

Significant events of the year

Consolidation of Siena Ambiente

Based on the coming into effect of the new shareholders' agreements between the shareholders Iren Ambiente Toscana, the Province of Siena and the Sienese municipalities, signed in October 2023, as of 1 January 2024, Siena Ambiente S.p.A. is included in Iren Group's consolidation scope.

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 for the production of biomethane from organic waste.

Siena Ambiente 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 and for 20 years, Azienda Reggiana per la Cura dell'Acqua - ARCA S.r.l. is the new Manager of the Integrated Water Service of the Province of Reggio Emilia, taking over from the previous manager 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.

Fifth and sixth Green Bond issues

On the outstanding Euro Medium Term Notes (EMTN) programme (amounting to 4 billion euro), Iren S.p.A. concluded during the period, with considerable success in terms of orders received, geographical diversification and participation of the so-called "Socially Responsible Investors" (SRI), the issue and listing of two Bond issues (the fifth and sixth in the Green Use of Proceeds format), amounting to 500 million euro each, reserved for institutional investors:

- 15 January 2024, maturing on 22 July 2032, gross annual coupon of 3.875%, issue price of 99.514% and effective gross rate of return to maturity therefore equal to 3.946%, corresponding to a yield of 135 basis points above the midswap rate;
- 16 September 2024, maturing 23 September 2033, gross annual coupon of 3.625%, issue price of 99.300% and effective gross rate of return to maturity of 3.718% (137 basis points above midswap rate).

The new Bonds are listed on the regulated market of the Irish Stock Exchange (Euronext Dublin) and admitted to trading respectively on the Euronext Access Milan systems, organised and managed by Borsa Italiana, and ExtraMOT PRO, organised and managed by Euronext Milan, in the segments dedicated to green instruments.

Both issues are intended for the financing and refinancing of projects that contribute to the achievement of the sustainability objectives defined in the Business Plan to 2030, with a view to further strengthening the financial structure and maintaining liquidity levels by refinancing maturing bonds.

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 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.

It is recalled that 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.

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 on 30 May 2024 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 carries 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 therefore represents a point of reference and coordination of the requests and contributions of the Independent Directors within the Board of Directors.

Underwriting 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 (CEO and General Manager until 7 May 2024 and Director until 27 June 2024)

The Board of Directors, in its meeting of 25 June 2024, taking into account the preliminary investigation conducted, for the profiles of respective competence, 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 as 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 investigation by the Public Prosecutor's Office of Genoa and confirmed even after the requests made by his defence, resulted in fact, in the irreversible and therefore no longer merely temporary impossibility of precisely exercising his functions as CEO of Iren S.p.A. With regard to financial 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 structure approved at the extraordinary meeting called on 7 May, which saw the temporary 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.

Furthermore, already on 30 May 2024, the Board of Directors resolved to declare itself as injured party in the criminal proceedings underway against Mr. Paolo Signorini, appointing a trusted criminal 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 CEO of the Company, to replace Director Mr. Paolo Signorini (co-opted on 30 August 2023 and in office until the first Shareholders' Meeting, i.e. of 27 June 2024 called to express itself in regard).

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 against Mr. Signorini was received, and one by an independent and qualified advisor, in order to thoroughly analyse the activities carried out by Mr. Signorini in Iren (from the date of his appointment on 30 August 2023 until 07 May 2024), and to assess the correctness of his work, taking into account the proxies and powers attributed to him.

On 29 July 2024, the Board of Directors reviewed the final reports of the specific audits and took note of their findings. On the basis of the results of the aforementioned specific audits, there are currently no circumstances such as to have a material impact on the company's financial position and performance or critical issues with regard to the maintenance of the internal control system. However, the Company reserves the right to carry out further investigations with a view to possible legal action for its own protection.

At this stage, IREN has reserved all actions and initiatives against the former CEO and General Manager.

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:

- EBITDA of 1.8 billion euro in 2030, with a CAGR of +6% thanks to growth through internal lines, expansion of the consolidation scope 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 due to the 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, a large part of which (85%) has already been identified and is 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/EBITDA 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 by 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 forecasts 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 profit in excess of 400 million euro by 2030, with a CAGR of +7%;
- until 2027 an expected dividend equal to the maximum amount between an annual increase of 8% and a pay-out of 60% of the ordinary Group 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 at 31 December 2024, in the person of Paola Girdinio, replacing Director Paolo Signorini;
- approved the first section ("2024 Remuneration Policy") of the Report on the 2024 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.

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 Iren Group. In particular:

- S&P confirmed the Group's long-term credit rating at "BBB" with "Stable" outlook. The same rating is also given to senior unsecured debt;
- Fitch also confirmed the long-term credit rating at "BBB": the same rating is also given to senior unsecured debt. At the same time, the agency revised the outlook to "Stable" from "Positive".

These ratings 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 (allowing for stable results even in the presence of volatile energy markets), with a reformulation of overall investments and disciplined organic growth. Stable outlooks reflect the continuity of the Group's financial policy and management's commitment to maintain current ratings, with a solid, wide margin, and careful financial discipline. Lastly, the confirmations of the rating express, from a financial point of view, the Group's adequate liquidity status, high credibility on the capital market and strong relations with banks, as well as sound and prudent risk management.

EGEA transaction: acquisition of 50% of EGEA Holding

Following the discussions that followed the presentation of the September 2023 offer for certain EGEA Group assets and the signing, on 30 March 2024, of a binding investment agreement subject to the fulfilment of certain conditions precedent, on 1 August 2024, Iren S.p.A. finalised the acquisition of 50% of the share capital of EGEA Holding S.p.A..

The company is a NewCo, into which the operating units of EGEA S.p.A., EGEA Commerciale S.r.l. and EGEA Produzioni e Teleriscaldamento S.r.l. ("EGEA PT") were previously transferred, as part of the negotiated crisis settlement procedure pursuant to Legislative Decree 14/2019 ("Crisis Code") of the same companies.

In the period since the signing of the investment agreement, the conditions precedent to the completion of the transaction in fact 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 scope of the transaction showed compliance with the adjusted net financial debt (adjusted for working capital, post-employment entitlements and provisions for risks expected and adjusted after due diligence) contractually indicated as a condition precedent.

The acquisition took place through a contribution of 85 million euro, consisting of a capital increase of 25,000 euro and a share premium of 84,975,000 euro. The other 50% of the company is held by MidCo 2024 S.r.l., which is wholly owned by EGEA S.p.A..

As part of the transaction, using part of the resources contributed by Iren at closing, EGEA Holding also acquired 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).

According to the terms of the investment agreement, Iren also has:

- a four-year call option on the 2024 MidCo investment, exercisable as of 31 March 2025;
- the right, starting from 1 January 2025, to subscribe to a reserved capital increase of 42.5 million euro, already approved by the EGEA Holding shareholders' meeting on 1 August 2024 (specifically for a maximum amount of 12,500 euro of Share Capital in addition to a maximum of 42,487,500 euro as a Share Premium), which would bring the Iren investment of EGEA Holding up to 60%, to follow up on further development investments, mainly in the district heating and integrated water service sectors.

In this regard, on 12 November 2024, the Board of Directors of Iren S.p.A. resolved to exercise, as from 1 January 2025, the right to subscribe and pay up the above-mentioned capital increase up to a maximum of 20 million euro (5,882 euro of share capital plus 19,994,118 euro), to be exercised also in several tranches, such as to bring the Iren investment in EGEA Holding up to 55.26%, for the purpose of financing the development of the PNRR (National Recovery and Resilience Plan) project relating to district heating in Alessandria, to be implemented through Telenergia S.r.l., a subsidiary of EGEA Holding.

The subscription and payment are subject to obtaining Antitrust and Golden Power authorisations from the competent authorities.

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 thousand Redelivery Points in Piedmont and Lombardy;
- electricity generation through renewable sources such as photovoltaic plants, biogas and biomethane.

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 new Chief Executive Officer and General Manager, Gianluca Bufo - Definition of the structure of the powers conferred on executive directors - Appointment of a new member of the Control, Risk and Sustainability Committee

On 10 September 2024, the Board of Directors of Iren S.p.A. co-opted (pursuant to art. 2386, paragraph 1, of the Italian Civil Code, in replacement of Ms. Tiziana Merlino, who resigned as Director as of 1 September 2024) Mr. Gianluca Bufo as new Board Member, and appointed him as Chief Executive Officer and General Manager of the Company, with the conferral of the relevant proxies and powers.

The appointment follows the formal indication that the Supervisory Committee of the Public Shareholders of Iren S.p.A. - composed of Marco Bucci, Mayor of Genoa, Stefano Lo Russo, Mayor of Turin, and Marco Massari, Mayor of Reggio Emilia - formulated, pursuant to Article 4.1 of the Shareholders' Agreement.

Gianluca Bufo, formerly an executive of the Company (within the Group he holds the position of Director of the Market Business Unit, CEO of Iren Mercato and Director of Energy Management), following the conferral of management powers, qualifies as a non-independent executive director and, based on the information available, does not hold shares in the company.

On the same date, the Board of Directors also defined the structure of proxies and powers among the executive directors, establishing it in line with the one prior to 7 May 2024:

- the newly appointed Chief Executive Officer was therefore assigned the powers for the Waste Management, Energy, Market and Networks Business Units as well as those for the following Departments: Administration, Ordinary Finance and Control, Legal Affairs, Procurement, Logistics and Services, Information Technology and Services, Energy Management and Risk Management;
- the Executive Chairperson was confirmed with the delegations for the following Departments: Communication and External Relations, Internationalisation, Public Affairs and Strategic Projects, Regulatory Affairs, Innovation, Finance and Investor Relations, Corporate Secretariat and M&A;
- the Executive Deputy Chairperson is confirmed with the delegations for the following Departments: Corporate Affairs, Corporate Social Responsibility and Local Committees, Internal Audit and Compliance, Personnel and Organisation.

Lastly, the same Board of Directors appointed Director Paola Girdinio as a new member of the Control, Risk and Sustainability Committee following the resignation of Tiziana Merlino from the position of Director and, consequently, member of the aforementioned Board committee.

Capacity Market auctions for the years 2025 and 2026

The outcome of the main auctions of the Capacity Market for 2025 and 2026, held respectively in July and December 2024, confirmed, as already occurred for 2022-23-24, the assignment of 100% of the qualified capacity offered by the Group through its thermoelectric, cogeneration and programmable hydroelectric generation assets, contributing to the investment program aimed at making the production park more flexible and more efficient.

Specifically, for 2025, bids were accepted for 1,943 MW of existing capacity in the Northern area, valued at a price of 45,000 €/MW per year, while, for 2026, 2,047 MW were placed at a price of 46,000 €/MW per year.