

Business Plan 2024-2030: Strategic focus and financial discipline underpin the business plan update, which provides for confirmation of the long-term vision and a more careful allocation of capital with investments amounting to 8.2 billion euros over the next 7 years, mainly in energy network and water cycle infrastructure, renewable capacity development and the waste management sector. Dividend: expected growth of +8% until 2027.

*Confirmation of a strategic vision based on decarbonisation and the protection of resources, the high quality of services offered and strong territorial roots. **Robust** investment plan, based on organic investments, **visible** in expected returns, being mainly focused on regulated sectors, and **flexible**, with the possibility to modulate development investments over time. Plan investments of around 8.2 billion euros will enable a margin growth of more than 600 million euros compared to 2023, with an expected EBITDA of around 1.8 billion euros and a net profit CAGR to 2030 of +7%.*

#### Economic-financial highlights

- **EBITDA:** 1.8 billion euros by 2030 (+600 million compared to 2023) with a CAGR of +6% thanks to organic growth, the expansion of the consolidation scope and synergies
- **Capex:** 8.2 billion euros, mainly for the regulated network sectors (electricity, gas and integrated water cycle), the development of new electricity generation capacity from renewable sources, the waste management sector and the growth of the customer base
- **Net financial position/EBITDA:** ratio improving to 2.7x in 2030
- **Group net profit:** in excess of 400 million euros at 2030, with a CAGR of +7%
- **Dividend:** until 2027 equal to the maximum value between an annual increase of 8% and a 60% pay-out of the Group's ordinary net profit. Thereafter, equal to a 60% pay-out.

#### Industrial highlights

- **Organic growth:** in excess of 550 million euros in EBITDA, supported by investments in distribution networks, in plant development for waste treatment and disposal, in the development of renewable generation sources and in retail customer growth
- **External growth:** +95 million euros in EBITDA, mainly due to the consolidation of EGEA and Sienambiente (the latter already consolidated from 1 January 2024)
- **Synergies:** reinforcement of the target to 2030 (approximately 130 million euros) linked to initiatives to rationalise activities, reduce external costs and other specific projects
- **Sustainable Investments:** over 70% of total investments are eligible for the European Taxonomy
- **Recruitment:** planned strengthening of human resources with approximately 2,400 new hires

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Reggio Emilia, 25 June 2024 - The Board of Directors of IREN S.p.A. today approved the updated business plan to 2030.

*"Today we approve the update of the plan pursuing growth based on a strong strategic focus and careful financial discipline. Confirming the strategic vision undertaken and based on the ecological transition, territoriality and service quality, we introduce a new allocation of capital, which is underpinned by a solid investment plan, visible in its expected returns and flexible. These elements are complemented by a high level of attention to financial discipline, aimed at maintaining current rating levels, and a dividend policy characterised by extended visibility and solidity, with a DPS of +8% until 2027" - says **Luca Dal Fabbro, the Group's Executive Chairman** - "Investments of 8.2 billion euros are planned to support an EBITDA of around 1.8 billion euros in 2030. This increase is supported by organic growth, driven by the regulated grid infrastructure business which will reach 4.5 billion euros in RAB, the realisation of 1.2 GW of new renewable capacity, the development of waste treatment and disposal plants, and the increase of the customer base to 2.6 million customers. In addition, the consolidation of EGEA and Sienambiente will contribute to the achievement of the industrial targets of all business units, and the efficiency-boosting process initiated will support EBITDA growth of about 130 million euros over the plan period".*

*"The Industrial Plan just approved confirms the strategic and sustainable trajectory embarked upon by Iren, with challenging medium- and long-term objectives that will see the Group strengthen its leadership in several sectors. - declares **Moris Ferretti, Executive Vice President of the Iren Group** - In particular, the continued commitment to a sustainable use of the water resource will allow the Group to target 20% of water losses by 2030, the development of new waste treatment plants will allow the doubling of recovered matter, the extension of district heating volumes will support the ecological transition of cities, and finally, investments will continue for the decarbonization of our production sources with the goal of halving the carbonic intensity compared to 2020. Planned investments particularly in the environmental sector, and particularly the consolidation of Sienambiente, will strengthen Iren's industrial presence in Tuscany, enabling new opportunities in the territory. At the same time, human capital will be maximized thanks also to about 2,400 new hires."*

## STRATEGY

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Iren's growth strategy for the next 7 years is confirmed and continues to be consistent with the main macro-trends in the sector, i.e. decarbonisation and the development of renewables, the circular economy, energy efficiency and the safeguarding of natural resources. The strategic vision to 2030 is based on **three** fundamental **pillars**: the **ecological transition** with a progressive decarbonisation of energy generation sources and the strengthening of leadership in the circular economy, through the recovery of energy and matter from waste and in the sustainable use of resources, particularly water resources; the **creation of value from the territories**, thanks to the ability to work as a system with the territory, making its expertise available to the country to develop new infrastructures and plants; the **quality of service** through the improvement of performance and the maximisation of customer/citizen satisfaction levels also thanks to an increasingly broader portfolio of services and products.

A strongly **sustainable** strategic vision, with the definition of precise medium- and long-term targets, in line with the European Sustainable Development Goals and validated by the Science Based Target initiative. The ESG commitments and targets are developed according to the guidelines of the ecological

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transition and the centrality of communities and people and are organised according to 5 focus areas: decarbonisation, circular economy, water resources, resilient cities and people.

## INVESTMENT PLAN

The business plan update envisages a **gross investment** of **8.2 billion euros**, of which 60% relates to development investments and 40% to maintenance. The current investment plan **differs from the previous** one by increasing projects in regulated businesses, a slowdown of RES capacity development, the rescheduling of waste management development plants and the reduction of inorganic deals. In this regard, around 94% of the planned investments are related to organic growth and only 6% to consolidation, tenders and M&A, 85% of which have already been identified and are being finalised (EGEA and Sienambiente).

In addition, 80% of cumulative investments are focused in the **regulated sectors**, in order to upgrade, modernise and digitise grid services, develop renewable capacity through PPA contracts and incentives, extend district heating, and improve the service quality of municipal waste collection.

The plan concentrates most of investments intensity in the first four years of the plan and is characterised by **low execution risk**, **high predictability of results** and a **high degree of flexibility** that allows development cash out to be modified in time if necessary.

More than 70% of the investments, amounting to 5.8 billion euros, are directed towards projects that contribute to the achievement of the **sustainability** targets set, in particular to support the transformation to resilient cities, the energy transition, sustainable water management through the reduction of network losses, and the circular economy, aimed at the recovery of materials and energy sources.

## ECONOMIC-FINANCIAL OBJECTIVES

		2023	2027	2030	CAGR '30-'23
EBITDA	mln €	1,197	1,550	~1,800	6%
<i>Networks</i>	mln €	375	590	695	9%
<i>Waste Management</i>	mln €	245	345	440	9%
<i>Energy</i>	mln €	379	375	440	7%*
<i>Market</i>	mln €	198	235	240	3%
EBIT	mln €	465	680	860	9%
Group net profit	mln €	255	360	>400	7%
Net financial position/EBITDA	x	3.3	3.1	2.7	-
Net financial position	bn €	3.9	4.8	4.9	-

\* Compared to a 2023 adjusted for the effect of the energy scenario

## FINANCIAL STRUCTURE

Iren's commitment to a balanced capital structure aimed at maintaining the current ratings by the rating agencies (S&P and Fitch) is confirmed. The net financial position is expected to increase by 1

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billion euros compared to 2023 as a result of the investment plan just described and the distribution of dividends. The sources of financing envisaged in the Plan included the sale of the Turbigio thermoelectric asset, expected after 2027, and the injection of equity from financial partners to foster the development of renewables.

Despite the significant capital expenditure plan, the financial profile is expected to be balanced in terms of the NFP/EBITDA ratio, which is expected to decrease over the plan horizon, providing the Group with a large area of financial flexibility, given the 3.5x cap, established in line with current ratings and supported by the 80% of regulated assets in our business portfolio.

The average cost of debt of 1.8% in 2023 is expected to be below 2.4% until 2025, while for the remaining years of the plan, an average cost of debt of 2.6% is expected. Moreover, from 2027 onwards, 90% of the debt will be composed of sustainable finance instruments and is expected to reach 100% by 2030.

#### **DIVIDEND POLICY**

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The new dividend policy provides for a dividend equal to the maximum value between an annual dividend increase of +8% to be considered as a floor until 2027 and a pay-out of 60%, guaranteeing the certainty and stability of the dividend and a growth rate above the industry average.

#### **FOCUS ON BUSINESS UNITS**

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The Business Plan envisages an EBITDA increase of more than 600 million euros in 2030 compared to 2023. The significant increase in EBITDA is generated by the positive contribution of all business segments.

##### ***NETWORKS***

The **investment** plan provides for 2.8 billion euros aimed at increasing the efficiency and quality of services with strong growth in the RAB, which will reach almost 4.5 billion euros in 2030. Of the investments, 58% are for **integrated water service**, for upgrading and increasing the resilience of the network, developing purification plants and improving the quality of service. 29% of grid investments are earmarked for the **electricity distribution** in order to allow the evolution of the infrastructures, adapting them to be more resilient with respect to climate change, to support higher capacities due to the electrification of consumption, continuously pursuing operational efficiency, necessary to provide the best service at affordable levels to citizens. 13% of network investments are earmarked for **gas distribution**, in particular aimed at maintaining the current infrastructure in the target territories, completing the pipeline replacement plan and making them ready for the distribution of hydrogen mixtures. The consolidation of EGEA will support the growth of the RAB of the integrated water service and gas distribution.

The planned investments, the review of regulatory parameters and the synergies envisaged allow for an **EBITDA** of 695 million euros in 2030 (+ 320 million euros compared to 2023).

##### ***WASTE MANAGEMENT***

The circular economy is confirmed as the guide of the waste management sector, which makes provision for an investment plan of about 1.6 billion euros. 64% of this is earmarked for **plant development** related to waste treatment with 6 new plants on innovative supply chains (sludge

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treatment, organic fraction treatment, photovoltaic panel disposal, WEEE management, liquid waste treatment, MBT) and energy recovery with 2 new waste-to-energy plants and a fourth line to upgrade the existing plant in Turin, to enable territories to achieve full autonomy in urban waste management. The remaining 36% is devoted to **collection activities** for territorial development, through consolidations and tenders, for the increase of separate collection supported by the extension of the punctual pricing model, for the improvement of service quality together with cost efficiency, through the adoption of automated urban waste collection processes.

These **investments** enable **EBITDA** of 440 million euros to be achieved in 2030 (+195 million euros compared to 2023).

#### **ENERGY (GENERATION)**

The goal of decarbonising the generation fleet drives investments to 2030 through the **increase of electricity generation capacity from renewable sources** to over 2 GW (including hydro) in 2030 through the development of new greenfield solar and wind capacity and the development of energy communities.

In the hydropower sector, investments are planned for infrastructure safety and the renewal of expired concessions. With regard to natural gas-fired thermoelectric plants, the next few years will be characterised by the completion of efficiency and flexibility measures for cogeneration plants, also thanks to the installation of air-cooling plants', the development of district heating and the decommissioning of thermoelectric generation assets not functional to district heating (expected after 2027). Energy efficiency activities will be oriented towards energy upgrading projects for residential condominiums and public administration buildings also through public-private partnerships.

In support of these projects, a total of 2.5 billion euros is planned for **investments** aimed at supporting the achievement of an end-of-plan **EBITDA** of 440 million euros (+61 million euros compared to 2023, a year, however, positively impacted by extraordinary effects on the energy scenario and the Superbonus incentives totalling about 100 million euros).

#### **MARKET**

Iren's commitment is aimed at enhancing the value of its customers by increasing the customer base, developing medium- to long-term PPA contracts, strengthening both physical and digital contact channels, and offering an increasingly broad portfolio of services including home solutions and insurance and connectivity offers. In 2030, the objective is to reach 2.6 million customers, with the main focus on electricity customers, also thanks to the complete liberalisation of the market subject to additional safeguards and the consolidation of EGEA.

In support of this commitment, provision is made for 700 million euros of **investments** which will enable the achievement of an **EBITDA** of 240 million euros (up by 42 million euros compared to 2023).

#### **CONFERENCE CALL**

The update of the Business Plan will be illustrated today 25 June at 4:30 pm (Italian time) during a conference call to the financial community, also broadcast via web casting in listen-only mode on the website [www.gruppouren.it](http://www.gruppouren.it) in the Investors section.

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