

Iren Group's financial position, financial performance and cash flows

Income statement

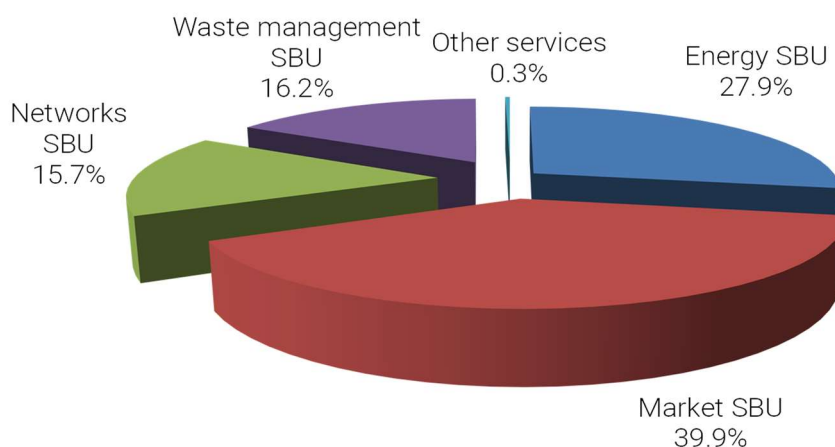
IREN GROUP INCOME STATEMENT

	thousands of euro		
	FY 2025	FY 2024	Change %
Revenue			
Revenue from goods and services	6,333,392	5,903,454	7.3
Other income	240,665	139,671	72.3
Total revenue	6,574,057	6,043,125	8.8
Operating expenses			
Raw materials, consumables, supplies and goods	(2,380,325)	(2,224,054)	7.0
Services and use of third-party assets	(2,115,665)	(1,860,883)	13.7
Other operating expenses	(117,117)	(102,657)	14.1
Capitalised costs for internal work	60,537	60,193	0.6
Personnel expense	(668,532)	(641,605)	4.2
Total operating expenses	(5,221,102)	(4,769,006)	9.5
GROSS OPERATING PROFIT (EBITDA)	1,352,955	1,274,119	6.2
Depreciation, amortisation, provisions and impairment losses			
Amortisation and Depreciation	(716,266)	(655,475)	9.3
Impairment losses on loans and receivables	(86,231)	(74,482)	15.8
Other provisions and impairment losses	(20,486)	(24,462)	(16.3)
Total depreciation, amortisation, provisions and impairment losses	(822,983)	(754,419)	9.1
OPERATING PROFIT	529,972	519,700	2.0
Financial management			
Financial income	38,336	45,701	(16.1)
Financial expense	(146,138)	(136,333)	7.2
Net financial expense	(107,802)	(90,632)	18.9
Gains on equity-accounted investments	2,359	(1,260)	(*)
Share of profit or loss of equity-accounted investees, net of tax effects	13,895	7,471	86.0
Pre-tax profit	438,424	435,279	0.7
Income taxes	(122,164)	(131,697)	(7.2)
Profit from continuing operations	316,260	303,582	4.2
Profit (loss) from discontinued operations	-	-	-
Profit for the year	316,260	303,582	4.2
attributable to:			
- Profit for the year attributable to the owners of the parent	300,546	268,471	11.9
- Profit for the year attributable to non-controlling interests	15,714	35,111	(55.2)

(*) Change of more than 100%

Revenue

For the year ended 31 December 2025, the Group booked revenue of 6,574.1 million euro, up by +8.8% compared to 6,043.1 million euro in 2024. The main drivers of the turnover increase are linked to the consolidation of the EGEA Holding Group for more than 370 million euro and energy revenue, influenced by approximately 40 million euro due to rising commodity prices and more than 100 million euro from higher energy supply volumes. Energy efficiency activities contributed approximately 53 million euro to the increase in turnover.



Gross Operating Profit (EBITDA)

Gross operating profit (EBITDA) amounted to 1,353 million euro, up +6.2% compared to 1,274.1 million euro in 2024. The increase for the year is primarily attributable to the consolidation of the EGEA Holding group (+59 million euro) and to the organic growth (+22 million euro) of the Networks Business Unit, which also benefited from a number of positive one-off items (quality awards in the water sector and ARERA Resolution 570/R/gas).

The energy scenario was characterised by growing commodity prices compared to 2024, but these slowed during the third quarter of 2025. Price trends, for energy production margins, led to contrasting effects throughout the year and were overall negative (-5 million euro).

The decline is also due to lower production levels, particularly in hydroelectric generation (-21 million euro) owing to the limited hydraulic capacity during the summer, partially offset by higher heat production (+4 million euro) and the activities of the Environment business unit (+2 million euro) and renewables, also thanks to the commissioning of the Noto photovoltaic plant starting September 2025. Conversely, the positive contribution of the 'Capacity market' fee (+17 million euro) is particularly noteworthy, moreover almost entirely absorbed by the reduced contribution from the Dispatching Services Market - DSM (-15 million euro).

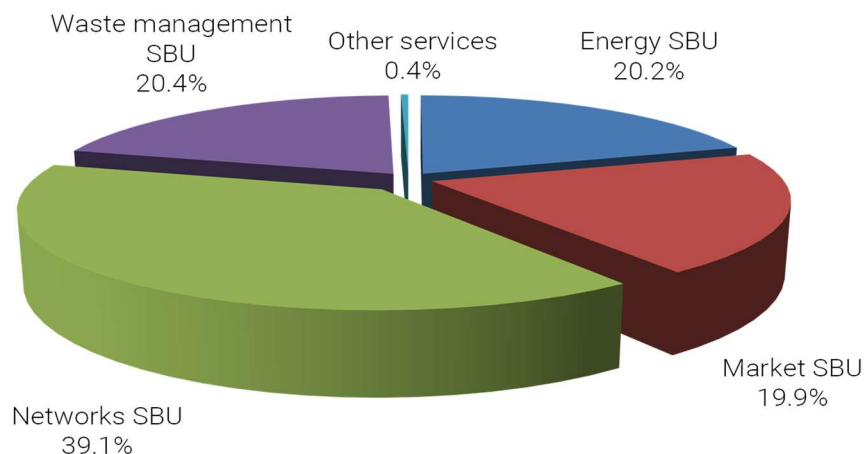
The trading business for energy commodities saw a decline (-17 million euro), primarily due to the anticipated reduction in margin from gas sales (-22 million euro), an activity that had benefited from an extraordinary positive margin in the early months of 2024, which cannot be replicated, whereas margins from electricity sales showed improvement (+2 million euro), as did other services (+3 million euro).

As previously mentioned, a particularly positive contribution to the margin was generated by organic growth in the Networks BU (Integrated Water Service and Electricity Distribution), mainly related to tariff awards as a result of investments made in recent years (+22 million euro) partially compensated by the regulatory effects of the revision of tariff parameters (-7 million euro).

In 2025, two non-recurring items also emerged, namely the recognition of premiums recognised by ARERA for the technical/commercial quality level of the Integrated Water Service during the period 2022-2023 (+10 million euro) and the recognition by the Council of State of the appeals against ARERA Resolution 570/19 concerning certain components of the gas tariff method for the 2020-2024 period (+11 million euro). These items more than offset the absence of the gains related to the tariff adjustments for the recovery of inflation of the Integrated Water System, which had positively characterised the year 2024 (-9 million euro) and are no longer repeatable beyond the reduction, from the start of the year, of the WACC recognised in the gas and electricity distribution sectors.

There was also a non-recurring item in the Environment BU (+13 million euro) relating to the settlement of waste management fees for previous years, which will therefore no longer be repeatable.

The change in gross operating profit with reference to the individual business units is broken down as follows: Networks business unit +10.5%, Waste +8.3%, Market +4.5% and Energy -1.3%.



Operating profit

Operating profit amounted to 530 million euro, up +2% compared to 519.7 million euro in 2024. Amortisation and depreciation for the year rose by 61 million euro, due to the start-up of new investments and expansion of the consolidation scope, which can be traced to the EGEA Holding Group (33 million euro), higher impairment losses on loans and receivables for 12 million euro and lower impairment losses for approximately 4 million euro.

Financial management

Net financial expense came to 107.8 million euro, an increase (+18.9%) compared to the figure for 2024, which stood at 90.6 million.

In particular, despite higher income from the discounting of provisions, financial income declined overall (standing at 38.3 million euro compared to 45.7 million euro in the comparative year, -7.4 million), mainly due to lower interest income from cash investments.

The increase in financial expense (146.1 million euro in 2025 compared to 136.3 million euro in 2024, +9.8 million) is mainly due to the adjustment of the financial component in the discounting of risk provisions, the effect of the increase in debt, and charges related to the repayment of certain loans.

Gains on equity-accounted investments

The amount of this item (+2.4 million euro) mainly refers to the effect of the remeasurement at fair value, at the date of acquisition of control, of the prior interest in CSAI.

In the comparative year (-1.3 million euro), this figure was primarily attributable to the impairment loss on non-controlling interests (-4.3 million euro) and to the effect of the remeasurement of the investment in Siena Ambiente prior to its full consolidation (+3.3 million euro).

Share of profit or loss of equity-accounted investees, net of tax effects

This item, which amounts to +13.9 million euro (+7.5 million euro in 2024), includes the share of the pro-rata profit or loss of the Group's associates and joint ventures, the most significant of which regard ASA, Aguas de San Pedro, SETA and Asti Servizi Pubblici.

Pre-tax profit

As a result of the above trends, consolidated pre-tax profit amounted to 438.4 million euro, up slightly compared to 435.3 million euro in the comparative year.

Income taxes

Income taxes for 2025 amounted to 122.1 million euro (131.7 million euro in 2024). The effective tax rate is 27.9%, down from 30.3% in the previous year, as a result of the recognition of the effects of non-recurring transactions that led to the recognition of higher deferred tax assets.

Profit for the year

As a result, profit for the year totalled 316.3 million euro, an increase (+4.2%) compared to 2024, when it amounted to 303.6 million euro.

Of this amount, 300.6 million euro is attributable to the owners of the parent (268.5 million euro in 2024), and 15.7 million euro is attributable to non-controlling interests (35.1 million euro in the comparative year). The decrease in the portion attributable to non-controlling interests is due to the acquisition of the remaining 40% investment in Iren Acqua in February 2025.

Statement of Financial Position

RECLASSIFIED STATEMENT OF FINANCIAL POSITION OF IREN GROUP

	thousands of euro		
	31.12.2025	31.12.2024	Change %
Non-current assets	8,818,759	8,414,310	4.8
Other non-current assets (liabilities)	(765,712)	(619,491)	23.6
Net Working Capital	241,417	(11,778)	(*)
Deferred tax assets (liabilities)	293,248	272,676	7.5
Provisions for risks and employee benefits	(740,798)	(630,067)	17.6
Assets held for sale (liabilities associated with assets held for sale)	85,397	790	(*)
Net invested capital	7,932,311	7,426,440	6.8
Equity	3,710,567	3,343,697	11.0
Non-current financial assets	(148,393)	(124,355)	19.3
Non-current financial debt	4,490,480	4,460,915	0.7
Non-current net financial debt	4,342,087	4,336,560	0.1
Current financial assets	(239,280)	(867,975)	(72.4)
Current financial debt	118,937	614,158	(80.6)
Current net financial position	(120,343)	(253,817)	(52.6)
Net financial debt	4,221,744	4,082,743	3.4
Own funds and net financial debt	7,932,311	7,426,440	6.8

(*) Change of more than 100%

For a reconciliation of the reclassified statement of financial position with that of the financial statements, please refer to the specific annex to the Notes to the Consolidated Financial Statements.

The main changes in the statement of financial position are commented on below.

Non-current assets at 31 December 2025 amounted to 8,818.8 million euro, up compared to 31 December 2024, when they were 8,414.3 million euro. The increase (+404.5 million euro) is mainly due to the effect of the following:

- assets arising from M&A transactions during the year:
 - the acquisition of control of the EGEA Holding Group for 382.9 million euro, including goodwill. These assets mainly consist of: networks and plants related to district heating, integrated water services, and gas distribution; electricity, biogas, and biomethane generation plants; waste collection vehicles; and equity investments. These amounts are net of the elimination of the pre-existing interest (-85.0 million);
 - the acquisition of control of CSAI, which operates in the waste management sector through two landfills for municipal, similar and special non-hazardous waste (9.5 million euro, including goodwill);
- investments in property, plant and equipment and intangible assets (+925.4 million euro) and depreciation and amortisation (-716.3 million euro) in the year;
- the impairment loss (-6.3 million euro) on a property located in the Municipality of Genoa, used as the company's head office until February 2025, and its subsequent reclassification as "Assets held for sale" (-9.5 million euro);
- the impairment loss on certain plants in the Waste Management sector for a total of -2.8 million euro;
- the disposal of assets (networks and plants) related to the management of the Integrated Water Service in certain municipalities in the Province of Imperia, which were transferred to another operator (-8.5 million euro);
- the reclassification as "Assets held for sale" of the assets related to the concessions for the management of the Integrated Water Service in 43 municipalities of the ATO 4 in the Cuneo area, currently operating under an extension regime, pending the planned transfer to the successor operator, COGESI (-86.6 million euro);
- the change in right-of-use assets in application of IFRS 16 – Leases for +7.9 million, largely relating to rental and lease contracts for vehicles and buildings instrumental to operating activities;

For more detailed information on the sector-specific breakdown of technical investments during the year, please refer to the following chapter, "Segment reporting".