The Almeria desalination plant "Mar de Alborán" chosen as one of the four best in the world at the Global Water Awards

FCC Aqualia

125 years

Report

Earnings 1H2025

FCC

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1. SIGNIFICANT EVENTS

FCC Environment increases its presence in the United States and Europe

During the first six months of the year, new contracts and roll-overs were secured in Spain, including the following key contracts to boost the organic growth of the area:

- Contract for cleaning services and rubbish collection in Granada; awarded in July, the contract will run for 15 years, generating revenue of approximately €700 million.
- Rollover of the contract for the city of L'Hospitalet de Llobregat, which includes the management of clean points and sewerage maintenance, with a backlog worth close to €400 million over the next 10 years;
- Contract for street cleaning, MSW collection and transport and the management of clean points in El Puerto de Santa María, worth €169 million;
- Contract for MSW collection, and street and beach cleaning for the Motril ecopark, running for 12 years and worth €123 million;
- Street cleaning contract for the city of Pamplona, running for eight years and with a backlog of €100 million;
- And a cleaning contract running the next eight years for the 27 municipalities of the Mancomunitat Penedès-Garraf, with a backlog worth €90 million.

Highlights in the United States include:

- The roll-over of two of the earliest contracts secured in this market over the past ten years. Firstly, the Company successfully renewed the contract for Houston, for the management of biowaste from the city's wastewater treatment system; the contract has a five-year term and a backlog worth $50 million. Meanwhile, Orange County (Florida) extended its MSW contract covering Zones 4 and 5, securing a seven-year agreement with a backlog worth $170 million.
- The company secured a second agreement in Minnesota, this time to manage operations at the South Minneapolis facility for municipal solid waste transfer. The service will run for five years, with an associated backlog worth €7.1 million.

In the United Kingdom, the Company was awarded its first planning permission for a renewable power initiative stemming from the partnership between FCC Environment UK and Downing Renewable Developments. The partnership aims to roll out a substantial backlog of installations that repurpose closed landfills by giving them a renewed environmental utility. The project in question is the energy storage park near Rowley Regis (West Midlands), featuring a mixed battery storage system with a capacity of up to 100 MW, capable of storing sufficient energy to power up to 300,000 homes during specific time intervals.

FCC Aqualia expands its international activity and consolidates its leadership position in Spain

During the second quarter of the year, the Water division entered the Peruvian market with its inaugural contract, covering the design, funding, construction, operation, and maintenance of a wastewater treatment system in Chincha. The €92 million project is expected to serve 345,000 residents directly.

In Spain, highlights in the period included the award, by Llagosta Municipal Council, of a contract for the supply of drinking water to the municipality for a term of 25 years, representing a backlog of €39 million in revenue. Notable among the roll-overs and extensions is the service management agreement for the water supply and sanitation concession in the El Girasol Community (Cuenca, Spain), which adds a further four years to the contract and contributes an additional €23 million to the order backlog.

FCC Construcción bolsters its backlog in Spain and achieves significant growth in Canada

In Spain, FCC Construcción is taking part in a consortium to extend Line 5 of the Madrid Metro to reach the city's international airport, with a contract worth more than €180 million and with the work due to take 36 months to complete. Similarly, in May a consortium featuring several companies from the industry secured one of the year's most significant rail infrastructure contracts, involving the initial segment of the high-speed rail link between Castile and León and the Basque Country. The project spans 8.4 kilometres and is worth more than €390 million.

In the construction segment, a key highlight was the contract for the completion of the Nou Mestalla stadium in Valencia, one of Spain's flagship sporting venues. Meanwhile, the area's industrial division, heading up a consortium, has been tasked with building the infrastructure for the Volkswagen Group's electric vehicle battery plant in Sagunto (Valencia). The contract covers the medium and low voltage lines for battery production, along with a range of other conventional electromechanical installations, and the supply and assembly of auxiliary premises for all the contractors. The value of the contract exceeds €90 million.

In Canada, highlights included the consortium headed up by FCC Construcción with a 50% stake, which began the development phase of the Scarborough Transit Connect project in Toronto, after successfully completing the definition phase. Awarded in 2022, this contract extends the Bloor – Danforth segment of Toronto's Line 2 subway network by roughly 8 kilometres. As of the end of the first half of the year, it added a total of €1,816 million to the backlog.

FCC Concesiones unveils its first full road concession in the United Kingdom

On 30 May, five segments of the A465 main road—linking the towns of Hirwaun and Dowlais in Wales—were officially opened to traffic under the Future Valleys initiative, a project in which FCC Concesiones holds a 42.5% share of the jointly managed backlog.

FCC Aqualia rolls overs more than 50% of its outstanding debt with 100% green-rated financing

In June, the Water division's parent company finalised the refinancing of a sizeable portion of the company's outstanding debt, employing various financial instruments to refinance a total of €1,250 million.

The operation involved two financing mechanisms, the first of which was the issuance of a €500 million green bond with a seven-year maturity and which received investment-grade ratings from both Fitch and S&P. Secondly, the company DNV backed the issue with a "Second Party Opinion" in recognition of its environmental merit. Several institutional investors, including the European Investment Bank (EIB) and the Spanish Official Credit Institute (ICO), took part in the financing. Additionally, five separate five-year bilateral green loans were arranged with various parties, totalling €750 million.

Aqualia used the proceeds to effect the early repayment—by one year—of the €1.1 billion syndicated green loan it had taken out in 2022, thus improving its financial stability, liquidity, and overall capital position.

2. EXECUTIVE SUMMARY

KEY FIGURES

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Net turnover	4,556.9	4,235.9	7.6%
Gross operating profit (EBITDA)	675.3	606.7	11.3%
EBITDA margin	14.8%	14.3%	*0.5 p.p*
Net Operating Profit (EBIT)	254.5	352.1	-27.7%
EBIT margin	*5.6%*	*8.3%*	*-2.7 p.p*
Profit/(loss) attributed to the Parent Company	80.7	278.6	-71.0%
	Jun. 25	**Dec. 24**	**Chg. (%)**
Equity	3,649.4	3,738.3	-2.4%
Net interest-bearing debt	3,199.9	2,990.4	7.0%
Backlog	44,235.1	43,043.8	2.8%

- During the first half of 2025, FCC Group's revenue rose by 7.6% to reach €4,556.9 million. This growth was primarily driven by busier levels of activity in the Environment division, boosted by acquisitions made last year in the United Kingdom, the United States, and France, as well as stronger performance by the Water segment, which upped its contribution for both the full water cycle and infrastructure operations and development. In relative terms, the Concessions segment experienced the sharpest growth (+45%), primarily driven by a rise in new contract awards throughout the period.
- EBITDA climbed to €675.3 million in the period, up 11.3%, driven by higher revenue and the fact that 2024 included a provision in the Environment division's waste treatment operations. Moreover, there was less of a contribution from certain completed construction projects at the Construction area. As a result, the Group's gross operating income rose to 14.8%.
- It bears repeating that the Cement and Real Estate divisions were sold in November 2024. In the first half of 2024, these units had contributed €93.2 million to attributable net income, while this year's figure naturally stands at zero. Various items that had a significantly negative impact on results during this period, without impacting cash flow, included: **(i)** The relative strength of the euro against various currencies, with an impact of €-59 million on Other financial results; and **(ii)** the effect of non-recurring provisions recognised in certain activities, along with adjustments to investments in UK-based Treatment assets within the Environment sector, generating a positive impact of €89.2 million under Other operating results and equity-accounted entities.
- The extraordinary factors outlined above dampened an otherwise strong EBITDA performance, leading to a decline in net profit attributable to the parent company to €80.7 million in the first half of the year, down from €278.6 million during the same period of 2024.
- Net financial debt stood at €3,199.9 million as at 30 June, marking a 7% increase compared to December 2024, largely due to the seasonal rise in working capital during this period of the year.
- Equity dipped by 2.4% to €3,649.4 million, largely as a result of currency fluctuations impacting the valuation adjustments of FCC Group's operations outside the Eurozone, especially at the Water and Environment divisions.
- The FCC Group's income portfolio at the end of the first six months grew to €44,235.1 million, up 2.8% on the end of the previous year. This growth was spearheaded by Construction, aided to a large extent by the increase in international order intake.

3. SUMMARY BY BUSINESS AREA

(million euros)

Area	Jun. 25	Jun. 24	Chg. (%)	% of 25 total	% of 24 total
REVENUE BY BUSINESS AREA					
Environment	2,304.8	2,009.5	14.7%	50.6%	47.4%
Water	865.4	792.6	9.2%	19.0%	18.7%
Construction	1,352.6	1,406.9	-3.9%	29.7%	33.2%
Concessions	50.5	34.8	45.1%	1.1%	0.8%
Corporate serv.	(16.4)	(7.9)	N/A	-0.4%	-0.2%
Total	**4,556.9**	**4,235.9**	**7.6%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	2,280.0	2,166.7	5.2%	50.0%	51.2%
Rest of Europe	776.4	548.1	41.7%	17.0%	12.9%
Americas	615.5	552.4	11.4%	13.5%	13.0%
United Kingdom	511.0	525.6	-2.8%	11.2%	12.4%
Czech Republic	227.6	210.9	7.9%	5.0%	5.0%
Middle East, Africa and Australia	146.4	232.2	-37.0%	3.2%	5.5%
Total	**4,556.9**	**4,235.9**	**7.6%**	**100.0%**	**100.0%**
EBITDA*					
Environment	355.8	299.4	18.8%	52.7%	49.3%
Water	196.3	184.9	6.2%	29.1%	30.5%
Construction	75.8	82.0	-7.6%	11.2%	13.5%
Concessions	29.3	23.1	26.8%	4.3%	3.8%
Corporate serv.	18.1	17.3	4.7%	2.7%	2.9%
Total	**675.3**	**606.7**	**11.3%**	**100.0%**	**100.0%**
NET OPERATING PROFIT (EBIT)					
Environment	86.7	133.6	-35.1%	34.1%	37.9%
Water	98.3	95.9	2.5%	38.6%	27.2%
Construction	51.1	58.1	-12.0%	20.1%	16.5%
Concessions	25.3	59.8	-57.7%	9.9%	17.0%
Corporate serv.	(6.9)	4.7	N/A	-2.7%	1.3%
Total	**254.5**	**352.1**	**-27.7%**	**100.0%**	**100.0%**

NET FINANCIAL DEBT*	Jun. 25	Dec. 24	Chg. (%)	% of 25 total	% of 24 total
Corporate	(915.8)	(1,061.5)	-13.7%	-28.6%	-35.5%
Areas – Without recourse					
Environment	2,293.5	2,263.4	1.3%	71.7%	75.7%
Water	1,822.2	1,788.5	1.9%	56.9%	59.8%
Concessions	0.0	0.0	0.0%	0.0%	0.0%
Total	**3,199.9**	**2,990.4**	**7.0%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	14,363.0	14,110.4	1.8%	32.5%	32.8%
Water	22,252.9	22,565.0	-1.4%	50.3%	52.4%
Construction	7,619.2	6,368.4	19.6%	17.2%	14.8%
Total	**44,235.1**	**43,043.8**	**2.8%**	**100.0%**	**100.0%**

** See page 27 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*

4. INCOME STATEMENT

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Net turnover	**4,556.9**	**4,235.9**	**7.6%**
Gross Operating Profit (EBITDA)	**675.3**	**606.7**	**11.3%**
EBITDA margin	***14.8%***	***14.3%***	***0.5 p.p***
Provision for amortisation of fixed and non-current assets	(349.3)	(295.9)	18.0%
Other operating income	(71.5)	41.2	N/A
Net Operating Profit (EBIT)	**254.5**	**352.1**	**-27.7%**
EBIT margin	***5.6%***	***8.3%***	***-2.7 p.p***
Financial result	(48.7)	(79.4)	-38.7%
Other financial profit/(loss)	(52.0)	8.6	N/A
Profit/(loss) of companies accounted for using the equity method	(15.9)	31.1	-151.1%
Pre-tax profit/(loss) from continuing activities	**137.8**	**312.4**	**-55.9%**
Company tax on profits	(25.0)	(57.1)	-56.2%
Profit/(loss) from continuing operations	**112.9**	**255.3**	**-55.8%**
Profit/(loss) from discontinued operations	0.0	93.2	-100.0%
Net Profit/(Loss)	**112.9**	**348.4**	**-67.6%**
Non-controlling interests	(32.2)	(69.9)	-53.9%
Profit/(loss) attributed to the Parent Company	**80.7**	**278.6**	**-71.0%**

4.1 Net Revenue

Consolidated revenues grew by 7.6% compared to the previous year, reaching €4,556.9 million. The trend is one of sustained growth throughout the year, where the contribution rate at the Environment, Water and Concessions units was a particular highlight, thanks to organic growth and acquisitions, both posting close to, or over, double digit growth.

The performance was as follows at each business area:

The Environment division grew by 14.7%, driven primarily by acquisitions in the United Kingdom, France, and the United States. Additionally, new contract wins in Spain, the United States, and the Czech Republic contributed to growth across all operating regions.

Water sector revenues rose by 9.2%, driven by a strong performance in managing the full water cycle. This growth was aided by tariff adjustments and increased consumption in numerous countries, as well as expanded technology and network services, mainly related to network construction and full water cycle assets already up and running.

At Construction, revenue was down 3.9%, owing to the completion of international projects and, to a lesser extent, the impact of the relative strength of the euro against other currencies, as mentioned earlier.

At Concessions, revenue was up by 45.1%, thanks to the inclusion of the Parla Tram concession into full consolidation in April of 2024 and the Aragon Road concession in late 2024, combined with the increase in user traffic, in particular on the urban tram lines in operation.

Revenue breakdown by geographical area			
(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Spain	2,280.0	2,166.7	5.2%
Rest of Europe and Others	776.4	548.1	41.7%
Americas	615.5	552.4	11.4%
United Kingdom	511.0	525.6	-2.8%
Czech Republic	227.6	210.9	7.9%
Middle East, Africa and Australia	146.4	232.2	-37.0%
Total	**4,556.9**	**4,235.9**	**7.6%**

By geographic area and the weight of each, *Spain* reported a 5.2% increase in revenues to €2.280 million. The double-digit increase at Concessions is a particular highlight, due to the asset additions already mentioned, followed by Water. At this segment, revenue grew by 11.9%, driven by a combination of higher tariffs, increased consumption, and expanded Technology and Networks operations, especially through projects linked to assets under management and full water cycle concessions. The Environment segment posted a 7.6% increase in revenues, mainly fuelled by growth in waste management activities, services provided to industrial clients, and various municipal service contracts. In the Construction segment, the reduction in revenues eased to 5% in the first quarter, following the completion of several non-recurring contracts for private-sector clients.

Rest of Europe and Others, with €776.4 million, reported outstanding growth of 41.7%, largely due to progress towards construction contracts in the Netherlands, Romania and Portugal, combined with an increase in activity at the Environment segment in France.

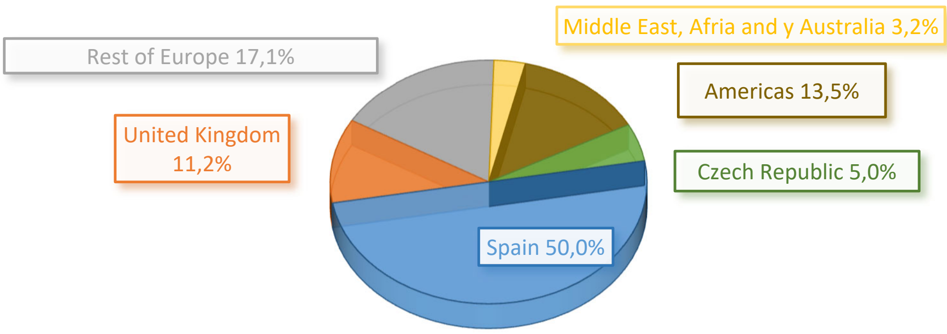
In the *Americas*, revenue climbed 11.4% to €615.5 million, despite a significant adverse impact from the euro's strengthening against several local currencies. This growth was driven by gains across all sectors, most notably in Construction in both the United States and Canada, where new contract awards (including a key project in Mexico) offset the conclusion of various previous contracts. The Water division continued to build on operations launched last year, including activities in the United States. Meanwhile, the Environment segment reported heavy growth in municipal waste collection and treatment contracts across the United States, bolstered by a recent acquisition at Treatment (Florida).

In the *United Kingdom*, revenues dropped by 2.8% to €511 million, albeit with a mixed performance: while the Environment division recorded strong growth of 26.4%, driven by the acquisition of a recycling and recovery plant-focused business in mid-2024, revenues were heavily affected by the completion of a major road infrastructure project—the A465 in Wales—in which the Concessions division was involved.

The *Czech Republic* grew by 7.9% to reach €227.6 million, with growth in both Water and Environment (the Czech koruna exchange rate did not have a significant impact in the period). At the Water division, the increase was largely explained by the tariff review, while at the Environment division it was due to better sales prices on municipal waste collection.

In the *Middle East, Africa, and Australia*, revenue dipped by 37% to €146.4 million, due entirely to the lower contributions made by Construction following the completion or client-driven adjustment of several projects in Saudi Arabia, which was only partially offset by new activity initiated in Australia. Meanwhile, Water generated a stable flow of revenues at all the plants under management in North Africa and on the Arabian Peninsula.

% revenue by geographic area



4.2 Gross Operating Profit (EBITDA)

Gross operating profit amounted to €675.3 million, up 11.3% on the previous year. This equates to a margin of 14.8%, higher than the figure for the previous year. The change was largely down to the strong performance in terms of revenues and broadly reflects an increase in the profitability of the Environment division.

By business area, the most noteworthy developments have been:

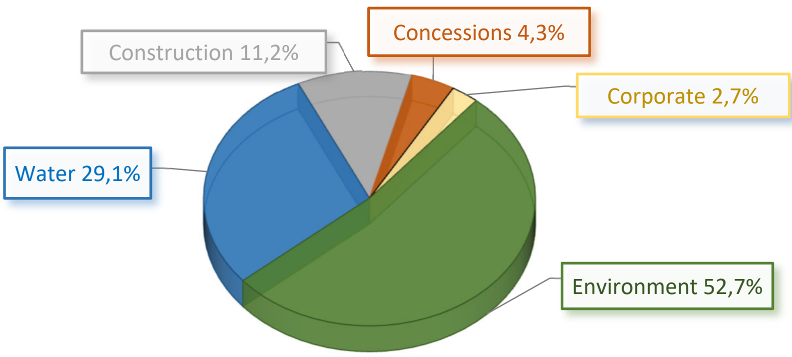
At Environment, EBITDA was up 18.8% to €355.8 million. This comes on the back of an increased contribution by all geographies, bolstered by acquisitions in the United Kingdom, France and the United States.

Water contributed €196.3 million, up 6.2% year on year, driven by a positive performance in revenues, as mentioned earlier, and which reflects, in similar proportions, the increase in the contribution made by the full water cycle management segment, operations and the development and maintenance of hydro infrastructure.

At the Construction area, gross operating income was down 7.6% year on year to €75.8 million. This decline is due partly to the revenue performance described above, though also to the average margin on various projects under development in different geographic areas, with the operating margin standing at 5.6% during the period and in line with the broader outlook for the year.

Concessions was aided by a higher number and volume of concessions, bringing its EBITDA to €29.3 million, an increase of 26.8% in the period. The decline in operating margin to 58% is due to the Aragón highway concession being in its development and construction stage, which provides a temporarily lower contribution than anticipated during the future operational phase.

% EBITDA by Business Area



The utilities areas of Environment, Water and Concessions once again accounted for a highly significant 86.1% of total operating income in the first half of the year.

4.3 Net Operating Profit (EBIT)

Net operating profit amounted to €254.5 million, down 27.7% year on year. This performance reflects, in addition to the EBITDA mentioned above, two main effects: (i) the provision of guarantees and contractual or legal obligations at the Environment area in the United Kingdom in 2025 and (ii) in 2024, the revenues generated at Concessions by the incorporation of the Parla Tramway, for a total amount of €44.1 million.

4.4 Earnings before Taxes (EBT) from continuing operations

Earnings before taxes from continuing operations came to €137.8 million, down 55.9% on the previous year. This performance was driven not only by the trend in operating activity, but also by adjustments resulting from the sharp appreciation of the euro against several currencies, along with the valuation of equity-accounted entities at the Environment division.

More precisely, the performance was as follows for the various components:

4.4.1 Financial income/(expense)

Net financial income/(expense) was €-48.7 million, compared with €-79.4 million in 2024. This decline is down to the recognition of €34.2 million in financial income from late payment surcharges linked to a prior tax adjustment concerning the deductibility of goodwill from historical foreign investments. Stripping out this effect, this heading was largely unchanged.

4.4.2 Other financial income/(expense)

This heading shows a balance of €-52 million, compared with a positive €8.6 million in 2024. This sizeable difference is largely due to the appreciation of the euro against most currencies, which led to exchange rate differences totalling €-59 million in this period, compared with just €-1.5 million in the same period of 2024.

4.4.3 Profits/(losses) of companies accounted for by the equity method

The contribution made by investees dropped to €-15.9 million, compared with a positive €31.1 million in the previous year. This decline is due to the fact that the Environment division contributed a negative €-26.4 million, owing to impairment resulting from the delay and increase of the investment at a treatment plant under development in the United Kingdom, amounting to €32.7 million.

4.5 Profit/(loss) from discontinued operations

This heading includes, for last year only, the profit/(loss) corresponding to those companies classified as discontinued operations up to the date of completion of the financial spin-off in the final quarter of 2024.
Profit/(loss) from discontinued operations amounted to €93.2 million in the first half of 2024, compared with a nil contribution following the spin-off date, thus including 2025.

4.6 Profit/(loss) attributable to the parent company

Attributable net profit amounted to €80.7 million, compared with €278.6 million in the previous year. This sizeable difference is due to the confluence of several very different cyclical, non-recurrent and non-operational factors, as described in the previous sections, namely: financial spin-offs, exchange rate differences, provisioning and value adjustments.

5. BALANCE SHEET

(million euros)	**Jun. 25**	**Dec. 24**	**Chg. (€M)**
Intangible fixed and non-current assets	2,587.9	2,645.0	(57.1)
Property, plant and equipment	3,657.4	3,771.5	(114.1)
Investment property	3.6	3.9	(0.3)
Investments accounted for using the equity method	497.0	520.7	(23.7)
Non-current financial assets	1,057.4	1,065.7	(8.3)
Deferred tax assets and other non-current assets	475.3	499.9	(24.6)
Non-current assets	**8,278.6**	**8,506.7**	**(228.1)**
Inventories	421.5	423.7	(2.2)
Trade and other receivables	3,489.4	3,194.2	295.2
Other current financial assets	254.8	256.7	(1.9)
Cash and cash equivalents	1,753.1	1,849.6	(96.5)
Current assets	**5,918.8**	**5,724.2**	**194.6**
TOTAL ASSETS	**14,197.4**	**14,230.9**	**(33.5)**
Equity attributed to shareholders of the Parent Company	2,707.6	2,735.0	(27.4)
Non-controlling interests	941.8	1,003.3	(61.5)
Equity	**3,649.4**	**3,738.3**	**(88.9)**
Subsidies	237.7	243.4	(5.7)
Non-current provisions	1,059.0	1,085.4	(26.4)
Long-term financial debt	4,831.6	4,770.9	60.7
Other non-current financial liabilities	436.0	453.7	(17.7)
Deferred tax liabilities and other non-current liabilities	398.6	405.9	(7.3)
Non-current liabilities	**6,963.0**	**6,959.4**	**3.6**
Current provisions	310.3	275.0	35.3
Short-term financial debt	376.1	325.7	50.4
Other current financial liabilities	214.1	201.2	12.9
Trade and other payables	2,684.6	2,731.4	(46.8)
Current liabilities	**3,585.0**	**3,533.4**	**51.6**
TOTAL LIABILITIES	**14,197.4**	**14,230.9**	**(33.5)**

5.1 Property, plant and equipment, intangible assets and real estate investments

Operating fixed and non-current assets contracted by 2.7% to €6,248.9 million. In the case of property, plant and equipment and intangible assets, the decline is due to the effect of an appreciating euro against various foreign currencies, albeit partially offset by the addition of new assets, mainly at the Concessions division.

5.2 Investments accounted for using the equity method

The heading of investments accounted for by the equity method came to €497 million, compared to €520.7 million the previous year. The breakdown of investments by area of activity as at June 2025 is as follows:

1) €275.5 million for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) €125.3 million for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) €61.2 million for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) 35 million euros in investees in the Construction area located abroad.

5.3 Non-current financial assets

Non-current financial assets showed little change, staying roughly consistent with the December 2024 figure at €1,057.4 million. The main balances include receivables under concession agreements at the Environment, Water and Concessions divisions. This heading also includes financial loans granted to third parties, deposits and guarantees provided on a long-term basis.

5.4 Cash and cash equivalents

The balance of cash and cash equivalents came to €1,753.1 million at June 2025, €96.5 million less than at December 2024. This heading breaks down as follows:

1) In the perimeter with recourse, cash and equivalents totalled €764.8 million.
2) In the perimeter without recourse, cash and equivalents amounted to €988.3 million.

5.5 Equity

Equity at 30 June 2025 came to €3,649 million, compared with €3,738.3 million as of December 2024. This reduction was due to the impact of exchange rate movements on the equity of subsidiaries outside the Eurozone, as mentioned earlier in this report.

5.6 Financial debt

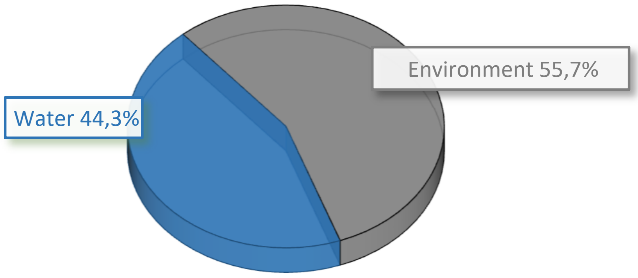
(million euros)	**Jun. 25**	**Dec 24**	**Chg. (€M)**
Bank borrowings	1,686.5	2,096.8	(410.3)
Debt instruments and other loans	3,366.3	2,835.7	530.6
Finance lease payables	4.4	7.0	(2.6)
Other financial liabilities	150.5	157.1	(6.6)
Gross Financial Debt	**5,207.7**	**5,096.6**	**111.1**
Treasury and other current financial assets	(2,007.8)	(2,106.2)	98.4
Net Financial Debt	**3,199.9**	**2,990.4**	**209.5**

Net financial debt with recourse	*(915.8)*	*(1,061.5)*	*145.7*
Net financial debt without recourse	*4,115.7*	*4,051.9*	*63.8*

The Group's gross financial debt increased by €111.1 million compared to December of the previous year, coming to €5,207.7 million. Most of this figure (64.6%) was financed in the capital market, while the remaining 35.4% took the form of bank debt and other items. Of the total, 92.8% matures in the long term, with the remaining 7.2% being short-term debt.

Net financial debt was up €209.5 million to €3,199.9 million. This was largely due to the seasonal increase in operating working capital in the first half of the year.

Breakdown of net interest-bearing debt without recourse by Business Area



Net financial debt, without recourse in its entirely, is distributed between the Water and Environment areas, structured as follows:

(i) the Environment division added €2,293.5 million in net financial debt, notably three bonds issued by the division's parent company for a total nominal value of €1,700 million; (ii) The Water division contributed €1,822.2 million, mainly comprising two corporate bonds from its parent company for a total nominal value of €1,150 million, an additional bond from its Georgian subsidiary worth $300 million, and bilateral bank credit lines totalling €750 million combined.

Meanwhile, the Group's parent company had a net cash position with recourse of €915.8 million at the end of the period.

5.7 Other current and non-current financial liabilities

The heading of other current and non-current financial liabilities totalled €637.2 million at the end of June. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to €428.8 million. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

6. CASH FLOWS

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Gross Operating Profit (EBITDA)	**675.3**	**606.7**	**11.3%**
(Increase)/decrease in working capital	(299.9)	(291.8)	2.8%
Corporation tax (paid)/received	(26.2)	(69.1)	-62.1%
Other operating cash flow	(19.7)	144.9	N/A
Operating cash flow	**329.5**	**390.7**	**-15.7%**
Investment payments	(382.0)	(956.6)	-60.1%
Proceeds from divestments	17.6	14.6	20.5%
Other investment cash flows	45.0	189.6	-76.3%
Investment cash flow	**(319.4)**	**(752.4)**	**-57.5%**
Interest payments	(90.0)	(84.5)	6.5%
(Payment)/receipt of financial liabilities	90.2	306.4	-70.6%
Other financing cash flows	(30.3)	(171.3)	-82.3%
Financing cash flow	**(30.1)**	**50.6**	**-159.5%**
Conversion differences, change in consolidation scope and others	(76.4)	19.7	N/A
Increase/(decrease) in cash and cash equivalents	**(96.5)**	**(291.3)**	**-66.9%**

6.1 Operating cash flow

Operating cash flow generated in the first half of the year amounted to €329.5 million, down €61.2 million on the previous year. Working capital remained at similar levels to the previous year, showing an outflow of €299.9 million, mainly at Construction and to a lesser extent at the Environment division.

The heading “Income tax payable/receivable” includes income use of €26.2 million, lower than the previous year’s outflow of €69.1 million, due to the positive adjustment in this financial year of corporate income tax for 2023.

Meanwhile, “Other operating cash flows” showed an outflow of €19.7 million, compared with an inflow of EUR 144.9 million in 2024, due to the inclusion in this heading of the operating cash generated by the two areas of activity spun off (Real Estate and Cement) in late 2024.

6.2 Investment cash flow

Investment cash flow showed a use of €319.4 million, compared with €752.4 million in the previous year. The difference is due to higher investment activity in the previous business year, largely driven by acquisitions at the Environment division (UK Urbaser, ESG, and GEL Recycling), and to a lesser degree at Water (MDS) and Concessions (Parla Tram).

“Other investment flows” generated an inflow of €45 million, compared with €189.6 million in the previous year. This difference is due to the cash inflow from the companies acquired in 2024, as mentioned above.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

Net investments (*Payments – Receipts*)

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (€M)**
Environment	(235.8)	(538.6)	302.8
Water	(99.6)	(196.0)	96.4
Construction	(14.7)	(25.0)	10.3
Concessions	(10.6)	(3.0)	(7.6)
Corporate serv. & adjustments	(3.7)	(179.4)	175.7
Total	**(364.4)**	**(942.0)**	**577.6**

6.3 Financing cash flow

The financing cash flow showed an outflow of €30.1 million, compared with an inflow of €50.6 million in the previous year. The interest payments heading shows an outflow of €90 million in respect of financing costs, distributed between the Environment and Water Areas, with no major changes compared with the same period of the previous year. The heading “Payments on/(proceeds from) financial liability instruments” showed a cash inflow of €90.2 million, down from €306.4 million in the previous year. This reflects the net effect at the Water division of issuing a €500 million bond while also arranging several bilateral bank loans totalling around €750 million, enabling the early settlement of a syndicated loan amounting to €1,100 million.

“Other financing flows” shows an outflow of €30.3 million in this business year, which mainly includes dividend payments to shareholders for the sum of €32.5 million. In 2024, it shows the exceptional impact of the adjustment arising from the spun-off activities (as previously discussed under the section on Other operating cash flows).

6.4 Change in cash and cash equivalents

Due to the performance of the various cash flow components, the Group’s cash position fell by €96.5 million in the period to reach €1,753.1 million at the end of June.

7. ANALYSIS BY BUSINESS AREA

7.1. Environment

The Environment area contributed 52.7% of the Group's total EBITDA through to June 2025. Around 81% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 19% corresponded to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

With four platforms: (i) FCC Atlantic (Spain, Portugal and France) provides services in over 3,800 municipalities and serves a population exceeding 38 million inhabitants, with municipal waste management and street cleaning making a significant contribution to total revenues; (ii) in the United Kingdom, it leads the way in end-to-end waste and recycling services, serving over 23 million people; (iii) in Central Europe, with facilities in Austria and the Czech Republic, it operates across the full waste management spectrum—collection, treatment, and disposal—serving upwards of 5 million residents; (iv) in the United States, its activities focus on collection and complete municipal waste recovery, catering to more than 11 million inhabitants. The FCC Group has been running its environmental business for more than 120 years, serving upwards of 78 million people across 5,650 municipalities around the world.

7.1.1. Earnings

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Turnover	2,304.8	2,009.5	14.7%
Waste collection and street cleaning	*1,201.1*	*1,018.2*	*18.0%*
Waste processing	*663.0*	*629.3*	*5.4%*
Other services	*440.7*	*362.0*	*21.7%*
EBITDA	355.8	299.4	18.8%
EBITDA margin	15.4%	14.9%	*0.5 p.p*
EBIT	86.7	133.6	-35.1%
EBIT margin	3.8%	6.6%	*-2.8 p.p*

Revenues at the Environment Area increased by 14.7% to €2,304.8 million. Waste collection and street cleaning activity posted growth of 18%, largely due to the higher contribution made by the segment in Spain, together with the incorporation of new contracts from purchases made in France, the United Kingdom and the United States in 2024. Waste treatment activity grew by 5.4%, due to the consolidation of UK Urbaser’s contracts in the United Kingdom, following its acquisition last June. Notably, Other services increased significantly in Spain and the United Kingdom.

Breakdown of revenue by geographical area			
(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Spain	1,183.1	1,099.5	7.6%
United Kingdom	498.6	394.4	26.4%
Central Europe	334.4	317.5	5.3%
United United States.	215.6	179.1	20.4%
France and Portugal	73.2	19.0	N/A
Total	**2,304.8**	**2,009.5**	**14.7%**

By geographical area, turnover in Spain was up 7.6% year on year to reach €1,183.1 million. This increase is due to the award of new waste collection and street cleaning contracts, together with increased activity in industrial waste management and other municipal-related services, such as building and green area maintenance.

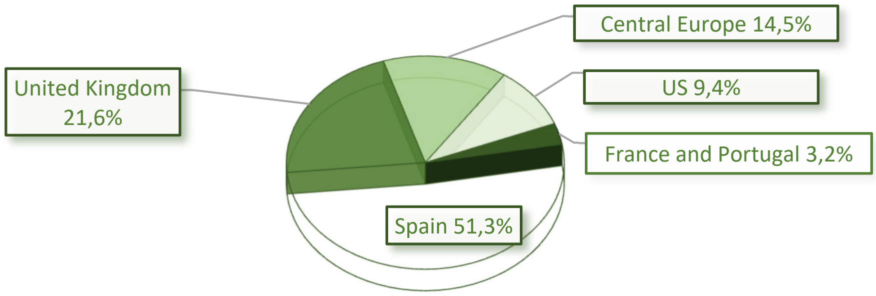
In the United Kingdom, revenues were up 26.4% to reach €498.6 million, mainly as a result of the consolidation of UK Urbaser. This significant growth was driven by a marked increase in waste collection operations, along with expanded recycling efforts and enhanced output from waste revaluation facilities, which in turn boosted the sale of by-products (reported under "Other services").

In Central Europe, revenues rose by 5.3% to €334.4 million, mainly due to growth in the Czech Republic as a result of higher prices in municipal waste collection and secondary materials. All other geographies delivered a similar performance to last year.

Revenue in the United States came to €215.6 million, up 20.4% on the previous year, thanks to the extra revenue generated by the new residential waste collection contracts, mainly in Florida, as well as the contribution made by the company Gel Recycling Holdings, which was acquired in late May of 2024. This helped to offset quieter levels of activity in waste treatment.

Lastly, sales in France and Portugal came to €73.2 million compared to €19 million the previous year. This significant increase is down to the consolidation of the company ESG in France, which was acquired last August. Portugal also experienced slight growth over the previous year.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) was up 18.8% to €355.8 million, following an increase in revenues across all geographies, notably including the contributions made by new contracts in the United Kingdom, France and the United States. As a result, the operating margin stood at 15.4%, compared with 14.9% the previous year.

EBIT was down 35.1% year on year to €86.7 million, following the posting of provisions in the United Kingdom to cover potential legal obligations currently under investigation in connection with the proper sorting of waste.

Breakdown of backlog by geographical area

(million euros)	**Jun. 25**	**Dec 24**	**Chg. (%)**
Spain	8,681.6	8,501.3	2.1%
International	5,681.4	5,609.1	1.3%
Total	**14,363.0**	**14,110.4**	**1.8%**

At the end of June, the backlog amounted to €14.363 million, up 1.8% on December 2024. In Spain, it was 2.1% higher, with notable new contracts secured for urban sanitation in Puerto de Santa María (Cádiz) and waste collection and street cleaning in Motril (Granada). The international area remained at similar levels to the previous year, with a backlog of €5,681.4 million.

7.1.2. Financial debt

(million euros)	**Jun. 25**	**Dec 24**	**Chg. (€M)**
Net Financial Debt	2,293.5	2,263.4	30.1

Net financial debt was substantially similar to the figure reported at 31 December 2024, totalling €2,293.5 million. It includes three bonds issued by the parent of the segment, for a combined nominal amount of €1,700 million.

7.2. Water

The Water area contributed 29.1% of FCC Group's EBITDA in the period. 90% of its income is focused on public service concession and asset management related to the end-to-end water cycle (collection, treatment, storage, distribution and recovery), along with the operation and maintenance of different types of hydroelectric infrastructure; the remaining 10% corresponds to Technology and Networks, focusing on the design, engineering and equipment of hydro-electric infrastructure, largely related to the development of new concessions and maintenance and improvement works for operations.

In Spain, the area serves more than 13 million inhabitants. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in other EU countries, it has a notable presence in France, Italy and Portugal. In Latin America, the Middle East and Africa, its activity focuses on the design, outfitting and operation of hydro-electric infrastructure and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 44.8 million inhabitants.

7.2.1 Earnings

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Turnover	865.4	792.6	9.2%
Cycle management and Services	*779.6*	*735.4*	6.0%
Technology and Networks	*85.8*	*57.2*	50.0%
EBITDA	196.3	184.9	6.2%
EBITDA margin	22.7%	23.3%	*-0.6 p.p*
EBIT	98.3	95.9	2.5%
EBIT margin	11.4%	12.1%	*-0.7 p.p*

At the end of June, revenues were up 9.2% year on year at €865.4 million. The growth of the full water cycle management and services business was driven by tariff increases and higher consumption in certain jurisdictions. Technology and Networks reported a significant increase of 50% amid increased activity both in Spain and abroad.

Breakdown of revenue by geographical area

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Spain	499.3	446.1	11.9%
Central and Eastern Europe	126.7	121.4	4.4%
Americas	105.5	93.6	12.7%
Middle East and Africa	78.2	77.8	0.5%
Rest of Europe (France, Portugal and Italy)	55.7	53.7	3.7%
Total	**865.4**	**792.6**	**9.2%**

By geographic area, revenues in Spain were up 11.9% to €499.3 million, driven by growth in Water Cycle Management and Services as a product of higher tariffs and an increase in m3 consumed. Technology and Networks also reported growth, thanks to further progress towards the investment plans associated with the full cycle concession contracts.

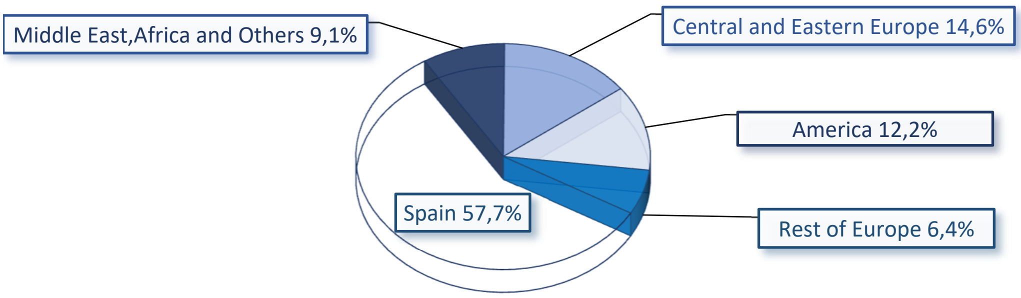
In Central and Eastern Europe, revenue rose by 4.4% to €126.7 million, largely due to a significant increase in tariffs for full cycle management in the Czech Republic and Georgia. In the Czech Republic, the increase offset a decline in consumption, while in Georgia, it was supported by growth in both residential and industrial demand, as well as greater electricity production, which helped offset the 3.8% depreciation of the Georgian lari during the period.

Revenues in the Rest of Europe rose by 3.7% to €55.7 million, driven partly by increased tariffs at the Acque di Caltanissetta concession in Sicily, despite lower consumption owing to drought-related restrictions, as well as higher pricing in Portugal. All of this was offset by lower revenues in France and a lower contribution from Technology and Networks in Italy.

In the Americas, revenues increased by 12.7% to €105.5 million, following a strong contribution by the MDS group in the United States, as well as an improved contribution made by full water cycle contracts in Colombia, which saw an increase in prices and consumption. Technology and Networks activity also experienced growth in the construction of water infrastructure in Mexico.

Revenue in the Middle East and Africa increased by 0.5% to €78.2 million, supported by greater activity at Technology and Networks through projects linked to the two regional "Cluster" contracts in Saudi Arabia; this offset the decline in concession income from the Algerian contract following the tariff adjustment.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) experienced growth of 6.2% to €196.3 million, as a result of the aforementioned growth in revenue, largely due to tariff increases. As a result, the operating margin stood at 22.7%, compared to 23.3% the previous year.

EBIT increased by 2.5% to reach €98.3 million, due to the trend in gross operating profit mentioned earlier.

Breakdown of backlog by geographical area

(million euros)	**Jun. 25**	**Dec. 24**	**Chg. (%)**
Spain	6,365.8	6,495.4	-2.0%
International	15,887.1	16,069.6	-1.1%
Total	**22,252.9**	**22,565.0**	**-1.4%**

The backlog as of June 2025 was substantially similar to where it was as of December 2024, at €22,252.9 million. The international segment accounted for 71.4% of the total backlog, with €15,887.1 million.

7.2.2. Financial debt

(million euros)	**Jun. 25**	**Dec. 24**	**Chg. (€M)**
Net Financial Debt	1,822.2	1,788.5	33.7

Net financial debt remained at similar levels to December of 2024, having risen by €33.7 million to €1,822.2 million. It includes two corporate bonds at the parent for a total amount of €1,150 million, another at its subsidiary in Georgia worth $300 million, and bank borrowings amounting to €750 million.

7.3. Construction

Construction activity contributed 11.2% to the Group's consolidated EBITDA during the period. Its activity is focused on the implementation of large-scale projects in both civil and industrial infrastructure, as well as construction. It maintains a selective presence in more than 20 countries and its project backlog is noteworthy on account of numerous transport infrastructure projects, including railways, tunnels, bridges and motorways.

(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Turnover	1,352.6	1,406.9	-3.9%
EBITDA	75.8	82.0	-7.6%
EBITDA margin	*5.6%*	*5.8%*	*-0.2 p.p*
EBIT	51.1	58.1	-12.0%
EBIT margin	*3.8%*	*4.1%*	*-0.3 p.p*

In the first half of the year, revenues fell by 3.9% to €1,352.6 million, owing to slower progress towards certain projects, notably several Industrial projects for renewable energy plants and gas plants, as well as other relevant international projects in rail and road infrastructure.

Breakdown of revenue by geographical area			
(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Spain	566.0	595.5	-5.0%
Rest of Europe	426.3	381.5	11.7%
Americas	291.9	277.8	5.1%
Middle East, Africa and Australia	68.4	152.1	-55.0%
Total	**1,352.6**	**1,406.9**	**-3.9%**

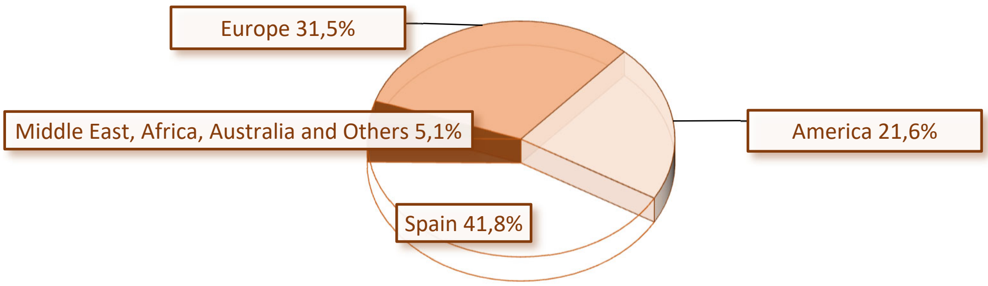
By geographic area, revenues in Spain were down 5% to €566 million, following the completion of various industrial projects, mainly the Guillena and Tagus photovoltaic plants, the loss of which was not fully offset by the start-up of other civil engineering works projects.

In the Rest of Europe, turnover rose by 11.7% to €426.3 million, mainly due to the further progress made in building motorways in the United Kingdom, the Netherlands and Romania.

In the Americas, turnover climbed to €291.9 million, up 5.1% year on year, mainly due to the growing contribution made by the rail projects in Toronto (Canada) and Pennsylvania (United States).

Revenue in the Middle East, Africa, and Australia region dropped sharply by 55%, falling to €68.4 million, mainly as a result of the substantial decline following the completion of several contracts in Saudi Arabia, such as the Riyadh Metro and the Neom project, albeit partially offset by the commencement of newly awarded projects in Australia.

Breakdown of revenue by geographical area



Gross operating earnings were down 7.6% to €75.8 million, with an operating margin of 5.6%, similar to the 5.8% reported in 2024. This change in earnings and its contribution margin can be explained by the trend in revenue and a shift in the project backlog mix, in line with the planned schedule for the period.

Meanwhile, net operating income stood at €51.1 million, down 12% year on year, with a margin performance similar to that of EBITDA.

Breakdown of backlog by geographical area

(million euros)	**Jun. 25**	**Dec. 24**	**Chg. (%)**
Spain	2,675.9	2,412.3	10.9%
International	4,943.3	3,956.1	25.0%
Total	**7,619.2**	**6,368.4**	**19.6%**

The revenue backlog increased by a sizeable 19.6% compared with December 2024, to reach €7,619.2 million. International operations recorded strong growth of 25%, with revenues totalling €4,943.3 million, largely driven by the award of a new phase of the Scarborough project in Canada. In Spain, the backlog rose by 10.9%, partly driven by the award of key projects such as the extension of Madrid Metro Line 5 and the ATM High Performance Centre.

Breakdown of the backlog by segment of activity

(million euros)	**Jun. 25**	**Dec. 24**	**Chg. (%)**
Civil engineering works	5,584.2	4,561.1	22.4%
Building	1,017.8	1,034.4	-1.6%
Industrial Projects	1,017.2	772.9	31.6%
Total	**7,619.2**	**6,368.4**	**19.6%**

At year-end, civil engineering works continued to represent a dominant share (73.3%) of the backlog, largely concentrated in major public sector contracts across selected markets in Europe and the Americas.

7.4. Concessions

The Concessions area contributed 4.3% to the Group's EBITDA in the period. Its activities focus on the development, operation and maintenance of infrastructure, predominantly transport and equipment concessions. At 30 June, the parent company of the area, FCC Concesiones, held a total of 14 concessions in varying degrees of participation (five under global consolidation).

7.4.1. Earnings

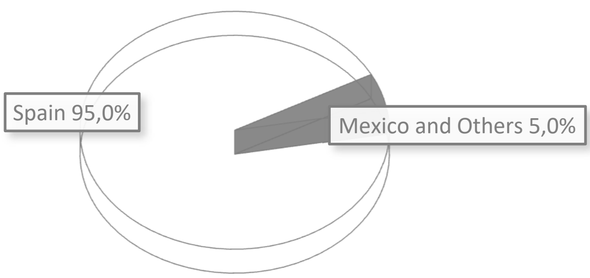
(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Turnover	50.5	34.8	45.1%
EBITDA	29.3	23.1	26.8%
EBITDA margin	*58.0%*	*66.4%*	*-8.4 p.p*
EBIT	25.3	59.8	-57.7%
EBIT margin	*50.1%*	*171.8%*	*-121.7 p.p*

The division's revenues amounted to €50.5 million in the period, marking an outstanding increase of 45.1%, largely due to the progress made towards the new concession for Route 8 in Aragon, which got under way in the second half of 2024 and contributed €12.5 million during the period. An increase in traffic—both road and tram—also contributed to the strong performance.

Breakdown of revenue by geographical area			
(million euros)	**Jun. 25**	**Jun. 24**	**Chg. (%)**
Spain	48.0	30.8	55.8%
Mexico and Others	2.5	4.0	-37.5%
Total	**50.5**	**34.8**	**45.1%**

By geographical area, Spain accounted for the bulk of total revenues, with a total of €48 million, marking an increase of 55.8% on the previous year. This progress is largely due to the entry of the Aragón concession (mentioned earlier), and the Parla Tramway. Elsewhere, the Cotuco concession in Mexico continued to perform well, showing a year-on-year improvement of 30.6%, while the divestment at Cemusa Portugal last year explains the reduction in this heading.

Breakdown of revenue by geographical area



Gross operating profit amounted to €29.3 million, up 26.8% on the same period of 2024, following an increase in traffic and the incorporation of new concessions. Meanwhile, the operating margin stood at 58%, compared with 66.4% in the first half of 2024, due to the fact that the road concession in Aragon (currently in the development stage) has been contributing less to the total revenue margin. However, this figure will increase as it enters its long-term concession operating phase.

Net operating profit amounted to €25.3 million, down 57.7% year on year. This difference is largely due to the €44.1 million euro impact recorded in the first half of the previous year arising from the change to full consolidation of the Parla Tramway, after completing the acquisition of its entire share capital.

7.4.2. Financial debt

(million euros)	**Jun. 25**	**Dec. 24**	**Chg. (€M)**
Net interest-bearing debt	0.0	0.0	0.0

Net financial debt already stood at zero at the end of 2024 and remained unchanged throughout the first six months of the year.

8. SHARE INFORMATION

8.1. Stock market performance

	Jan. – Jun. 2025*	Jan. – Jun. 2024*
Closing price (€)	12.72	8.53
Change in the period	*51.1%*	*(7.2%)*
High (€)	12.72	9.83
Low (€)	8.42	6.55
Average daily trading (no. of shares)	21,912	18,915
Average daily trading (€ million)	0.2	0.3
Capitalisation at end of period (€ million)	5,786	3,719
No. of shares circulating at 30 June	454,878,132	436,106,917

**Figures adjusted in respect of scrip dividends and partial financial spin-off for the 2024 business year.*

8.2. Dividends

The Company's Board of Directors, at its meeting held on 12 June 2025, agreed to implement the resolution on the distribution of the scrip dividend for the sum of €0.50/share, as passed at FCC's General Shareholders' Meeting held that same day (12 June 2025), under item four on the agenda, all the foregoing in accordance with the terms and conditions agreed in that resolution passed by shareholders at the General Meeting.

Subsequently, at the end of the first six months of the year, in July, the holders of 99.56% of the free allocation rights chose to receive new shares, slightly up on the figure for previous years. Therefore, the increase in paid-up capital stood at 18,115,902 shares. Thus, at the reporting date, total share capital, after filing the deed formalising the capital increase, amounted to 472,994,034 shares.

8.3. Treasury stock

At 30 June 2025, treasury shares amounted to 46,910 instruments. Subsequent to the flexible dividend payout and as at the reporting date, Fomento de Construcciones y Contratas, S.A. holds 48,779 treasury shares, which includes 1,876 shares pertaining to the shares allocated under the flexible dividend.

9. RISKS AND OUTLOOK – 2H 2025

The FCC Group operates in a variety of different environmental, socio-political and economic environments and regulatory frameworks. It is, therefore, exposed to the risks inherent in its activities, as well as those related to local and global environmental, social, geopolitical and economic developments. Over its 125-year history, the FCC Group has shown remarkable tenacity in adapting to shifting and complex environments. Its operations span sectors with increasing international demand, such as environmental services, full water cycle solutions, and infrastructure. This adaptability is underpinned by consistent strategic direction, sound risk oversight, and a commitment to good governance, sustainability, and financial prudence, all aligned with a forward-looking perspective.

Global risks and outlook

With shifting government agendas reshaping their policy focus, the global economy will likely have to contend with rising geopolitical tensions, intensifying trade disputes, and an increasingly uncertain outlook for growth. In this regard, loftier trade barriers and greater policy variability could further dampen growth in both the short and long term. Moreover, sliding confidence could cause a further repricing of assets. These circumstances could potentially affect demand and projected levels of investment. In response to this economic backdrop, governments may see themselves forced to change their fiscal, tax, social and labour policies, public-private partnership models or infrastructure investments, potentially resulting in changes when it comes to business opportunities.

Meanwhile, the FCC Group must continue to manage the risks and opportunities arising from various global challenges, including urban development and growing mobility and security needs, water stress, sustainability and circular economy, climate change, the protection of biodiversity, and the rapid emergence of artificial intelligence. While these trends may affect its business model, they also open up new development opportunities and the chance to contribute value, with the development of competitive and state-of-the-art solutions, channelled through the specialisation of its business areas in the design, execution and management of infrastructure and services associated with the environment, water and mobility.

Risks and outlook by business area

FCC Medio Ambiente has a strong position in Spain when it comes to the provision of urban services, having operated in the country for over a century. On the international stage, the Area plays a leading role in delivering environmental solutions and managing the full waste cycle, mainly in the United Kingdom and Central Europe, and has been steadily growing its presence in the United States for over ten years. FCC Medio Ambiente Atlantic expects to see a moderate increase in activity in Spain owing to the initial operation of new contracts. Further growth opportunities exist across Western Europe: in Portugal, these prospects relate to industrial and municipal waste processing, while in France, growth is expected in areas such as waste collection, street cleaning, and waste incineration. Meanwhile, in Central and Eastern Europe, the medium-term strategy will focus on the transformation of the business model towards further processing and development of waste-to-energy technology. In the United Kingdom, regulations linked to the circular economy, such as the return system, plastic tax or the increase in recyclable materials, will increase opportunities for the FCC Group in the short and medium term. In the United States, there is significant potential for energy recovery, thus reducing the nation's dependence on landfill and paving the way for more renewable energy to be generated. The modernisation of existing infrastructures will allow the Area to increase its market leadership by embracing innovative technologies. In 2025, several such projects will be developed in Florida.

Aqualia is aiming to maintain its already competitive presence in the full water cycle management markets, including Europe. In growth markets such as North Africa, Latin America and the Middle East, it is pursuing growth in the BOT and O&M segments, in addition to full water cycle management, while in the United States, it is exploring opportunities to further strengthen its position. In the international market, the outlook should improve due to the new contracts added to the perimeter in Colombia, France and the United States. Tariff revenues are expected to increase in line with inflation, while the EBITDA margin will be preserved thanks to the water and energy efficiency measures that the Group has planned. Expectations for Spain throughout 2025 include an effective recovery to pre-2020 levels of activity in non-residential consumption. The contract renewal rate is expected to remain above 90% and electricity tariffs should stabilise. In the rest of Europe, new opportunities are expected to emerge throughout 2025. In Latin America, progress and improvements are expected in existing projects in Mexico.

FCC Construcción has a robust strategy in place for the development of key infrastructure projects across different countries in Europe, the Middle East, Australia and America; these strategic projects have been picked following an exhaustive risk analysis. In the international market, the Group is poised to develop large infrastructure projects awarded in previous years, and numerous markets in the Americas (United States, Canada, Chile, Colombia and Peru) and also in Australia, the Middle East (Saudi Arabia) and Europe (Germany, Norway, the Netherlands, Portugal and Romania) will all make valuable contributions. Meanwhile, commodity prices are expected to be more stable and financing conditions are also likely to improve. At Concessions, growth will be boosted in the United States, Europe (mainly in the Czech Republic and the UK), the Middle East and Oceania, by promoting the management of various infrastructure projects (both public and private) in relation to transport and facilities.

Financial risks and outlook

The FCC Group's ability to secure financing depends a variety of factors, some of which are beyond its control and could be affected by adverse factors including, without limitation, geopolitical tensions, market instability, difficulties in bringing down inflation, high interest rates, the availability of funds from financial institutions, or the resulting economic situation in general. The FCC Group has continued to spare no efforts in the search for balanced sources of financing and undertake actions aimed at confronting these growing uncertainties from a position of stability and financial strength.

The FCC Group looks to the second half of 2025 with solid financial structures, with financing amounts, terms and costs that are appropriate to the nature of its different business areas. During this period, the departments responsible for each of the business units, in cooperation with the General Administration and Finance Division, will continue working on the management, assessment and mitigation of the different financial risks, on the management of decisions in relation to risk transfer mechanisms (insurance) and interest rate hedges and asset risk management.

Operational and compliance risks

The complexity and diversity of the projects in which the FCC Group participates requires a great effort in identifying and assessing operating risks from the study phase to completion, to enable contracts to be completed within the deadlines, scope and profitability targets. Among the potential operational risks that could affect the Group's operations during the second half of 2025 are:

- the termination or amendment of contracts and rescheduling of projects, requiring ongoing monitoring of project timelines and budgets, contractual contingencies and disputes, and the risk of lawsuits.
- deviations from planned production costs, difficulties in filling jobs and/or disruptions in the supply chain. The Group addresses these risks by implementing budgetary control and project planning systems, along with active policies in relation to human resources and procurement.
- cybersecurity attacks, with the FCC Group continuing to strengthen its protection and develop different action plans to protect the security of systems and assets.
- the FCC Group will continue to develop improvement plans and review its health and safety policies to guarantee the health and safety of people, allowing the group to monitor how FCC grows as a healthy company and applying a certified occupational hazard prevention system.
- the risks derived from quality assurance and ensuring respect for the environment of the activities and services they provide, for which FCC's Business Areas have certified quality assurance, environmental management systems, in accordance with international standards, and specifically, some of these are part of the EU's Eco-Management and Audit Scheme.
- vulnerability to natural disasters, during which, in addition to implementing different prevention methods, the FCC Group's policy sets to take out the necessary insurance policies to cover the possible risks to which the various elements of its property, plant and equipment and the activities carried out are subject.

Meanwhile, the FCC Group has a Compliance Model, structured around the Code of Ethics and Conduct and featuring numerous policies, procedures and internal controls, all of which are regularly reviewed and updated. The FCC Group's Compliance Model fosters transparency, respect for the law and due diligence, through an effective governance model and accountability. The purpose of the Model is to prevent and detect risks of non-compliance, as well as any potentially criminal conduct, and to safeguard and ensure ethical business conduct.

10. ALTERNATIVE PERFORMANCE MEASURES (APMs)

Explanatory note

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial profit(/loss), depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

EBITDA Margin

Considered as EBITDA (or gross operating profit) divided by Net Turnover in each case.

EBIT

This corresponds to the operating profit/(loss) in the consolidated income statement presented in the accompanying consolidated financial statements.

EBIT margin

Considered as EBIT (or operating profit) divided by Net Turnover in each case.

BACKLOG

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

At the Environment division, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client. Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect any price or schedule changes that may be agreed with the client. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

GROSS FINANCIAL DEBT

Debts (current and non-current) with credit institutions, debt instruments and loans, financial lease payables and other financial borrowings from third parties, joint ventures and associates on the Liabilities side of the consolidated balance sheet.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt less current financial assets, cash and other cash equivalents.

WORKING CAPITAL

The part of Current assets financed using non-current funds (non-current liabilities and Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

NET CASH WITH RECOURSE

It is defined as Cash and other equivalent liquid assets, plus short-term Financial Assets, minus the Gross Financial Debt, of the parent company and that of those subsidiary companies that are financially guaranteed with the equity of the parent company.

11. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 30 June 2025, prepared in accordance with the International Financial Reporting Standards (IFRS) that had been adopted by the European Union at the end of the period, in compliance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

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