

Iren signs an investment agreement to acquire 50% of the NewCo to which EGEA Group's operating branches will be transferred

Reggio Emilia, 30 March 2024 - Today, as part of the negotiated crisis resolution procedure pursuant to Legislative Decree 14/2019 (Crisis Code) of the companies EGEA Spa, EGEA Commerciale Srl and EGEA Produzioni e Teleriscaldamento Srl, Iren Spa signed a binding investment agreement for the acquisition of a 50% stake in the share capital of a NewCo, into which the operating branches of EGEA Spa, EGEA Commerciale Srl and EGEA Produzioni e Teleriscaldamento Srl will be transferred.

The NewCo will be 50% owned by Iren through a capital increase of EUR 85 million that Iren will subscribe and release at the closing of the transaction, and the other 50% by a MidCo, whose share capital will be fully owned by EGEA Spa.

Iren will have a four-year call option, exercisable as from 31 March 2025, to acquire the stake held by MidCo, and another option, as from 1 January 2025, to subscribe to a reserved capital increase for EUR 42.5 million, which would bring Iren's stake to 60% of NewCo, in order to pursue further development investments, mainly in district heating and integrated water services.

As part of the transaction, using part of the resources from Iren's capital increase at closing, NewCo will also acquire from Lighthouse Terminals Limited (a company owned by iCON Infrastructure fund) 100% of Lime Energia Srl, a company that holds 49% minority stakes in a number of EGEA Group companies, thus holding 100% of Ardea Srl (public lighting), Reti Metano Territorio Srl (gas distribution) and TLRNET Srl (district heating).

The main activities included in the acquired perimeter are represented by a portfolio of about 200,000 gas and electricity customers, district heating networks in some Piedmont municipalities, including Alba and Alessandria, the public lighting service in municipalities in the province of Cuneo, and the waste collection service in about 290 municipalities located in the regions of Piedmont, Liguria, Tuscany, Latium and Sardinia for a total of 1.2 million inhabitants served, the integrated water service for 300,000 inhabitants, especially in ATO 4 in the province of Cuneo, the gas distribution service with more than 50,000 redelivery points (PDR) in Piedmont and Lombardy, and electricity generation through renewable sources, such as photovoltaic plants, biogas and biomethane.

[Iren Group](#)

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The NewCo's perimeter shows an expected ordinary EBITDA in the range of EUR 50-55 million and an expected Net financial position - immediately after the debt restructuring linked to the negotiated settlement - of approximately EUR 170 million. The items relating to the expected net financial position, working capital, severance pay and provisions for risks provided for as part of the transaction and adjusted after due diligence, determine the adjusted net financial position, which must be contained within the maximum limit of EUR 220 million.

The closing of the transaction is subject to the fulfilment of a number of conditions precedent, including the formalisation of the debt restructuring agreements of the EGEA Group companies involved, the certification and approval of the same pursuant to the Crisis Code, the obtaining of Antitrust and Golden Power authorisations and the verification of compliance with the maximum contractually adjusted net financial position prior to the completion of the transaction.

Luca Dal Fabbro, President of Iren states: *"With today's signature, we lay the first foundations of a new chapter for the company Egea. Iren will intervene with its know-how, its best-practices and its management skills to re-launch Egea's industrial activities, showing a strong responsibility towards the Piedmont territories where it is present, guaranteeing employment levels and, therefore, the future of its employees. The path started today will allow Iren Group, once the transaction has been positively concluded with the fulfilment of the contractual conditions signed today, to manage the company, hopefully by the summer, with the best managerial and ESG practices and to further expand its activities in Lower Piedmont, strengthening its presence in an important regional area and growing in the company's core business lines. In fact, the activities covered by the transaction will be perfectly integrated in Iren's business portfolio, with a prevalence of regulated activities (water, district heating and environment) and market activities (customers), on which Iren foresees important development plans, improving the quality of services.*

As stated during the presentation of the 2023 results, the Iren Group's capital strength will allow us to sustain the cash out for the purchase of the 50% stake while keeping the 2024 NFP/EBITDA ratio no higher than 3.4x and development investments will support the Group's growth in a manner compatible with our financial discipline."

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