

Significant events after the reporting date and outlook

Integrated Water Service of the Province of Piacenza

Following the signing of the agreement for the management of the Integrated Water Service of the Piacenza provincial area, which took place on 16 December 2024, as of 1 January 2025 Iren Acqua Piacenza S.r.l. is the new manager of the service for the duration of 16 years, taking over from the previous manager IRETI.

Iren Acqua Piacenza is the newly established territorial operating company, 100% controlled by the same IRETI that won the tender.

For users, the start of the new entrustment does not entail any fulfilment or formality: the existing supply contracts pass to the new management maintaining the same conditions applied by IRETI and defined by the current regulation in force and, starting from 2025, the bills are issued by Iren Acqua Piacenza in continuity with respect to the last issue of the outgoing operator.

In its business plan, Iren Acqua Piacenza envisages significant investments on the networks and plants of the integrated water cycle (mainly aimed at reducing water losses and energy consumption), including the restructuring, upgrading and construction of works and plants of the sewerage network.

Full consolidation of EGEA Holding

As reported in "Significant events of the year", 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 capital increase in EGEA Holding reserved for the same, up to a maximum of 20 million euro (5.882 euro of share capital plus share premium of 19,994,118 euro), to be exercised also in several tranches, for the purpose of financing the development of the PNRR project relating to district heating in Alessandria, to be implemented through Telenergia, a subsidiary of EGEA Holding itself.

Following the acquisition of the Antitrust and Golden Power clearances, on 10 January 2025, Iren S.p.A. subscribed and paid in the capital increase in the amount of 10 million euro (2,941 euro of share capital plus 9,997,059 euro of share premium), coming to hold a total of 52.77%. On the same date, EGEA Holding's Shareholders' Meeting was held, which resolved to appoint a new board member upon nomination by Iren, which now appoints four members of the B.o.D. out of the total seven, thus achieving control and consequent full consolidation of EGEA Holding and its subsidiaries.

Finally, regarding the transaction, on 24 March the Board of Directors of Iren S.p.A. resolved to exercise the call option on 31 March 2025 for the acquisition of the entire remaining investment in EGEA Holding (47.23%), held by MidCo 2024, with the aim of holding all the shares. The consideration offered by Iren for the exercise of the option, determined based on the provisions of the contractual agreements in place, is equal to 74.8 million euros and is subject to the determination and verification mechanisms provided for in the same agreements between the parties.

Hybrid Bond issue

On 16 January 2025, Iren S.p.A. placed its first 'Hybrid Bond' issue, with a nominal value of 500 million euro, issued in a single tranche for the full amount: the settlement date is 23 January 2025. As set forth in the relevant terms and conditions, it is a non-convertible, subordinated, perpetual financial instrument payable only in the event of dissolution or liquidation of the Company.

The fixed annual coupon, payable annually in arrears in April starting in April 2025, is 4.5% and will be paid until the first reset date of 23 April 2030. From that date, unless fully redeemed, the security will accrue interest equal to the five-year Euro Mid Swap rate, increased by an initial margin of 221.2 basis points. The margin will increase by 25 basis points from 2035 and by a further 75 basis points from 2050, for a cumulative amount of 100 basis points.

The issue price was set at 99.448% and, therefore, the effective yield at the first reset date is 4.625% per annum.

The securities, which are intended for qualified investors, are listed on the regulated market of the Irish Stock Exchange (Euronext Dublin) and have been assigned a BB+ rating by the agencies Standard & Poor's Global Ratings and Fitch Ratings as well as an equity content of 50%.

The transaction, which received almost eight times more requests for subscription than the amount offered, totalling orders for 4 billion euro, is aimed at further strengthening the capital structure and sustaining the Group's financial flexibility, and is consistent with the Iren growth strategy aimed at the integration of EGEA, new potential development opportunities for external lines and the realisation of the investments envisaged in the Business Plan, confirming the commitment of Iren to maintaining its current investment grade rating.

Acquisition of the minority investment in Iren Acqua

On 20 February 2025 IRETI finalised the acquisition of the remaining 40% of the share capital of Iren Acqua (manager of the Integrated Water Service in 39 municipalities of the Genoa ATO) held by F2i SGR through its own funds.

The disbursement related to the transaction totalled 282.5 million euro, of which 100 million euro was paid at the closing. The remainder is deferred to 4 years and three months, and bears interest at a compound annual rate of 4.5%.

From a financial point of view, the transaction makes it possible to reduce the outlay for third-party dividends and to increase the group's profit for the year, with positive economic/financial impacts related to the lower cost of the group's debt compared to the dividends paid to the non-controlling investor and, ultimately, to the increase in earnings per share to the benefit of Iren shareholders. By achieving full control, the transaction will also allow the merger of the company into IRETI itself.

Capacity Market Auction for 2027

At the beginning of March 2025, the result of the Capacity Market's parent auction for 2027 confirmed, as it did for 2022 to 2026, the allocation of 100% of the capacity offered by the Group: 2.055 MW in the Northern area at a price of 47,000 €/MW/year.

Outlook

In a complex and highly uncertain macroeconomic context caused by geopolitical tensions, the main risks with a potential impact on the Group's results are three: the trend in interest rates linked to macroeconomic dynamics, the volatility of commodity prices and climate effects.

The year 2025 will be characterised by the continuation of the investments planned in the Business Plan primarily aimed at improving the efficiency of energy and water distribution networks, developing waste collection, treatment plants and developing renewable generation capacity. It will also be characterised by the earlier consolidation of the EGEA Group than in 2026 envisaged in the Plan. To support the major investment plan, two Green Bond issues totalling 1 billion euro were issued in 2024 and a 500 million euro Hybrid Bond issue in early 2025. These instruments make it possible to further strengthen and diversify the Group's financial structure, while improving liquidity ratios.

The 2025 financial results are expected to increase compared to those of 2024 due to the organic growth of regulated businesses supported by the investments made in the past financial years, the improved profitability of waste treatment plants, the commissioning of the photovoltaic plant in Noto, the maintenance of the customer base in a more competitive scenario, as well as the anticipated consolidation of the EGEA Group.

The Group confirms its development trend in respect of financial sustainability as envisaged in the Business Plan.