the thermal year 2024/2025) and corresponding injection and withdrawal capacity, equal to the stocks in the storage facilities as at 31 March 2024.

DCO 103/24 - Compliance with the rulings of the Council of State no. 8523 of 5 October 2022, and no. 7386 of 27 July 2023, concerning the criteria for regulating natural gas transport service tariffs for the regulatory periods 2014-2017 and 2018-2019.

In March, the Authority published its final guidelines regarding the Council of State rulings on the tariff regulation of the gas transport service for the periods 2014-2027 and 2018-2019. In this regard, it is recalled that the Council of State annulled the 4PRT transport tariff regulation (2014-2017) and the transitional regulation (2018-2019) for violation of Article 23(3) of Legislative Decree 164/2000 on the principle of non-penalisation of areas with a low level of infrastructure/south.

The background to the ruling and the Authority's initial guidelines presented with DCO 424/23 in October are summarised below: the plaintiff company (ENEL) contested the high levels of entry fees at entry points in southern Italy and in this regard, the Authority's corrective proposals were (i) the elimination of discounts on counter-flow sections and (ii) the use of standard diameters for the pricing of sections. The effect of the corrections thus proposed is a reduction in the cost of entry points in the south and a consequent increase in the cost of entry points located in the north; there would also be an impact on exit points, with exit costs increasing in the north and decreasing in the south.

In DCO 424/23, the Authority is oriented to apply such corrected tariff method to entries only; finally, with the last DCO 103/24, it provides that each transport user recalculates its net position, both for entry and

exit, for the period 2014-2019, in terms of higher or lower costs of the transport service using the recalculated values of the fees according to the alternative methodology proposed by ARERA itself. The consequence would be that only transport users in credit with the system would be compensated in the recalculation of fees, with no adjustment for debit positions.

ELECTRICITY

Electricity market

DM CACER - Self-Consumption Configurations for the Sharing of Renewable Energy (in implementation of Legislative Decrees 199/21 and 210/21 and as already regulated by ARERA pursuant to Resolution 727/22-TIAD)

On 23 January 2024, the Decree of the MASE (Ministry of the Environment and Energy Security) was published, which incentivises the spread of Renewable Energy Communities and diffuse self-consumption (so-called "Decree CACER"). The Ministerial Decree came into force the day after its publication (i.e. 24 January 2024).

Relevant topics include:

- the way in which the capital grant is to be accounted for/paid, in advance up to 10% (with methods identified in the Rules of Operation); alternatively, the contribution is paid in a single payment or in several instalments, in consideration of the amounts to be paid and the power of the plants to be incentivised and in relation to the progress of the works;
- eligible expenses: it is specified that VAT is not eligible for subsidies, unless it is not recoverable;
- the application of reductions in the case of capital grants;
- the distribution threshold of the shared energy incentive: the excess beyond this threshold is intended only for consumers other than companies and/or used for social purposes.

In addition, on 23 February, the MASE approved the Rules of Operation (RO) through which the GSE regulates the procedures for accessing the incentive tariffs and capital grants under the PNRR (National Recovery and Resilience Plan). Subsequently (18 March), the MASE published the Decree on the definition of the fees that the GSE will charge to the beneficiaries of the incentives and PNRR contributions set out in the CACER Decree according to the procedures defined in the Rules of Operation, the latest version of which was updated by the GSE in April.

Terna - DCO on MACSE - Mechanism for the Procurement of Electricity Storage Capacity

On 12 April, Terna published for consultation further documents relating to the MACSE Guidelines, which were previously consulted in October 2023. In particular, it released the Technical Report on the parameters of the technologies identified by Terna in the Reference Study: lithium-ion batteries and hydroelectric pumping for new authorised capacity were identified as mature technologies capable of meeting its needs. As regards the obligations (already defined above) to be fulfilled by the successful bidders, these concern, in addition to the contracted capacity that will be the subject of time-shifting contracts for third-party operators on the GME platform, the making available of the contracted capacity on the Market Service Dispatching (MSD) within the bidding limits. In this respect, with respect to the previous version of the Guidelines, Terna makes some changes:

- the elimination of the bidding limits that had been set for the formulation of bids on the MSD: if the bid cap (+/- 20% for bids upward and downward on the DAM zonal price) on the capacity committed to the MACSE had been confirmed, this could have generated distorting effects for the services market;
- the reduction of the percentage of the contribution margin return realised as a result of the MSD and MB (Balancing Market) markets: instead, limits are applied that are consistent with the Capacity Market strike price for upward bids (also to ensure linearity with existing market mechanisms) and with a minimum limit of 0 €/MWh for downward bids.

In addition, the first auction is planned for 2024, with a delivery period: for the short auction (batteries), 2028, for the long auction (pumping) 2031, with an auction base in €/KWh to remunerate operating and investment costs.

Anomalies and critical issues on imbalance prices

Res. 60/2024 - in March, the Authority closed its fact-finding investigation (initiated with Resolution 475/2023) concerning the formation of anomalous imbalance prices, following the start of Terna operations on the European “PICASSO” platform (European balancing platform for secondary reserve exchange).

With the start of Terna participation in the Platform on 19 July 2023, the Italian system became part of the integrated cross-border Automatic Frequency Restoration Reserve (aFRR, secondary reserve) market, the outcomes of which depend on overall market conditions in terms of operators’ offers, TSO requirements and trading capacity, also exposing itself to the risk of propagation of price spikes identified on the Platform. In this context of an integrated market, which was solved by means of a marginal price auction, was the acceptance of offers outside the national perimeter, resulting in negative marginal prices and/or significantly higher, in absolute value, than the national historical average values, which were then reflected in the national imbalance prices. Therefore, the Authority requested Terna to further investigate the resolution and pricing rules of the platform algorithm and ordered the suspension of Terna operational participation in the platform, pending the approval and implementation of mitigation measures. This suspension took place on 15 March.

Adequacy and Capacity Market Regulation

With the approval of **MASE Decree of 9 May 2024** and **ARERA Resolution 145/24**, Terna publishes the First Implementation Regulation for the post-2024 delivery years: from 2025 to 2028.

The Capacity Market instrument, as noted by the Terna Adequacy Report 2023, proves to be essential to accompany the energy transition, the objective of which is to guarantee the adequacy of the electricity system according to the standards defined by the Italian Authorities in the face of an increasing penetration of non-programmable renewable sources necessary to achieve national and European climate objectives. The Capacity Market will have to become structural in order to maintain the adequate function of combined cycle plants (CCGT), maintaining the efficiency of the existing thermoelectric park and avoiding an excessive exit of these plants from the market. To this end, the mechanism is designed to stimulate interventions to convert the cooling systems of thermoelectric cycles from water to air, so as to support the system in the extreme climatic situations that often occur in the summer months.

ARERA Resolution 199/24 defines the economic parameters of the competitive procedures for the delivery years 2025 to 2028, the auctions of which are expected in November and December 2024 for the delivery years 2025, 2026 and 2027 and in February 2025 for the delivery year 2028. Finally, the Authority identifies as a premium for existing capacity 45,000 €/year/MW for delivery period 2025, incremental in delivery years up to 48,000 €/year/MW for delivery period 2028.

Exceeding the PUN as of 1 January 2025 (in implementation of **MASE decree of 18 April 2024** and pursuant to Legislative Decree 210/21)

DCO GME 01/24 - On 19 April, the energy Market Operator (GME) launched the consultation on the subject of the passing of the PUN as of 1 January 2025, from which point in time energy purchase offers on the DAM will no longer be measured at the PUN but at a zonal price. Among the contents of the consultation, the main topics are:

- The GME calculation of the reference price of energy traded on the DAM (so-called PUN Index):
 - (i) calculated as the average of the weighted zonal prices on purchases for withdrawal portfolios belonging to the geographical zones;
 - (ii) carried out on the basis of the zonal outcomes of the DAM;
 - (iii) defined for each minimum time interval (Market Time Unit-MTU 15 minutes) and then calculated every quarter of an hour;
- from the point of view of operations on the Electricity Market, the GME introduces:
 - (i) timing for the implementation of multiple Market Time Units (MTU) against which products offered on the markets can be referenced;
 - (ii) the possibility of formulating block products to optimise operators’ trading possibilities, in order to align the MTU of the day-ahead and auction markets with the 15-minute Imbalance Settlement Period (ISP), which will be mandatory from 2025 (in accordance with European regulation).

DCO 194/24 - on 21 May, the Authority launched the consultation regarding the application of an equalisation mechanism (at least until 31 December 2025) to compensate, through a special component, the difference between the PUN Index and the market zonal prices. It identifies, in particular, two alternatives for the application of this component:

- a) applied to purchases on the DAM: this would imply that in the wholesale market all offers would be brought into line with the PUN Index, while the retail market would see the adjustment of the fees of the greater protection, gradual protection and PLACET offers brought into line with the PUN Index, which would also qualify as a price index in free market contracts. This first alternative, which would in fact leave the regulatory framework unchanged, would be the option preferred by ARERA;
- b) applied to all energy withdrawn and managed by Terna: as regards the wholesale market, Terna would manage the component as part of dispatching, and this would entail: the elimination of the non-arbitrage fee; the application of the CCT (Transport Capacity Fee) also to purchase offers; and the redetermination of guarantees. In the retail market, on the other hand, there would be a possible change for services of last resort and PLACET offers, with the possible alignment to the zonal price in the free market.

TIDE Implementation - Integrated Electricity Dispatch Text

DCO 204/24, changes for the entry into force of the TIDE - in May, the Authority launched the consultation in which it outlined the guidelines for the entry into force of the TIDE, in conjunction with the consultation on the chapters of the Terna Network Code. In particular, the Authority provides:

- transitional phase - from 1 January to 30 September 2025 - in which the TIDE will enter into force with the current version of the Network Code;
- publication by Terna of the relevant grid model by 1 April 2025;
- definitive phase, in which the TIDE will be in force from 1 October 2025 (with the application of the new Network Code-currently under consultation). The Authority specifies that transitional provisions will also be defined after that date concerning the:
 - (i) Frequency Containment Reserve (FCR);
 - (ii) frequency ultra-rapid reserve procurement;
 - (iii) definition of the Integrated Scheduling Process optimisation model and algorithm for the MSD.

Electricity Production facilities

Ministerial Decree Eligible Areas

At the end of June 2024, the version signed by the competent ministers of the Eligible Areas Decree was released, concerning the identification by the regions of suitable and unsuitable areas and areas for the installation of renewable energy plants, instrumental in achieving the national 2030 targets. The main points of the Ministerial Decree, as amended by the Energy Commission and the Conference of Regions, are as follows:

- target of 80 GW of additional power by 2030;
- the Regions identify by their own law within 180 days the areas suitable and unsuitable for the installation of renewable energy plants;
- compliance monitoring, by the MASE and the GSE, is verified by 31 July each year on the power from renewable sources not only installed, but also authorised or licensed;
- among the criteria for the identification of suitable areas by the Regions, the need to protect the cultural heritage and landscape, agricultural areas, air quality and water bodies has been added, giving preference to the installation on areas of built structures, as well as areas for industrial, artisan, service and logistic use, and verifying the suitability of areas that cannot be used for other purposes (among which the Regions may also include areas classified as agricultural);
- areas within the perimeter of protected assets are considered unsuitable with the possibility for the Regions to establish a buffer zone of a maximum of 7 km.

This decree considered the application of **DL Agricoltura (DL 63/2024)** concerning the possible inhibition for the construction of photovoltaic plants with modules placed on the ground in agricultural areas: this provision was mitigated by MD Eligible Areas, allowing the Regions to install ground-mounted photovoltaics also in areas classified as agricultural, provided they cannot be used for other purposes.

Electricity Networks

Launch of new Regulation by Objectives of Spending and Service (ROSS Regulation)

The year 2024 is the start of the new tariff regulation for electricity distribution and metering. In particular, with Resolution 163/2023/R/COM the Authority approved the Integrated Text of the general criteria and principles of Regulation by Objectives of Spending and Service for the period 2024-2031 (TIROSS).

With Resolution 497/2023/R/COM, the ROSS application criteria were defined and with Resolution 616/2023/R/EEL (TIT), the Authority defined the criteria for the determination of some characteristic parameters of the ROSS criteria, such as the operating cost baseline for the year 2024 and the capitalisation rate for the electricity distribution and metering service. Therefore, a specific collection of information and data necessary for the determination of these parameters was initiated.

On the basis of the data received, the Authority, in order to define the 2024 provisional reference tariffs, proceeded to calculate the operating cost baseline for the year 2024, the capitalisation rate and the efficiency recoveries achieved as at the cut-off date (31 December 2023) due to each DSO.

DCO 239/202/R/COM - Guidelines on scenarios for energy network Development Plans

With this document, the Authority submits for consultation:

- the minimum requirements for the elaboration of the scenario description document for the transmission and transport network Development Plans;
- guidelines on the activities of electricity DSO, for the definition of specific local scenario assumptions relevant to the development of distribution networks;
- the publication of distributor maps representing both hosting and load capacity with actual and forecast data by March 2025.

ENERGY EFFICIENCY

Superbonus and other building bonuses

On 23 May 2024, the conversion into law of DL 39/2024 was approved, which contains new provisions on building tax bonuses, and in particular on the assignment of credit. In a nutshell, among other provisions, the DL also provides for:

- (i) the inhibition of the rebate and assignment options in cases of no expenses for work already carried out on the date of entry into force of the DL;
- (ii) the obligation to deduct tax benefits from expenses incurred over 10 years from 2024 onwards.

WASTE

ARERA - regulatory activities

Tariff regulation of treatment plants

Following the Council of State rulings nos. 10548, 10550, 10734, and 10775 of 2023 concerning the tariff regulation of treatment plants, the Authority issued **Resolutions 7/2024/R/RIF and 72/2024/R/RIF**, which amended the second Waste Tariff Method (MTR-2) in the part concerning the relative regulation, postponing its application from the year 2024 (PEF 2024-2025).

Subsequently, with Decision 2/DTAC/2024, the standard outlines of the acts constituting the tariff proposal for the two-year period 2024-2025 and the relevant transport modalities were approved.

Furthermore, the **procedure for the gradual extension to the municipal waste sector of the system of protections for the empowerment and settlement of disputes of customers/end users of the regulated sector**, initiated with Resolution 621/2023/E/RIF of 28 December 2023, saw the activation of an initial round table on 14 June 2024 with various stakeholders and consumer associations.

Accounting Unbundling Waste Sector

With Resolution 27/2024/R/RIF, the Authority started the procedure for the definition of the accounting and administrative unbundling of the waste sector, which is to be completed by 30 June 2025.

WATER SERVICE

DCO 245/2024/R/Idr - Guidelines for the definition of the model outline of the call for tenders for IWS entrustment

Consistent with the provisions of Article 7(2) of Legislative Decree no. 201 of 23 December 2022, the Authority illustrates the general framework elements and guidelines relating to the definition of the model outline of the call for tenders, with regard to the procedures for entrusting to third parties by means of a public procedure and to the institutional public-private partnership (mixed company). The adoption of a standard contract call for tenders scheme is aimed at ensuring greater uniformity of the criteria and modalities that can be used in awarding procedures.

The document provides proposals in relation to the various profiles concerning the subject and value of the tender, the participation requirements, the technical offer and the economic offer; there are also specific provisions for cases where the minimum information requirements are not available.

OTHER GENERAL MATTERS

Incentives

FERX Ministerial Decree (Draft May)

The FERX Ministerial Decree, implementing Legislative Decree no. 199/2021, aims to support the production of electricity from renewable energy plants with generation costs close to market competitiveness, through the definition of a support mechanism that promotes their effectiveness, efficiency and sustainability to an extent appropriate to the pursuit of the decarbonisation objectives to 2030. Specifically, in the draft circulated in May, the points of emphasis are:

- the contingent estimate at 57.1 GW of Renewable Energy Sources (RES) with a capacity greater than 1 MW incentivised through auctions (to be launched in 2024-28) of which 40 GW for photovoltaic;
- quotas by technology: photovoltaic, wind, hydro power and residual gas;
- a dynamic demand curve in terms of capacity to be supplied was introduced, which identifies a minimum, an optimal and a maximum power quota;
- direct access for plants with a capacity of less than 1 MW (up to the maximum quota of 5 GW);
- The provision of an all-inclusive tariff for plants with a capacity below 200 KW and a tariff through Contracts for Difference (CFD) for those with a capacity above that threshold;
- the adjustment of the tender price to inflationary dynamics;
- compulsory MSD qualification for plants with a capacity above 1 MW (optional below this threshold);
- the provision of an incentive on producible energy in cases of:
 - (i) stops by orders of the Network Manager;
 - (ii) zero or negative zonal prices on DAM (day-ahead market);
 - (iii) production cut due to Terna orders on MB

Plants that do not qualify lose the incentive in cases (ii) and (iii): this loss does not seem to apply to plants that qualify for the all-inclusive tariff (i.e. those with a capacity of less than 200KW).

Electricity and gas social bonuses - General System Charges and Additional Components

Res. 113/2024/R/com - Update, as of 1 April 2024, of the tariff components intended to cover general charges and other components of the electricity and gas sectors. Provisions on the TIVG and RTTG components. Provisions to the energy and environmental services fund. Changes to the TIPPI

The measure updates the general electricity and gas charge components valid as of 1 April 2024.

Short limitation

With rulings 11358/2023 and 11360/2023 of the end of 2023, the Council of State, confirming on this point the Lombardy Regional Administrative Court (TAR), held to be unlawful the provisions of Resolutions 603/2021 and 604/2021 that imposed the obligation on the distributor (of electricity and natural gas) to indicate to the user its counterparty, on the occasion of the communication of metering data or the rectification thereof with reference to consumption dating back more than two years, whether or not there existed - and, if so, the relevant details - any grounds for presuming that the limitation period for the right to claim has not expired within the meaning of the primary legislation.

An ARERA clarification of March 2024 indicated that there is no need for it to intervene again on the regulation, as it is self-sufficient and fully operational, even in the absence of the provisions annulled by the administrative judge.

Following the rulings of the Council of State, Resolution 86/24/R/eel defines the α -factor of 0.22, necessary for the calculation of the penalty to be applied to electricity DSO for their multi-year adjustments billed to Sellers in 2023 (Art. 8.1 of Resolution 604/2021).

CONCESSIONS AND ASSIGNMENTS OF THE IREN GROUP

HYDROPOWER GENERATION

The following is a summary of the major concessions for hydroelectric use and the related expiry dates for Iren Energia's plants.

Region	Plant	Average rated concession power (MW)	Expiry
Piedmont	Po Stura - San Mauro	5.58	31 December 2010
Piedmont	Pont Ventoux - Susa	45.64	13 December 2034
Piedmont	Agnel - Serrù - Villa	12.53	31 December 2010
Piedmont	Bardonetto - Pont	8.92	31 December 2010
Piedmont	Ceresole - Rosone	32.92	31 December 2010
Piedmont	Telessio - Eugio - Rosone	26.10	31 December 2010
Piedmont	Rosone - Bardonetto	9.71	31 December 2010
Piedmont	Valsoera - Telessio	1.76	31 December 2010
Campania	Tusciano	8.49	31 March 2029
Campania	Tanagro	12.85	31 March 2029
Campania	Bussento	17.06	31 March 2029
Campania	Calore	3.27	31 March 2029

In relation to the aforementioned concessions expiring on 31 December 2010, concerning Valle Orco (Agnel - Serrù – Villa, Bardonetto – Pont, Ceresole – Rosone, Telessio - Eugio – Rosone, Rosone – Bardonetto, Valsoera – Telessio) and Po Stura-San Mauro, a project financing proposal was submitted to the Piedmont Region.

With Resolution of the Piedmont Regional Council of 17 April 2023 no. 17/6747, the feasibility of the two project financing proposals presented by Iren Energia was resolved, pursuant to Article 183, paragraph 15 of Legislative Decree 50/2016, concerning, respectively, the expired Concessions for large hydroelectric derivations on the Torrente Orco and the expired Concession for large hydroelectric derivations of the Po Stura - San Mauro plant.

By Resolution No. 28-6999 and 29-7000 of the Regional Council of 5 June 2023, the Piedmont Region resolved, pursuant to Articles 3 and 4 of Regional Law 26/2020, that *“there was no overriding public interest in a different use of the derived waters, incompatible with the maintenance of the use for hydroelectric purposes, and the definition of the public evidence procedure for the relative assignment”*.

With DGR no. 7387 of 3 August 2023 and Executive Decision no. 578 of 7 August 2023, the Piedmont Region verified the correctness of the 'end-of-concession reports' of expired large hydroelectric derivations and ordered their publication on its institutional website.

A dispute promoted by a competitor of Iren Energia against the measures adopted by the Piedmont Region is pending before the Superior Court of Public Waters.

NATURAL GAS DISTRIBUTION

With effect from 1 January 2023, following the demerger transaction finalised in 2022, IRETI Gas took over from IRETI the ownership of the concessions pertaining to the management of the natural gas distribution service in place in the various Areas - Genoa1, Parma, Reggio Emilia and Piacenza2 - under an extension regime.

With regard to the tender issued by ATEM Genoa2, the Council of State confirmed the unlawfulness of the call for tenders in ruling no. 3150/23. The new tender has not yet been called.

With reference to the tender for the assignment of the ATEM La Spezia, following the award on 25 November 2022 in favour of Italgas, IRETI, which was taken over by IRETI Gas, continued the litigation commenced in 2022 before the Regional Administrative Court (TAR) of Liguria by filing an appeal with the Council of State, which, with its ruling of 12 March 2024, confirmed the ruling of the Regional Administrative Court in the first instance case and the award in favour of Italgas.

Following the completion of the so-called "Romeo 2 Project", as of 1 January 2024, ASM Vercelli acquired the gas distribution concessions in the following municipalities in the Province of Vercelli: Albano Verellese, Carisio, Greggio, Olcenengo, Oldenico, San Germano Verellese-Strella district, Quinto Verellese, Tronzano Verellese and Villarboit.

Also as a result of this Project and again with effect from 1 January 2024, IRETI Gas, following the merger by incorporation of the company Romeo 2, took over from the latter as concessionaire of the gas distribution service in the municipalities of the Province of Savona Albenga and Ceriale. In this context, the company has already acquired, with effect from 1 February 2023, the gas distribution concessions in the Emilian municipalities of Pontenure (ATEM Piacenza 2) and Solignano (ATEM Parma), as well as the management of the private village of Grazzano Visconti in the municipality of Vigolzone.

Iren also operates in numerous other areas throughout Italy through assignments or concessions given to mixed capital companies in which Iren Group companies have a direct or indirect investment.

The main assignments and concessions are:

- ATEM Ancona/Macerata 2- ASTEA (associate, in which a 21.32% stake is held by the GPO Consortium, 62.35% of which IRETI controls in turn): Municipalities of Osimo (AN), Recanati (MC), Loreto (AN) and Montecassiano (MC) - management is under an extension *ex lege*;
- ATEM Livorno - ASA (associate, 40% owned by IRETI): Municipalities of Livorno, Castagneto Carducci, Collesalveti, Rosignano Marittimo and San Vincenzo - management is under an extension *ex lege*;
- ATEM Alessandria 3/ Alessandria 4 - RETI S.r.l. (controlled by ACOS, which in turn is associate as a 25% investee of IRETI): Municipality of Novi Ligure and 21 other municipalities - management is under an extension *ex lege*.

ELECTRICITY

Ministerial electric concessions have an expiration date of 31 December 2030. The Iren Group manages the public electricity distribution service in the cities of Turin and Parma (through IRETI) and Vercelli (through ASM Vercelli).

Iren is also present in the Marche area with DEA SpA, part of the group of the associate ASTEA SpA, which manages the electricity distribution service in the municipalities of Osimo (AN), Recanati (MC) and Polverigi (AN).

DISTRICT HEATING

Iren Energia manages the district heating distribution service through concession, award or authorisation to lay networks in the following areas:

- Municipality of Turin
- Nichelino (TO);
- Beinasco (TO);
- Rivoli (TO);
- Collegno (TO);
- Grugliasco (TO);
- Reggio Emilia;
- Parma;
- Piacenza;
- Genoa.

In addition, through Dogliani Energia, it holds the concession for the district heating service in the municipality of Dogliani (CN). In this regard, the construction of the cogeneration plant with attached network is currently underway.

Finally, effective as of 1 November 2023, Iren Mercato is concessionaire, on a transitional basis, of the public district heating service in the territory of the municipality of Moncalieri; the duration of the concession is twelve months and, in any case, until the effective date of the assignment of the Service by the municipality, through a specific public procedure, to a new concessionaire.

Iren Energia, which supplies heat to Iren Mercato, owns the existing production plants and network infrastructure and is party to an agreement with the municipality for the occupation of public land, which has now expired.

This situation of occupation of public land is continuing under an extension regime while awaiting decisions from the Municipality on the methods of new assignment or renewal. In this regard, it should be noted that the concession of the land on which the network stands does not appear to be assignable to third parties through tenders: these assets are in fact not economically contestable as long as the company decides to maintain ownership of the network; the presence of the network, in fact, prevents economic exploitation of the area for purposes other than the current ones. As things stand and barring various decisions (unforeseen at present) by the Municipality, there therefore do not appear to be any alternatives to renewing the concession.

INTEGRATED WATER SERVICE

Liguria area

IRETI holds the management assignment for the Integrated Water Service in the 67 municipalities of the Province of Genoa. The assignment was granted by Decision No. 8 of the Genoa Optimal Territory Environment Agency (ATO) on 13 June 2003 and will expire in 2032.

The Integrated Water Service in the territory of the municipalities of the Province of Genoa is managed by IRETI through the safeguarded operators. The authorised and/or safeguarded companies of Iren Group that perform the function of operator are Iren Acqua (60% controlled by IRETI), Iren Acqua Tigullio (66.55% controlled by Iren Acqua) and AMTER (controlled through 51% of IRETI and 49% of Iren Acqua).

IRETI also directly operates the drinking water distribution service in the municipalities of Camogli, Rapallo, Coreglia, Zoagli, Sestri Levante, Casarza Ligure and Moneglia, and the Integrated Water Service in the municipalities of Né and Carasco, in the Genoa ATO.

The company manages only the segment of the water service in the following ATOs:

- Savona area, in the municipalities of Albissola Marina, Albissola Superiore, Quiliano, Vado Ligure, Celle Ligure, Noli, Spotorno, Bergeggi, Savona, Stella, Varazze;
- Centre West 2 - municipalities of Altare, Cairo Montenotte, Carcare, Cengio;

As far as the Province of Imperia is concerned, IRETI manages, pending the collection of the redemption value (since these are expired safeguarded operations), the service in the municipalities of Camporosso, Isolabona (Integrated Water Service), Perinaldo, San Biagio della Cima, Soldano and Vallebona.

Finally, in La Spezia and its Province, in 31 municipalities, the Iren Group manages (through ACAM Acque) the water service with a concession valid until 31 December 2033.

Emilia Romagna area

The Group provides the Integrated Water Service on the basis of specific assignments granted by the respective local authorities, governed by agreements signed with the competent ATO.

Based on the laws of the Emilia-Romagna Region, Integrated Water Service Agreements provide for 10-year assignments, in a safeguarding arrangement, except for the agreement relating to the Parma ATO, which sets the expiry of the assignment at 30 June 2025, by virtue of the disposal to private entities of 35% of the AMPS capital by the municipality of Parma in 2000 through a public offering.

The aforementioned deadline was extended by Emilia-Romagna Regional Law No. 14/21 until 31 December 2027.

The Integrated Water Service in the Parma, Piacenza and Reggio Emilia ATOs is managed by IRETI. Ownership of the assets and networks of the water segment was transferred to companies wholly owned by public entities (respectively Parma Infrastrutture, Piacenza Infrastrutture and AGAC Infrastrutture). These companies made their networks and assets available to the Iren Group on the basis of a rental contract and against the payment of an annual fee.

As of 1 January 2024, the management of the Integrated Water Service for the Province of Reggio Emilia, excluding the Municipality of Toano, will be the responsibility of the “Azienda Reggiana per la Cura dell’Acqua”, or ARCA for short, 60% owned by the public partner AGAC Infrastrutture and 40% by the private partner IRETI, which won the tender announced by ATERSIR for the selection of the private operating partner of the joint company for the assignment of the Integrated Water Service in ATO3 Reggio Emilia until 31 December 2043.

ARCA, by means of a specific agreement, on the basis of the provisions of the tender deeds, entrusted the management of the operating tasks to the territorial operating company (SOT) Iren Acqua Reggio, which was set up for this purpose by the private operating partner (IRETI).

With regard to the tender called by ATERSIR in 2022 for the assignment of the Integrated Water Service for the Province of Piacenza, with Executive Decision no. 66 of 22 March 2024, ATERSIR awarded to IRETI the Open Procedure for the concession of the Integrated Water Service for the Province of Piacenza with effect from 1 January 2025. In consideration of this assignment, the Società Operativa Territoriale Iren Acqua Piacenza S.r.l. will be established.

Piedmont area (Vercelli)

The Group manages, through ASM Vercelli, the services related to the integrated water cycle in Piedmont ATO2 “Biellese Vercellese, Casalese”. The services provided by the company extend beyond the city of Vercelli to 14 municipalities in the province.

Management expired on 31 December 2023. The Area Governing Body, which is currently under external administration, initiated the procedure for the choice of the new form of operation, which has not yet been concluded. In the meantime, the operation of the service continues under an extension.

Sicilian area (Enna)

Acquaenna manages the Integrated Water Service in ATO 5 Sicily, relating to the Province of Enna, with the concession expiring on 19 November 2034. IRETI, which already held a stake in the company’s capital, acquired a further stake in May 2023, bringing its shareholding to 50.867%, consolidating the company.

The table below therefore summarises the data on the existing agreements in the Group’s main areas of operation:

ATO	REGIME	SIGNING DATE	EXPIRY DATE
<i>Genoa area</i>	ATO/operator agreement	16 April 2004/05 October 2009	31 December 2032
<i>Reggio Emilia</i>	ATO/operator agreement	20 December 2023	31 December 2043
<i>Parma</i>	ATO/operator agreement	27 December 2004	31 December 2027
<i>Piacenza</i>	ATO/operator agreement	20 December 2004	31 December 2011 (*)
<i>Vercelli</i>	ATO/operator agreement	13 March 2006	31 December 2023 (**)
<i>La Spezia</i>	ATO/operator agreement	20 October 2006	31 December 2033
<i>Enna</i>	ATO/operator agreement	19 November 2004	19 November 2034

(*) In *prorogatio* – Start of the new concession as from 1 January 2025

(**) In *prorogatio*

Other geographical areas

The Iren Group also operates in the Integrated Water Service sector in other parts of Italy through assignments or concessions given to mixed-capital companies in which it has a direct or indirect investment. The main assignments and concessions are:

- ATO “Toscana Costa”: ASA (associate, in which IRETI has a 40% investment) for the municipality of Livorno and other 31 municipalities;

- ATO3 “Marche Centro Macerata”: ASTEA (associate, in which Consorzio GPO has a 21.32% investment, which is in turn 62.35% controlled by IRETI) only for the municipalities of Recanati, Loreto, Montecassiano, Osimo, Potenza Picena and Porto Recanati;
- ATO5 “Astigiano Monferrato”: ASP (associate, 45% investment of Nord Ovest Servizi, itself 45% investment of IRETI and 30% investment of AMIAT) for the Municipality of Asti;
- ATO6 “Alessandrino”: Gestione Acqua (a subsidiary of ACOS, which in turn is a 25% subsidiary of IRETI) for the municipality of Novi Ligure and 69 other municipalities.

WASTE MANAGEMENT SERVICES

The IREN Group provides waste management services on the basis of specific assignments from the local authorities, governed by agreements signed with the provincial ATO. The table below contains details of existing agreements in the Group’s main areas of operation:

ATO	REGIME	SIGNING DATE	EXPIRY DATE
<i>Reggio Emilia</i>	ATO/operator agreement	10 June 2004	31 December 2011 (*)
<i>Parma</i>	ATO/operator agreement	28 December 2022	31 December 2037
<i>Piacenza</i>	ATO/operator agreement	28 December 2022	31 December 2037
<i>Turin (Municipality)</i>	ATO/operator agreement	21 December 2012	30 April 2034 (**)
<i>Turin (Wide area consortium)</i>	ATO/operator agreement	27 November 2014	27 November 2029 (***)
<i>Vercelli (municipality)</i>	Municipality/operator agreement	22 January 2003	31 December 2028
<i>COVeVaR Consortium (Vercelli municipalities)</i>	Procurement contract with COVeVaR	1 January 2022	Effective 1 January 2030, extendable for a further 12 months
<i>ATO waste province of La Spezia (Municipality of La Spezia)</i>	Municipality/operator agreement	10 June 2005	31 December 2028 (collection and sweeping) 30 January 2043 (waste disposal)
<i>ATO Toscana Sud</i>	ATO/operator agreement	28 March 2013	27 March 2033
<i>ATO Toscana Costa - Municipality of Lucca</i>	Service contract Municipality/operator (Sistema Ambiente, 36.5% owned by Iren Ambiente)	27 February 2001	31 December 2029
<i>Consorzio Bacino Rifiuti Astigiano (CBRA)</i>	Service Contract Municipality/operator (ATI 38% owned by San Germano)	22 March 2024	6 October 2026 renewable for a further 12 + 6 months (tot. 18 months) (****)
<i>Cuneo Ecological Consortium</i>	Contract with San Germano	1 March 2024	28 February 2031 (renewable for a further 2 years + 1)

(*) Service extended ex lege until new agreements are defined

(**) The term is 20 years running from the end of provisional operation of the Waste-to-Energy plant of TRM S.p.A. on 31 August 2014

(***) The service is provided by SETA, 48.65% owned by Iren Ambiente

(****) The territorial area covered by the contract is made up of 114 municipalities belonging to the Consorzio Bacino Rifiuti Astigiano/ATO Astigiano (excluding the municipality of Asti which, although a member of the consortium, is currently subject to autonomous contractual regulations).

On 28 December 2022, the contracting authority Agenzia Territoriale dell'Emilia-Romagna per i Servizi Idrici e Rifiuti (ATERSIR) signed with Iren Ambiente the contracts for the concession of the public service for waste management in the Parma and Piacenza territorial basins for a duration of 15 years, starting from 1 January 2023.

The two concessions - awarded following public tenders - cover 89 municipalities: 43 in the Parma area and 46 in the Piacenza area.

As of 1 January 2024, the management companies named Iren Ambiente Piacenza and Iren Ambiente Parma, which took over from Iren Ambiente for the management of the urban waste management service in the territorial basins of Piacenza and Parma respectively, became operative.

ACAM Ambiente, controlled by Iren Ambiente and active in La Spezia and its Province, manages the integrated waste cycle service in 32 municipalities belonging to the Optimal Area of the Levante (including the municipality of La Spezia).

Furthermore, Iren Ambiente holds a 36.5% investment in the share capital of the company Sistema Ambiente, which manages urban and environmental hygiene services for the municipality of Lucca, including waste collection and disposal, under a (non-renewable) service contract expiring on 31 December 2029.

The duration of the Municipality of Turin concession is 20 years starting from the end of the provisional operation of the TRM waste-to-energy plant on 31 August 2014.

SEI Toscana is the owner, by virtue of an agreement with the ATO Toscana Sud, of the integrated waste management in 98 municipalities in the provinces of Grosseto, Siena, and Arezzo, expiring on 27 March 2033, and in six municipalities in the province of Livorno (Piombino, San Vincenzo, Sassetta, Suvereto, Castagneto Carducci, and Campiglia Marittima).

For COVeVaR, the Mandatory Consortium of Municipalities of Vercelli and Valsesia for the management of urban waste, which concerns other Municipalities of Vercelli (except Borgosesia), in particular the Municipalities of Albano Vercellese, Alice Castello, Arborio, Balocco, Borgo D'Ale, Buronzo, Carisio, Casanova Elvo, Collobiano, Crova, Formigliana, Gattinara, Ghislarengo, Greggio, Lenta, Lozzolo, Moncrivello, Olcenengo, Oldenico, Quinto Vercellese, Roasio, Rovasenda, Salasco, San Germano Vercellese, San Giacomo Vercellese, Santhià, Tronzano Vercellese, Villarboit, the tender was awarded to the temporary consortium (RTI) composed of ASM Vercelli (60.01%, group leader), San Germano (20.78%) and RIMECO Soc. Coop. (19.21%), with 8-year validity from 1 January 2022 with possibility of extension of a further 12 months.

SETA, in which Iren Ambiente holds a non-controlling interest (48.65%), manages waste collection services in 31 municipalities in the Turin area (Torrazza Piemonte, San Benigno Canavese, Brandizzo, Rivalba, Verolengo, Cavagnolo, Brozolo, Monteu Da Po, Castagneto Po, San Sebastiano Da Po, Lauriano, Brusasco, Verrua Savoia, San Mauro Torinese, Casalborgone, Borgaro Torinese, Castiglione Torinese, Montanaro, Gassino Torinese, Cinzano, San Raffaele Cimena, Sciolze, Volpiano, Rondissone, Mappano, Lombardore, Chivasso, Caselle Torinese, Leinì, Foglizzo and Settimo Torinese). It should also be noted that the signing of the new Service Contract (with unchanged expiry date) drafted in accordance with the outline provided by ARERA will soon be ratified.

San Germano carries out its main activity as a collection operator as a contractor in several areas, including Sardinia, Lombardy, Piedmont and Emilia-Romagna. Of note, in terms of relevance and size, is the awarding of the contract called by the Consorzio Ecologico Cuneese for the management of municipal waste collection services in the 54 municipalities of the province of Cuneo (including the provincial capital) for a total of 163,000 inhabitants. The 7-year contract was initiated by San Germano on 1 March 2024 (subject to any renewals or extensions).

Finally, the ATI, composed of Asti Servizi Pubblici -ASP- (62%) and San Germano (38%), won the contract for environmental hygiene services in the 114 municipalities of the province of Asti, i.e. those falling within the Asti Waste Basin Consortium, where approximately 135,000 people reside (excluding the municipality of Asti, which, although it is a consortium member, is currently subject to autonomous contractual regulations). The assignment, following an open procedure that evaluated the most advantageous offer, with a contract signed on 22 March 2024, is effective from 7 October 2024 with a duration of 2 years, with

the possibility of extension for another year and a further 6 months. The basic services mainly concern the collection and transport of municipal solid waste (organic, paper, plastic and aluminium fractions, glass, undifferentiated waste, mowing and pruning and bulky waste), as well as the management of the ecocentre in Nizza Monferrato. In addition to these services, there are optional services that can be activated at the request of individual Municipalities.

Services provided to the municipality of Turin

Iren Smart Solutions is party to the following agreements with the municipality of Turin for the provision of public services:

- Agreement for the management of the public lighting and traffic light service, expiring on 31 December 2036;
- Agreement, entered into following a project financing proposal submitted by the Company pursuant to Article 183, paragraph 15 of Legislative Decree 50/2016, for the awarding of services for the design and implementation of technological and construction upgrading, operation, maintenance (including the supply of energy vectors) of municipal thermal, electrical and special plants, with a duration of 27 years from the signing of the Take-over Notice of the Plants (30 June 2049).

Services to other municipalities

Iren Smart Solutions manages the public lighting service, including by means of plant efficiency improvements, being part of concessions with the following entities: Ener.Bit (a consortium of some 20 municipalities in the Biella region), Cuneo, Fidenza, Fiorenzuola, Rivergaro and Tizzano Val Parma. In addition, the Group manages public lighting in Vercelli (through ASM Vercelli) and Asti (through Asti Energia e Calore).

Electricity Gradual Protection Service

Gradual Protection Auction for domestic customers

The auction, governed by the Regulation of the Single Buyer concerning the competitive procedures for the assignment of the gradual protection service for non-vulnerable domestic customers in the electricity sector pursuant to Law no. 124 of 4 August 2017 (annual law for the market and competition) and ARERA Resolution 362/2023/R/eel as amended and supplemented, was held on 10 January 2024 in a single round in a closed envelope with bidding on the PCV component.

The 5 million non-vulnerable electricity customers throughout the country were divided into 26 lots and Iren Mercato and Salerno Energia Vendite (SEV) participated in the auction as a temporary consortium (RTI) and were awarded the following two lots, totalling about 300 thousand POD, which will be managed by SEV for the period from 1 July 2024 to 31 March 2027:

- Southern Area 6: Brindisi, Matera, Potenza, Salerno and Taranto;
- Southern Area 7: Barletta-Andria-Trani, Campobasso, Cosenza, Foggia and Isernia.

Gradual Protection Auction for SME customers

The auction, governed by the Regulation of the Single Buyer concerning the competitive procedures for the assignment of the gradual protection service for small businesses pursuant to Law no. 124 of 4 August 2017 (annual law for the market and competition) and ARERA Resolution 119/2024/R/eel and subsequent amendments and additions, was held on 23 May 2024 in a single round in a closed envelope with bidding on the spread.

Iren Mercato participated by winning the following 3 lots, totalling about 38 thousand POD, which will be managed by it for the period from 1 July 2024 to 31 March 2027:

- Lot 1: Tuscany and Calabria;
- Lot 4: Emilia-Romagna and Piedmont;
- Lot 7: Apulia, Abruzzo, Basilicata, Molise, Umbria and Sicily.

PERSONNEL

As at 30 June 2024, Iren Group had 11,372 employees, up compared to 11,004 employees as at 31 December 2023, as the table below shows, divided by Holding and Business Unit.

Company	Workforce at 30.06.2024	Workforce at 31.12.2023
Iren S.p.A.	1,151	1,142
IRETI and subsidiaries	2,355	2,360
Iren Ambiente and subsidiaries	5,922	5,573
Iren Energia and subsidiaries	1,253	1,235
Iren Mercato and subsidiaries	691	694
Total	11,372	11,004

The changes in the workforce compared to 31 December 2023 were mainly ascribable to:

- the initiation/conclusion of services contracted out as part of the Waste Management BU;
- the continuation of the generational turnover plan, with a considerable number of recruitments on the labour market;
- the consolidation of Siena Ambiente by Iren Ambiente Toscana effective as of 1 January 2024, for a total of 100 resources;
- the contract acquisitions from IMPA S.p.A. in Iren Ambiente, in February 2024, related to the Pallet Vercelli plant unit, for a total of 26 resources.

Condensed Interim
Consolidated Financial Statements
at 30 June 2024

The bottom portion of the page features a decorative graphic consisting of several overlapping, wavy, horizontal bands in various shades of teal and blue, creating a fluid, organic pattern.

STATEMENT OF FINANCIAL POSITION

		thousands of euro			
	Notes	30.06.2024	of which related parties	31.12.2023 Restated	of which related parties
ASSETS					
Property, plant and equipment	(1)	4,475,923		4,460,852	
Investment property	(2)	2,003		2,031	
Intangible fixed assets with a finite useful life	(3)	3,234,004		3,140,359	
Goodwill	(4)	249,975		244,291	
Equity-accounted investments	(5)	194,244		212,798	
Other equity investments	(6)	9,457		10,914	
Non-current contract assets	(7)	280,828		232,384	
Non-current trade receivables	(8)	29,238	27,141	29,416	27,003
Non-current financial assets	(9)	140,923	38,329	128,937	38,279
Other non-current assets	(10)	155,890	1,081	163,992	1,081
Deferred tax assets	(11)	413,156		400,092	
		9,185,641	66,551	9,026,066	66,363
Inventories	(12)	88,161		73,877	
Current contract assets	(13)	31,057		29,830	
Trade receivables	(14)	1,170,356	119,416	1,288,107	80,346
Current tax assets	(15)	12,088		18,894	
Sundry assets and other current assets	(16)	315,171	565	576,516	75
Current financial assets	(17)	623,511	9,411	242,184	8,220
Cash and cash equivalents	(18)	569,096		436,134	
Assets held for sale	(19)	1,144		1,144	
		2,810,584	129,392	2,666,686	88,641
		11,996,225	195,943	11,692,752	155,004

The comparative figures at 31 December 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects of completing the allocation of the purchase price to the final fair value of the assets and liabilities acquired (Purchase Price Allocation) of Acquaenna. Please refer to section IV Business combinations for more information..

			thousands of euro		
	Notes	30.06.2024	of which related parties	31.12.2023 Restated	of which related parties
EQUITY					
Equity attributable to the owners of the parent					
Share capital		1,300,931		1,300,931	
Reserves and Retained Earnings		1,364,984		1,250,525	
Profit for the period/year		145,178		254,753	
Total equity attributable to the owners of the parent		2,811,093		2,806,209	
Equity attributable to non-controlling interests		444,630		438,085	
TOTAL EQUITY	(20)	3,255,723		3,244,294	
LIABILITIES					
Non-current financial liabilities	(21)	4,515,009		4,048,316	
Employee benefits	(22)	83,711		87,329	
Provisions for risks and charges	(23)	418,164		404,882	
Deferred tax liabilities	(24)	140,898		130,532	
Sundry liabilities and other non-current liabilities	(25)	590,109	152	581,844	
Total non-current liabilities		5,747,891	152	5,252,903	-
Current financial liabilities	(26)	892,921	7,404	735,693	14,988
Trade payables	(27)	1,184,758	24,328	1,634,720	32,615
Current contract liabilities	(28)	17,029		79,642	
Sundry liabilities and other current liabilities	(29)	403,753	61	333,182	9
Current tax liabilities	(30)	145,739		80,437	
Provisions for risks and charges - current portion	(31)	348,411		331,881	
Liabilities directly associated with assets held for sale	(32)	-		-	
Total current liabilities		2,992,611	31,793	3,195,555	47,612
TOTAL LIABILITIES		8,740,502	31,945	8,448,458	47,612
TOTAL EQUITY AND LIABILITIES		11,996,225	31,945	11,692,752	47,612

INCOME STATEMENT

		thousands of euro			
	Notes	First half of 2024	of which related parties	First half of 2023 Restated	of which related parties
Revenue					
Revenue from goods and services	(33)	2,637,373	187,711	3,103,488	150,494
Other income	(34)	60,237	3,131	110,899	6,520
Total revenue		2,697,610	190,842	3,214,387	157,014
Operating expenses					
Raw materials, consumables, supplies and goods	(35)	(909,191)	(919)	(1,535,930)	(998)
Services and use of third-party assets	(36)	(813,218)	(17,080)	(756,658)	(28,231)
Other operating expenses	(37)	(48,048)	(5,305)	(51,446)	(4,670)
Capitalised costs for internal work	(38)	27,546		28,666	
Personnel expense	(39)	(318,944)		(292,561)	
Total operating expenses		(2,061,855)	(23,304)	(2,607,929)	(33,899)
GROSS OPERATING PROFIT		635,755		606,458	
Depreciation, amortisation, provisions and impairment losses					
Depreciation and amortisation	(40)	(319,865)		(287,054)	
Impairment losses on loans and receivables	(41)	(34,224)		(35,819)	
Other provisions and impairment losses	(41)	(1,053)		(35,516)	
Total depreciation, amortisation, provisions and impairment losses		(355,142)		(358,389)	
OPERATING PROFIT		280,613		248,069	
Financial income and expense	(42)				
Financial income		26,908	197	14,001	120
Financial expense		(69,953)	(59)	(54,413)	(27)
Net financial expense		(43,045)	138	(40,412)	93
Gains (losses) on equity investments	(43)	(1,243)		5,079	
Share of profit of equity-accounted investees, net of tax effects	(44)	4,706		1,324	
Pre-tax profit		241,031		214,060	
Income taxes	(45)	(73,579)		(55,856)	
Profit from continuing operations		167,452		158,204	
Profit (loss) from discontinued operations	(46)	-		-	
Profit for the period		167,452		158,204	
attributable to:					
- owners of the parent		145,178		142,979	
- non-controlling interests	(47)	22,274		15,225	
Earnings per ordinary share	(48)				
- basic (euro)		0.11		0.11	
- diluted (euro)		0.11		0.11	

The comparative figures for the first half of 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquaenna. Please refer to section IV Business combinations for more information..

STATEMENT OF COMPREHENSIVE INCOME

	thousands of euro	
	First half of 2024	First half of 2023 Restated
Profit for the period - owners of the parent and non-controlling interests (A)	167,452	158,204
Other comprehensive income that will be subsequently reclassified to profit or loss		
- effective portion of fair value gains/(losses) on cash flow hedges	16,094	24,529
- fair value gains/(losses) on financial assets	-	-
- share of other gains/(losses) of equity-accounted investees	(955)	2,756
- change in translation reserve	665	(374)
Tax effect	(3,336)	(6,813)
Other comprehensive income (expense) to be subsequently reclassified to profit or loss net of tax effect (B1)	12,468	20,098
Other comprehensive income that will not be subsequently reclassified to profit or loss		
- actuarial gains/(losses) on employee defined benefit plans (IAS 19)	-	-
- share of other gains/(losses) of equity-accounted investees related to defined benefit plans (IAS 19)	-	-
Tax effect	-	-
Other comprehensive income (expense) not to be subsequently reclassified to profit or loss net of tax effect (B2)	-	-
Comprehensive income (A)+(B1)+(B2)	179,920	178,302
attributable to:		
- owners of the parent	157,465	163,260
- non-controlling interests	22,455	15,042

The comparative figures for the first half of 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquaenna. Please refer to section IV Business combinations for more information..

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium reserve	Legal reserve
31/12/2022	1,300,931	133,019	98,159
Owner transactions			
Dividends			
Retained earnings			12,934
Repurchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Total owner transactions	-	-	12,934
Comprehensive income for the period			
Profit for the period			
Other comprehensive income			
Total comprehensive income for the period	-	-	-
30/06/2023 Restated	1,300,931	133,019	111,093
31/12/2023 Restated	1,300,931	133,019	111,093
Owner transactions			
Dividends			
Retained earnings			8,614
Repurchase of treasury shares			
Changes in consolidation scope			
Change in equity interests			
Other changes			
Total owner transactions	-	-	8,614
Comprehensive income for the period			
Profit for the period			
Other comprehensive income			
Total comprehensive income for the period	-	-	-
30/06/2024	1,300,931	133,019	119,707

thousands of euro

Hedging reserve	Other reserves and retained earnings	Total reserves and Retained earnings	Profit for the period	Total equity attributable to the owners of the parent	Equity attributable to non-controlling interests	Total equity
62,642	924,317	1,218,137	226,017	2,745,085	446,069	3,191,154
		-	(141,138)	(141,138)	(42,260)	(183,398)
	71,945	84,879	(84,879)	-	-	-
	-	-	-	-	7,081	7,081
	(1,402)	(1,402)	-	(1,402)	534	(868)
	(764)	(764)	-	(764)	(24)	(788)
-	69,779	82,713	(226,017)	(143,304)	(34,669)	(177,973)
			142,979	142,979	15,225	158,204
20,655	(374)	20,281	-	20,281	(183)	20,098
20,655	(374)	20,281	142,979	163,260	15,042	178,302
83,297	993,722	1,321,131	142,979	2,765,041	426,442	3,191,483
12,758	993,655	1,250,525	254,753	2,806,209	438,085	3,244,294
			(152,429)	(152,429)	(26,255)	(178,684)
	93,710	102,324	(102,324)	-	-	-
	-	-	-	-	22,626	22,626
	1,570	1,570	-	1,570	(13,542)	(11,972)
	(1,722)	(1,722)	-	(1,722)	1,261	(461)
-	93,558	102,172	(254,753)	(152,581)	(15,910)	(168,491)
			145,178	145,178	22,274	167,452
11,622	665	12,287	-	12,287	181	12,468
11,622	665	12,287	145,178	157,465	22,455	179,920
24,380	1,087,878	1,364,984	145,178	2,811,093	444,630	3,255,723

The comparative figures at 31 December 2023 and 30 June 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquaenna. Please refer to section IV Business combinations for more information.

STATEMENT OF CASH FLOWS

thousands of euro

	First half of 2024	First half of 2023 Restated
A. Opening cash and cash equivalents	436,134	788,402
Cash flows from operating activities		
Profit for the period	167,452	158,204
Adjustments:		
Income taxes for the period	73,579	55,856
Share of profit (loss) of associates and joint ventures	(4,706)	(1,324)
Net financial expense (income)	43,045	40,412
Amortisation and depreciation	319,865	287,054
Net impairment losses (reversals of impairment losses) on assets	1,000	(5,079)
Impairment losses on loans and receivables	34,224	35,819
Net provisions for risks and other charges	85,682	168,892
Capital (gains) losses	758	(611)
Payment of employee benefits	(5,639)	(4,112)
Utilisation of provisions for risks and other charges	(29,640)	(166,305)
Change in other non-current assets	8,591	3,930
Change in sundry liabilities and other non-current liabilities	4,849	4,952
Taxes paid	-	-
Cash flows for transactions on commodities derivatives markets	(28,463)	(17,471)
Other changes in equity	94	(373)
Change in inventories	(14,413)	65,551
Change in contract assets	(49,671)	(26,995)
Change in trade receivables	89,441	312,348
Change in current tax assets and other current assets	242,821	(62,337)
Change in trade payables	(459,438)	(866,359)
Change in contract liabilities	(62,613)	(17,757)
Change in current tax liabilities and other current liabilities	66,739	68,367
B. Net cash and cash equivalents from operating activities	483,557	32,662
Cash flows from/(used in) investing activities		
Investments in property, plant and equipment and intangible assets	(345,018)	(355,794)
Investments in financial assets	(178)	(426)
Investment realisation	1,761	18,280
Acquisition of subsidiaries net of cash acquired	9,352	(24,578)
Dividends collected	891	1,610
C. Net cash and cash equivalents used in investing activities	(333,192)	(360,908)
Cash flows from/(used in) financing activities		
Dividends paid	(37,323)	(176,300)
Purchase of interests in consolidated companies	-	(868)
New non-current loans	500,000	5,000
Repayment of non-current loans	(35,821)	(58,080)
Repayment of lease liabilities	(8,025)	(8,509)
Change in other financial liabilities	(18,529)	87,697
Change in loan assets	(372,700)	(65,791)
Interest paid	(52,111)	(35,212)
Interest received	7,106	1,939
D. Net cash and cash equivalents used in financing activities	(17,403)	(250,124)
E. Cash flow for the period (B+C+D)	132,962	(578,370)
F. Closing cash and cash equivalents (A+E)	569,096	210,032

The comparative figures for the first half of 2023 have been restated to take into account, at the acquisition date, as required by IFRS 3, the effects deriving from the completion of the allocation of the purchase price at the definitive fair value of the assets and liabilities acquired (Purchase Price Allocation) of Romeo 2, AMTER and Acquaenna. Please refer to Chapter IV Business combinations for more information..

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

Iren S.p.A. is an Italian multi-utility company, listed on the Italian Stock Exchange (Borsa Italiana) and established on 1 July 2010 through the merger of IRIDE and ENÌA. The Parent's registered office is in Italy, in Reggio Emilia, Via Nubi di Magellano 30. There were no changes in the company name in the first half of 2024.

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

The business segments in which the Group operates are:

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

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

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

I. BASIS OF PRESENTATION

The Condensed Interim Consolidated Financial Statements of Iren Group as at 30 June 2024 have been prepared pursuant to article 154-ter, paragraph 2 of Legislative Decree no. 58 of 24 February 1998, as amended by Legislative Decree no. 195 of 6 November 2007.

The Condensed Interim Consolidated Financial Statements as at 30 June 2024 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree No. 38/2005. The "IFRS" also include the revised International Accounting Standards ("IAS") and all interpretations issued by the International Financial Reporting Interpretations Committee ("IFRC"), previously known as the Standing Interpretations Committee ("SIC").

In particular, these condensed interim consolidated financial statements, having been prepared in accordance with IAS 34 - Interim Financial Reporting, do not include all the information required for the annual financial statements and must be read together with the annual financial statements prepared for the year ended 31 December 2023 and available at the company's registered office, at Borsa Italiana S.p.A. and on the website www.gruppoiren.it.

The accounting standards applied in the preparation of the condensed interim consolidated financial statements are the same as those adopted for the preparation of the previous year's financial statements, to which reference should be made for a discussion of them, with the exception of the standards and interpretations adopted for the first time as from 1 January 2024 and illustrated in the following section "Accounting standards, amendments and interpretations applied as from 1 January 2024".

The consolidated financial statements are drawn up on the basis of the historical cost principle, with the exception of certain financial instruments measured at fair value and potential fees deriving from a business combination (i.e. put options to non-controlling shareholders), which are measured at fair value, as well as on the going concern assumption. The Group did not detect any particular risks connected with the Company's business and/or any uncertainties that might cast doubt on its ability to continue as a going concern.

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

Financial statement formats

The financial statement formats adopted by Iren Group in preparing these consolidated financial statements are the same as those applied in preparing the consolidated financial statements at 31 December 2023.

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

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

The indirect method is used in the Statement of Cash Flows. The cash configuration analysed in the Statement of Cash Flows includes cash on hand and cash in current accounts.

Publication of the consolidated Financial Statements

The Condensed Interim Consolidated Financial Statements were authorised for publication by the Board of Directors of Iren S.p.A. in its meeting of 29 July 2024.

Use of estimates and assumptions by management

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

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

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

In accordance with IAS 36, during the first half of 2024, the Group verified the non-existence of specific impairment triggers with particular reference to goodwill. Furthermore, no indicators of impairment emerged in respect of participations and assets.

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

Seasonality

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

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2024

As of 1 January 2024, the following accounting standards and amendments to accounting standards, issued by the IASB and endorsed by the European Union, are obligatorily applicable:

Amendments to IFRS 16 - Leases Lease Liability in a Sale and Leaseback

Issued on 22 September 2022, its purpose is to clarify the impact that a sale or leaseback transaction could have on a financial liability with variable lease payments that do not depend on an index or rate.

Amendments to IAS 1 - Classification of liabilities as current or non-current and Non-current liabilities with clauses

Issued on 23 January 2020 and 31 October 2022, they provide clarifications on the classification of liabilities as current or non-current.

The application of the amendments to the aforementioned IFRS did not have any consequences or, in any case, significant effects on the Group's financial position and economic results.

II. BASIS OF CONSOLIDATION

The consolidation scope includes subsidiaries, joint ventures and associates.

Subsidiaries

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

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

The financial statements of subsidiaries are consolidated beginning on the date when control is acquired until the time when control ceases.

Equity and the profit/loss attributable to non-controlling interests are identified separately in the consolidated statement of financial position and income statement.

Subsidiaries are consolidated on a line-by-line basis with the elimination of intra-group, transactions and unrealised income and expenses.

Furthermore: a) all changes in the equity interest that do not constitute a loss of control are treated as equity transactions and, therefore, have a balancing entry in net equity; b) when a parent transfers control to an investee, but retains an interest in the company, it measures the retained equity investment at fair value and recognises any gains or losses deriving from loss of control in profit or loss.

Joint ventures

These are companies over 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 companies, given the objective possibility for the public shareholder to influence the company not only by means of governance agreements, but also because of its nature as public entity, the existence of joint control is ascertained on the basis of contractual agreements, assessing the actual possibility for the private partner to jointly control strategic decisions regarding the joint venture.

Joint arrangements are divided into 2 types:

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

Associates (accounted for using the equity method)

An associate is a company over which the Group has significant influence, but not control or joint control over its financial and operating policies. The consolidated financial statements include the Group's share of the associates' profit or loss recognised using the equity method from the date that significant influence commences until the date that significant influence ceases.

Equity investments valued at equity are accounted for an amount equal to the corresponding portion of equity resulting from the latest available financial statements, adjusted to take into account the differences between the price paid and equity at the date of purchase and for any intra-group transactions, if significant.

The investor's share of profit or loss arising from application of the equity method is recognised as a "Share of profit or loss of equity-accounted associates and joint ventures", while the share of other comprehensive income is recognised in the statement of comprehensive income.

The difference between the purchase cost and the portion of the fair value, attributable to the owners of the Parent, of the identifiable current and potential assets and liabilities of the associate or joint venture at the acquisition date, is recognised as goodwill, included in the carrying amount of the investment, and tested for impairment using the same procedures described in the section above.

The risk deriving from losses which exceed the investor's share of equity is provided for in provisions for risks to the extent that the company has a legal or constructive obligation with the investee or is committed to covering its losses.

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

Business combinations

The Group accounts for business combinations by applying the acquisition method when the set of assets and property acquired meets the definition of a business and the Group obtains control. In determining whether a particular group of activities and assets constitutes a business, the Group assesses whether that group includes, at a minimum, a substantial input and process and whether it has the capacity to create output.

The Group has the option to carry out a 'concentration test', which enables it to ascertain through a simplified procedure that the acquired set of activities and assets is not a business. The optional concentration test is positive if almost all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of identifiable assets with similar characteristics.

The consideration transferred and the net identifiable assets acquired are usually recognised at fair value. The carrying amount of any goodwill that arises is tested annually for impairment. Any gain from a bargain purchase is recognised immediately in the Income Statement under Gains (losses) on equity investments, while costs related to the combination, other than those related to the issuance of debt or equity instruments, are recognised as an expense in profit/(loss) for the period when incurred.

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

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

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

Loss of control

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

Transactions eliminated on consolidation

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

III. CONSOLIDATION SCOPE

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

Parent:

Iren S.p.A.

Companies consolidated on a line-by-line basis

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

- 1) Iren Ambiente and its subsidiaries:
 - ACAM Ambiente
 - AMIAT V and the subsidiary:
 - o AMIAT
 - Bonifiche Servizi Ambientali
 - Bonifica Autocisterne
 - I.Blu
 - Iren Ambiente Parma
 - Iren Ambiente Piacenza
 - Iren Ambiente Toscana and its subsidiaries:
 - o Futura
 - o Scarlino Energia
 - o SEI Toscana and its subsidiary:
 - Ekovision
 - o Semia Green
 - o Siena Ambiente
 - o Valdarno Ambiente and its subsidiaries:
 - CRCM
 - TB
 - Manduriambiente
 - ReCos
 - ReMat
 - Rigenera Materiali
 - San Germano
 - Territorio e Risorse
 - TRM
 - Uniproject
- 2) Iren Energia and its subsidiaries:
 - Asti Energia e Calore
 - Dogliani Energia
 - Iren Smart Solutions and its subsidiary:
 - o Alfa Solutions

- Maira and its subsidiary:
 - o Formaira
 - Iren Green Generation and its subsidiaries:
 - o Agrovoltaica
 - o Iren Green Generation Tech
 - o Limes 1
 - o Limes 2
 - o Limes 20
 - Valle Dora Energia
- 3) Iren Mercato and its subsidiaries:
- Alegas
 - Atena Trading
 - Salerno Energia Vendite
- 4) IRETI and its subsidiaries:
- ACAM Acque
 - Acquaenna
 - Amter
 - ASM Vercelli
 - Consorzio GPO
 - Iren Laboratori
 - Iren Acqua Piacenza
 - Iren Acqua Reggio
 - Iren Acqua and its subsidiary:
 - o Iren Acqua Tigullio
 - IRETI Gas
 - Nord Ovest Servizi

The change in the consolidation scope in the first half of 2024 is due to the acquisition of control of Siena Ambiente and Agrovoltaica. Further details on these transactions are provided in section IV below. Business combinations

In addition, the shares held in the company Valdisieve were sold during the first half of the year.

In the first half of 2024, some corporate transactions became effective, while not involving changes in the consolidation scope. They resulted in a modification of the Group's ownership structure:

- the mergers of Romeo 2 into IRETI Gas, Lab 231 into Alfa Solutions, and Mara Solar, Omnia Power and WFL into Iren Green Generation Tech took effect on 1 January 2024;
- on 20 June 2024, the company Iren Acqua Piacenza was established.

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

IV. BUSINESS COMBINATIONS

BUSINESS COMBINATIONS IN THE FIRST HALF OF 2024

Business combinations provisionally accounted for

The business combination carried out by the Group during the first half of 2024 involved the acquisition of control of Siena Ambiente.

Siena Ambiente

On 31 October 2023, Shareholders' Agreements were signed between Iren Ambiente Toscana S.p.A., the Province of Siena and the municipalities of the province of Siena concerning the governance of the company Siena Ambiente S.p.A.. Said Shareholders' Agreements, by virtue of the amendments to the Articles of Association, approved by the Shareholders' Meeting in extraordinary session held on 31 October 2023 and effective as of 1 January 2024, allow Iren Group to exercise control over the company as of the same date. The Iren Ambiente Toscana S.p.A.'s 40% investment in Siena Ambiente S.p.A. remains unchanged.

The company operates a municipal waste sorting and valorisation plant, two composting plants, a waste-to-energy plant and a landfill for a total waste treated of about 200,000 tonnes per year.

In the 6-month period ended 30 June 2024, the subsidiary generated revenue of 16,025 thousand euro and a profit of 1,646 thousand euro.

For this acquisition, pending the definition of the Purchase Price Allocation (PPA) to be completed in accordance with IFRS 3, the positive difference between the fair value of the interest held before the acquisition of control 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. Said provisional goodwill is not tax deductible.

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

thousands of euro

	Sienambiente
Consideration transferred	
Fair value of interest held before acquisition of control	20,766
Fair value of the consideration paid at the acquisition date	20,766
Provisional fair value of net identifiable assets	
Property, plant and equipment	39,032
Intangible fixed assets with a finite useful life	39,942
Investments accounted for using the equity method	1,052
Non-current financial assets	60
Other non-current assets	489
Pre-paid tax assets	655
Inventories	160
Trade receivables	11,713
Sundry assets and other current assets	2,014
Current financial assets	3,207
Cash and cash equivalents	12,880
Equity attributable to the owners of the parent (change in interests in subsidiaries)	(1,679)
Non-current financial liabilities	(9,477)
Employee benefits	(239)
Provisions for risks and charges	(16,019)
Deferred tax liabilities	(2,534)
Sundry liabilities and other non-current liabilities	(3,416)
Current financial liabilities	(29,228)
Trade payables	(19,602)
Sundry liabilities and other current liabilities	(3,832)
Current tax liabilities	(404)
Total fair value of net identifiable assets	24,774
Non-controlling interests in net identifiable assets	(9,692)
Provisional goodwill	5,684

Trade receivables include gross contractual amounts of 11,883 thousand euro, of which 170 thousand euro considered non-collectable at the date of acquisition.

If new information obtained within one year of the acquisition date relating to facts and circumstances as of the acquisition date results in adjustments to the amounts shown or any additional allowances as of the acquisition date, the accounting for the acquisition will be revised.

OTHER CHANGES IN CONSOLIDATION SCOPE IN THE FIRST HALF OF 2024

During the first half of 2024, the Group acquired control of Agrovoltaica.

This acquisition does not have the characteristics to be defined as a business and is therefore excluded from the scope of IFRS 3 - Business Combinations.

At the date of acquisition, the company was in fact substantially the holder of the authorisation to build a photovoltaic plant in Rovigo. Consequently, this transaction represents an acquisition of individual assets/liabilities.

The consideration transferred amounted to 4,793 thousand euro, the carrying amount of the individual assets/liabilities acquired amounted to 2,458 thousand euro, and the value of the assets to which the price difference was attributed amounted to 2,361 thousand euro.

The excess consideration transferred represents the value of the authorisation held by the entity acquired (3,288 thousand euro), net of the tax effect (927 thousand euro).

FINAL ACCOUNTING OF THE BUSINESS COMBINATIONS OCCURRING IN 2023 ACCOUNTED FOR PROVISIONALLY AS AT 31 DECEMBER 2023

Acquaenna

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

Acquaenna, has managed the water service in all the municipalities of the Province of Enna since 2004 following the award of a tender procedure that ensured the entrusting of the service to the company set up for this purpose, until 2034. With reference to these territories, the company serves a total of approximately 177 thousand inhabitants.

In the 7-month period ended 31 December 2023, the subsidiary generated revenue of 37,103 thousand euro and a profit of 458 thousand euro. Management believes that if the acquisition had occurred on 1 January 2023, the impact on consolidated revenue would have amounted to 53,562 thousand euro and on the consolidated net loss for the year would have amounted to 1,672 thousand euro. In calculating the above amounts, Company Management assumed that the fair value adjustments provisionally determined at the acquisition date would have been the same even if the acquisition had occurred on 1 January 2023.

The following table shows the fair value of identifiable assets acquired and liabilities assumed.

	thousands of euro			
	Provisional fair value	FV Adjustment	Registration rights of use	Final fair value
Property, plant and equipment	455			455
Intangible fixed assets with a finite useful life	65,108	8,566	1,340	75,014
Other non-current assets	10			10
Inventories	510			510
Trade receivables	35,284			35,284
Sundry assets and other current assets	5,123			5,123
Current financial assets	1,316			1,316
Cash and cash equivalents	2,518			2,518
Non-current financial liabilities	(22,237)		(1,340)	(23,577)
Employee benefits	(1,295)			(1,295)
Provisions for risks and charges	(895)			(895)
Deferred tax liabilities	(335)	(2,416)		(2,751)
Sundry liabilities and other non-current liabilities	(41,335)			(41,335)
Current financial liabilities	(11,968)			(11,968)
Trade payables	(14,649)			(14,649)
Sundry liabilities and other current liabilities	(8,121)			(8,121)
Current tax liabilities	(189)			(189)
Total net identifiable assets	9,300	6,150	-	15,450

Trade receivables include gross contractual amounts of 39,550 thousand euro, of which 4,266 thousand euro considered non-collectable at the date of acquisition.

From the analysis performed for the purpose of allocating the purchase price of the company, the fair value of the assets of the integrated water service infrastructure was adjusted by 8,566 thousand euro in order to adjust it to the Regulatory Asset Base (RAB). The RAB represents the value of assets for regulatory purposes, calculated on the basis of the rules defined by the Regulatory Authority for Energy Networks and the Environment (ARERA) in order to determine the reference revenue for regulated businesses. In particular, the value of the RAB is determined starting from the historical cost of acquisition or realisation of the assets at the time of their first use, net of any economic and monetary revaluations that may have occurred, revaluing it on the basis of the deflation indices established by ARERA and published every two years when the Water Tariff Method is updated. Assets are depreciated on the basis of the regulatory useful life of each category of fixed asset defined in the above method.

Goodwill arising from the acquisition has been recognised as shown in the table below.

	thousands of euro
Cash and cash equivalents	579
Fair value of interest held before acquisition of control	4,510
Restatement of interests at fair value through profit or loss	3,249
Fair value of net identifiable assets	15,450
Non-controlling interests in net identifiable assets	(7,591)
Goodwill	479

The goodwill deriving from the acquisition mainly refers to the development of the business in Sicily and the synergies that are expected to be obtained from the integration of the acquired company in the Integrated Water Service sector. Goodwill recognised in the financial statements will not be deductible for income tax purposes.

ReMat

On 13 June 2023, Iren Ambiente S.p.A. finalised the acquisition, partly through a capital increase and partly through the purchase of shares, of the majority of the share capital of ReMat S.r.l., a start-up operating in the recovery of polyurethane foam (in particular from mattresses, seat padding and furniture), in which Iren Ambiente S.p.A. already owned a minority share of 9.09%. The new corporate structure sees Iren Ambiente owning 88.43% of the ReMat share capital with a total consideration transferred of 2,189 thousand euro.

As at 31 December 2023, the business combination had been provisionally accounted for by recognising net assets of 437 thousand euro and goodwill of 1,752 thousand euro.

During the first half of 2024, the fair value of the identifiable assets acquired and liabilities assumed relating to the acquisition of control of ReMat was definitively determined, and the values provisionally recognised in the 2023 financial statements were not changed.

RESTATEMENT OF VALUES AS AT 30 JUNE 2023

In the first half of 2023, the Group had acquired control of the companies Romeo 2, Amter and Acquaenna. For said acquisitions, the final fair value of the identifiable assets acquired and liabilities assumed was determined in the fourth quarter of 2023 and the first half of 2024, reflecting the best knowledge gained in the interim. In the condensed interim consolidated financial statements as at 30 June 2023, they had therefore been recorded on a provisional basis as permitted by IFRS 3.

In accordance with the provisions of the standard, the update of the fair value occurred with effect from the date of acquisition and, therefore, all changes were made to the financial position of the company acquired at that date. The resulting balances in the condensed interim consolidated financial statements at 30 June 2023 have been restated to reflect the new amounts. The following are the changes that occurred with reference to the income statement and cash flow representation for the first half of 2023.

Income Statement

thousands of euro

	First half 2023 Published	IFRS 3 accounting effect			First half of 2023 Restated
		Romeo 2	Amter	Acquaenna	
Revenue					
Revenue from goods and services	3,103,488				3,103,488
Other income	110,899				110,899
Total revenue	3,214,387	-		-	3,214,387
Operating expenses					
Raw materials, consumables, supplies and goods	(1,535,930)				(1,535,930)
Services and use of third-party assets	(756,658)				(756,658)
Other operating expenses	(51,446)				(51,446)
Capitalised costs for internal work	28,666				28,666
Personnel expense	(292,561)				(292,561)
Total operating expenses	(2,607,929)	-		-	(2,607,929)
GROSS OPERATING PROFIT	606,458	-		-	606,458
Depreciation, amortisation, provisions and impairment losses					
Amortisation/Depreciation	(286,848)	(155)	(15)	(36)	(287,054)
Impairment losses on loans and receivables	(35,819)				(35,819)
Other provisions and impairment losses	(35,516)				(35,516)
Total depreciation, amortisation, provisions and impairment losses	(358,183)	(155)	(15)	(36)	(358,389)
OPERATING PROFIT	248,275	(155)	(15)	(36)	248,069
Financial income and expense					
Financial income	14,001				14,001
Financial expense	(54,413)				(54,413)
Net financial expense	(40,412)	-	-	-	(40,412)
Gains on equity investments	4,110		184	785	5,079
Share of profit of equity-accounted investees, net of tax effects	1,993		116	(785)	1,324
Pre-tax profit	213,966	(155)	285	(36)	214,060
Income taxes	(55,914)	45	3	10	(55,856)
Profit from continuing operations	158,052	(110)	288	(26)	158,204
Profit (loss) from discontinued operations	-				-
Profit for the period	158,052	(110)	288	(26)	158,204
attributable to:					
- the owners of the parent	142,932	(110)	170	(13)	142,979
- non-controlling interests	15,120	-	118	(13)	15,225
Earnings per share					
- basis (euro)	0.11	-	-	-	0.11
- diluted (euro)	0.11	-	-	-	0.11

Statement of cash flows

		IFRS 3 accounting effect			thousands of euro
	First half 2023 Published	Romeo 2	Amter	Acquaenna	First half of 2023 Restated
A. Opening cash and cash equivalents	788,402				788,402
Cash flows from operating activities					
Result for the period	158,052	(110)	288	(26)	158,204
Adjustments:					
Income taxes for the period	55,914	(45)	(3)	(10)	55,856
Share of profit (loss) of associates and joint ventures	(1,993)	-	(116)	785	(1,324)
Net financial expense	40,412				40,412
Amortisation and depreciation	286,848	155	15	36	287,054
Net impairment losses (reversals of impairment losses) on assets	(4,110)	-	(184)	(785)	(5,079)
Provisions for doubtful accounts	35,819				35,819
Net provisions for risks and other charges	168,892				168,892
Net capital losses	(611)				(611)
Payment of employee benefits	(4,112)				(4,112)
Utilisation of provisions for risks and other charges	(166,305)				(166,305)
Change in other non-current assets	3,930				3,930
Change in other payables and other non-current liabilities	4,952				4,952
Taxes paid	-				-
Cash flows for transactions on commodities derivatives markets	(17,471)				(17,471)
Other changes in equity	(373)				(373)
Change in inventories	65,551				65,551
Change in contract assets	(26,995)				(26,995)
Change in trade receivables	312,348				312,348
Change in current tax assets and other current assets	(62,337)				(62,337)
Change in trade payables	(866,359)				(866,359)
Change in liabilities from contracts with customers	(17,757)				(17,757)
Change in current tax liabilities and other current liabilities	68,367				68,367
B. Net cash and cash equivalents from operating activities	32,662	-	-	-	32,662
Cash flows from/(used in) investing activities					
Investments in property, plant and equipment and intangible assets	(355,794)				(355,794)
Investments in financial assets	(426)				(426)
Sale of investments	18,280				18,280
Acquisition of subsidiaries net of cash acquired	(24,578)				(24,578)
Dividends collected	1,610				1,610
C. Net cash and cash equivalents used in investing activities	(360,908)	-	-	-	(360,908)

Cash flows from/(used in) financing activities				
Dividends paid	(176,300)			(176,300)
Acquisition of investments in consolidated companies	(868)			(868)
New non-current loans	5,000			5,000
Repayment of non-current loans	(58,080)			(58,080)
Repayment of lease liabilities	(8,509)			(8,509)
Change in other financial liabilities	87,697			87,697
Change in loan assets	(65,791)			(65,791)
Interest paid	(35,212)			(35,212)
Interest received	1,939			1,939
D. Net cash and cash equivalents used in financing activities	(250,124)	-	-	(250,124)
E. Cash flow for the period (B+C+D)	(578,370)	-	-	(578,370)
F. Closing cash and cash equivalents (A+E)	210,032	-	-	210,032

V. GROUP FINANCIAL RISK MANAGEMENT

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

1. FINANCIAL RISKS

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

a) Liquidity risk

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

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

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

In this context, to support the Group's liquidity profile and rating level, in addition to current cash and cash equivalents, Iren has a total of 695 million euro, including medium/long-term financing lines subscribed and available but not used (495 million euro) and the committed Sustainability-Linked revolving credit facilities (RCF), subscribed in December 2023 with Unicredit and BPER (200 million euro).

The nominal cash flows expected for the repayment of financial liabilities to lenders and the contractual terms of existing loans are substantially unchanged from those reported in the Notes to the Consolidated Financial Statements at 31 December 2023 in "a) Liquidity Risk" of the "Group Financial Risk Management" section. Similarly, with regard to the liabilities relating to the application of IFRS 16 on leases, the expected cash flows shown in the situation at 31 December 2023 remain basically unchanged by shifting the analysis to the date of this document, taking into account the changes resulting from the consolidation of new entities.

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

Among the factors that define the risk perceived by the market, the creditworthiness, assigned to Iren by the rating agencies, plays a decisive role since it influences its ability to access sources of financing and the related economic conditions. A substantial worsening of this credit rating could constitute a limitation to access to the capital market and/or an increase in the cost of financing sources, with possible negative effects on the Group's financial position, financial performance and cash flows.

As detailed in the "Financial Management" section of the Directors' Report, Iren Group holds a "BBB" rating with a "Stable" outlook for long-term creditworthiness with Standard & Poor's Global Ratings (S&P), confirmed on 23 July 2024 following the update of the business plan to 2030 and a "BBB" rating with a "Stable" outlook for long-term creditworthiness with Fitch Ratings, with confirmation of the "BBB" rating and revision of the Outlook to "Stable" on 26 July 2024, following the update of the business plan to 2030.

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

Details of the activities performed in this area and of the individual transactions are shown in the “Financial Management” section of the Directors’ Report.

Financial debt from loans at the end of the period consisted of 30% loans and 70% bonds; Moreover:

- 79% of total debt is financed by sustainable funds, consistent with the Iren Sustainable Finance Framework, such as Green Bonds and loans whose interest rate is linked to ESG Key Performance Indicators - see also Note 21 “Non-current financial liabilities” of these Notes;
- 70% of the outstanding debt for mortgages is contracted at a fixed rate and 30% at a floating rate.

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

b) Currency risk

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

c) Interest rate risk

Iren Group is exposed to fluctuations in interest rates, especially with regard to borrowing costs. Iren Group’s strategy is to limit exposure to the risk of interest rate volatility, maintaining at the same time a low cost of funding.

From a non-speculative view, the risks associated with the increase in interest rates are monitored and, if necessary, reduced or eliminated by *swap* and *collar* contracts with financial high credit *standing* counterparties, for the sole purpose of hedging. At the end of the period, all contracts entered into meet the requirement to limit exposure to interest rate risk and also meet the formal requirements for hedge accounting.

The fair value of the aforementioned interest rate hedging contracts as at 30 June 2024 relates to the position of the parent (positive 34,581 thousand euro), of TRM (negative for 6,886 thousand euro) and of Sienambiente (positive for 1,222 thousand euro).

The hedging contracts entered into, together with fixed-rate loans, hedge 89% of loans against interest rate risk, in line with Iren Group’s target of maintaining adequate protection against significant increases in the interest rate.

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

2. CREDIT RISK

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

Iren Group’s Credit Management units devoted to credit recovery are responsible for this activity.

In carrying on its business, the Group is exposed to the risk that assets may not be honoured on maturity with a consequent increase in their age and in insolvency up to an increase in assets subject to arrangement procedures or unenforceable. Among other factors, this risk is still also affected by the economic and financial situation, which in 2022, led to a particularly significant increase in prices for end customers of gas, electricity and district

heating. To limit exposure to credit risk, a number of tools are used. These include analysing the solvency of customers at the acquisition stage through careful assessment of their creditworthiness, transferring the receivables of discontinued and/or active customers to external credit recovery companies and introducing new recovery methods for managing legal disputes. In addition, numerous payment methods are offered to customers through channels, including digital channels, and appropriately monitored payment plans are proposed.

The credit management policy and creditworthiness assessment tools, as well as monitoring and recovery activities, are managed through automated processes and integrated with company applications and differ in relation to the various categories of customers and types of service provided.

Credit risk is hedged, for some types of business customers, with opportune forms of first-demand bank or insurance guarantees issued by subjects of leading credit standing and with credit insurance for the reseller customer segment.

An interest-bearing guarantee deposit is required for some types of services (water, natural gas, highly-protected electricity sectors) in compliance with regulations governing these activities. This deposit is reimbursed if the customer uses payment by direct debit from a current account.

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

The control of credit risks is also strengthened by the monitoring and reporting procedures, in order to identify promptly possible countermeasures. Furthermore, on a quarterly basis, a report is produced containing the evolution of the trade receivables of the Group companies, in terms of customer type, contract status, business chain and ageing range. The assessment of credit risk is carried out both at the consolidated level and at the level of Business Units and companies. Some of the above assessments are carried out at intervals of less than three months or when there is a specific need.

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

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

In this regard, a breakdown of the estimated expected credit losses recognised in the period is provided.

	thousands of euro
Trade receivables	33,961
Non-current contract assets and Other current assets	263
Total - impairment losses on loans and receivables in the IS	34,224
Non-current financial assets	20
Total - Financial expense in the IS	20
Total	34,244

Also with reference to "Trade Receivables", in the related Note to the Statement of Financial Position, the specific loss allowance is reported by sector, with evidence of the average loss percentages by ageing bracket.

Lastly, with reference to credit concentration we can note the relationship between the subsidiaries Iren Smart Solutions and AMIAT and the municipality of Turin. For further details, see in particular "Non-current financial assets" of the Notes to the statement of financial position.

3. ENERGY RISK

Iren Group is exposed to price risk, on the energy commodities traded, these being electricity, natural gas, CO₂ emission quotas, etc., as both purchases and sales are impacted by fluctuations in the price of such commodities directly or through indexing formulae. Currently no exposure to currency risk, typical of oil-based commodities, is present, thanks to the development of the European organised markets that trade the gas commodity in the euro currency and no longer indexed to oil products.

The Group has a formal procedure that provides for the measurement of residual risk, the definition of a maximum acceptable risk limit and the implementation of hedging transactions through the use of derivative contracts on regulated markets (e.g. European Energy Exchange - EEX) and on Over The Counter (OTC) markets involved in bilateral exchanges. The commodity risk control process makes it possible to limit the impact of unforeseen changes in market prices on margins and, at the same time, provides an adequate margin of flexibility to seize opportunities in the short term.

In this context, the Group's policy is in fact oriented to a strategy of active management of the positions to stabilise the margin taking the opportunities offered by the markets; it is implemented by aligning the indexing of commodities purchased and sold, through vertical and horizontal use of the various business chains, and operating on the financial markets.

For this purpose, the Group plans the production of its plants and purchases and sales of energy and natural gas, in relation to both volumes and price formulae. The objective is to achieve sufficient margin stability through a policy of indexed purchases and sales that achieves a high degree of natural hedging, with adequate recourse to futures and spot markets.

In relation to the energy sold, the Group may use fixed-price contracts, through physical bilateral agreements (e.g. Power Purchase Agreements -PPA-, etc.) or financial contracts (e.g. Contracts for Difference, Virtual Power Purchase Agreements -VPP-, etc.).

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

- Over the Counter (OTC) on commodities (commodity swaps on TTF, PSV, PFOR and PUN indices) totalling 7.4 TWh. The fair value of these instruments as at 30 June 2024 was negative overall by 5,556 thousand euro (depending on the different positions, of which 32,937 thousand euro of positive fair value and 38,493 thousand euro of negative fair value);
- on the regulated platform European Energy Exchange - EEX, on PUN for a total net notional equal to 2.5 TWh. The Fair Value of these instruments (the so-called "Variation Margin") as at 30 June 2024 is positive overall for 1,445 thousand euro, with daily settlement on a specific current account: these instruments are not in fact specifically valued in the financial statements as they are already expressed in terms of "higher/lower" liquidity.

In March, Block Deals were performed for a volume of 150 MW (120 MW maturing by 31 December 2024 and 30 MW maturing on 31 December 2025) aimed at neutralising the position on EEX, with simultaneous reopening of the OTC position. This strategy made it possible, with a view to containing liquidity risk and for low fees, to eliminate the Initial Margin and to freeze the Variation Margin at the execution date for neutralised EEX transactions.

In addition, under the Emission Trading Scheme, the Iren Group purchases Emission Unit Allowances (EUA) to meet its obligations arising from CO₂ emissions caused by the production of electricity and heat.

Purchases of EUA take place either Spot (with immediate payment and physical delivery) or forward via Future/Forward (with deferred payment and physical delivery); in addition, they may be concluded either on the OTC market (bilateral contracts with third parties) or directly on the regulated EEX market. The annual domestic requirement to be covered is approximately 2.9-3 million CO₂ allowances/tonnes.

As at 30 June 2024, there were Future/Forward transactions:

- Over the Counter (OTC) for a total of 2.9 million tonnes. The Fair Value of these instruments totalled a negative 55,883 thousand euro;
- on the regulated platform European Energy Exchange - EEX for a total net notional equal to 2 million tonnes. The Fair Value of these instruments is negative overall for 5,931 thousand euro, with daily settlement on a specific current account: these instruments are not specifically measured in the financial statements as they are already expressed in terms of "higher/lower" liquidity.

RECOGNITION OF DERIVATIVES

Financial derivatives are measured at fair value, determined on the basis of market values or, if unavailable, according to an internal measurement technique.

In order to recognise derivatives, it is necessary to distinguish between transactions that meet all of the IFRS 9 requirements in order to account for them in compliance with the hedge accounting rules and transactions that do not fulfil all of the aforesaid requirements.

Transactions recognised in compliance with hedge accounting rules

These transactions may include:

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

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

Transactions not recognised under hedge accounting

The derivative is recognised at fair value in the statement of financial position. The change in the fair value of the derivative and the realised component are recognised in the income statement according to the following classification:

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

Finally, in the case of derivative instruments for which there is no longer a relationship with a cost or revenue component, the change in the fair value of the derivative is recognised in financial income and expenses, as they are considered instruments with purely financial characteristics and do not have the characteristics to manage exposures arising from particular risks that could affect the profit or loss for the period.

As regards the measurement of the derivative in the statement of financial position, the fair value of the derivative is recognised in non-current financial assets and liabilities if the related underlying item is non-current. Conversely, the derivative is recognised in current financial assets and liabilities if the underlying item is settled within the reporting period. In the case of derivative instruments for which there is no relationship to a cost or revenue component, the fair value of the derivative is recognised under long-term financial liabilities/assets for the portion maturing more than twelve months after the reporting date, and under short-term financial liabilities/assets for the portion maturing within twelve months after the reporting date.

FAIR VALUE

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

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

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

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

Mortgages and bonds

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

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

Derivative hedging contracts (rate and commodities)

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

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

Put Options

Financial liabilities for put options relate to the fair value valuation of put options granted to non-controlling shareholders of I.Blu, Nord Ovest Servizi and ReMat.

With reference to I. Blu and Nord Ovest Servizi, their nominal value, contractually defined between the parties and discounted to take into account the time component with respect to the exercise date, is the directly observable input for the Level 2 fair value measurement.

With regard to ReMat, the value of the put option, which is also subject to discounting, is calculated according to the contractual terms based on the best estimate of the company's expected profitability in a given timeframe: the relative fair value is therefore hierarchically entered in level 3.

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

The following tables do not include assets and liabilities relating to derivatives stipulated on the EEX market (used for Cash Flow Hedges), which have a daily adjustment of their fair value on a specific current account: they are not specifically measured in the financial statements as they are already expressed in "higher/lower" cash balances.

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

thousands of euro

30.06.2024	Carrying amount				TOTAL
	Fair value of hedging instruments	Fair Value Through Profit & Loss	Financial assets measured at amortised cost	Other financial liabilities	
Financial assets measured at fair value					
Derivative hedging contracts (rate)	41,010				41,010
Derivative hedging contracts (commodities)	32,937				32,937
Assets for variable portion of transfer price OLT Offshore LNG Toscana		21,599			21,599
Other equity investments		9,457			9,457
Total Financial assets measured at fair value	73,947	31,056	-	-	105,003
Financial assets not measured at fair value					
Trade receivables			1,199,594		1,199,594
Loan assets			668,888		668,888
Sundry assets and other assets (*)			428,274		428,274
Cash and cash equivalents			569,096		569,096
Total Financial assets not measured at fair value	-	-	2,865,852	-	2,865,852
Financial liabilities measured at fair value					
Derivative hedging contracts (rate)	(12,092)				(12,092)
Derivative hedging contracts (commodities)	(94,376)				(94,376)
Put options		(7,350)			(7,350)
Total Financial liabilities measured at fair value	(106,468)	(7,350)	-	-	(113,818)
Financial liabilities not measured at fair value					
Bonds				(3,520,439)	(3,520,439)
Mortgages				(1,500,185)	(1,500,185)
Sundry financial liabilities (**)				(209,141)	(209,141)
Trade payables				(1,184,758)	(1,184,758)
Sundry liabilities and other liabilities (*)				(432,954)	(432,954)
Total Financial liabilities not measured at fair value	-	-	-	(6,847,477)	(6,847,477)
TOTAL	(32,521)	23,706	2,865,852	(6,847,477)	(3,990,440)

(*) Prepaid expenses and deferred income are excluded

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

thousands of euro

30.06.2024	Fair value			TOTAL
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Derivative hedging contracts (rate)		41,010		41,010
Derivative hedging contracts (commodities)		32,937		32,937
Assets for variable portion of transfer price OLT Offshore LNG Toscana			21,599	21,599
Other equity investments				-
Total Financial assets measured at fair value	-	73,947	21,599	95,546
Financial assets not measured at fair value				
Trade receivables				-
Loan assets				-
Sundry assets and other assets (*)				-
Cash and cash equivalents				-
Total Financial assets not measured at fair value	-	-	-	-
Financial liabilities measured at fair value				
Derivative hedging contracts (rate)		(12,092)		(12,092)
Derivative hedging contracts (commodities)		(94,376)		(94,376)
Put options		(6,856)	(494)	(7,350)
Total Financial liabilities measured at fair value	-	(113,324)	(494)	(113,818)
Financial liabilities not measured at fair value				
Bonds	(3,277,085)			(3,277,085)
Mortgages		(1,501,817)		(1,501,817)
Sundry financial liabilities (**)				-
Trade payables				-
Sundry liabilities and other liabilities (*)				-
Total Financial liabilities not measured at fair value	(3,277,085)	(1,501,817)	-	(4,778,902)
TOTAL	(3,277,085)	(1,541,194)	21,105	(4,797,174)

The non-current portion of “Financial assets measured at fair value” includes at Level 3 the asset relating to the variable portion of the sale price of OLT Offshore LNG Toscana, amounting to 21,599 thousand euro as at 30 June 2024, the fair value of which is determined on the basis of the application of the price formula provided for in the contract, taking into account the expected profitability of the company and the discount rate inferred from its financial statements. In this regard, a sensitivity on the fair value of this item is reported, expressing the change in it when the expected profitability and discount rate increase/decrease by one percentage point.

	thousands of euro	
	+1%	-1%
Profitability (flows)	944	(944)
Discount rate	(781)	822

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

thousands of euro

31.12.2023	Carrying amount				TOTAL
	Fair value of hedging instruments	Fair Value Through Profit & Loss	Financial assets measured at amortised cost	Other financial liabilities	
Financial assets measured at fair value					
Derivative hedging contracts (rate)	30,611				30,611
Derivative hedging contracts (commodities)	39,039				39,039
Assets for variable portion of transfer price OLT Offshore LNG Toscana		21,599			21,599
Other equity investments		10,914			10,914
Total Financial assets measured at fair value	69,650	32,513	-	-	102,163
Financial assets not measured at fair value					
Trade receivables			1,317,523		1,317,523
Loan assets			279,872		279,872
Sundry assets and other assets (*)			683,249		683,249
Cash and cash equivalents			436,134		436,134
Total Financial assets not measured at fair value	-	-	2,716,778	-	2,716,778
Financial liabilities measured at fair value					
Derivative hedging contracts (rate)	(32,891)				(32,891)
Derivative hedging contracts (commodities)	(82,674)				(82,674)
Put options		(8,315)			(8,315)
Total Financial liabilities measured at fair value	(115,565)	(8,315)	-	-	(123,880)
Financial liabilities not measured at fair value					
Bonds				(3,021,690)	(3,021,690)
Mortgages				(1,507,288)	(1,507,288)
Sundry financial liabilities (**)				(70,109)	(70,109)
Trade payables				(1,634,720)	(1,634,720)
Sundry liabilities and other liabilities (*)				(364,170)	(364,170)
Total Financial liabilities not measured at fair value	-	-	-	(6,597,977)	(6,597,977)
TOTAL	(45,915)	24,198	2,716,778	(6,597,977)	(3,902,916)

(*) Prepaid expenses and deferred income are excluded

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

thousands of euro

31.12.2023	Fair value			TOTAL
	Level 1	Level 2	Level 3	
Financial assets measured at fair value				
Derivative hedging contracts (rate)		30,611		30,611
Derivative hedging contracts (commodities)		39,039		39,039
Assets for variable portion of transfer price OLT Offshore LNG Toscana			21,599	21,599
Other equity investments				-
Total Financial assets measured at fair value	-	69,650	21,599	91,249
Financial assets not measured at fair value				
Trade receivables				-
Loan assets				-
Sundry assets and other assets (*)				-
Cash and cash equivalents				-
Total Financial assets not measured at fair value	-	-	-	-
Financial liabilities measured at fair value				
Derivative hedging contracts (rate)		(32,891)		(32,891)
Derivative hedging contracts (commodities)		(82,674)		(82,674)
Put options		(7,238)	(1,077)	(8,315)
Total Financial liabilities measured at fair value	-	(122,803)	(1,077)	(123,880)
Financial liabilities not measured at fair value				
Bonds	(2,769,706)			(2,769,706)
Mortgages		(1,514,000)		(1,514,000)
Sundry financial liabilities (**)				-
Trade payables				-
Sundry liabilities and other liabilities (*)				-
Total Financial liabilities not measured at fair value	(2,769,706)	(1,514,000)	-	(4,283,706)
TOTAL	(2,769,706)	(1,567,153)	20,522	(4,316,337)

VI. RELATED PARTY TRANSACTIONS

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

Relations with owners

We present, for the Group's subsidiaries, the main transactions directly carried out with the owners which have been classified as related parties (Municipality of Turin, Municipality of Reggio Emilia, Municipality of Parma, Municipality of Piacenza and Municipality of Genoa) in the territory of which the Group operates.

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

In this regard, an onerous current account contract is in place between the City of Turin and Iren Smart Solutions for management of the past-due amounts related to the above activities.

The Group, through Iren Mercato, supplies district heating to the municipalities of Parma, Piacenza and Turin at conditions normally applied to the remaining customers.

Iren Acqua and IRETI provide water services respectively to the municipality of Genoa and to the municipalities of Parma and Piacenza, based on supply contracts similar to those signed with all other customers.

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

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

Transactions with associates

Among the main transactions carried out by the Group with associates, the following are noted:

- the operational management services of the Integrated Water Service of the Province of Reggio Emilia provided by Iren Acqua Reggio to ARCA, holder of the relevant concession;
- sale of electricity and gas to Asti Servizi Pubblici and gas to GAIA;
- waste collection and disposal services, including special waste, for GAIA, SETA and CSAI, which operate in the waste management services sector;
- services provided to CSAI concerning full service maintenance and operation of electricity generation plants fuelled by landfill biogas;
- delivery of waste to the plants of GAIA, Barricalla and CSAI and the purchase of sorted fractions from GAIA and SETA for treatment;
- maintenance services to ASA S.c.p.a. and the delivery of waste to its landfill.

Transactions with other related parties

On the basis of the RPT Procedure, companies controlled, directly or indirectly, by one of the following Municipalities have been identified as related parties: Parma, Piacenza, Reggio Emilia, Turin and Genoa.

Transactions with these companies are mainly of a commercial nature and pertain to services provided to the generality of customers and concern gas, electricity and, in particular, district heating.

In addition, the Group provides waste treatment services to AMIU, a subsidiary of the Municipality of Genoa, and waste disposal services to SMAT, a subsidiary of the Municipality of Turin (the latter also supplies, for some companies of the Group, services relating to the water service).

Lastly, it should be noted that, in order to provide the integrated water service in the provinces of Parma and Piacenza and in the province of Reggio Emilia, IRETI and Iren Acqua Reggio respectively, in exchange for the payment of an annual fee, use the assets owned by the companies Parma Infrastrutture, Piacenza Infrastrutture and AGAC Infrastrutture, controlled by the relevant Municipalities.

Quantitative information on transactions with related parties is provided in section “XIII. Annexes to the Condensed Interim Consolidated Financial Statements”, considered an integral part of these notes.

Lastly and as regards the Directors and Statutory Auditors of Iren, with the exception of payment of the fees envisaged for the performance of duties in the management or control bodies of the Parent or of other Group companies, it should be noted that there are no economic/equity/financial transactions between them and the Group.

Transactions that consist of assigning remunerations and economic benefits, in any form, to members of the administration and control bodies of IREN and Key Management Personnel of the Group are also subject to the provisions of the RPT Procedure.

Disclosure pursuant to Art. 5.8 and 5.9 CONSOB Regulation

During the first half of 2024, there was only one related-party transaction of “*major significance*”, falling within the category of those referred to in Articles 5.8 and 5.9 of the Consob Regulation, between the company Ringenera Materiali (“*Ri.Ma*”), indirectly controlled by IREN, and AMIU Genova (“*AMIU*”), an in-house providing company of the Municipality of Genoa (“*Transaction*”).

The purpose of the transaction is to amend, by means of a specific supplementary deed (“*Supplementary Deed*”), the agreement entered into between the parties (“*Agreement*”) on 30 December 2019, concerning the concession for the design, construction, management and operation of the mechanical-biological treatment (MBT) plant serving the Genoa area at the Scarpino plant hub (“*Plant*”). More in detail, the Supplementary Deed, with the related technical annexes, envisages the construction of the Plant on the basis of an alternative solution - of dimensional, structural and operational simplification - with respect to the one on which the Agreement was based, by means of reprofiling thereof with lower costs and construction times than those originally envisaged. The Transaction, as already mentioned, was included among those of “*major significance*” given that its countervalue - calculated according to the terms of Article 5.2, letter (a) of the RPT Procedure, which incorporates the contents of Article 3, paragraph 1.1, of the Consob Regulation - was higher than the threshold (5%) provided for by the same provision of the RPT Procedure. In light of this “*objective*” qualification, the Transaction was submitted to the relevant preliminary and approval process, most recently by the Board of Directors of Iren and by the Sole Director of Ri.Ma., on the basis of the analysis that involved, for the profiles of their respective competences, both the Control, Risk and Sustainability Committee (“*CRSC*”) and the Related Party Transactions Committee (“*RPTC*”) of Iren, both of which, we anticipate, have rendered a favourable opinion.

In detail, this process took place as follows:

- in the meeting of 18 January 2024, the RPTC - having positively ascertained the “*independence*” and “*non-relatedness*” requirements (pursuant to article 7, paragraph 3, of the RPT Procedure, which, on this point, incorporates the requirements of article 8, paragraph 1, letter b), of the Consob Regulation) of all its members in respect of the Transaction - started its own preliminary investigation, based on the documentation and information provided by the competent corporate Structures, supported by the legal advisor who, for the initiative in question, assisted the Company;
- in the meeting of 25 January 2024, the RPTC – on the basis of the documentation and information received up to that date, also updated with respect to that examined in the previous meeting – expressed a favourable opinion preparatory to the Transaction, pursuant to art. 10, letter (d), of the RPT Procedure, on the interest for the Group (and, in this case, for Ri.Ma) in completing the Transaction itself as well as on the convenience and substantial correctness of the related conditions. These determinations, it is added, followed the positive opinion expressed by the CRSC on 24 January 2024;
- on 30 January 2024, the Board of Directors of Iren - taking into account, inter alia, the positive opinions of the CRSC and the RPTC mentioned above - approved the text of the Supplementary Deed, adopting the further measures within its competence so that Ri.Ma. could proceed with the Transaction;
- on 28 February 2024, the RPTC received a report from the competent corporate Structures concerning certain amendments, of a “*non-substantial*” nature, made, as a result of further negotiations between the

parties, to the Supplementary Deed, together with a note of the aforementioned legal advisor, who, although in the face of such amendments, reaffirmed the conclusions made in the previous opinion;

- in view of the above, at its meeting of 29 February 2024, the RPTC, having examined the updated documentation concerning the Transaction and received details and clarifications from management, confirmed the opinion expressed on 25 January 2024;
- on the same date of 29 February 2024, the Iren Board of Directors, having received a similar update, confirmed, to the extent necessary, the resolutions passed at its meeting of 30 January 2024;
- lastly, the Transaction was approved by the Sole Director of Ri.Ma with resolution dated 1 March 2024, having regard to the positive opinion expressed by the RPTC and the resolutions passed by the Iren administrative body as mentioned above.

Lastly, since the Transaction is of “major significance”, Iren - in accordance with the provisions of Article 14.5 of the RPT Procedure, which reproduce the contents of Article 5 of the Consob Regulation - has prepared a specific information document on the Transaction itself, drafted in accordance with Annex 4 of the same Regulation.

This information document - accompanied by the opinions of the RPTC (dated 25 January 2024 and 29 February 2024, which confirmed the previous one) - was made available to the public at the company’s registered office, on the IREN website (www.gruppoiren.it) and on the authorised storage mechanism “1Info Sdir Storage” (<https://www.1info.it/PORTALE1INFO>). For further details, please refer to said documentation.

It should also be noted that at its meeting of 18 April 2024, the RPTC commenced its preliminary investigation into a potential transaction between AMIAT, which is indirectly controlled by Iren, and the Municipality of Turin concerning the revision of the *inter partes* service contract and the revision of the fees envisaged, in favour of the company, for the years 2024 and 2025. At that meeting, the RPTC received from the management, also on the basis of specific documentation, a description and a general framework of the transaction, postponing to a later meeting making any relevant determination. To date, this transaction has had no further follow-up.

At the same meeting of 18 April 2024, the RPTC received a preliminary report on a further transaction between the aforementioned AMIAT and the Municipality of Turin concerning the construction by the company of a new urban waste collection centre located in the north-west area of the city, which is the subject of a contribution from the financial resources of the PNRR. The transaction - falling within the category of those of “minor significance” - was examined at the subsequent meeting of 7 May 2024, after which the RPTC expressed a favourable opinion pursuant to Article 9 of the RPT Procedure as to the interest for the Group (and, in particular, for AMIAT) in carrying out the transaction, as well as the “convenience” and substantial “correctness” of the related conditions.

Finally, it should be noted that, within the information flows provided for by the RPT Procedure, the RPTC has received information regarding transactions falling within the exclusion categories pursuant to the RPT Procedure itself.

With regard to the Remuneration and Appointments Committee (“RAC”), it should be noted that the Committee met during the first half of 2024:

- on 22 March 2024, for the examination of the proposal to grant the Executive Chairperson and Executive Deputy Chairperson and Strategic Directors, respectively, a supplementary indemnity pursuant to Article 2389, paragraph 3, of the Civil Code, for the exercise of proxies in the so-called “emergency” phase between 12 June 2023 (the date on which Mr. Armani ceased to hold the offices of Director, Chief Executive Officer and General Manager of IREN S.p.A.) and 30 August 2023 (the date on which the Company’s new Chief Executive Officer and General Manager was appointed by co-option).
The two transactions were quantified, with regard to the amount of the supplementary fee, as “minor” and “of low amount” respectively.
Following discussion, the RAC expressed a positive opinion - also pursuant to the regulations on related-party transactions, to the extent applicable to the case at hand - on the submission of the aforementioned proposal to the Shareholders’ Meeting; the proposal - following approval by the Board of Directors - was subsequently approved by the Shareholders’ Meeting of Iren S.p.A. held on 27 June 2024 and - on the basis of the decisions made on that occasion - the Board of Directors’ meeting held on 4 July 2024 formally granted such additional compensation, pursuant to Article 2389, paragraph 3, of the Civil Code;
- on 27 May 2024, to examine the criteria underlying the proposal to award, respectively to the Executive Chairperson and Deputy Chairperson and Strategic Directors, a one-off indemnity for the responsibilities assumed by the aforementioned delegates starting from 7 May 2024: on that date, in fact, the Board of

Directors met urgently following the publication of press reports relating to an order for the application of precautionary measures issued against the then Chief Executive Officer, Paolo Signorini, by the Judicial Authority of Genoa for facts pertaining to his previous work assignment; in acknowledging the objective temporary impossibility for the then Chief Executive Officer to exercise his powers and with the aim of ensuring stability and continuity in the company management, on that occasion, the Board activated the provisions of the Group's internal contingency plan and resolved to temporarily revoke the powers of Mr. Signorini as Chief Executive Officer, assigning them to the other two Delegated Bodies.

The two transactions were quantified, on the basis of the amounts that can be hypothesised, as "of minor significance": following discussion, the RAC expressed a positive opinion - also pursuant to the regulations on transactions with related parties - on the criteria underlying the recognition of the aforementioned indemnities, which - it should be noted - will be paid in relation to the executive employment relationships existing between the delegates and the Company and which will be quantified once the actual duration of the contingent situation is known;

- on 25 June 2024, for the preliminary examination of the termination, by the Company, of the fixed-term executive employment relationship existing with Mr. Signorini for objective just cause, as a result of the objective incompatibility of his work performance, as Senior Manager of Iren S.p.A., with the contingent situation arising from 7 May 2024 - mentioned above: the transaction was quantified as "of minor importance".

Following discussion, the RAC expressed a positive opinion - also pursuant to the regulations on related party transactions - on the termination. For further information, please refer to the press release published on the same date.

VII. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Rating

On 23 and 26 July 2024 respectively, the rating agencies Standard & Poor's Global Ratings (S&P) and Fitch Ratings (Fitch) updated their ratings with reference to the Iren Group. Especially:

- S&P affirmed the Group's long-term creditworthiness at "BBB" with a "Stable" outlook. The same rating is also attributed to senior unsecured debt;
- Fitch has also confirmed the long-term creditworthiness of "BBB": the same rating is also attributed to senior unsecured debt. At the same time, the Agency revised the outlook to "Stable" from "Positive".

These assessments come after the update of the business plan to 2030, which maintains an integrated and diversified business mix, with a strong focus on regulated and semi-regulated activities (which allows stable results even in the presence of volatility in the energy markets), with a remodulation of overall investments and disciplined organic growth. The stable outlook reflects the continuity of the Group's financial policy and management's commitment to maintaining current rating ratings, by a solid and wide margin, and careful financial discipline. Finally, from a financial point of view, the rating confirmations express the state of adequacy of the Group's liquidity, high credibility on the capital market and strong relationship with banks, as well as solid and prudent risk management.

Examination of the extraordinary audits referring to Mr. Signorini

As already reported in the "Significant events of the period" section of the directors' report, as soon as learning the news of the precautionary detention measure against Mr. Signorini, Iren has started carrying out two specific audits - one by the internal function in charge, and one by an independent and qualified advisor - to analyse in depth the activities carried out by Mr. Signorini himself in Iren (during the period of his office, from 30 August 2023 until 7 May 2024), and to assess the correctness of his work, in relation to the proxies and powers attributed to him.

On 29 July 2024, the Board of Directors examined the final reports of the specific audits and took note of the related findings.

Based on the results of the aforementioned specific audits, there are currently no circumstances such as to have material impacts on the economic and financial position of the company or critical issues regarding the integrity of the internal control system. However, the Company reserves the right to carry out further investigations aimed at the possible initiation of legal actions for its protection.

VIII. OTHER INFORMATION

CONSOB COMMUNICATION NO. DEM/6064293 of 28 July 2006

Significant non-recurring events and transactions

In the first half of 2024, Iren Group was not affected by "non-recurring" events and did not carry out significant transactions identified as such on the basis of the definitions contained, in the Communication. In particular, it was not affected by events which do not reoccur frequently during the normal performance of the business.

Positions or transactions deriving from atypical and/or unusual operations

It is noted that in the first half of 2024, the Group did not engage in any atypical and/or unusual transactions, as defined in the Communication. Atypical and/or unusual transactions are transactions that, due to their significance/relevance, nature of the counterparties, the purpose of the transaction, the method by which the sales price is calculated and the timing of the event (proximity to the end of the reporting date) may give rise to doubts as to the correctness/completeness of the information given in the financial statements, conflict of interest and safeguarding the Group's assets or the protection of non-controlling investors.

IX. NOTES TO THE STATEMENT OF FINANCIAL POSITION

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

ASSETS

NON-CURRENT ASSETS

NOTE 1_PROPERTY, PLANT AND EQUIPMENT

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

	Cost as at 30/06/2024	Accumulated depreciation as at 30/06/2024	Carrying amount as at 30/06/2024	Cost as at 31/12/2023	Accumulated depreciation as at 31/12/2023	Carrying amount as at 31/12/2023
Land	171,217	(9,694)	161,523	162,528	(9,265)	153,263
Buildings	1,006,003	(396,477)	609,526	967,433	(379,733)	587,700
Plant and machinery	6,832,247	(3,625,220)	3,207,027	6,724,696	(3,482,574)	3,242,122
Industrial and commercial equipment	280,661	(178,466)	102,195	272,584	(169,715)	102,869
Other assets	460,214	(294,597)	165,617	442,537	(278,910)	163,627
Assets under construction and payments on account	230,035	-	230,035	211,271	-	211,271
Total	8,980,377	(4,504,454)	4,475,923	8,781,049	(4,320,197)	4,460,852

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

	31/12/2023	Increases	Decreases	Changes in consolidation scope	Reclassifications	30/06/2024
Land	162,528	6,561	(9)	2,137	-	171,217
Buildings	967,433	8,932	(6,176)	10,785	25,029	1,006,003
Plant and machinery	6,724,696	57,727	(6,422)	20,301	35,945	6,832,247
Industrial and commercial equipment	272,584	7,502	(1,969)	2,089	455	280,661
Other assets	442,537	20,523	(9,671)	4,232	2,593	460,214
Assets under construction and payments on account	211,271	66,704	-	15,679	(63,619)	230,035
Total	8,781,049	167,949	(24,247)	55,223	403	8,980,377

thousands of euro

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

	31/12/2023	Depreciation of the period	Decreases	Changes in consolidation scope	thousands of euro 30/06/2024
Land	(9,265)	(429)	-	-	(9,694)
Buildings	(379,733)	(18,537)	5,536	(3,743)	(396,477)
Plant and machinery	(3,482,574)	(136,311)	5,361	(11,696)	(3,625,220)
Industrial and commercial equipment	(169,715)	(9,975)	1,805	(581)	(178,466)
Other assets	(278,910)	(22,989)	9,138	(1,836)	(294,597)
Total	(4,320,197)	(188,241)	21,840	(17,856)	(4,504,454)

The column “Changes in consolidation scope” refers to the assets acquired during the half-year relating to the companies Siena Ambiente and Agrovoltaiica.

The balance of the “reclassifications” column refers mainly to net transfers from intangible assets to property, plant and equipment of items that do not fall within the scope of application of IFRIC 12.

Land and buildings

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

Plant and machinery

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

Industrial and commercial equipment

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

Other assets

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

Assets under construction and payments on account

The item Assets under construction includes all the charges incurred for investments in progress and not yet in operation. This mainly relates to the construction of photovoltaic plants (12,829 thousand euro), the building renovation of the Piazza Raggi (GE) building (41,390 thousand euro) and the Strada Baganzola (PR) building (3,897 thousand euro), to the expansion of the plant for the treatment of the organic fraction in Santhià (VC) (15,993 thousand euro), to the expansion of the sludge treatment plant of the PAI in Parma (4,825 thousand euro), to the biogas to biomethane upgrading plant of the biodigester in Cairo Montenotte (SV) (3,175 thousand euro), to the district heating network (15,222 thousand euro), to the thermoelectric production plants (21,504 thousand euro), to the hydroelectric production plants (6,288 thousand euro), to the distribution and metering network and to the primary HV/MV substations (28,153 thousand euro), the gas distribution and metering network not under concession (1,799 thousand euro), energy efficiency (8,601 thousand euro), waste collection and disposal (31,035 thousand euro) and corporate activities (7,766 thousand euro).

Increases

The increases in the period, of 167,949 thousand euro, mainly refer to:

- investments in thermoelectric and hydroelectric plants and photovoltaic plants for 19,712 thousand euro;
- development of the district-heating network and new connections to the network, including heat exchange substations, meters and remote reading appliances, for 14,483 thousand euro;
- investments in the electricity distribution grids, including primary substations, of 39,202 thousand euro;
- investments in the gas networks not in a concession arrangement in accordance with the provisions of IFRIC 12 of 4,280 thousand euro;
- investments for collection and disposal in the waste management sector for 49,430 thousand euro;
- investments in corporate, e-mobility and energy efficiency activities for 16,226 thousand euro.

Depreciation

Ordinary depreciation for the first half of 2024, amounting to 188,241 thousand euro, was calculated on the basis of the rates in the 2023 annual financial statements and deemed representative of the residual useful life of the assets.

Finally, no assets are pledged against liabilities.

Right-of-use assets - IFRS 16

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

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

	thousands of euro					
	Cost as at 30/06/2024	Accumulated depreciation as at 30/06/2024	Carrying amount as at 30/06/2024	Cost as at 31/12/2023	Accumulated depreciation as at 31/12/2023	Carrying amount as at 31/12/2023
Land	11,874	(3,675)	8,199	11,818	(3,240)	8,578
Buildings	55,721	(16,875)	38,846	49,841	(13,870)	35,971
Plant and machinery	3,360	(1,155)	2,205	3,569	(1,014)	2,555
Industrial and commercial equipment	1,408	(137)	1,271	38	(28)	10
Other assets	29,231	(13,415)	15,816	28,844	(12,686)	16,158
Total	101,594	(35,257)	66,337	94,110	(30,838)	63,272

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

	thousands of euro					
	31/12/2023	Increases	Decreases	Changes in consolidation scope	Other changes	30/06/2024
Land	11,818	45	-	11	-	11,874
Buildings	49,841	1,390	(661)	9,086	(3,935)	55,721
Plant and machinery	3,569	-	(209)	-	-	3,360
Industrial and commercial equipment	38	-	-	1,370	-	1,408
Other assets	28,844	3,985	(3,933)	335	-	29,231
Total	94,110	5,420	(4,803)	10,802	(3,935)	101,594

The change in accumulated depreciation of the rights of use is as follows:

	31/12/2023	Depreciation of the period	Decreases	30/06/2024
Land	(3,240)	(435)	-	(3,675)
Buildings	(13,870)	(3,413)	408	(16,875)
Plant and machinery	(1,014)	(309)	168	(1,155)
Industrial and commercial equipment	(28)	(109)	-	(137)
Other assets	(12,686)	(3,983)	3,254	(13,415)
Total	(30,838)	(8,249)	3,830	(35,257)

thousands of euro

The column “Changes in consolidation scope” refers to the balances purchased during the half-year relating to the company Siena Ambiente.

Finally, it should be noted that the amount of 3,935 thousand euro, reported under “Other changes” in the context of Right-of-use asset, refers to assets acquired in the first half of 2024 and that were previously the subject of lease contracts.

NOTE 2_ INVESTMENT PROPERTY

The following table highlights the breakdown of the item:

	Cost as at 30/06/2024	Accumulated depreciation as at 30/06/2024	Carrying amount as at 30/06/2024	Cost as at 31/12/2023	Accumulated depreciation as at 31/12/2023	Carrying amount as at 31/12/2023
Land	565	-	565	565	-	565
Buildings	3,462	(2,024)	1,438	3,462	(1,996)	1,466
Total	4,027	(2,024)	2,003	4,027	(1,996)	2,031

thousands of euro

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

NOTE 3_ INTANGIBLE FIXED ASSETS WITH A FINITE USEFUL LIFE

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

	Cost as at 30/06/2024	Accumulated amortisation as at 30/06/2024	Carrying amount as at 30/06/2024	Cost as at 31/12/2023	Accumulated amortisation as at 31/12/2023	Carrying amount as at 31/12/2023
Development costs	33,075	(18,388)	14,687	30,637	(15,740)	14,897
Industrial patents and intellectual property rights	416,661	(264,963)	151,698	384,499	(234,849)	149,650
Concessions, licences, trademarks and similar rights	4,128,485	(1,765,628)	2,362,857	3,992,881	(1,666,302)	2,326,579
Other intangible assets	823,660	(425,281)	398,379	787,146	(385,915)	401,231
Assets under development and payments on account	306,383	-	306,383	248,002	-	248,002
Total	5,708,264	(2,474,260)	3,234,004	5,443,165	(2,302,806)	3,140,359

thousands of euro

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

	thousands of euro					
	31/12/2023	Increases	Decreases	Changes in consolidation scope	Reclassifications	30/06/2024
Development expenditure	30,637	957	-	-	1,481	33,075
Industrial patents and intellectual property rights	384,499	21,499	-	1,649	9,014	416,661
Concessions, licences, trademarks and similar rights	3,992,881	52,074	(487)	57,668	26,349	4,128,485
Other intangible assets	787,146	32,449	(26)	3,912	179	823,660
Assets under development and payments on account	248,002	75,632	-	20,175	(37,426)	306,383
Total	5,443,165	182,611	(513)	83,404	(403)	5,708,264

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

	thousands of euro				
	31/12/2023	Amortisation of the period	Decreases	Changes in consolidation scope	30/06/2024
Accumulated amortisation of development expenditure	(15,740)	(2,648)	-	-	(18,388)
Accumulated amortisation of ind. patents and intellectual property rights	(234,849)	(28,595)	-	(1,519)	(264,963)
Accumulated amortisation of concessions, licences, trademarks and similar rights	(1,666,302)	(61,447)	299	(38,178)	(1,765,628)
Accumulated amortisation of other intangible assets	(385,915)	(38,906)	14	(474)	(425,281)
Total	(2,302,806)	(131,596)	313	(40,171)	(2,474,260)

The column "Changes in consolidation scope" refers to the assets acquired during the half-year relating to the companies Siena Ambiente and Agrovoltaica.

The balance of the "Reclassifications" column refers mainly to net transfers from intangible assets to property, plant and equipment of items that do not fall within the scope of application of IFRIC 12.

The increases in other intangible assets mainly refer to the capitalisation of costs for the commercial development of customers.

The carrying amount of other intangible assets at the end of the year includes 158,039 thousand euro in assets recognised in relation to costs incurred for the commercial development of customers.

Industrial patents and intellectual property rights

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

Concessions, licences, trademarks and similar rights

This item consists mainly of:

- assets recognised in application of IFRIC 12, related to natural gas distribution, the Integrated Water Service, district heating and waste treatment and disposal;
- the right of use of pipeline networks by virtue of the concessions granted by the municipality of Genoa and other neighbouring municipalities;
- the right of use of penstocks, not owned, of hydroelectric plants;
- concessions for the operation and management of photovoltaic systems.

Other intangible assets

This item consists mainly of:

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

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

NOTE 4_GOODWILL

Goodwill, of 249,975 thousand euro (244,291 thousand euro at 31 December 2023 restated), in the first half of 2024 showed an increase of 5,684 thousand euro following the acquisition of control (business combinations) of Siena Ambiente.

Goodwill is considered an intangible asset with an indefinite useful life and, therefore, is not amortised, but is subjected to an impairment test at least once a year to verify the recoverability of its carrying amount. Since goodwill does not generate independent cash flows and cannot be sold on its own, the impairment test on the goodwill recognised in the financial statements is carried out making reference to the Cash Generating Unit to which the same can be allocated.

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

	31/12/2023 Restated	Increases Business Combinations	thousands of euro 30/06/2024
Waste Management	26,495	5,684	32,179
Electricity distribution	67,631	-	67,631
Gas distribution	1,638	-	1,638
Integrated Water Service	44,405	-	44,405
Power and Heat Generation	7,331	-	7,331
Photovoltaic and Wind Generation	30,726	-	30,726
Market	66,065	-	66,065
Total	244,291	5,684	249,975

Waste Management Cash Generating Unit

Goodwill of 32,179 thousand euro refers mainly to the:

- acquisition of control over Siena Ambiente in January 2024 (5,684 thousand euro);
- acquisition of control over Semia Green in October 2023 (447 thousand euro);
- acquisition of control over ReMat in May 2023 (1,752 thousand euro);
- acquisition of control over CRCM in April 2022 (277 thousand euro);
- acquisition of control over Futura in March 2021 (4,115 thousand euro);
- acquisition of control over the companies operating in the waste management sector acquired from Unieco in November 2020 (9,385 thousand euro);

- acquisition of control over Ferrania Ecologia s.r.l. in July 2019 (7,048 thousand euro).
- acquisition of control over a business unit from SMC S.p.A. consisting of a 48.85% stake in the share capital of Società Ecologica Territorio Ambiente (SETA) S.p.A. and the activities of closure and post-closure management of the Chivasso 0 landfill site in October 2018 (894 thousand euro);
- acquisition of control of ACAM Ambiente (ACAM group) in April 2018 (2,572 thousand euro).

Electricity Distribution Cash Generating Unit

Goodwill of 67,631 thousand euro refers mainly to the:

- acquisition in 2000 from ENEL of the business unit related to the distribution and sale of electrical energy to non-eligible customers in the municipality of Turin, in which the positive difference between the purchase cost and the fair value of acquired and identifiable assets and liabilities was recognised as goodwill for 64,608 thousand euro;
- acquisition in 2000 by ENEL of the BU related to electricity users of the city of Parma, for an amount of 3,023 thousand euro.

Gas Distribution Cash Generating Unit

Goodwill of 1,638 thousand euro refers to the acquisition of control of Busseto Servizi in January 2019.

Integrated Water Service Cash Generating Unit

Goodwill of 44,405 thousand euro refers mainly to the:

- acquisition of control of Acquaenna in May 2023 (479 thousand euro);
- acquisition of control of Amter in March 2023 (2,179 thousand euro);
- acquisition of control of Società dell'Acqua Potabile in July 2022 (880 thousand euro);
- acquisition of control over ACAM Acque (ACAM group) in April 2018 (15,442 thousand euro);
- acquisition of control over Acquedotto di Savona in July 2015 (1,907 thousand euro);
- the acquisition of control of Acqua Italia S.p.A in 2005 (now Mediterranea delle Acque S.p.A.), where the positive difference between the purchase cost and the fair value of acquired and identifiable assets and liabilities was recognised as goodwill of 23,202 thousand euro.

Power and Heat Generation Cash Generating Unit

Goodwill of 7,331 thousand euro refers mainly to the:

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

Photovoltaic and Wind Cash Generating Unit

Goodwill of 30,726 thousand euro refers mainly to the:

- acquisition of control over WFL in October 2023 (1,469 thousand euro);
- acquisition of control over the Puglia Holding Group (now Iren Green Generation) in February 2022 (29,257 thousand euro).

Market Cash Generating Unit

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

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

As mentioned in section I “Basis of Presentation” of this report, during the first half of 2024, in accordance with IAS 36, the Group verified the non-existence of specific impairment triggers with particular reference to goodwill. In particular, this review took into consideration the contraction in electricity prices recorded in the first half of 2024 and projected in the energy scenario used in the Business Plan update approved by the Board of Directors on 25 June 2024. The Cash Generating Unit most impacted by the trend in electricity prices was the Photovoltaic and Wind Unit, for which a sensitivity analysis of the prospective cash flows was performed with respect to those used in the Impairment exercise performed at 31 December 2023.

Based on the simulations performed, there was no indication that the assets recognised in the condensed interim consolidated financial statements as at and for the six months ended 30 June 2024 were impaired, and therefore no impairment test was performed at the end of the period.

NOTE 5_EQUITY-ACCOUNTED INVESTMENTS

Equity-accounted investments are investments in companies in which the Group has joint control or exercises a significant influence. It should be noted that the equity measurement is carried out on the basis of the latest available financial statements (consolidated if prepared) of the investees.

The list of the Group’s equity-accounted investments at 30 June 2024 is annexed.

The item amounted to a total of 194,244 thousand euro (212,798 thousand euro as at 31 December 2023). Changes for the half-year are shown in the following tables:

Equity investments in joint ventures

	31/12/2023	Increases (Decreases)	Changes in consolidation scope	Changes in profit or loss	Changes in Equity	Dividend distribution	thousands of euro 30/06/2024
Acque Potabili	8,161	-	-	14	-	-	8,175
Nuova Sirio	-	-	81	-	-	-	81
Vaserie Energia	-	-	971	-	-	(108)	863
TOTAL	8,161	-	1,052	14	-	(108)	9,119

As a result of the control exercised over the company Siena Ambiente, which holds quotas in the companies Vaserie S.r.l. and Nuova Sirio S.r.l., the latter are consolidated using the equity method as of 1 January 2024.

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

Equity investments in associates

	thousands of euro						
	31/12/2023	Increases (Decreases)	Changes in consolidation scope	Changes in profit or loss	Changes in Equity	Dividend distribution	30/06/2024
A2A Alfa	-	-	-	-	-	-	-
Acos	15,372	-	-	336	(143)	(82)	15,483
Acos Energia	1,059	-	-	137	-	(150)	1,046
Aguas de San Pedro	20,156	-	-	1,779	504	(371)	22,068
Aiga	-	-	-	-	-	-	-
Amat	-	-	-	-	-	-	-
Arca	40	-	-	-	-	-	40
Arienes	21	-	-	-	-	-	21
Asa	44,513	-	-	352	(453)	-	44,412
Asa scpa	1,197	-	-	-	-	-	1,197
Astea	26,768	-	-	65	(373)	-	26,460
Asti Servizi Pubblici	20,008	-	-	748	-	(496)	20,260
Barricalla	14,638	-	-	-	-	(490)	14,148
BI Energia	102	-	-	64	-	-	166
Centro Corsi S.r.l.	19	-	-	1	-	-	20
CSA	374	-	-	(11)	-	-	363
CSAI	2,051	-	-	242	-	-	2,293
E.G.U.A.	682	-	-	226	-	-	908
Fingas	-	-	-	-	-	-	-
Fratello Sole Energie Solidali	231	-	-	9	-	-	240
G.A.I.A.	14,865	-	-	63	-	-	14,928
Global Service	6	-	-	-	-	-	6
Iniziative Ambientali	66	-	-	(18)	-	-	48
Mondo Acqua	892	(892)	-	-	-	-	-
OMI Rinnovabili	4	-	-	-	-	-	4
Rimateria	-	-	-	-	-	-	-
SETA	12,544	-	-	362	-	-	12,906
Sienambiente	20,766	-	(20,766)	-	-	-	-
Sistema Ambiente	3,082	-	-	(22)	-	(133)	2,927
STU Reggiane	5,181	-	-	-	-	-	5,181
Tirana Acque	-	-	-	-	-	-	-
TOTAL	204,637	(892)	(20,766)	4,333	(465)	(1,722)	185,125

For Siena Ambiente, the change in the consolidation scope relates to the acquisition of control and the consequent consolidation of the company.

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

NOTE 6_OTHER EQUITY INVESTMENTS

This item relates to equity investments in companies over which the Group has neither control, nor joint control, nor significant influence. These equity investments are measured at fair value but, as the most recent information available for measuring the fair value is insufficient and the cost represents the best estimate of the fair value, they are carried at cost.

The list of other Group equity investments as at 30 June 2024 is provided in the annex.

The breakdown of this item is as follows:

	31/12/2023	Changes in consolidation scope	Increases (Decreases)	Write-downs	30/06/2024
AER	633	(633)	-	-	-
AISA Impianti	992	-	-	-	992
Autostrade Centro Padane	1,248	-	-	-	1,248
CIDIU Servizi	2,655	-	-	-	2,655
EGEA	1,000	-	-	(1,000)	-
Enerbrain	1,554	-	-	-	1,554
Environment Park	1,243	-	-	-	1,243
Tech4Planet	1,104	-	153	-	1,257
Other equity investments	485	-	23	-	508
TOTAL	10,914	(633)	176	(1,000)	9,457

The change in the consolidation scope is due to the deconsolidation of the company Valdisieve, which holds the investment in the company AER.

NOTE 7_NON-CURRENT CONTRACT

Non-current contract assets, net of the related provision for impairment, total 280,828 thousand euro (232,384 thousand euro at 31 December 2023) and refer to:

- assets of the integrated water service for tariff adjustments and for lower volumes supplied with respect to the constraint of revenue due to the operator; the current tariff method provides generally (unless the fee growth limit is reached) for their recovery through fees after two years (258,238 thousand euro as at 30 June 2024, 210,694 thousand euro as at 31 December 2023);
- assets of the electricity transmission, distribution, and metering services deriving from the rules issued in AEEGSI Resolution no. 654/2015 on the subject of tariff regulation for the period 2016-2023 which entailed the recognition of revenue from electricity transport and of the related assets (20,146 thousand euro as at 30 June 2024, 18,704 thousand euro as at 31 December 2023) which will be recovered starting from 2023 until 2030;
- waste management service assets for tariff adjustments relating to activities already carried out that may be invoiced more than twelve months after the reporting date (2,443 thousand euro as at 30 June 2024, 2,986 thousand euro as at 31 December 2023).

The following table summarises the contract assets (non-current and current) and liabilities in order to provide information on the net position.

	30/06/2024	31/12/2023
Non-current contract assets	280,828	232,384
Current contract assets	31,057	29,830
Current contract liabilities	(17,029)	(79,642)
Total	294,856	182,572

NOTE 8_NON-CURRENT TRADE RECEIVABLES

Receivables, which are affected by discounting, amounted to 29,238 thousand euro (29,416 thousand euro at 31 December 2023) and mainly refer to receivables from the Municipality of Turin for the waste management

service and the technological renewal and efficiency upgrading of the heating systems at some municipal buildings (27,141 thousand euro at 30 June 2024, 27,002 thousand euro at 31 December 2023). For more information on the overall position of Iren Group in relation to the Municipality of Turin please see Note 9 “Non-current financial assets”.

NOTE 9_NON-CURRENT FINANCIAL ASSETS

The item of 140,922 thousand euro (128,937 thousand euro as at 31 December 2023) mainly consists of loan assets and derivatives with positive fair value. These are detailed in the following table.

	thousands of euro	
	30/06/2024	31/12/2023
Non-current loan assets with associates	4,721	4,721
Non-current loan assets with owners	33,406	33,376
Non-current loan assets with others	39,865	38,556
Fair value of derivatives – non-current portion	41,280	30,611
Securities other than equity investments	52	74
Other financial assets	21,599	21,599
Total	140,923	128,937

Non-current loan assets with associates

They mainly refer to receivables from Acos (4,691 thousand euro).

Non-current loan assets with owners

Amounting to 33,406 thousand euro (33,376 thousand euro as at 31 December 2023), these refer to amounts due from the Municipality of Turin, and relate to:

- the non-current portion of the amount related to the current account which governs transactions between the subsidiaries AMIAT, Iren Smart Solutions, and the municipality of Turin (106 thousand euro); The current account agreement runs until 31 December 2036 and the interest accruing on the balance is calculated based on the actual average cost incurred by Iren Group for its financial exposure;
- the application of the financial asset model provided for in IFRIC 12 to the energy efficiency project (“Turin LED”) associated with the Public Lighting service performed under concession by Iren Smart Solutions in the city of Turin, for the non-current portion (33,300 thousand euro). Recognition of the discounted financial asset is a result of the vesting of the current unconditional right to receive the contractually-agreed cash flows, which coincided with completion of the installation of the related LED devices.

The accounting treatment of the aforementioned current account agreement determines a reduction of trade receivables presented in the statement of cash flows as a generation of operating cash flows, and a corresponding increase in loan assets, presented as a cash absorption in cash flows from financing activities.

These receivables form part of an overall position, totalling 122,257 thousand euro, and are divided among various accounting items according to their classification by type and expiry date: Non-current trade receivables (Note 8), Non-current financial assets (this Note 9), Trade receivables (Note 14) and Current financial assets (Note 17), as shown in the table presented below.

Receivables were divided by the directors between current portion and non-current portion on the basis of a forecast of their collection times also following the results of the agreement signed by the Municipality of Turin and Iren Group during 2018.

	thousands of euro	
	30/06/2024	31/12/2023
Non-current trade receivables	27,141	27,002
Trade receivables for services on invoices issued	16,990	6,517
Trade receivables for services on invoices to be issued	35,586	25,470
Trade receivables for heat and other supplies	3,646	121
Provisions for impairment of trade receivables	(24)	(23)
Total current trade receivables	56,198	32,085
Non-current portion of current account assets	106	233
Non-current portion of service concession financial assets	33,502	33,325
Loss allowance non-current financial assets	(202)	(182)
Total non-current financial assets	33,406	33,376
Current portion of accrued interest income	30	28
Current portion of financial receivables for services in concession	5,484	5,589
Loss allowance current financial assets	(2)	(2)
Total current financial assets	5,512	5,615
Total	122,257	98,078

Non-current financial assets with others

Non-current financial assets from others include the non-current portion of:

- assets for financial leases relating to air conditioning systems;
- the asset arising from the sale of the business unit related to the management of the integrated water service of two municipalities of the Veronese ATO Basin in 2019;
- receivables arising from the application of the financial asset model provided for by IFRIC 12 to the efficiency project connected with the Public Lighting service provided under concession in various cities, including Vercelli, Biella and Fidenza.

Fair value of derivatives – non-current portion

The fair value of derivatives refers to instruments in the portfolio for hedging the risk of changes in interest rates and commodity prices.

Securities other than equity investments

These amounted to 52 thousand euro (74 thousand euro at 31 December 2023) and relate to securities given as collateral and measured at amortised cost.

Other financial assets

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

NOTE 10_OTHER NON-CURRENT ASSETS

These are as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Security deposits	6,808	5,958
Tax assets after 12 months	122,092	130,606
Other non-current assets	23,192	23,322
Non-current accrued income and prepaid expenses	3,798	4,106
Total	155,890	163,992

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

NOTE 11_DEFERRED TAX ASSETS

They amounted to 413,156 thousand euro (400,092 thousand euro as at 31 December 2023) and refer to deferred tax assets arising from income components deductible in future years.

CURRENT ASSETS

NOTE 12_INVENTORIES

Inventories, measured at weighted average cost, primarily comprise natural gas and consumables intended for maintenance and construction of the Group plants.

The table below summarises the amounts of the item in the periods in question:

	thousands of euro	
	30/06/2024	31/12/2023
Gas storage	11,130	-
Consumables and spare parts	84,302	80,950
Provision for inventory write-down	(7,271)	(7,073)
Total	88,161	73,877

The provision for inventory write-down was set aside and used to take into consideration inventories that are technically obsolete and slow-moving.

At 30 June 2024 no inventories were pledged against liabilities.

NOTE 13_CURRENT CONTRACT ASSETS

Current contract assets amounted to 31,057 thousand euro (29,830 thousand euro as at 31 December 2023) and mainly related to activities performed to improve the energy efficiency of buildings.

NOTE 14_TRADE RECEIVABLES

These are as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Trade receivables from customers	1,353,143	1,508,293
Trade receivables from joint ventures	129	159
Trade receivables from associates	43,101	26,372
Trade receivables from related-party owners	70,206	48,184
Trade receivables from other related parties	5,978	5,631
Total gross trade receivables	1,472,557	1,588,639
Loss allowance	(302,201)	(300,532)
Total	1,170,356	1,288,107

As at 30 June 2024, factoring transactions were completed with derecognition of the receivables for a total of 15,231 thousand euro (71,651 thousand euro as at 31 December 2023).

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

	thousands of euro		
	Gross trade receivables	Loss allowance	Average loss percentage
Not past due	907,604	(49,146)	5.4%
Past due from 0 to 3 months	161,486	(16,077)	10.0%
Past due from 3 to 12 months	127,129	(68,506)	53.9%
Past due for more than 12 months	276,338	(168,472)	61.0%
Total	1,472,557	(302,201)	

Receivables not past due include receivables for invoices to be issued of 628,254 thousand euro (777,522 thousand euro at 31 December 2023) which include the estimate of revenue earned for services supplied between the date of the last reading of effective consumption and the period-end date.

Receivables from customers

They mainly relate to receivables for the supply of electricity, gas and heat, energy efficiency services, of the waste management sector, and the Integrated Water Service.

Receivables from Associates and Joint Ventures

These items include amounts due from the Group's associates and joint ventures, consolidated using the equity method. These relate to normal trade transactions performed at arm's length and related to the sectors of activity listed above.

Receivables from related-party owners

Receivables from related-party owners refer to trade transactions performed at arm's length, related to the sectors listed above, with territorial authorities classified as related parties (municipalities of Genoa, Parma, Piacenza, Reggio Emilia and Turin).

Receivables from other related parties

These regard receivables from the companies controlled by the territorial body owners (municipalities of Genoa, Parma, Piacenza, Reggio Emilia and Turin) and refer to normal commercial transactions carried out at arm's length, related to the sectors listed above.

For more details on business relations with related entities, please refer to the "Notes to transactions with related parties" and the related table in the annex.

The following table shows gross trade receivables broken down by sector:

	thousands of euro					
	Networks	Waste Management	Energy	Market	Other services	Total
Not past due	216,798	286,793	182,338	221,505	170	907,604
Past due from 0 to 3 months	23,349	17,784	9,364	110,883	106	161,486
Past due from 3 to 12 months	26,659	16,730	4,416	79,185	139	127,129
Past due for more than 12 months	70,660	25,045	8,348	171,553	732	276,338
Total gross trade receivables	337,466	346,352	204,466	583,126	1,147	1,472,557

Excluding invoices to be issued, gross trade receivables for invoices issued (844,303 thousand euro) refer to retail customers in the amount of 515,927 thousand euro, business customers in the amount of 239,027 thousand euro, and public administration customers in the amount of 89,349 thousand euro.

Loss allowance

The table below shows the changes in the loss allowance:

	thousands of euro				
	31/12/2023	Increases	Decreases	Changes in consolidation scope	30/06/2024
Loss allowance	300,532	33,961	(32,462)	170	302,201

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

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

	thousands of euro					
	Networks	Waste Management	Energy	Market	Other services	Total
Not past due	(16,171)	(23,780)	(2,735)	(6,447)	(13)	(49,146)
Past due from 0 to 3 months	(2,028)	(2,269)	(210)	(11,468)	(102)	(16,077)
Past due from 3 to 12 months	(10,387)	(4,444)	(1,403)	(52,133)	(139)	(68,506)
Past due for more than 12 months	(57,279)	(17,265)	(5,924)	(87,272)	(732)	(168,472)
Loss allowance	(85,865)	(47,758)	(10,272)	(157,320)	(986)	(302,201)

NOTE 15_CURRENT TAX ASSETS

These amounted to 12,088 thousand euro (18,894 thousand euro at 31 December 2023) and include receivables from the tax authority for IRES and IRAP.

NOTE 16_SUNDRY ASSETS AND OTHER CURRENT ASSETS

These are as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Government land tax /UTIF	5,591	30,429
VAT assets	31,524	49,446
Other tax assets	44,267	290,508
Tax assets within 12 months	81,382	370,383
Cassa Servizi Energetici e Ambientali (CSEA)	57,670	52,686
Green certificates	6,026	1,719
Advances to suppliers	23,090	23,313
Other current assets	106,778	75,182
Other current assets	193,564	152,900
Accrued income and prepaid expenses	40,225	53,233
Total	315,171	576,516

As at 31 December 2023, factoring transactions had been completed with derecognition of the receivables for VAT for 11,281 thousand euro.

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

Other tax assets include 23,467 thousand euro for deductions on work carried out to improve the energy efficiency of buildings (ecobonus). Beginning in 2021, these assets are recognised under current assets, as the business model calls for the financial asset to be realised through transfers to financial intermediaries. The decrease compared to 31 December 2023 of 238,514 thousand euro is attributable to the disposals made during the first half of 2024.

In September 2019, Iren exercised the option for establishment of Group VAT to which the Revenues Agency attributed a new VAT number with effect from 1 January 2020. The companies that take part in the VAT Group for 2024, not including the Parent Iren S.p.A., are as follows: Iren Energia S.p.A., IRETI S.p.A. (with the merged company Società dell'Acqua Potabile), Iren Mercato S.p.A., Iren Ambiente S.p.A. (with the merged company Borgo Ambiente), AMIAT S.p.A, Iren Smart Solutions S.p.A., Iren Acqua Tigullio S.p.A., Iren Acqua S.p.A., Iren Laboratori S.p.A., Bonifica Autocisterne S.r.l., ASM Vercelli S.p.A., Atena Trading S.r.l, ACAM Ambiente S.p.A., ACAM Acque S.p.A., ReCos S.p.A., Alfa Solutions S.p.A., TRM S.p.A, San Germano S.p.A., Maira S.p.A., Formaira S.r.l., Territorio e Risorse S.r.l. and Rigenera Materiali S.r.l., Bonifiche Servizi Ambientali s.r.l., Uniproject S.r.l., Manduriambiente Spa, Iren Ambiente Toscana S.p.A., TB S.p.A., Futura S.p.A., I Blu S.r.l., Iren Ambiente Parma S.r.l., Iren Ambiente Piacenza S.r.l., Asti Energia e Calore S.p.A, IRETI Gas Spa (from the demerger of Ireti), Sei Toscana Spa, Valdarno Srl, Iren Green Generation Tech Spa (and the merged companies Solleone Energia, Palo Energia, Traversa Energia, Piano Energia), Valle Dora S.r.l., Dogliani Energia S.r.l., Alegas S.r.l., LAB 231 S.r.l..

The increase in the item Other current assets is mainly attributable to deposits paid for trading on regulated markets for CO₂ emission rights (Emission Trading System) and to receivables for plant contributions to be collected.

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

NOTE 17_CURRENT FINANCIAL ASSETS

These are as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Loan assets with joint ventures	240	
Loan assets with associates	3,658	2,603
Loan assets with related-party owners	5,512	5,615
Loan assets with others	581,434	194,927
Current portion of derivative financial instruments	32,667	39,039
Total	623,511	242,184

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

Loan assets with joint ventures

The item refers to receivables from Nuova Sirio.

Loan assets with associates

This item refers mainly to loans to BI Energia (1,065 thousand euro) and STU Reggiane (494 thousand euro). The remainder relates mainly to receivables for dividends to be collected.

For further details, please see the schedule of related party transactions shown in the annex.

Loan assets with related-party owners

These regard amounts due from the Municipality of Turin, on which interest accrues in favour of the Group, and amounted to 5,512 thousand euro (5,615 thousand euro as at 31 December 2022), and are related to relationships between the subsidiaries AMIAT and Iren Smart Solutions and the Municipality of Turin.

For details of the overall position of Iren Group with the municipality of Turin please see Note 8 "Non-current financial assets".

Loan assets with others

This item refers for 500,000 thousand euro to deposits on which interest accrues by the end of 2024. These instruments were finalised with banking counterparties and entered into following the proceeds of the 500 million euro bond issued in January 2024 and will be used to repay the Bond maturing in November 2024. The item also includes the restricted current accounts of the subsidiary TRM S.p.A., deriving from the loan agreement that provides for the linking of amounts to service the instalment due, environmental compensation charges and extraordinary maintenance of the waste-to-energy plant (36,603 thousand euro). The remaining balance consists of receivables arising from the implementation of the financial asset model provided by IFRIC 12 for the water purification service acquired in the Marche region, accrued income and deferred charges of a financial nature and financial lease assets.

Current portion of derivative financial instruments

These relate to the positive *fair value* of derivative contracts on commodities.

NOTE 18_CASH AND CASH EQUIVALENTS

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

	thousands of euro	
	30/06/2024	31/12/2023
Bank and postal deposits	568,867	435,876
Cash and similar on hand	229	258
Total	569,096	436,134

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

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

NOTE 19_ASSETS HELD FOR SALE

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. They amounted to 1,144 thousand euro (unchanged compared to 31 December 2023). This item relates to:

- for 986 thousand euro (unchanged from 31 December 2023), to the net assets related to the concessions of the integrated water service of four municipalities of the province of Alessandria and two municipalities of Valle d'Aosta for which the takeover of the new operator is being defined;
- for 158 thousand euro (unchanged compared to 31 December 2023), to the associate Piana Ambiente.

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

LIABILITIES

NOTE 20_EQUITY

Equity may be analysed as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Share capital	1,300,931	1,300,931
Reserves and Retained Earnings	1,364,984	1,250,525
Profit for the period	145,178	254,753
Total equity attributable to the owners of the parent	2,811,093	2,806,209
Capital and reserves attributable to non-controlling interests	422,356	422,860
Profit attributable to non-controlling interests	22,274	15,225
Total consolidated equity	3,255,723	3,244,294

Share capital

The share capital, unchanged compared to 31 December 2023 amounts to 1,300,931,377 euro, which is fully paid-up and comprises 1,300,931,377 ordinary shares with a nominal value of 1 euro each.

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

Reserves and Retained Earnings

The breakdown of this item is as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Treasury shares	(38,691)	(38,691)
Share premium reserve	133,019	133,019
Legal reserve	119,707	111,093
Hedging reserve	24,380	12,758
Other reserves and Retained earnings	1,126,569	1,032,346
Total reserves	1,364,984	1,250,525

Hedging reserve

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

Other reserves and retained earnings

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

During 2024 this item changed owing mainly to the retained earnings of 2023 (93,710 thousand euro).

Dividends

At their Ordinary Meeting on 27 June 2024, the Shareholders of Iren S.p.A. approved the Parent's separate financial statements at 31 December 2023 and the Directors' Report, and resolved to distribute a dividend of 0.1188 euro per ordinary share, confirming the proposal made by the Board of Directors. The dividend was payable as of 24 July 2024, with ex-dividend date on 22 July 2024. At the ex-dividend date, the number of outstanding shares was 1,283,075,732 and, consequently, the total amount of dividends distributed was 152,429,396.96 euro.

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

CAPITAL MANAGEMENT

The capital management policies of the Board of Directors involves maintaining a high level of capital to uphold relations of trust with investors, creditors and the market, and also allowing future business development.

The Board of Directors monitors the return on capital and the level of dividends for distribution to shareholders, and aims to maintain a balance between achieving extra yield by recourse to indebtedness and the benefits and security offered by a solid financial position.

NON-CURRENT LIABILITIES

NOTE 21_NON-CURRENT FINANCIAL LIABILITIES

The item amounted to a total of 4,515,009 thousand euro (4,048,316 thousand euro as at 31 December 2023).

Bonds

These amounted to 3,020,759 thousand euro due after 12 months (2,522,470 thousand euro as at 31 December 2023). The item consisted of positions referred to Public and Private Bond issues, accounted for at amortised cost, against a total nominal value in issue at 31 December 2023 of 3,050,000 thousand euro (2,550,000 thousand at 31 December 2023). The details of Bonds with maturity after 12 months are as follows:

- Green Bonds maturing October 2027, coupon 1.5%, amount 500 million euro, all outstanding (amount at amortised cost 496,463 thousand euro);
- Green Bonds maturing September 2025, coupon 1.95%, amount 500 million euro, all outstanding (amount at amortised cost 498,801 thousand euro);
- Green Bonds maturing October 2029, coupon 0.875%, amount 500 million euro, all outstanding (amount at amortised cost 497,062 thousand euro);
- Bonds maturing July 2030, coupon 1%, amount 500 million euro, all outstanding (amount at amortised cost 493,367 thousand euro);
- Green Bonds maturing January 2031, coupon 0.25%, amount 500 million euro, including TAP issue of October 2021, all outstanding (amount at amortised cost 489,738 thousand euro)
- Green Private Placement maturing October 2028, coupon 2.85%, amount 50 million euro, issued in August 2022, all outstanding (amount at amortised cost 49,664 thousand euro);
- Green Bonds issued in January 2024, maturing July 2032, coupon 3.875%, amount 500 million euro, all outstanding (amount at amortised cost 495,663 thousand euro).

The bonds were subscribed by Italian and foreign institutional investors, are listed on the Irish Stock Exchange and were assigned a Fitch and S&P ratings.

The change in the total carrying amount compared to 31 December 2023 is due to the issue of the new Green Bond issued in January and the allocation of accrued financial expenses, calculated on the basis of the amortised cost method.

Non-current bank loans

Non-current bank loans relate exclusively to the non-current portion of loans/credit lines due after 12 months granted by banks, and amounted to 1,425,064 thousand euro (1,438,566 thousand euro as at 31 December 2023).

Non-current bank loans can be analysed by interest rate type (with respective indications of minimum and maximum rates applied) and by maturity date (related to the portion after 12 months), as shown in the table below:

thousands of euro

	fixed rate	floating rate	TOTAL
min/max rate	n.a.	4.049% - 5.183%	
maturity	2025-2031	2025-2039	
1.7.2025 – 30.6.2026	476	75,891	76,367
1.7.2026 – 30.6.2027	476	83,756	84,232
1.7.2027 – 30.6.2028	476	501,682	502,158
1.7.2028 – 30.6.2029	476	352,771	353,247
Subsequent	937	408,123	409,060
Total after 12 months as at 30/06/2024	2,841	1,422,223	1,425,064
Total after 12 months as at 31/12/2023	-	1,438,566	1,438,566

All loans are denominated in euro.

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

thousands of euro

	31/12/2023					30/06/2024
	Total after 12 months	Increases	Changes in consolidation scope	Decreases	Change in amortised cost	Total after 12 months
- fixed rate	-		3,450	(595)	(14)	2,841
- floating rate	1,438,566		24,955	(41,625)	327	1,422,223
TOTAL	1,438,566		28,405	(42,220)	313	1,425,064

Total non-current loans at 30 June 2024 decreased compared to 31 December 2023, as a combined result of:

- an increase of 28,405 thousand euro in non-current loans held by companies that entered the consolidation area of the Group;
- reduction of 42,220 thousand euro, owing to the reclassification to the current portions of loans maturing within the next 12 months;
- increase of 313 thousand euro due to recognition of the loans at amortised cost.

Other financial liabilities

These amount to 69,186 thousand euro (87,280 thousand euro as at 31 December 2023) and refer to:

- for 15,091 thousand euro (32,891 thousand at 31 December 2023) to the fair value of derivative contracts entered into as hedges against the interest rate fluctuation risk on floating rate loans and the price of commodities (please see the paragraph “Group Financial Risk Management” for details);
- for 48,988 thousand euro (47,696 thousand euro as at 31 December 2023) to lease liabilities;
- for 3,324 thousand euro (1,077 thousand euro as at 31 December 2023) to the fair value of the put options granted to non-controlling interests on their shares. This item refers to the option to sell the non-controlling interest in ReMat, equal to 5.23% of the share capital for 494 thousand euro and the option to sell the non-controlling interest in Nord Ovest Servizi S.p.A., equal to 25% of the share capital for 2,830 thousand euro.
- for 1,776 thousand euro (5,396 thousand euro as at 31 December 2023) to minor financial liabilities to others.

NOTE 22_EMPLOYEE BENEFITS

Changes during the first half of 2024 were as follows:

	31/12/2023	Changes in consolidation scope	Disbursements during the period	Obligations vested during the period	Financial expenses	30/06/2024
Post-employment benefits	77,691	239	(5,122)	447	1,112	74,367
Additional salary payments (seniority bonus)	3,083	-	(230)	46	47	2,946
Loyalty bonus	2,099	-	(36)	39	29	2,131
Tariff discounts	3,108	-	(80)	-	35	3,063
Premungas fund	1,348	-	(171)	-	27	1,204
Total	87,329	239	(5,639)	532	1,250	83,711

The column “Changes in consolidation scope” refers to the balances purchased during the first half of 2024 relating to the company Siena Ambiente.

The tariff discounts include benefits related to the supply of natural gas for domestic use. Following the signing of specific agreements with the trade unions, the “Energy discount” awarded up to 30 September 2017 to employees in service was converted into other forms of employee benefits. The “Energy discount” awarded up to 30 September 2017 to retired employees was revoked unilaterally and replaced with lump sums included in provisions for former employee benefits.

Actuarial assumptions

The above-mentioned liabilities are measured by independent actuaries. The liability relating to the defined benefit plans is calculated in accordance with actuarial assumptions and is recognised on an accrual basis in line with the service necessary to obtain benefits.

For the purpose of defining the present value of the obligations, the future service is estimated based on assumptions related to changes in the total number of employees and employee remuneration. Future service represents the amount that would be paid out to each employee in the event of continuing working activity with another company, retirement, death, resignation or a request for an advance.

The following factors were considered in deciding which discount rate to adopt in the measurement approach provided by IAS 19:

- stock market of reference;
- the measurement date;
- expected average term of the liabilities.

The average residual term of liabilities was obtained as the weighted average residual term of liabilities related to all benefits and all Group companies.

The economic and financial assumptions adopted in the calculations are the following:

Annual discount rate	3.15% - 3.17%
Annual inflation rate	2.00%
Annual increase rate of post-employment benefits	3.00%

NOTE 23 _PROVISIONS FOR RISKS AND CHARGES

The item amounted to 418,164 thousand euro (404,882 thousand euro as at 31 December 2023). It is detailed in the following table, and refers both to the current and non-current portions:

	31/12/2023	Increases	Decreases	(Gains) losses	Changes in consolida- tion scope	30/06/2024	amounts in euro Non-current portion
Provision for restoration of third-party assets	186,037	990	-	293	-	187,320	187,320
“Post-closure” provisions	66,475	431	(3,647)	35	15,023	78,317	72,204
Provisions for dismantling and reclaiming sites	48,287	122	(641)	625	-	48,393	48,350
Provision for early retirement	11,461	-	(38)	21	-	11,444	10,231
ETS cancellation obligation	229,419	75,974	(49,427)	-	-	255,966	-
Other provisions for risks and charges	195,085	3,983	(14,928)	-	995	185,135	100,059
TOTAL	736,764	81,500	(68,681)	974	16,018	766,575	418,164

If the effect of discounting the value of money is significant, the provisions are discounted using a pre-tax discount rate which, on the basis of the time period envisaged for the future cash flows, does not exceed 4.6%. The column “Changes in consolidation scope” refers to the balances purchased during the first half of 2024 relating to the company Sienambiente.

Provision for restoration of third-party assets

These provisions refer to liabilities which, if the water service concessions for the Parma, Piacenza and Reggio Emilia ATOs are reassigned to third parties, will be deducted from the fee to be paid to the Group by the incoming operator. This liability is estimated on the basis of the depreciation of all assets and equipment pertaining to the aforementioned integrated water cycle carried out by the three full publicly held companies to which these assets have been transferred, as provided for in Art. 113 paragraph 13 of T.U.E.L. This pool of assets is used to perform the water service against the payment of a rental fee and with a contractual commitment to set aside the aforementioned provisions.

“Post-closure” provisions

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

Provisions for dismantling and reclaiming sites

The “Provision for dismantling and reclaiming sites” represents the estimated expense associated with the future dismantling of waste-to-energy plants and, to a lesser extent, the Group’s photovoltaic parks.

Provision for early retirement

The provisions refer to expenses associated with early retirement of some employees that provide for retirement incentives for some employees, on a voluntary basis among the Group’s personnel who are potentially involved. The transaction should be seen in the wider context of professional and demographic rebalancing of Iren Group’s personnel, in view of a plan to recruit young individuals.

The incentive, completely chargeable to Iren Group (in application of Art. 4 of Law no. 92/2012), will enable the personnel who meet the legal requisites to retire ahead of the date of eligibility.

The provisions represent the estimated payment to the employees involved in the Plan, through the social security institution, of a benefit of an amount equal to the pension that would be payable on the basis of the current rules (“early retirement”) with payment of the contribution to the social security institution until the

minimum requirements for retirement are reached (in accordance with the aforementioned Law 92/2012), and a sum, for each of the employees involved, of a one-off payment as an incentive.

ETS cancellation obligation

This item refers to obligations related to carbon dioxide emission rights under the Emission Trading Scheme. The increase concerns the estimated costs, observable on the basis of market quotations at the end of the period, related to the rights still to be acquired in order to fulfil the obligation of the same period, according to the schedule. The decreases refer to the purchase of securities pertaining to the obligation of the previous year and the adjustment of the provision set aside for this obligation, against the updating of the unit value of securities still to be purchased on the basis of market prices at the end of the period.

Other provisions for risks and charges

The amount of the provision mainly refers to the probable risks of higher charges pertaining to the Group's businesses, the charge related to the two-way compensation mechanism for electricity prices as per Decree-Law Sostegni Ter, the estimated IMU tax to be paid on the value of the systems of the power plants calculated as provided for by Decree-Law No. 44/2005, charges for environmental offsets, regulatory risks and probable charges related to various litigations.

In the first half of 2024, releases of 8,473 thousand euro were made, mainly related to the elimination of probable charges and the settlement of various disputes, including those of a regulatory nature, for which there was no longer a need to maintain the related provisions.

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

NOTE 24_DEFERRED TAX LIABILITIES

Deferred tax liabilities of 140,898 thousand euro (130,532 thousand euro as at 31 December 2023) are due to the temporary difference between the carrying amount and tax value of assets and liabilities recognised in the financial statements.

Deferred taxation is calculated with reference to the expected tax rates applicable when the temporary differences will reverse.

NOTE 25_SUNDRY LIABILITIES AND OTHER NON-CURRENT LIABILITIES

This item can be broken down as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Due after 12 months	55,846	59,570
Deferred income for grants related to assets - non current	530,134	518,414
Non-current accrued liabilities and deferred income	4,129	3,860
Total	590,109	581,844

The item "Due after 12 months" mainly refers to advances paid by users as a guarantee on the supply of water, as well as payables to GSE for a dispute with AEEG (Scarlino Energia), and tax payables for substitute taxes to be paid beyond 12 months from the reporting date.

Deferred income for contributions against plant investments, non-current portion, includes the amounts relating to connection grants of 205,922 thousand euro and the Fo.N.I. component (Provision for New Investments), amounting to 80,417 thousand euro, provided for by the tariff method for the Integrated Water Service, which will be reversed in the income statement after 12 months from the reporting date. The portion that will be booked to the income statement in the 12 months following the reporting date amounts to 9,168 thousand and 2,449 thousand euro, respectively, and is included in the item "Sundry liabilities and other current liabilities" under deferred income for grants related to asset.

CURRENT LIABILITIES

NOTE 26_CURRENT FINANCIAL LIABILITIES

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

Short-term financial liabilities can be analysed as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Bonds	499,680	499,220
Bank loans	106,475	91,927
Loans from associates	1,330	231
Loans from owners	6,068	14,750
Loans from other related parties	6	7
Lease liabilities	15,358	14,686
Loans from others	172,627	32,410
Current liabilities for derivatives	91,377	82,462
Total	892,921	735,693

Bonds

This is the Bond maturing November 2024, coupon 0.875%, issued in the amount of 500 million euro, fully outstanding. The carrying amount is shown at amortised cost for 499,680 thousand euro (499,220 thousand euro at 31 December 2023).

Bank loans

Short-term bank loans may be broken down as follows:

	thousands of euro	
	30/06/2024	31/12/2023
Loans - current portion	75,121	68,722
Other current bank loans	37	9,404
Accrued financial expense and deferred financial income	31,317	13,801
Total	106,475	91,927

Loans from associates

They mainly refer to payables to the company ARCA for 448 thousand euro and to the company Arienes for 881 thousand euro.

Loans from owners

This item relates to dividends of the company TRM still to be paid to the shareholder municipality of Turin.

Loans from others

They amounted to 172,627 thousand euro (32,410 thousand euro as of 31 December 2023) and mainly related to the fair value valuation of the put option on the non-controlling interest in IBlu S.r.l. (4,026 thousand euro), equal to 20% of the share capital, to payables to factors (9,487 thousand euro) and to payables for dividends resolved but not yet paid as at 30 June 2024 (159,995 thousand euro).

Current liabilities for derivatives

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

NOTE 27_TRADE PAYABLES

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

	thousands of euro	
	30/06/2024	31/12/2023
Trade payables to suppliers	1,097,254	1,528,864
Trade payables to joint ventures	(2)	(2)
Trade payables to associates	7,449	18,897
Trade payables to related-party owners	10,150	6,772
Trade payables to other related parties	6,730	6,948
Advances due within 12 months	8,200	15,498
Guarantee deposits due within 12 months	5,251	4,860
Payables to customers for reimbursements within 12 months	49,726	52,883
Total	1,184,758	1,634,720

Payables to customers for reimbursements within 12 months refer to the liability recognised in respect of users entitled to reimbursement of the purification tariff of the Integrated Water Service following the Supreme Court ruling of 14 July 2023, which established that the tariff is not payable by users to whom secondary purification treatment is not provided.

NOTE 28_CURRENT CONTRACT LIABILITIES

This item totalled 17,029 thousand euro (79,642 thousand euro at 31 December 2023) and refers to the amounts paid by customers as advance payments for the sale of electricity and for energy efficiency measures in buildings, which have not yet been completed.

NOTE 29_SUNDRY LIABILITIES AND OTHER CURRENT LIABILITIES

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

	thousands of euro	
	30/06/2024	31/12/2023
VAT liability	3,844	586
Government land tax/UTIF	22,640	29
IRPEF liability	1,277	1,539
Other tax liabilities	36,404	31,922
Tax liabilities due within 12 months	64,165	34,076
Amounts due to employees	75,271	67,243
Cassa Servizi Energetici e Ambientali (CSEA)	107,241	66,047
Amounts due to social security institutions within 12 months	30,966	32,624
Other current liabilities	98,746	104,135
Sundry liabilities due within 12 months	312,224	270,049
Accrued expenses and deferred income	27,364	29,057
Total	403,753	333,182

The change in Government land tax is due to the dynamics of payments on account and settlement payments, which are influenced by the invoicing volumes of the relevant year and the previous year.

The change in amounts due to Cassa Servizi Energetici e Ambientali (the Energy and Waste Management Services Fund) of the period is related to the estimates of negative equalisation of electricity and gas.

Other current liabilities mainly refer to the cost estimates for the obligations relating to energy efficiency certificates, payables for tariff components of electricity distribution to be paid to the GSE, liabilities for purification fees, liabilities for RAI (the national public broadcaster) fees collected in the electricity bill.

NOTE 30_CURRENT TAX LIABILITIES

The item "Current tax liabilities" amounting to 145,739 thousand euro (80,437 thousand euro at 31 December 2023) is made up of IRES and IRAP liabilities, comprising the estimate of taxes for the current year.

NOTE 31_PROVISIONS FOR RISKS AND CHARGES - CURRENT PORTION

This item amounted to 348,411 thousand euro (331,881 thousand euro at 31 December 2023) and refers to the current portion of the provisions, divided as follows:

- provisions for dismantling and reclaiming sites and post-closure provisions for 6,156 thousand euro;
- provisions for early retirement of 1,213 thousand euro;
- provisions for charges related to the obligation to cancel ETS allowances of 255,966 thousand euro;
- other provisions for risks of 85,076 thousand euro.

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

NOTE 32_LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS HELD FOR SALE

There are no liabilities related to assets held for sale at 30 June 2024.

FINANCIAL POSITION

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

	thousands of euro	
	30/06/2024	31/12/2023
Non-current financial assets	(140,652)	(128,937)
Non-current financial debt	4,512,010	4,048,104
Non-current net financial debt	4,371,358	3,919,167
Current financial assets	(1,159,940)	(639,279)
Current financial debt	801,544	653,231
Current net financial debt	(358,396)	13,952
Net financial debt	4,012,962	3,933,119

It is specified that, in the calculation of net debt, the fair value of commodity derivatives is excluded from current and non-current financial debt and assets.

Net Financial position with related parties

Non-current financial assets include 33,608 thousand euro due from the municipality of Turin and 4,721 thousand euro due from associates.

Current financial assets include 5,514 thousand euro due from the Municipality of Turin and 3,898 thousand euro due from associates and joint ventures.

Current financial liabilities include 6,068 thousand euro due to related party owners (for dividends), 1,330 thousand euro due to associates and 6 thousand euro due to other related parties.

The net financial position according to the structure proposed by ESMA in the document of 04 March 2021 *Guidelines on disclosure requirements under the Prospectus Regulation* and implemented by Consob with *Attention Reminder No. 5/21 of 29 April 2021* is shown below.

	thousands of euro	
	30/06/2024	31/12/2023
A. Cash	(569,096)	(436,134)
B. Cash equivalents	-	-
C. Other current financial assets	(520,040)	(13,030)
D. Liquidity (A) + (B) + (C)	(1,089,136)	(449,164)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	211,385	70,603
F. Current portion of the non-current financial payable	590,159	582,628
G. Current financial debt (E + F)	801,544	653,231
H. Net current financial debt (G - D)	(287,592)	204,067
I. Non-current financial debt (excluding current portion and debt instruments)	1,491,251	1,525,624
J. Debt instruments	3,020,759	2,522,470
K. Commercial and other non-current debt	-	-
L. Non-current financial debt (I + J + K)	4,512,010	4,048,094
M. Total financial debt (H + L)	4,224,418	4,252,161

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

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

	thousands of euro
Current and non-current financial liabilities 31.12.2023	4,701,335
Monetary changes as reported in the statement of cash flows	
New non-current loans	500,000
Repayment of non-current loans	(43,846)
Repayment of lease liabilities	-
Change in other financial liabilities	(18,529)
Interest paid	(52,111)
Dividends paid	37,323
Non-monetary changes	-
Liabilities acquired following changes in consolidation scope	35,969
New finance leases	4,447
Fair value change in derivatives	(18,875)
Interest and other financial expense	63,803
Dividends declared	104,038
Current and non-current financial liabilities 30.06.2024	5,313,554

X. NOTES TO THE INCOME STATEMENT

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

As of 1 January 2024, the Group's consolidated income statement includes the income statement figures of Siena Ambiente; the economic results for the first half of 2024 are therefore affected by the inclusion of these quantities in the consolidation scope.

For the purposes of a correct analysis of the income statement, it is also noted that the items include, along the entire time horizon in question, the results of Romeo 2, Amter and Acquaenna acquired in the first half of 2023.

NOTE 33_REVENUE FROM GOODS AND SERVICES

This item amounted to 2,637,373 thousand euro (3,103,488 thousand euro in the first half of 2023) as follows.

	thousands of euro	
	First half of 2024	First half of 2023
Electricity revenue	988,130	1,233,364
Heat revenue	119,135	148,878
Gas revenue	474,759	538,611
Integrated water service revenue	282,201	242,371
Revenue from waste collection and disposal	488,554	463,364
Revenue from asset construction services under concession	113,085	87,281
Revenue from other services	171,509	389,619
Total	2,637,373	3,103,488

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

	thousands of euro						
	Networks	Waste Management	Energy	Market	Other services	Intragroup eliminations	Total
Revenue from goods and services	543,017	567,171	820,048	1,512,476	13,506	(818,845)	2,637,373
Other revenue	77,636	49,138	57,353	43,291	4,464	(171,645)	60,237
Total	620,653	616,309	877,401	1,555,767	17,970	(990,490)	2,697,610

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

	thousands of euro						
	Networks	Waste Management	Energy	Market	Other services	Intragroup eliminations	Total
Electricity revenue	76,995	29,203	604,455	715,983	-	(438,506)	988,130
District heating revenue	-	5,187	126,118	-	-	(12,170)	119,135
Gas revenue	65,623	1,324	-	766,569	-	(358,757)	474,759
Integrated water service revenue	276,959	1,881	-	-	-	3,361	282,201
Environmental hygiene revenue	15	493,381	-	-	-	(4,842)	488,554
Revenue from asset construction services under concession - IFRIC 12	110,141	2,275	669	-	-	-	113,085
Other service revenue	13,284	33,920	88,806	29,924	13,506	(7,931)	171,509
Total Revenue from goods and services	543,017	567,171	820,048	1,512,476	13,506	(818,845)	2,637,373

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

Sale and distribution of electricity and gas and sale of heat to end customers

Contracts for the sale of energy carriers to end customers include fees that relate to both the sale and distribution of the relevant commodities, identified as a single, indistinct performance obligation. This obligation is fulfilled upon delivery at the redelivery point or heat exchange substation.

These contracts relate to supplies of a continuous nature, which imply the fulfilment of the relevant obligations in an over-time logic, since the end customer benefits, repeatedly over time, from individual commodity units that are homogeneous with each other.

This revenue includes the estimated disbursements made but not yet invoiced. This estimate is based on the customer's historical consumption profile, adjusted to reflect weather conditions or other factors that may affect consumption.

In this context, revenue from the electricity and gas distribution service, supplied through the Group's networks to third-party sellers, is recognised on the basis of tariffs determined by the competent Authorities to reflect the remuneration recognised for investments made, taking into account the equalisation mechanisms provided for. They, too, refer to services aimed at fulfilling the relevant obligations on an ongoing basis, with a view to the continuity of the service provided characteristic of network businesses.

Integrated Water Service

Similarly to the other network businesses mentioned above, aqueduct (water collection, drinking water, lifting and distribution), sewerage and wastewater treatment services relate to obligations fulfilled over time. They, too, are entered on the basis of the tariffs determined by the competent authorities to reflect the remuneration paid for the investments made.

Waste management revenue

Revenue generated by the environmental supply chain mainly relates to:

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

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

Other service revenue

The revenue included under this heading refers in particular:

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

NOTE 34_OTHER INCOME

Other income totalled 60,237 thousand euro (110,899 thousand euro in the first half of 2023) and refers to grants, revenue for energy certificates and sundry income. The tables below show the details of the individual items.

Grants

	thousands of euro	
	First half of 2024	First half of 2023
Grants related to assets	8,613	6,852
Connection grants	5,959	5,628
Other grants	4,239	40,902
Total	18,811	53,382

The grants related to assets and connection grants represent the relevant portion of grants calculated in proportion to the depreciation rates of the plants to which they refer.

The connection grants include amounts received for connection to the Group's electricity, water, gas and heat distribution networks.

The decrease in the item "Other grants" is largely attributable to the regulatory measures introduced in the first half of 2023 to combat the high energy price, which provided for a tax credit for so-called "non-energy-intensive" and "non-gas-intensive" companies, aimed at compensating the higher charges incurred for electricity and gas purchased and used in economic activity. The effect of these measures for the Group amounted to 38,985 thousand euro.

Revenue from energy efficiency certificates

	thousands of euro	
	First half of 2024	First half of 2023
Revenue from incentive as per Green Certificates	6,756	905
Revenue from Energy Efficiency Certificates (White Certificates)	9,476	9,396
Revenue from CO ₂ emission quotas	-	25,541
Total	16,232	35,842

Other income

	thousands of euro	
	First half of 2024	First half of 2023
Service contracts	517	595
Lease income	668	1,019
Capital gains on sale of assets	368	1,610
Insurance settlements	406	2,923
Sundry reimbursements	3,207	3,844
Fair Value income from commodity derivatives	-	-
Other revenue and income	20,028	11,684
Total	25,194	21,675

COSTS

NOTE 35_RAW MATERIALS, CONSUMABLES, SUPPLIES AND GOODS

This item is broken down as follows:

	thousands of euro	
	First half of 2024	First half of 2023
Purchase of electricity	168,157	279,444
Purchase of gas	563,291	911,328
Purchase of heat	168	325
Purchase of other fuels	238	94
Purchase of water	4,098	2,505
Other raw materials and materials inventories	89,675	123,581
Emission trading	88,465	143,684
White Certificates	9,345	9,093
Change in inventories	(14,246)	65,876
Total	909,191	1,535,930

Costs for raw materials, consumables, supplies and goods decreased by 626,739 thousand euro. The decrease in the costs of purchasing electricity and gas is mainly linked to the decrease in prices of commodities.

The purchase of raw materials and materials inventories is in connection with the marketing to retail customers of products in the area of home automation, energy saving and maintenance of domestic installations and, to a lesser extent, fuels for operating vehicles. The change in inventories was partly due to gas storages.

NOTE 36_SERVICES AND USE OF THIRD-PARTY ASSETS

Costs for services amounted to 794,066 thousand euro (738,219 thousand euro in the first half of 2023), as follows:

	thousands of euro	
	First half of 2024	First half of 2023
Electricity transport and electricity system expenses	242,661	203,828
Gas carriage	38,467	(73,220)
Heat carriage	-	-
Third-party works, maintenance and industrial services	175,210	280,297
Collection and disposal, snow clearing, public parks	169,935	165,251
Expenses related to personnel (meal allowance, training, business travel)	8,737	7,218
Technical, administrative and commercial consulting and advertising expenses	51,279	46,928
Legal and notary fees	5,890	1,861
Insurance	14,425	12,569
Bank expenses	5,248	6,044
Telephone expenses	3,284	3,324
IT expenses	28,156	26,573
Reading and invoicing services	8,726	7,848
Board of Statutory Auditors' fees	797	723
Other costs for services	41,191	48,975
Total costs for services	794,006	738,219

Costs for third-party works mainly relate to operating and maintenance costs of plants and networks. Gas transmission costs in the first half of 2023 are negative as a result of the effects of ARERA introduction of a UG2c tariff component with a negative sign, envisaged as part of urgent and extraordinary interventions in favour of consumers in relation to the situation of tension in the functioning of the gas markets. "Other costs for services" includes residual costs for internal consumption, back office, transport and other services: this item increased largely as a result of higher transport costs and the closure of estimates from previous years.

Use of third-party assets amounted to 19,211 thousand euro (18,439 thousand euro in the first half of 2023). The item included mainly fees paid to the single operator of the Genoa Area and the fees paid to the companies that own the assets of the integrated water service of the municipalities of Parma, Piacenza, and Reggio Emilia. Secondly, this item includes short-term leases or when the underlying asset is of low value, which the group has decided to exclude from the scope of application of IFRS 16.

NOTE 37_OTHER OPERATING EXPENSES

Other operating expenses amounted to 48,048 thousand euro (51,446 thousand euro in the first half of 2023), as follows:

	thousands of euro	
	First half of 2024	First half of 2023
General expenses	12,069	11,028
Instalments and higher instalments for water shunting	17,345	20,878
Taxes and duties	14,583	12,833
Capital losses on goods disposal	453	390
Other sundry operating expenses	3,598	6,317
Total	48,048	51,446

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

NOTE 38_CAPITALISED EXPENSES FOR INTERNAL WORK

Capitalised expenses for internal work amounted to 27,546 thousand euro (28,666 thousand euro in the first half of 2023), and regard increases in capital assets made with internal resources and production factors.

	thousands of euro	
	First half of 2024	First half of 2023
Capitalised personnel expense	(19,619)	(21,123)
Capitalised inventory materials	(7,927)	(7,543)
Total	(27,546)	(28,666)

NOTE 39_PERSONNEL EXPENSE

Personnel expense amounted to 318,944 thousand euro (292,561 thousand euro in the first half of 2023), as follows:

	thousands of euro	
	First half of 2024	First half of 2023
Gross remuneration	227,929	208,901
Social security contributions	69,490	63,618
Post-employment benefits	447	399
Other long-term employee benefits	85	91
Other personnel expense	19,799	18,374
Directors' fees	1,194	1,178
Total	318,944	292,561

As specified in Note 38, 19,619 thousand euro of costs related to employees were capitalised.

Other personnel expense include provisions for social security and recreational contributions, the contribution paid to the supplementary health care fund, insurance for accidents occurring outside working hours, the portion of post-employment benefits, and contributions to be paid by the employer to supplementary pension funds.

The composition of personnel is shown in the following table.

	30/06/2024	31/12/2023	Average for the period
Senior managers	113	114	115
Junior managers	381	381	383
White collar workers	4,752	4,641	4,717
Blue collar workers	6,126	5,868	6,022
Total	11,372	11,004	11,237

The main changes in the workforce compared to 31 December 2023 were ascribable to:

The changes in the workforce compared to 31 December 2023 were mainly ascribable to:

- the initiation/conclusion of services contracted out as part of the Waste Management BU;
- the continuation of the generational turnover plan, with a considerable number of recruitments on the labour market;
- the contract acquisition in Iren Ambiente, in February 2024, of the Pallet Vercelli plant unit of IMPA S.p.A., for a total of 26 resources;
- the control and accounting consolidation of Siena Ambiente S.p.A. by Iren Ambiente Toscana S.p.A. effective from 01/01/2024 for a total of 100 resources.

NOTE 40_DEPRECIATION AND AMORTISATION

Depreciation/amortisation for the period amounted to 319,865 thousand euro (287,054 thousand euro in the first half of 2023).

	thousands of euro	
	First half of 2024	First half of 2023
Property, plant and equipment and investment property	187,876	174,407
Intangible assets	131,989	112,647
Total	319,865	287,054

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

NOTE 41_PROVISIONS AND IMPAIRMENT LOSSES

This item amounted to a total of 35,277 thousand euro (71,335 thousand euro in the first half of 2023) as follows:

	thousands of euro	
	First half of 2023	First half of 2023
Impairment losses on loans and trade receivables	33,961	35,819
Impairment losses on non-current contract assets and Impairment losses on other current assets	263	-
Loss allowance	34,224	35,819
Provision for restoration of third-party assets	966	3,362
Provision for post-closure	431	329
Provisions for risks and others	2,611	36,095
Release of provisions	(2,955)	(4,270)
Total net other provisions and impairment losses	1,053	35,516
Total	35,277	71,335

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

Increases in the provisions for risks mainly refer to the measurements of risks of liabilities in the electricity and water sectors, while releases refer to the elimination of risks for various disputes, including those of a regulatory nature.

It should be noted that the item “Provisions for risks and others” included in the comparative period 33,648 thousand euro in application of Article 15 of the Sostegni Ter Decree-Law.

Details of changes in provisions are provided in the note to the Statement of financial position item “Provisions for risks and charges”.

NOTE 42_ FINANCIAL INCOME AND EXPENSE

Financial income

Financial income amounted to 26,908 thousand euro (14,001 thousand euro in the first half of 2023). The details are shown in the following table:

	thousands of euro	
	First half of 2024	First half of 2023
Dividends	36	118
Bank interest income	16,402	3,500
Interest income on loans /receivables	885	394
Interest income from customers	3,124	3,236
Capital gain on disposal of financial assets	-	519
Other financial income	6,461	6,234
Total	26,908	14,001

Interest income on loans/receivables refers primarily to interest on current account overdrafts between the Group and the Municipality of Turin (141 thousand euro) and interest on loans granted to associates (16 thousand euro).

Other financial income consists mainly of income for the discounting of provisions.

Financial expense

The item amounted to 69,953 thousand euro (54,413 thousand euro in the first half of 2023). The breakdown of financial expenses is shown in the following table:

	thousands of euro	
	First half of 2024	First half of 2023
Interest expense on mortgages	37,312	21,918
Interest expense on bonds	28,443	19,910
Hedging effect of interest rate derivatives	(10,749)	(7,216)
Interest expense on bank current accounts	9	3,574
Other interest expense	4,640	3,625
Capitalised borrowing costs	(143)	(223)
Derivative fair value charges	-	249
Capital losses on disposal of financial assets	9	-
Interest cost – Employee benefits	1,250	919
Financial expense on lease liabilities	847	710
Impairment losses on loan assets	-	-
Other financial expense	8,335	10,947
Total	69,953	54,413

Interest expense on mortgages and bonds includes the expense relating to the measurement at amortised cost. Other financial expense consists mainly of financial expense for discounting provisions and expense arising from the assignment to financial intermediaries of credits related to deductions on works carried out to improve the energy efficiency of buildings (Ecobonus).

NOTE 43_GAINS (LOSSES) ON EQUITY INVESTMENTS

The net losses of 1,243 thousand euro (gains of 5,079 thousand euro in the first half of 2023) refer mainly to the write-down of the investment in EGEA.

In the first half of 2023, it mainly referred to the remeasurement at acquisition-date fair value of the non-controlling interest relating to the business combinations of Amter (1,770 thousand euro) and Acquaenna (3,249 thousand euro).

NOTE 44_SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEES

The share of profit of equity-accounted investees amounted to 4,706 thousand euro (a profit of 1,324 thousand euro in the first half of 2023). For more details please see Note 5 "Equity-accounted investments".

NOTE 45_INCOME TAXES

The item Income taxes amounts to 73,579 thousand euro and includes the estimated income taxes for the first half of 2024, while in the comparative period it amounted to 55,856 thousand euro.

The estimate of income tax for the first half of 2024 is the result of the best estimate of the average expected tax rate for the full year, applied to the pre-tax profit for the period, adjusted to reflect the tax effect of certain items recognised entirely in the period. The tax rate for the first half of 2024 was 30.5%, while for the first half of 2023, it was 26.1% and benefited from the positive effect of the non-taxability of tax credits recognised against corporate energy costs and the effect of the redemption of positive differentials arising from business combinations carried out in the first half of 2023.

NOTE 46_NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

None.

NOTE 47_PROFIT FOR THE PERIOD ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Profit attributable to non-controlling interests, which amounted to 22,274 thousand euro (15,225 thousand euro in the first half of 2023), relates to the share of profit of non-controlling interests in companies fully consolidated but not wholly owned by the Group.

NOTE 48_EARNINGS PER SHARE

For the purpose of calculating basic and diluted earnings per share, it should be noted that the number of shares in the first half of 2024 represents the weighted average number of shares outstanding during the reporting period in accordance with IAS 33 § 20. The Company has not issued any financial instruments that have the potential to dilute its common stock, therefore diluted earnings per share is equal to basic earnings per share.

	First half of 2024	First half of 2023
Profit for the period (thousands of euro)	145,178	142,979
Weighted average number of shares outstanding over the year (thousand)	1,283,076	1,283,076
Basic earnings per share (euro)	0.11	0.11

NOTE 49_OTHER COMPREHENSIVE INCOME

Other comprehensive income was 12,468 thousand euro (20,098 thousand euro in H1 2023) and included other comprehensive income items that will be reclassified to profit or loss at a later date. In detail they refer to:

- the effective portion of changes in the fair value of cash flow hedging instruments, showing a gain of 16,094 thousand euro, which refers to derivatives hedging changes in interest rates and derivatives hedging changes in commodity prices (for the Group, this concerns electricity and gas).
- the share of other profits/(losses) of equity-accounted investees, a negative 955 thousand euro, which refers to changes in the fair value of cash flow hedging instruments of associates;
- the change in the translation reserve , amounting to a positive 665 thousand euro, due to the change in the exchange rate used to translate the financial statement balances of associates that prepare their financial statements in currencies other than the euro
- the tax effect of other comprehensive income, for 3,336 thousand euro.

XI. GUARANTEES AND CONTINGENT LIABILITIES

Guarantees relate to:

- a) Sureties and other guarantees for own commitments of 856,844 thousand euro (994,440 thousand euro at 31 December 2023); the most significant items refer to sureties issued in favour of:
- the Electricity Market Operator (GME) for 130,100 thousand euro to guarantee the energy market participation contract;
 - ATERSIR for 60,671 thousand euro for agreements and tenders in progress relating to the Integrated Water Service and the Urban Waste Management Service;
 - the Turin Provincial/Metropolitan City Governments, for 59,359 thousand euro for waste conferment and post-closure management of plants subject to I.E.A.;
 - ARPAE for 56,506 thousand euro for waste conferment and operations and post-closure management of plants subject to Integrated Environmental Authorisation (I.E.A.);
 - Shell Energy Europe for 50,000 thousand euro to guarantee the gas supply contract;
 - ATO-R, for 44,335 thousand euro, as definitive guarantees in the Amiat/TRM tender procedure;
 - Revenue Agency for 43,218 thousand euro for a VAT credit refund request;
 - CONSIP for 33,864 thousand euro to guarantee contractual obligations concerning health and safety in the workplace;
 - SNAM Reti Gas for 33,736 thousand euro to guarantee contracts and network codes;
 - Municipality of Turin, for 31,862 thousand euro, definitive guarantee in the AMIAT/TRM acquisition;
 - Ministry of the Environment, for 30,423 thousand euro for various authorisations;
 - CONSIP for 33,864 thousand euro mainly for electricity supply contracts;
 - Province of La Spezia for 22,081 thousand euro for waste transfer and management of plants;
 - Customs Authority, for 19,250 thousand euro to guarantee the regular payment of income tax and additional local and provincial duties on electricity consumption and gas excise;
 - Piedmont Region for 15,581 thousand euro as guarantee for project financing for the concession of large water derivation plants for hydroelectric purposes;
 - Calabria Region for 14,944 thousand euro, for proposed project financing for the waste-to-energy plant in Gioia Tauro;
 - Assemblea Territoriale Idrica Enna for 8,949 thousand euro as a work guarantee;
 - Aisa Impianti for 7,800 thousand euro as guarantee for the contract of transfer at the plants;
 - CSEA for 7,300 thousand euro as a guarantee of the graduated protection service;
 - Terna, for 7,296 thousand euro to guarantee injection and withdrawal dispatching contracts and to guarantee the electricity transport service contract;
 - Apulia Region for 7,211 thousand euro to guarantee landfill and plant authorisations;
 - Basin Consortium of Basso Novarese for 6,989 thousand euro to guarantee the contract for the collection and disposal of urban waste;
 - Tuscany Region for 6,863 thousand euro to guarantee landfill and plant authorisations;
 - Province of La Spezia for 6,622 thousand euro for contributions and management of plants.
 - Ato Toscana Sud for 6,500 thousand euro to guarantee the integrated waste management service.

COMMITMENTS

Commitments to suppliers

In the course of its operations, the Group entered into contracts for the purchase of a specific quantity of commodities and CO₂ emission quotas at a certain future date, having the characteristics of own use and therefore falling within the so-called “own use exemption” under IFRS 9.

These commitments are represented by:

- contracts for the purchase of natural gas at a fixed price, with a countervalue of 4.7 million euro;
- contracts for the purchase of methane gas at an indexed price, for a forecast quantity of the equivalent of 24.4 MWh;
- power purchase agreements, with a countervalue of 18.1 million euro.

CONTINGENT LIABILITIES

Iren Mercato S.p.A. / Azienda Sanitaria Locale Roma 1 - Iren Mercato S.p.A. / Local Health Authority Rome 4

Two proceedings are pending before the Court of Rome, initiated by certain local health authorities in Lazio and relating to the economic relations between them and Iren Mercato, in its own right and as a member of the temporary joint venture entrusted under the Agreement of 4 August 2006 entered into with the Lazio Region for the "Technological multi-service and provision of energy carriers - Lot D"; in particular:

- writ of summons dated 10 April 2020 by ASL ROMA 1 (contract of 13 December 2007) with the aim of ascertaining the undue receipt of the fee for the supply of hot water and steam for the period from 1 July 2007 to 28 February 2017, contesting the incorrect application of the tariff, and the consequent repayment of the sum; the plaintiff has quantified this amount at 8 million euro;

- writ of summons dated 12 April 2022 by ASL ROMA 4 (contract of 08 June 2007) with the aim of ascertaining the undue receipt of the fee for the supply of hot water and steam for the period from 01 April 2007 to 19 February 2017, contesting the incorrect application of the tariff, and the consequent repayment of the sum; the plaintiff has quantified this amount at 7.5 million euro;

In both cases, following the appointment of a court-appointed expert witness by the Judge, the expert witness operations started.

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

AGCM proceedings on abuse of dominant position in the district heating sector

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

XII. SEGMENT REPORTING

Segment reporting, based on the Group's management and internal reporting structure, is given below in accordance with IFRS 8.

Given the nature of the activity performed by Group companies, a geographical segment analysis is not relevant.

The business segments in which the Group operates are:

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

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

For a proper interpretation of the economic results relating to individual businesses, revenue and expense referring to joint activities were fully allocated to the businesses based on actual usage of the services provided or according to technical and economic drivers.

Given the fact that the Group mainly operates in one area, the following segment reporting does not include a breakdown by geographical area.

Net invested capital by business segment compared to the figures as at 31 December 2023 restated and income statements (up to the operating profit/(loss)) for the current period by business segment are presented below, compared against the 2023 first half figures restated.

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

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

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

Net financial debt: calculated as the sum of non-current financial liabilities net of non-current financial assets and current financial liabilities net of current financial assets and cash and cash equivalents.

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

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

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

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

Reclassified statement of financial position by business segment at 30 June 2024

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,689	1,616	2,285	354	18	204	8,166
Net Working Capital	115	95	27	(130)	1	-	108
Other non-current assets and liabilities	(690)	(168)	(176)	28	1	-	(1,005)
Net invested capital (NIC)	3,114	1,543	2,136	252	20	204	7,269
Equity							3,256
Net financial debt							4,013
Own funds and net financial debt							7,269

Reclassified statement of financial position by business segment at 31 December 2023, restated

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Non-current assets	3,622	1,545	2,300	350	30	224	8,071
Net Working Capital	85	(6)	235	(247)	1	-	68
Other non-current assets and liabilities	(686)	(154)	(190)	68	-	-	(962)
Net invested capital (NIC)	3,021	1,385	2,345	171	31	224	7,177
Equity							3,244
Net financial debt							3,933
Own funds and net financial debt							7,177

Income statement by business segment for the first half of 2024

millions of euro

	Networks	Waste Management	Energy	Market	Other services	Non-allocable	Total
Total revenue and income	621	616	877	1,556	18	(990)	2,698
Total operating expenses	(383)	(491)	(744)	(1,418)	(16)	990	(2,062)
Gross Operating Profit	238	125	133	138	2	-	636
Net amortisation, depreciation and impairment losses	(112)	(97)	(85)	(60)	(1)	-	(355)
Operating profit	126	28	48	78	1	-	281

Income statement by business segment for the first half of 2023 restated

millions of euro

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

XIII. ANNEXES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

LIST OF FULLY CONSOLIDATED COMPANIES

LIST OF JOINT VENTURES

LIST OF ASSOCIATES

LIST OF EQUITY INVESTMENTS IN OTHER COMPANIES

RELATED PARTY TRANSACTIONS

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

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

LIST OF FULLY CONSOLIDATED COMPANIES

Company	Registered office	Currency	Share capital	% interest	Investor
Iren Ambiente S.p.A.	Piacenza	Euro	63,622,002	100	Iren
Iren Energia S.p.A.	Turin	Euro	918,767,148	100	Iren
Iren Mercato S.p.A.	Genoa	Euro	61,356,220	100	Iren
Ireti S.p.A.	Genoa	Euro	196,832,103	100	Iren
Ireti Gas S.p.A.	Parma	Euro	120,000	100	Ireti
Acam Acque S.p.A.	La Spezia	Euro	24,260,050	100	Ireti
Acam Ambiente S.p.A.	La Spezia	Euro	1,000,000	100	Iren Ambiente
Acquaenna S.c.p.a.	Enna	Euro	3,000,000	50.87	Ireti
Agrovoltaica	Badia Polesine (RO)	Euro	1,000	51	Iren Green Generation
Alfa Solutions S.p.A.	Reggio Emilia	Euro	100,000	86	Iren Smart Solutions
Alegas S.r.l.	Alessandria	Euro	100,000	98	Iren Mercato
AMIAT S.p.A.	Turin	Euro	46,326,462	80	AMIAT V
AMIAT V. S.p.A.	Turin	Euro	1,000,000	93.06	Iren Ambiente
Amter S.p.A.	Cogoleto (GE)	Euro	404,263	51	Ireti
				49	Iren Acqua
ASM Vercelli S.p.A.	Vercelli	Euro	120,812,720	59.97	Ireti
Asti Energia e Calore S.p.A.	Asti	Euro	120,000	62	Iren Energia
Atena Trading S.r.l.	Vercelli	Euro	556,000	59.97	Iren Mercato
Bonifica Autocisterne S.r.l.	Piacenza	Euro	595,000	51	Iren Ambiente
Bonifiche Servizi Ambientali S.r.l.	Reggio Emilia	Euro	3,000,000	100	Iren Ambiente
Consorzio GPO	Reggio Emilia	Euro	20,197,260	62.35	Ireti
C.R.C.M. S.r.l.	Terranuova Bracciolini (AR)	Euro	3,062,000	85,65 7,15	Valdarno Ambiente Siena Ambiente
Dogliani Energia S.r.l.	Cuneo	Euro	10,000	100	Iren Energia
Ekovision S.r.l.	Prato	Euro	1,485,000	100	SEI Toscana
Formaira S.r.l.	San Damiano Macra (CN)	Euro	40,000	100	Maira
Futura S.p.A.	Grosseto	Euro	3,660,955	40	Iren Ambiente Toscana
				40	Iren Ambiente
				20	Sei Toscana
I. Blu S.r.l.	Pasian di Prato (UD)	Euro	9,001,000	80	Iren Ambiente
Iren Acqua S.p.A.	Genoa	Euro	19,203,420	60	Ireti
Iren Acqua Tigullio S.p.A.	Chiavari (GE)	Euro	979,000	66.55	Iren Acqua
Iren Acqua Reggio S.r.l.	Reggio Emilia	Euro	5,000,000	100	Ireti
Iren Acqua Piacenza S.r.l.	Piacenza	Euro	10,000	100	Ireti
Iren Ambiente Parma S.r.l.	Parma	Euro	4,000,000	100	Iren Ambiente
Iren Ambiente Piacenza S.r.l.	Piacenza	Euro	4,000,000	100	Iren Ambiente
Iren Ambiente Toscana S.p.A.	Florence	Euro	5,000,000	100	Iren Ambiente
Iren Laboratori S.p.A.	Genoa	Euro	2,000,000	90.89	Ireti

Iren Smart Solutions S.p.A.	Reggio Emilia	Euro	2,596,721	60	Iren Energia
				20	Iren Ambiente
				20	Iren Mercato
Limes 1 S.r.l.	Turin	Euro	20,408	51	Iren Green Generation
Limes 2 S.r.l.	Turin	Euro	20,408	51	Iren Green Generation
Limes 20 S.r.l.	Turin	Euro	10,000	100	Iren Green Generation
Maira S.p.A.	San Damiano Macra (CN)	Euro	596,442	82	Iren Energia
Manduriambiente S.p.A.	Manduria (TA)	Euro	4,111,820	95.289	Iren Ambiente
Nord Ovest Servizi S.p.A.	Turin	Euro	7,800,000	45	Ireti
				30	Amiat
Iren Green Generation S.r.l.	Turin	Euro	10,000	100	Iren Energia
Iren Green Generation Tech S.r.l.	Turin	Euro	80,200	100	Iren Green Generation
ReCos S.p.A.	La Spezia	Euro	1,000,000	99.51	Iren Ambiente
Re Mat Srl	Turin	Euro	180,000	94.77	Iren Ambiente
Rigenera Materiali S.r.l.	Genoa	Euro	3,000,000	100	Iren Ambiente
Salerno Energia Vendite S.p.A.	Salerno	Euro	3,312,060	50	Iren Mercato
San Germano S.p.A.	Turin	Euro	1,425,000	100	Iren Ambiente
Scarlino Energia S.p.A.	Scarlino (GR)	Euro	1,000,000	100	Iren Ambiente Toscana
SEI Toscana S.r.l.	Siena	Euro	45,388,913	41.78	Iren Ambiente Toscana
				16.37	Valdarno Ambiente
				20.62	Siena Ambiente
				0.2	C.R.C.M.
Semia Green S.r.l.	Siena	Euro	3,300,000	50.909	Iren Ambiente Toscana
				49.091	Siena Ambiente
Sienambiente S.p.A.	Siena	Euro	2,866,575	40	Iren Ambiente Toscana
TB S.p.A.	Florence	Euro	2,220,000	100	Valdarno Ambiente
Territorio e Risorse S.r.l.	Turin	Euro	2,510,000	65	Iren Ambiente
				35	ASM Vercelli
TRM S.p.A.	Turin	Euro	86,794,220	80	Iren Ambiente
Uniproject S.r.l.	Maltignano (AP)	Euro	91,800	100	Iren Ambiente
Valdarno Ambiente S.r.l.	Terranuova Bracciolini (AR)		22,953,770	56.016	Iren Ambiente Toscana
Valle Dora Energia S.r.l.	Turin	Euro	537,582	74.5	Iren Energia

LIST OF JOINT VENTURES

Company	Registered office	Currency	Share capital	% interest	Investor
Acque Potabili S.p.A. in liquidation	Turin	Euro	7,633,096	47.546	Ireti
Nuova Sirio S.r.l.	Siena	Euro	92,077	50	Siena Ambiente
Vaserie S.r.l.	Siena	Euro	10,000	69	Siena Ambiente

LIST OF ASSOCIATES

Company	Registered office	Currency	Share capital	% interest	Investor
A2A Alfa S.r.l. (1)	Milan	Euro	100,000	30	Iren Mercato
Acos S.p.A.	Novi Ligure	Euro	17,075,864	25	Ireti
Acos Energia S.p.A.	Novi Ligure	Euro	150,000	25	Iren Mercato
Aguas de San Pedro S.A. de C.V.	S.Pedro Sula (Honduras)	Lempiras	159,900	39.34	Ireti
Aiga S.p.A. (1)	Ventimiglia	Euro	104,000	49	Ireti
Amat S.p.A. (1)	Imperia	Euro	5,435,372	48	Ireti
Arca S.r.l.	Reggio Emilia	Euro	100,000	40	Ireti
Arienes S.c.a.r.l.	Reggio Emilia	Euro	50,000	42	Iren Smart Solutions
ASA S.p.A.	Livorno	Euro	28,613,406	40	Ireti
Asa S.c.p.a.	Castel Maggiore (BO)	Euro	1,820,000	49	Iren Ambiente
Astea S.p.A.	Recanati (MC)	Euro	76,115,676	21.32	Consorzio GPO
Asti Servizi Pubblici S.p.A.	Asti	Euro	7,540,270	45	Nord Ovest Servizi
Barricalla S.p.A.	Turin	Euro	2,066,000	35	Iren Ambiente
BI Energia S.r.l.	Reggio Emilia	Euro	100,000	47.5	Iren Energia
Centro Corsi S.r.l.	Reggio Emilia	Euro	12,000	33	Alfa Solutions S.p.A.
CSA S.p.A. (1)	Terranuova Bracciolini (AR)	Euro	1,369,502	47.97	Iren Ambiente Toscana
CSAI S.p.A.	Terranuova Bracciolini (AR)	Euro	1,610,511	40.32	Iren Ambiente Toscana
EGUA S.r.l.	Cogorno (GE)	Euro	119,000	49	Ireti
Fata Morgana S.p.A. (2)	Reggio Calabria	Euro	2,225,694	25	Ireti
Fin Gas S.r.l.	Milan	Euro	10,000	50	Iren Mercato
Fratello Sole Energie Solidali Impresa Sociale S.r.l.	Genoa	Euro	350,000	40	Iren Energia
G.A.I.A. S.p.A.	Asti	Euro	5,539,700	45	Iren Ambiente
Global Service Parma S.c.a.r.l. (1)	Parma	Euro	20,000	30	Ireti
Iniziative Ambientali S.r.l.	Novellara (RE)	Euro	100,000	40	Iren Ambiente
OMI Rinnovabili S.c.a.r.l.	Reggio Emilia	Euro	10,000	40.15	Alfa Solutions S.p.A.
Piana Ambiente S.p.A. (2)	Gioia Tauro	Euro	1,719,322	25	Ireti
Rimateria S.p.A. (3)	Piombino (LI)	Euro	4,589,273	30	Iren Ambiente
Seta S.p.A.	Turin	Euro	12,378,237	48.85	Iren Ambiente
Sistema Ambiente S.p.A.	Lucca	Euro	2,487,657	36.56	Iren Ambiente
STU Reggiane S.p.A.	Reggio Emilia	Euro	16,770,080	30	Iren Smart Solutions
Tirana Acque S.c. a r.l. (1)	Genoa	Euro	95,000	50	Ireti

(1) Company in liquidation

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

(3) Company in bankruptcy

LIST OF EQUITY INVESTMENTS IN OTHER COMPANIES

Company	Registered office	Currency	Share capital	% interest	Investor
Acque Potabili Siciliane S.p.A. (1)	Palermo	Euro	5,000,000	9.83	Iren Acqua
Aeroporto di Reggio Emilia S.p.A.	Reggio Emilia	Euro	2,177,871	0.11	Alfa Solutions S.p.A.
AISA S.p.A. in liquidation (1)	Arezzo	Euro	3,867,640	3	Iren Ambiente Toscana
AISA Impianti S.p.A.	Arezzo	Euro	6,650,000	3	Iren Ambiente Toscana
Alpen 2.0 S.r.l.	Turin	Euro	70,000	14.29	Maira
ATO2ACQUE S.c.a.r.l.	Biella	Euro	48,000	16.67	ASM Vercelli
Aurora S.r.l.	S. Martino in Rio (RE)	Euro	514,176	0.1	Alfa Solutions S.p.A.
Autostrade Centro Padane S.p.A.	Cremona	Euro	30,000,000	1.46	Ireti
C.R.P.A. S.p.A.	Reggio Emilia	Euro	2,201,350	2.27	Ireti
CIDIU Servizi S.p.A.	Collegno (TO)	Euro	10,000,000	17.9	Amiat
Consorzio CIM 4.0 s.c.a.r.l.	Turin	Euro	232,000	4.3	Iren
CCC-Consorzio cooperative costruzioni	Bologna	Euro	15,637,899	0.06	Bonifiche Servizi Ambientali
Consorzio Integra	Bologna	Euro	42,548,492	0.02	Bonifiche Servizi Ambientali
Consorzio Topix	Turin	Euro	1,600,000	0.3	Iren Energia
EGEA S.p.A.	Alba (CN)	Euro	58,167,200	0.47	SEI Toscana
Enerbrain S.r.l.	Turin	Euro	28,181	10	Iren Smart Solutions
Environment Park S.p.A.	Turin	Euro	11,406,780	3.39	Iren Energia
				7.41	AMIAT
Genera S.c.a.r.l.	Ascoli Piceno	Euro	1,390,361	1	Uniproject
L.E.A.P. S.c. a r.l.	Piacenza	Euro	155,000	8.3	Iren Ambiente
Parma Servizi Integrati S.c. a r.l.	Parma	Euro	20,000	11	Iren Smart Solutions
Reggio Emilia Innovazione S.c.a.r.l. in liquidation (2)	Reggio Emilia	Euro	871,956	0.99	Iren Ambiente
Serchio Verde Ambiente S.p.a. in liquidation (2)	Castelnuovo di Garfagnana (LU)	Euro	1,128,950	5.93	Iren Ambiente Toscana
Società di Biotecnologie S.p.A.	Turin	Euro	536,000	2.93	Iren Smart Solutions
Stadio Albaro S.p.A. in liquidation (2)	Genoa	Euro	1,230,000	2	Iren Mercato
Tech4Planet	Rome	Euro	149,348	11.03	Iren Spa
T.I.C.A.S.S. S.c. a r.l.	Genoa	Euro	136,000	2.94	Ireti

RELATED PARTY TRANSACTIONS

	Trade Receivables	Loan assets	Other assets	Trade Payables	Financial liabilities
OWNER					
Municipality of Genoa	563	-	1	5,173	-
Municipality of Parma	8,236	-	413	794	-
Municipality of Piacenza	2,391	-	-	1,276	-
Municipality of Reggio Emilia	2,794	-	540	67	-
Municipality of Turin	83,363	39,122	483	2,840	6,068
Finanziaria Sviluppo Utilities	-	-	41	-	-
JOINT VENTURES					
Acque Potabili	129	-	-	(2)	-
Nuova Sirio	-	240	-	-	-
ASSOCIATES					
ACOS	2	4,773	-	-	-
ACOS Energia	-	150	-	-	-
Aguas de San Pedro	1	394	-	-	-
AIGA	228	75	-	85	-
AMAT	24	-	-	-	-
ARCA	26,242	-	-	53	448
Arienes	5,461	-	-	-	881
ASA	216	-	-	765	-
ASA Livorno	(105)	-	-	(173)	-
ASTEA	-	426	-	2	-
Asti Servizi Pubblici	156	248	-	50	-
Barricalla	235	490	-	2,207	-
BI Energia	2	1,065	-	-	-
Centro Corsi	(1)	30	-	5	-
CSA in liquidation	367	-	-	-	-
CSAI	613	-	-	78	-
EGUA	182	-	-	3,015	-
Fingas	-	100	-	-	-
Fratello Sole Energie Solidali	2,839	-	-	402	-
GAIA	1,626	-	-	508	-
Iniziative Ambientali	8	-	-	-	-
Omi Rinnovabili	-	-	-	-	-
Piana Ambiente in liquidation	70	-	-	-	-
SETA	4,898	-	-	452	-
Sistema Ambiente	-	133	-	-	-
STU Reggiane	39	494	-	-	-
OTHER RELATED PARTIES					
Subsidiaries of Municipality of Turin	929	-	21	2,099	-
Subsidiaries of Municipality of Genoa	4,579	-	26	1,983	6
Subsidiaries of Municipality of Parma	446	-	121	989	-
Subsidiaries of Municipality of Piacenza	(22)	-	-	572	-
Subsidiaries of Municipality of Reggio Emilia	46	-	-	1,088	-
Others	-	-	-	-	-
TOTAL	146,557	47,740	1,646	24,328	7,403

thousands of euro

	Other liabilities	Revenue and income	Costs and other charges	Financial income	Financial expense
OWNERS					
Municipality of Genoa	(6)	906	4,070	-	-
Municipality of Parma	-	262	1,106	-	4
Municipality of Piacenza	-	9,122	631	-	-
Municipality of Reggio Emilia	-	615	352	-	-
Municipality of Turin	-	120,103	1,826	141	10
Finanziaria Sviluppo Utilities	-	-	-	-	-
JOINT VENTURES					
Acque Potabili	-	46	-	-	-
Nuova Sirio	-	-	-	-	-
ASSOCIATES					
ACOS	-	18	-	-	-
ACOS Energia	-	2	-	-	-
Aguas de San Pedro	-	-	-	-	-
AIGA	-	-	-	-	-
AMAT	-	-	-	-	-
ARCA	-	42,815	531	16	33
Arienes	-	-	-	-	-
ASA	-	152	1,341	-	-
ASA Livorno	-	315	79	20	-
ASTEA	-	-	11	-	-
Asti Servizi Pubblici	-	512	55	-	-
Barricalla	-	237	1,713	-	-
BI Energia	-	3	-	-	-
Centro Corsi	-	3	27	-	-
CSA in liquidation	-	270	-	-	-
CSAI	39	916	157	-	2
EGUA	-	180	-	-	-
Fingas	-	-	-	-	-
Fratello Sole Energie Solidali	7	64	-	-	-
GAIA	-	1,231	2,216	3	-
Iniziative Ambientali	-	2	-	-	-
Omi Rinnovabili	-	-	78	-	-
Piana Ambiente in liquidation	-	-	-	-	-
SETA	-	6,466	573	-	-
Sistema Ambiente S.p.A.	-	22	-	-	-
STU Reggiane	-	4	20	16	-
OTHER RELATED PARTIES					
Subsidiaries of Municipality of Turin	19	1,828	1,696	-	4
Subsidiaries of Municipality of Genoa	155	3,351	761	-	-
Subsidiaries of Municipality of Parma	-	862	1,382	1	-
Subsidiaries of Municipality of Piacenza	-	90	571	-	-
Subsidiaries of Municipality of Reggio Emilia	-	308	3,121	-	4
Others	-	136	-	-	-
TOTAL	214	190,841	22,317	197	57

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

thousands of euro

IFRS STATEMENT OF FINANCILA POSITION		RECLASSIFIED STATEMENT OF FINANCIAL POSITION	
Property, plant and equipment	4,475,923	Property, plant and equipment	4,475,923
Investment property	2,003	Investment property	2,003
Intangible assets	3,234,004	Intangible assets	3,234,004
Goodwill	249,975	Goodwill	249,975
Investments accounted for using the equity method	194,244	Investments accounted for using the equity method	194,244
Other equity investments	9,457	Other equity investments	9,457
Total (A)	8,165,606	Non-current assets (A)	8,165,606
Other non-current assets	155,890	Other non-current assets	156,161
Sundry liabilities and other non-current liabilities	(590,109)	Sundry liabilities and other non-current liabilities	(593,108)
Total (B)	(434,219)	Other non-current assets (liabilities) (B)	(436,947)
Inventories	88,161	Inventories	88,161
Non-current contract assets	280,828	Non-current contract assets	280,828
Current contract assets	31,057	Current contract assets	31,057
Non-current trade receivables	29,238	Non-current trade receivables	29,238
Trade receivables	1,170,356	Trade receivables	1,170,356
Current tax assets	12,088	Current tax assets	12,088
Sundry assets and other current assets	315,171	Sundry assets and other current assets	347,838
Trade payables	(1,184,758)	Trade payables	(1,184,758)
Contract liabilities	(17,029)	Contract liabilities	(17,029)
Sundry liabilities and other current liabilities	(403,753)	Sundry liabilities and other current liabilities	(504,206)
Current tax liabilities	(145,739)	Current tax liabilities	(145,739)
Total (C)	175,620	Net working capital (C)	107,834
Pre-paid tax assets	413,156	Pre-paid tax assets	413,156
Deferred tax liabilities	(140,898)	Deferred tax liabilities	(140,898)
Total (D)	272,258	Deferred tax assets (liabilities) (D)	272,258
Employee benefits	(83,711)	Employee benefits	(83,711)
Provisions for risks and charges	(418,164)	Provisions for risks and charges	(418,164)
Provisions for risks and charges - current portion	(348,411)	Provisions for risks and charges - current portion	(339,335)
Total (E)	(850,286)	Provisions and employee benefits (E)	(841,210)
Assets held for sale	1,144	Assets held for sale	1,144
Liabilities directly associated with assets held for sale	-	Liabilities directly associated with assets held for sale	-
Total (F)	1,144	Assets held for sale (Liabilities directly associated with assets held for sale) (F)	1,144
		Net invested capital (G=A+B+C+D+E+F)	7,268,685
Equity (H)	3,255,723	Equity (H)	3,255,723
Non-current financial assets	(140,923)	Non-current financial assets	(140,652)
Non-current financial liabilities	4,515,009	Non-current financial liabilities	4,512,010
Total (I)	4,374,086	Non-current financial debt (I)	4,371,358
Current financial assets	(623,511)	Current financial assets	(590,844)
Cash and cash equivalents	(569,096)	Cash and cash equivalents	(569,096)
Current financial liabilities	892,921	Current financial liabilities	801,544
Total (L)	(299,686)	Current financial debt (L)	(358,396)
		Net financial debt (M=I+L)	4,012,962
		Own funds and net financial debt (H+M)	7,268,685

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

	thousands of euro	
	30/06/2024	31/12/2023
A. Cash	(569,096)	(436,134)
B. Cash equivalents	-	-
C. Other current financial assets	(520,040)	(13,030)
D. Liquidity (A) + (B) + (C)	(1,089,136)	(449,164)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	211,385	70,603
F. Current portion of non-current financial debt	590,159	582,628
G. Current financial debt (E + F)	801,544	653,231
H. Net current financial debt (G - D)	(287,592)	204,067
I. Non-current financial debt (excluding current portion and debt instruments)	1,491,251	1,525,634
J. Debt instruments	3,020,759	2,522,470
K. Commercial and other non-current debt	-	-
L. Non-current financial debt (I + J + K)	4,512,010	4,048,104
M. Total financial debt (H + L)	4,224,418	4,252,171
(-) C. Other current financial assets	520,040	13,030
(+) Non-current financial assets (statement of financial position item net of fair value of commodity derivatives)	(140,652)	(128,937)
(+) Current financial assets (statement of financial position item net of fair value of commodity derivatives)	(590,844)	(203,145)
Net financial debt	4,012,962	3,933,119

Attestation on the Condensed Interim Consolidated Financial Statements pursuant to article 154-bis of Legislative Decree 58/1998

1. The undersigned Luca Dal Fabbro, Chairperson of the Board of Directors, and Giovanni Gazza, Manager in charge of financial reporting of IREN S.p.A., hereby certify, in view of the provisions of Art. 154-bis, paragraphs 3 and 4 of Legislative Decree No. 58 of 24 February 1998:
 - the adequacy in relation to the characteristics of the company and
 - the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements during the first half of 2024.
2. It is also hereby certified that:
 - 2.1 the condensed interim consolidated financial statements:
 - a) have been prepared in compliance with the applicable IFRS endorsed by the European Community pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council, of 19 July 2002;
 - b) correspond to the figures in the ledgers and accounting records;
 - c) are suitable to offer a true and fair view of the financial position and financial performance of the issuer and the group of companies included in the consolidation scope.
 - 2.2 the interim Directors' Report contains a reliable analysis of the key events that took place during the first six months of the year and of their impact on the condensed interim consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Directors' Report also contains a reliable analysis of disclosures on significant transactions with related parties.

29 July 2024

Chairperson of the Board of Directors

Luca Dal Fabbro

(signed on the original)

The Manager in charge of Financial Reporting
under Law 262/05

Giovanni Gazza

(signed on the original)



KPMG S.p.A.
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Report on review of condensed interim consolidated financial statements

*To the shareholders of
Iren S.p.A.*

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Iren Group, comprising the statement of financial position as at 30 June 2024, the income statement and the statements of comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto.

The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



Iren Group

Report on review of condensed interim consolidated financial statements

30 June 2024

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Iren Group as at and for the six months ended 30 June 2024 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Turin, 6 August 2024

KPMG S.p.A.

(signed on the original)

Roberto Bianchi
Director of Audit



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