Audit Report on Consolidated Financial Statements
issued by an Independent Auditor

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2023

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of Fomento de Construcciones y Contratas, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Fomento de Construcciones y Contratas, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated income statement, the consolidated statement of recognised income and expense, the total statement of changes in the consolidated equity, the statement of consolidated cash flow, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2023 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the deferred tax assets of the Spain Tax group

Description

As explained in note 23 to the accompanying consolidated financial statements, at 31 December 2023 the Group recognised deferred tax assets on the consolidated balance sheet for the Spain Tax Group amounting to 540.019 thousand euros.

According to the accounting policy described in note 3.q to the accompanying consolidated financial statements, the Group recognises deferred tax assets except in cases where there are reasonable doubts about their future recovery.

The assessment made to determine the recoverable amount of these assets requires Group management to make complex judgements regarding the estimates of the future taxable profit of the companies comprising the Spain Tax Group based on financial projections and business plans considering applicable tax laws and accounting standards.

Given the complexity inherent in management's projections of business performance to estimate future taxable profits of the companies comprising the Spain Tax Group and the significance of the amounts involved, we determined this to be a key audit matter.

Our response

Our audit procedures related to this matter included:

- Understanding the process designed by Group management to assess the recoverability of deferred tax assets and assessing the design and implementation of the relevant controls in place in that process.
- Assessing the reasonableness of the key assumptions used by Group management to estimate the period for recovering deferred tax assets, focusing on the economic, financial and tax assumptions used to estimate the future taxable profits of the Spain Tax Group based on budgets, business performance and historical experience.
- Assessing, with the involvement of our tax specialists, the key assumptions made by Group management regarding applicable tax laws.
- Testing how sensitive the results are to reasonably possible changes in the key assumptions made.
- Reviewing the disclosures made in the notes to the consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

Recognition of revenue from long-term contracts in the Construction segment

Description

As explained in note 3.s to the accompanying consolidated financial statements, performance obligations in the construction activity are satisfied over time, so revenue is recognised using the percentage of completion method.

The recognition of revenue from long-term construction contracts requires Group management to make significant estimates regarding, e.g. total contract costs to be incurred, estimated contract revenue and, where appropriate, the amount of contract modifications and claims relating to, e.g. the total costs to be incurred, the estimate of expected revenue and, where appropriate, the amount of contract modifications that will finally be accepted by the customer.

Given the significance of the amounts involved since this affects a large portion of total "Revenue" and the measurement of completed work pending certification recognised under "Trade and other receivables", which amounted to 554,475 thousand euros at 31 December 2023, and the complexity required to make these estimates, which requires Group management to make judgements in determining the assumptions used, which means changes in those assumptions could give rise to material differences in the amount of revenue recognised, we determined this to be a key audit matter.

Information on the applicable measurement standards and the disclosures for revenue and the aforementioned accounts receivable are provided in notes 3.s, 15.a and 26.a to the accompanying consolidated financial statements.

Our response

Our audit procedures related to this matter included:

- Understanding the process designed by Group management to recognise revenue, assessing the design and implementation of the relevant controls in place in that process, and verifying the operating effectiveness of those controls for the main components of the Group that have this type of contract.
- Selecting a sample of projects from the Group's main components with this type of contract, for which we obtained the related contracts to read and understand the most important clauses and their implications, and, e.g. budgets, internal assessments of revenue recognition, certifications, follow-up presentations on the execution of projects and amounts received.
- Assessing for these contracts the reasonableness of Group management's assumptions through meetings with technical staff and project managers, and analysing the reasons for deviations between originally planned and actual costs and their impact on estimated project margins.
- Assessing the reasonableness of estimates of completed work pending certification recognised as revenue at year-end, checking the status of negotiations of the main customer contracts, and reviewing the reasonableness of documents supporting the probability of recovery.
- Assessing the reasonableness of Group management's approach for recognising and measuring contract modifications and claims submitted, covering especially the estimate of amounts expected to be recovered and the probability of success.
- Reviewing the disclosures made in the notes to the consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

Measurement of investment properties and inventories

Description

At 31 December 2031, the Group recognised an amount of 2,091,328 thousand euros in the consolidated balance sheet under "Investment properties" related mainly to office buildings and shopping centres held to earn rentals or for capital appreciation, and 719,718 thousand euros under "Inventories" relating to land, developments in progress and other properties held for sale or inclusion in a real estate development.

Group management determines the fair value of investment properties on a half-yearly basis by reference to appraisals performed by independent experts to reflect current market conditions at year-end. It also determines whether an item of inventory is impaired by engaging independent experts to estimate the fair value of the main assets included in inventories.

Given the significance of the amounts involved and the complexity of the process used to identify indications of impairment and measure investment properties and inventories to determine recoverable amount for the purpose of assessing potential impairment, which requires Group management and independent experts to make significant estimates in applying judgements to determine the assumptions used (in particular, assumptions underlying estimated rents, discount rates and exit yields used for investment properties and, development, construction and marketing costs for inventories, and the periods used to estimate future cash flows from investment properties), we determined this to be a key audit matter.

Information on the measurement standards for investment properties and inventories is provided in note 3.e and 3.j to the consolidated financial statements. Information on the approaches and main assumptions used in the valuations and sensitivity analyses is provided in notes 8 and 14 to the consolidated financial statements.

Our response

Our audit procedures in relation to this matter included:

- Understanding the process designed by Group management to determine whether there are indications of impairment and to determine the recoverable amount of items of "Investment properties" and "Inventories", and assessing the design and implementation of the relevant controls in place in that process.
- Reviewing the appraisal models used by independent experts to determine recoverable amounts, with the involvement of our valuation specialists, covering especially, for a sample of the appraisals performed, the model's mathematical coherence, and assessing the reasonableness of the rents used and/or the peers used, the discount rates and exit yields for investment properties, and the development, construction and marketing costs and periods used to estimate the future cash flows associated with land held in inventories, and analysing the sensitivity analyses performed by independent experts, including the performance of valuation testing procedures, where necessary.
- Reviewing, for a sample of appraisals by independent experts, whether the rents used in the valuations take into account lease contracts in force.
- Reviewing the disclosures made in the notes to the consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

Measurement of the investment in Metrovacesa, S.A.

Description

As explained in note 13.a to the accompanying consolidated financial statements, the Group recorded equity instruments related to Metrovacesa shares representing 13.81% of share capital at a carrying amount of 133,471 thousand euros in "Current financial assets" on the balance sheet as at 31 December 2022. These equity instruments were classified as financial assets at fair value through equity.

In addition, as explained in note 4.b to the accompanying consolidated financial statements, during the year ended 31 December 2023, the Group acquired an additional share of Metrovacesa, S.A., increasing its net share in the company to 21.21%, and obtained representation on the company's governing bodies. As a result, Group management considers that it currently has significant influence over the Company.

According to the accounting policy described in note 2.b of the accompanying consolidated financial statements, the investments over which the Group does not exercise control but does have significant influence are included in "Investments accounted for using the equity method" on the consolidated balance sheet and are shown net of the Group's share in the after tax profit or loss of these companies in "Share of profit(loss) of companies accounted for using the equity method" in the consolidated income statement.

The change in the classification of this investment required recognition of profit amounting to 142,413 thousand euros in "Profit/(loss) of entities valued using the equity method" in the consolidated income statement, due to the difference between the fair value its net assets and their listed value at the date they were included in the consolidation scope.

Consequently, at 31 December 2023, the investment in Metrovacesa, S.A. amounts to 402,120 thousand euros and is recorded in "Investments accounted for using the equity method".

Due to the complexity of the judgments made by Group management that are inherent in measuring this investment, and given the significant impact that the changes in the assumptions made could have on the accompanying consolidated financial statements and the relevance of the amounts involved, we have determined this to be a key audit matter.

Information on the measurement standards used and the related disclosures are provided in notes 4.b, 11.b, 17, 26.h and 30.d to the accompanying consolidated financial statements.

Our response

Our audit procedures related to this matter included:

- Understanding Group management's process for determining and accounting for the fair value of the investment.
- Reviewing the documentation supporting the increase in the Group's share of the investment and the amount paid.
- Reviewing the accounting impact of the change in the classification of the investment, verifying that it was correctly recorded in the consolidated financial statements.
- Assessing Group management's conclusion that the increase in the share of this investment constitutes having significant influence over the company.

- Assessing, in collaboration with valuation specialists, the methodology used to determine the fair value of real estate assets classified as inventory in Metrovacesa, S.A., checking its consistency in accordance with the applicable financial reporting framework, focusing specifically on mathematical coherence and evaluating the reasonableness of the assumptions made in connection with the valuations carried out by independent experts on a sample of real estate assets.
- Reviewing the disclosures made in the notes to the consolidated financial statements and assessing whether they are in conformity with the applicable financial reporting framework.

Other information: consolidated management report

Other information refers exclusively to the 2023 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a. Checking only that the consolidated non-financial statement and certain information included in the Annual Corporate Governance Report and in the Annual Directors' Remuneration Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2023 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the Audit and Control Committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit and Control Committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Control Committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Control Committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Control Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Fomento de Construcción y Contratas, S.A. and subsidiaries for the 2023 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of Fomento de Construcción y Contratas, S.A. are responsible for submitting the annual financial report for the 2023 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Directors' Remuneration Report have been incorporated by reference in the consolidated management report.

Our responsibility consists of examining the digital files prepared by the directors of the parent Company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the Audit and Control Committee of the parent company

The opinion expressed in this audit report is consistent with the additional report we issued to the Audit and Control Committee of the parent company on February 29, 2024.

Term of engagement

The ordinary general shareholders' meeting held on June 2, 2020 appointed us as auditors of the Group for 3 years, commencing on December 31, 2021.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(Signature on the original in Spanish)

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Fernando González Cuervo
(Registered in the Official Register of Auditors under No. 21268)

February 29, 2024

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

Financial Statements and Management Report
2023 Financial Year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

ASSETS

	Notes	31/12/2023		31/12/2022	
NON-CURRENT ASSETS			**10,655,661**		**9,874,542**
Intangible assets	*6*		**2,483,475**		**2,342,148**
Concessions	*6 and 10*	1,543,161		1,512,644	
Goodwill		851,110		761,683	
Other intangible fixed and non-current assets		89,204		67,821	
Property, plant and equipment	*7*		**3,829,799**		**3,496,804**
Land and buildings		1,049,190		1,027,556	
Plant and other items of property, plant and equipment		2,780,609		2,469,248	
Investment property	*8*		**2,091,328**		**2,122,854**
Investments accounted for using the equity method	*11*		**1,034,288**		**502,629**
Non-current financial assets	*13*		**748,425**		**910,567**
Deferred tax assets	*23*		**468,346**		**499,540**
CURRENT ASSETS			**6,062,014**		**5,407,999**
Inventory	*14*		**1,234,338**		**1,143,202**
Trade and other receivables	*15*		**2,886,531**		**2,409,262**
Trade receivables for sales and services		2,478,757		2,020,809	
Other loans		323,325		301,935	
Current tax assets	*23*	84,449		86,518	
Other current financial assets	*13*		**260,545**		**221,252**
Other current assets	*15*		**70,897**		**58,745**
Cash and cash equivalents	*16*		**1,609,703**		**1,575,538**
TOTAL ASSETS			**16,717,675**		**15,282,541**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

LIABILITIES AND EQUITY

	Notes	31/12/2023		31/12/2022	
EQUITY	17		**6,145,927**		**4,938,993**
Equity attributable to the Parent Company			**4,450,067**		**3,387,882**
Shareholders' equity		4,489,566		3,415,724	
Capital		*436,107*		*438,345*	
Accumulated earnings and other reserves		*3,462,881*		*2,689,461*	
Shares and equity interests		*(410)*		*(27,264)*	
Profit for the year attributable to the Parent company		*590,988*		*315,182*	
Valuation adjustments		(39,499)		(27,842)	
Non-controlling interests			**1,695,860**		**1,551,111**
NON-CURRENT LIABILITIES			**6,708,319**		**6,046,615**
Grants			**226,624**		**202,864**
Non-current provisions	18		**1,230,595**		**1,141,750**
Non-current financial liabilities	19		**4,817,034**		**4,271,282**
Debt instruments and other marketable securities		1,860,879		1,267,584	
Bank borrowings		2,383,723		2,471,818	
Other financial liabilities		572,432		531,880	
Deferred tax liabilities	23		**284,179**		**281,977**
Other non-current liabilities	20		**149,887**		**148,742**
CURRENT LIABILITIES			**3,863,429**		**4,296,933**
Current provisions	18		**159,610**		**148,074**
Current financial liabilities	19		**926,771**		**1,333,125**
Debt instruments and other marketable securities		246,221		773,163	
Bank borrowings		326,206		306,531	
Other financial liabilities		354,344		253,431	
Trade and other payables	21		**2,777,048**		**2,815,734**
Suppliers		1,252,628		1,232,393	
Other payables		1,485,166		1,559,731	
Current tax liabilities	23	39,254		23,610	
TOTAL EQUITY AND LIABILITIES			**16,717,675**		**15,282,541**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Revenue	*26 and 27*	**9,026,016**	**7,705,687**
Self-constructed assets		87,669	74,137
Other operating income	*26*	257,555	288,480
Changes in finished goods and work in progress inventories		10,751	26,656
Procurements	*26*	(3,700,000)	(3,004,337)
Staff costs	*26*	(2,474,449)	(2,238,733)
Other operating expenses		(1,677,916)	(1,540,539)
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	*6, 7 and 8*	(587,377)	(511,989)
Impairment and gains/(losses) on disposal of fixed assets	*26*	(46,984)	(174,895)
Other gains/(losses)	*26*	14,986	(13,941)
OPERATING PROFIT/(LOSS)		**910,251**	**610,526**
Financial income	*26*	75,852	45,148
Financial expenses	*26*	(225,824)	(164,240)
Other financial profit/(loss)	*26*	(18,377)	29,605
FINANCIAL GAINS/(LOSSES)		**(168,349)**	**(89,487)**
Profit/(loss) of entities valued using the equity method	*26*	174,028	29,614
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**915,930**	**550,653**
Corporate income tax	*23*	(171,120)	(72,723)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**744,810**	**477,930**
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**744,810**	**477,930**
Profit/(loss) attributable to the Parent		590,988	315,182
Profit attributable to non-controlling interests	*17*	153,822	162,748
EARNINGS PER SHARE (euros)	*17*		
Basic		1.32	0.73
Diluted		1.32	0.73

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

		31/12/2023		31/12/2022
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**744,810**		**477,930**
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period		**(5,352)**		**2,839**
Actuarial profits and losses (*)		**(6,117)**		**3,803**
Tax effect		**765**		**(964)**
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period		**12,934**		**144,801**
Financial assets at fair value with changes in other comprehensive income		**55,565**		**6,147**
Valuation gains/(losses)	55,604		6,133	
Amounts transferred to the income statement	(39)		14	
Cash flow hedges		**(17,760)**		**64,330**
Valuation gains/(losses)	(4,544)		60,182	
Amounts transferred to the income statement	(13,216)		4,148	
Translation differences		**(20,774)**		**55,424**
Valuation gains/(losses)	(20,866)		55,424	
Amounts transferred to the income statement	92		-	
Participation in other comprehensive profit recognised by investments in joint ventures and associates		**(9,218)**		**34,040**
Valuation gains/(losses)	(2,351)		33,629	
Amounts transferred to the income statement	(6,867)		411	
Tax effect		**5,121**		**(15,140)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**752,392**		**625,570**
Attributable to the Parent		**606,195**		**409,501**
Attributable to non-controlling interests		**146,197**		**216,069**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

(*) Amounts that under no circumstances will be charged to the statement of profit and loss.

TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

	Share capital	Accumulated earnings and other reserves	Shares and equity interests	Profit/(loss) for the year attributed to the Parent Company	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total Equity
Notes	*17.a*	*17.b*	*17.c*		*17.d*	*17*	*17.II*	
Equity as at 31 December 2021	**425,174**	**2,142,592**	**(26,674)**	**580,135**	**(114,133)**	**3,007,094**	**1,433,571**	**4,440,665**
Total income and expenses for the year	**-**	**7,496**	**-**	**315,182**	**86,823**	**409,501**	**216,069**	**625,570**
Transactions with shareholders or owners	**13,171**	**(41,864)**	**(590)**	**-**	**-**	**(29,283)**	**(59,646)**	**(88,929)**
Capital increases/(reductions)	14,871	(14,871)	-	-	-	-	70	70
Distribution of dividends	-	(10,783)	-	-	-	(10,783)	(59,716)	(70,499)
Transactions with treasury shares or equity instruments (net)	(1,700)	(16,210)	(590)	-	-	(18,500)	-	(18,500)
Other changes in equity	**-**	**581,237**	**-**	**(580,135)**	**(532)**	**570**	**(38,883)**	**(38,313)**
Equity as at 31 December 2022	**438,345**	**2,689,461**	**(27,264)**	**315,182**	**(27,842)**	**3,387,882**	**1,551,111**	**4,938,993**
Total income and expenses for the year	**-**	**(2,773)**	**-**	**590,988**	**17,980**	**606,195**	**146,197**	**752,392**
Transactions with shareholders or owners	**(2,238)**	**(316,742)**	**26,854**	**-**	**-**	**(292,126)**	**(81,695)**	**(373,821)**
Capital increases/(reductions)	(2,238)	(297,290)	298,588	-	-	**(940)**	**1,874**	**934**
Distribution of dividends	-	(19,452)	-	-	-	**(19,452)**	**(83,569)**	(103,021)
Transactions with treasury shares or equity instruments (net)	-		(271,734)	-	-	**(271,734)**	-	**(271,734)**
Other changes in equity	**-**	**1,092,935**	**-**	**(315,182)**	**(29,637)**	**748,116**	**80,247**	**828,363**
Equity as of 31 December 2023	**436,107**	**3,462,881**	**(410)**	**590,988**	**(39,499)**	**4,450,067**	**1,695,860**	**6,145,927**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023		31/12/2022	
Profit/(loss) before tax from continuing operations			**915,930**		**550,653**
Adjustments to profit or loss			**614,816**		**668,929**
Amortisation and depreciation	*6, 7 and 8*	596,877		522,201	
Impairment and gains/(losses) on disposal of fixed assets	*6, 7 and 26*	46,984		174,895	
Other adjustments to profit/(loss) (net)	*26*	(29,045)		(28,167)	
Changes in working capital	***15***		**(691,404)**		**285,270**
Other cash flows from operating activities			**(53,956)**		**40,987**
Dividend collections		70,243		40,248	
Collections/(Payment) for income tax		(124,199)		739	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES			**785,386**		**1,545,839**
Payments due to investments			**(1,104,585)**		**(1,062,055)**
Group companies, associates and business units		(152,231)		(286,413)	
Property, plant and equipment, intangible assets and real estate investments	*6, 7 and 8*	(851,436)		(622,914)	
Other financial assets		(100,918)		(152,728)	
Proceeds from disposals			**36,211**		**51,512**
Group companies, associates and business units		16,681		19,086	
Property, plant and equipment, intangible assets and real estate investments	*6, 7 and 8*	14,191		20,619	
Other financial assets		5,339		11,807	
Other cash flows from investing activities			**105,938**		**72,498**
Interest received		46,641		29,292	
Other collections/(payments) from investing activities		59,297		43,206	
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES			**(962,436)**		**(938,045)**
Proceeds from and payments for equity instruments	***17***		**575,242**		**(39,429)**
Issue/(redemption)		(419)		(331)	
(Acquisition)/disposal of own shares		575,661		(39,098)	
Proceeds from (payments on) financial liabilities	***19***		**(113,844)**		**(333,882)**
Issuance		2,112,503		2,341,595	
Repayment and amortisation		(2,226,347)		(2,675,477)	
Dividends paid and payments on equity instruments	***5***		**(80,785)**		**(73,177)**
Other flows from financing activities			**(170,355)**		**(120,708)**
Interest paid		(172,456)		(123,682)	
Other collections/(payments) from financing activities		2,101		2,974	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES			**210,258**		**(567,196)**
EFFECT OF VARIATIONS IN EXCHANGE RATES			**957**		**(585)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			**34,165**		**40,013**
Cash and cash equivalents at the start of the period	*16*		**1,575,538**		**1,535,525**
Cash and cash equivalents at the end of the period	*16*		**1,609,703**		**1,575,538**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2023 consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023

CONTENTS **PAGE**

CONSOLIDATED FINANCIAL STATEMENTS 3

ASSETS **3**
LIABILITIES AND EQUITY **4**
CONSOLIDATED INCOME STATEMENT **5**
CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE **6**
TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY **1**
STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD) **2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 3

1. GROUP ACTIVITY **1**
2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT **2**
3. ACCOUNTING POLICIES **4**
4. CHANGES IN THE SCOPE OF CONSOLIDATION **17**
5. DISTRIBUTION OF PROFIT/LOSS **23**
6. INTANGIBLE ASSETS **24**
7. PROPERTY, PLANT AND EQUIPMENT **33**
8. INVESTMENT PROPERTY **37**
9. LEASES **41**
10. SERVICE CONCESSION ARRANGEMENTS **44**
11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD **48**
12. JOINT AGREEMENTS. JOINT OPERATIONS **55**
13. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS **56**
14. INVENTORIES **59**
15. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS **61**
16. CASH AND CASH EQUIVALENTS **64**
17. EQUITY **65**
18. NON-CURRENT AND CURRENT PROVISIONS **74**
19. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES **78**
20. OTHER NON-CURRENT LIABILITIES **89**
21. TRADE AND OTHER ACCOUNTS PAYABLE **89**
22. DERIVATIVE FINANCIAL INSTRUMENTS **90**
23. TAX MATTERS **93**
24. PENSION PLANS AND SIMILAR OBLIGATIONS **99**
25. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES **102**
26. INCOME AND EXPENDITURE **104**
27. INFORMATION BY ACTIVITY SEGMENTS **110**
28. ENVIRONMENTAL INFORMATION **120**
29. FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT POLICIES **123**
30. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES **132**
31. FEES PAID TO AUDITORS **138**
32. EVENTS AFTER THE CLOSING DATE **139**
SUBSIDIARIES **1**
COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP **1**

ASSOCIATES 1
CHANGES IN THE SCOPE OF CONSOLIDATION 1
TEMPORARY JOINT VENTURES, ECONOMIC INTEREST GROUPS AND OTHER ENTERPRISES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES 3

CONTENTS

Annex I	Fully consolidated subsidiaries
Annex II	Companies jointly controlled with third parties outside the Group (consolidated using the equity method)
Annex III	Associates consolidated using the equity method
Annex IV	Changes in the scope of consolidation
Annex V	Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group

1. GROUP ACTIVITY

The FCC Group comprises the parent company Fomento de Construcciones y Contratas, S.A. and a group of national and international investee companies.

Company identification data

Name of the reporting entity or other means of identification	Fomento de Construcciones y Contratas, S.A.
Legal form of the entity	Public Limited Company (In Spain: Sociedad Anónima)
Address of the entity's registered office	C. Balmes 36, 08007 Barcelona, Spain
Address of the entity	Avenida Camino de Santiago 40, 28050, Madrid, Spain
Country of incorporation	Spain
Main place of business	Spain
Name of the parent company	Control Empresarial de Capitales, S.A. de C.V.
Name of the controlling parent of the group	Control Empresarial de Capitales, S.A. de C.V.
Changes to the name of the reporting entity	No changes have occurred this year

The Group operates in the following business areas:

- **Environmental Services**. Services related to urban sanitation, industrial waste management, green space conservation, including both construction and operation of treatment plants, and energy recovery from waste. This includes concession agreements related to environmental services.

- **End-to-end Water Management**. Services relating to the end-to-end water cycle: collection, purification and distribution of water for human consumption; sewage collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services etc. Concession agreements related to the integral water cycle are also included.

- **Construction**. Specialised in the construction of infrastructure, buildings and similar facilities: motorways, highways, roads, tunnels, bridges, hydraulic works, ports, airports, urban developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.

- **Real Estate.** Dedicated to the promotion of housing and the rental of offices, commercial premises and residential properties.

- **Cement.** Dedicated to the operation of quarries and mineral deposits, manufacture of cement, lime, gypsum and prefabricated derivatives, and also to the production of concrete and mortar.

- **Concessions.** Mainly includes concession agreements related to the operation of motorways, tunnels and other similar infrastructures and urban tramways.

International activities account for approximately 48% (45% in 2022) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States (note 27).

2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT

a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2023 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2022 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 14 June 2023.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as at 31 December 2023 and 2022, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2023 and 2022, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications made

There were no significant reclassifications in business years 2023 and 2022.

Rules and interpretations issued but not in force

The Group intends to adopt standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, when they become effective, if applicable to it. Although the Group is currently analysing its impact, based on its analysis to date, it believes that its initial application will not have a significant impact on its consolidated financial statements.

Significant rules and interpretations applied in 2023

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2022, as none of the standards, interpretations or amendments that are applicable for the first time in this financial year have had a significant impact on the Group's accounting policies.

Worth mention is the amendment to IAS 1 “Presentation of financial statements”, establishing that only material accounting policies must be disclosed, a criteria that the Group has applied in these consolidated financial statements.

IAS 12 “Income tax” has also been amended in relation to the new tax regulations of the Second Pillar of the OECD Inclusive Framework. These amendments provisionally introduce a mandatory temporary exemption for the accounting and breakdown of deferred taxes arising from said legislation. This amendment also requires additional disclosures to facilitate an understanding of the exposure to these tax regulations. Note 23 provides a qualitative description of the expected impact of these regulations.

b) Basis of consolidation

Subsidiaries

Consolidation performed applying the global integration method for the subsidiaries indicated in Annex I, over which Fomento de Construcciones y Contratas, S.A. exercises control

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" of the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit attributed to non-controlling interests" of the accompanying consolidated income statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 11), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 12).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the

heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annexe II lists the business jointly controlled with third parties outside the Group and Annexe V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

Associates

The companies listed in Annexe III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income for the year is included under the heading “Profit/(loss) of entities valued using the equity method” of the accompanying consolidated income statement.

Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the "Concession agreements" since the result is considered to be realised against third parties (note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

Changes in the scope of consolidation

Annex IV shows the changes made in 2023 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated income statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 4 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. ACCOUNTING POLICIES

The most relevant accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The Group recognises its concessions pursuant to the provisions of IFRIC 12 "Service Concession Arrangement".

Intangible assets from concession arrangements classified as intangible assets amortise the resulting asset according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The Group's most important concession businesses are in the water supply and sanitation business, which depreciates its assets based on water consumption, which, in general, remains constant over time due, on the one hand, to a reduction in water consumption as a result of water saving policies and, on the other hand, to an increase in water consumption as a result of population growth; in the environmental services business, mainly waste recycling and energy recovery plants, which are depreciated on the basis of the tonnes treated; and in the concessions business, mainly toll roads and motorways, which are depreciated on the basis of traffic. The amortisation is completed in the concession period, which is generally between 25 and 50 years. In turn, Concession arrangements recognised as financial assets are measured applying the amortised cost method.

b) Business combinations and goodwill

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

When the difference obtained according to the previous paragraph is a negative amount, a bargain purchase occurs. In these situations, the Group reviews the identification and assessment of the assets and liabilities acquired and if this difference is confirmed, it is recognised as a positive result in the year under "Impairment and gains/(losses) on disposals of fixed assets".

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

c) Intangible assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are initially recognised at their acquisition cost. These intangible assets include investments related to operating contracts and licences, rights to build and software applications.

Such registered intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

The Group records CO2 emission rights as a non-amortisable intangible asset. Rights received free of charge under the corresponding national allocation plans are measured at the market price in force at the time they are received, recognising a subsidy for the same amount. Pursuant to the option provided by the regulations, the intangible asset is reduced by the subsidy received.

d) Property, Plant and Equipment

Property, plant and equipment are recorded at their cost price, less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired by business combinations, they are initially recognised at their fair value on the acquisition date.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Natural resources and buildings	25-100
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's PP&E are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset, based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

e) Investment property

Real estate investments, or investment property, is land, buildings and other structures that are held either for rental or for capital appreciation as a result of future increases in their respective market prices.

Investment property is stated at fair value at the reporting date and is not subject to depreciation. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise and are recognised under "Changes in value, impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated income statement.

The Group periodically determines the fair value of investment property so that, at year-end, the fair value reflects the market conditions of the investment property items at that date. This fair value is determined half-yearly on the basis of the assessments made by independent experts.

f) Impairment of the property, plant and equipment and intangible asset value

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could

reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporate income tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans, except in exceptional cases when the expected future growth of the activities performed by the CGU justify the inclusion of a growth rate. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

g) Leases

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially If it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Substantially all of the agreements in which the Group acts as lessor, which are mostly carried out in the Real Estate business, are classified as operating leases, as not substantially all the risks and rewards incidental to ownership of the asset are transferred. The revenue generated by the agreement is recognised on a straight-line basis over the term of the agreement and is included as revenue in the profit and loss account to the extent that it is of an operating nature. Direct costs incurred on entering into a lease agreement are incorporated as an increase in the value of the leased asset and amortised over the lease term on the same basis as income. Contingent payments are recognised as income in the period in which they are earned.

h) Investments accounted for using the equity method

Investments undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

i) Financial assets

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets to obtain its contractual cash flows, which is why it measures them applying the amortised cost method. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.

- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession agreement are measured at their amortised cost.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of the aforementioned credit assignments is reported in note 15.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

j) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. Land and plots are valued at their acquisition price, plus any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if this is less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 14). To determine the book value, the Group uses the assessments made by independent experts. This is determined mainly on the basis of end-market references, by calculating the residual value of the land on the existing market value in the locality in which they are located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their assessment.

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding

to the goods received, or the cost of production or net realisable value.

k) Foreign currency

k.1) Translation differences

Converting the financial statements of foreign companies denominated in currencies other than the euro into euros has generally been carried out at the closing rate, except for:

- Capital and reserves, which were converted at historical exchange rates.

- The income statement items of foreign companies have generally been converted applying the daily exchange rates, or average exchange rates when the daily exchange rate cannot be used.

Translation differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the accompanying consolidated balance sheet, as shown in the accompanying statement of changes in the equity.

k.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being registered in the same currency, are directly recognised in equity as translation differences that offset the effect of the difference in conversion to euros of the foreign company.

l) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

m) Grants

Subsidies are accounted for based on their nature as capital subsidies when they involve the acquisition or construction of assets or as operating subsidies when they cover operating deficits.

n) Provisions

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2023 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

o) Financial liabilities

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

The Group undertakes reverse factoring operations with suppliers (note 21); in general, as these operations do not entail a release of the payment obligation, the value of the liability is not derecognised.

p) Financial derivatives and hedge accounting

The Group applies the treatment established in the regulations to derivatives that meet the requirements to be considered as hedges, classifying the hedges as cash flow, fair value or net investment hedges of foreign businesses.

IFRS 9 "Financial Instruments" states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future

deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (note 22):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

  The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

- Cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS are treated in a similar way as described for IRS transactions.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.

- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swamps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 29).

Note 22 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

q) Income tax

The expense for corporate income tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between tax loss/taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/loss and taxable profit/tax loss for Corporate Income Tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

r) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in Note 24 of this Report.

s) Operating income and expenses

After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is

recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, expenses arising from engineering and studies are not capitalised and recognised as they are accrued as the services are provided, unless the agreement includes a clause stipulating that these costs will be reimbursed regardless of whether they the contract is closed or not. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services, End-to-end Water Management and Real Estate segments when the Group acts as lessor under lease agreements, income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the customer, as they are performance obligations that are satisfied at a specific moment of time.

In the Real Estate activity, the Group recognises the costs passed on to tenants of its investment property as income under "Other operating income" in the accompanying consolidated income statement (note 9.b).

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

With regard to the service concession agreements, it should be noted that the Group recognises the interest income derived from the collection rights of the financial model as Revenue, since the value of this financial asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that since both models are related to the company's operating activity, the true and fair view is better represented by including the income derived from the financial asset as belonging to operations.

The Group has entered into "Power Purchase Agreements" and supply contracts, mainly in the Cement and End-to-End Water Management Areas, which ensure the supply of certain amounts of renewable energy for a determined period of time at the fixed price in the contract. These contracts are considered to be for own use as they are entered into with the intention of covering the activity's future electricity consumption needs. There is a high correlation between the expected future consumption and the volume of energy arranged. An operating expense is taken to the income statement when the energy in question is effectively consumed.

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

t) Related party transactions

The Group performs all of its transactions with related parties on an arm's length basis.

Note 30 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

u) Consolidated statement of cash flows

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, and also other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)", which basically includes items that are included in "Profit/(loss) before tax" but have no impact on the change in cash, as well as items that are already included in other headings of the statement of cash flows according to their nature.
- Investing activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the Group.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

v) Use of estimates

In preparing these 2023 and 2022 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 6, 7, 8, 11 and 13)
- Goodwill measurement (Note 6)
- The recoverability of the work executed pending certification (notes 3.s and 15)
- The recoverability of deferred tax assets (Note 23)
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 18)
- The useful life of PP&E and intangible assets (see Notes 6 and 7)
- The determination of the fair value of investment property (note 8)
- The determination of the recoverable amount of inventory (note 14)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 18 and 24)
- The market value of derivatives (note 22)
- Cost of business combinations (note 4)

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 "Financial instruments: information to be disclosed" requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in the valuation, establishing the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than prices quoted that are observable for the financial instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: data for the financial instrument that are not based on observable market data.

Almost all of the Group's financial assets and liabilities, which are valued at fair value, are level 2.

4. CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes experienced in the scope of consolidation in 2023 are the following:

a) Business combinations

On 31 December 2023, FCC Aqualia USA Corp. acquired 97% of the shares in Municipal District Services, Llc. in the United States for the sum of 81,433 thousand euros. This investment was paid out in January 2024, meaning it does not appear as an investment in the accompanying Statement of Cash Flows. Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia USA Corp. for the 3% stake held by the non-controlling interest, the fair value of which has been recorded as a financial liability (note 19).

The composition of the balance sheet resulting from the aforementioned business combination is as follows:

2023	Municipal District Services, Llc.
Non-current assets	**87,085**
Intangible assets	85,118
Property, plant and equipment	1,967
Current assets	**9,310**
Inventory	913
Trade and other receivables	7,040
Cash and cash equivalents	1,357
Total assets	**96,395**
Equity	**81,508**
Non-current liabilities	**2,443**
Non-current financial liabilities	2,443
Current liabilities	**12,444**
Trade and other payables	12,444
Total equity and liabilities	**96,395**

The reconciliation between the consideration transferred for the above business combination, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2023 Financial Year	Municipal District Services, Llc.
Acquisition value	81,433
Fair value Minority interests acquired	
Fair value previous interest	
- Fair value of net assets	3,610
Valuation put non-controlling interests	75
Goodwill/Negative consolidation difference	**85,118**

As Municipal District Services, Llc. was acquired at the end of 2023, it has contributed no ordinary income or profit to the accompanying statement of profit and loss. Had the company been consolidated since 1 January 2023, the revenue and profit/(loss) it would have contributed would have been as follows:

2023	Municipal District Services, Llc.
Revenue	**66,882**
Other income	**863**
Operating profit/(loss)	**2,900**
Profit/(loss) before tax from continuing operations	**2,953**
Profit/(loss) attributable to the Parent	**1,461**
Non-controlling interests	**1,492**

The posting of the aforementioned business combination has been estimated provisionally, meaning that the Group has a period of one year from the control date to adjust them in line with subsequent more relevant and complete information. There been no significant adjustments to business combinations carried the previous year in either 2023 or 2022.

The following business combinations were carried out in 2022:

- On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in Georgia Global Utilities (hereinafter, GGU), a water and renewable energy utility in Georgia, for 158,968 thousand euros. This acquisition took place in two phases. During the first phase, FCC Aqualia, S.A. (hereinafter, Aqualia) acquired a 65% stake in GGU. The second phase was initially subject to compliance with conditions precedent.

  The agreement between the partners established that during the period between control being assumed and the completion of the second phase of the agreement, Aqualia held control over the public water services business with an 80% interest but had no rights over the assets, nor obligations in relation to the liabilities, nor any right to the profits generated by the energy business controlled by the minority shareholder. With this in mind, from the date on which control was assumed, FCC Aqualia, S.A. started to globally consolidate assets and liabilities and allocate 80% of the profit generated corresponding to the water activity but did not consolidate the energy business. It has reclassified its assets and liabilities designated as non-current assets and liabilities held for sale, with non-controlling interests as a balancing entry (note 19). No profit has been recognised on the company's income statement from this energy business.

  Subsequently, the second phase was completed during the second half of 2022 following the spin-off of the energy business, having satisfied the conditions precedent stated above, including the repayment of the bonds that the GGU Group issued at the time of the purchase (note 19), in such a way that Aqualia exclusively holds a 80% interest in the public water services business, having exchanged the 65% interest in the energy business for the 15% interest in the water business. As a result, the assets held for sale and the non-controlling interests indicated above were removed from the balance sheet.

Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia for the 20% stake held by the non-controlling interest in the public water services business, the fair value of which has been recorded as a financial liability (note 19).

- In November 2022, FCC Construcción, S.A., acquired a stake in Sociedad Concesionaria Tranvía de Murcia, S.A., which manages the only tram line in the city of Murcia for a period of 40 years, representing 50% of the company's capital stock in addition to the 50% previously held. This interest was acquired for an amount of 46,662 thousand euros (23,699 thousand euros corresponding to the shares acquired and 22,963 thousand euros corresponding to the loan acquired), which were recognised under "Payments for investments" on the accompanying Statement of Cash Flows. As a result of the aforementioned transaction, the FCC Group gained control of the aforementioned company, recording a positive operating profit of €5,544 thousand in the business combination (note 26), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €2,772 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 26).

- In December 2022, FCC Environmental Services, Llc. acquired a 100% stake in Houston Waste Solutions, Llc. in the USA, one of the largest commercial municipal solid waste collection companies in the Houston metropolitan area, for the sum of 27,658 thousand euros. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".

- In October 2022, the Water area acquired a 79.8% stake in Aguas de la Sabana, S.A. E.S.P., in Colombia, which provides aqueduct, sewerage and cleaning services in the municipalities of Cota, Funza and Tenjo, for the sum of 14,421 thousand euros. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".

The composition of the balance sheets drawn up by the business combinations in 2022 is detailed below:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Non-current assets	**341.521**	**210.222**	**27.634**	**26.232**
Intangible assets	1.180	72.804	23.671	27
Property, plant and equipment	338.231	-	3.963	26.200
Investment property	2.110		-	-
Investments accounted for using the equity method	-	-	-	-
Non-current financial assets	-	135.330	-	3
Deferred tax assets	-	2.088	-	2
Current assets	**156.208**	**14.034**	**1.701**	**1.577**
Non-current assets held for sale	133.352	-		
Inventory	1.654	-	-	88
Trade and other receivables	6.625	1.340	1.594	453
Other current financial assets	-	6.014	-	1
Other current assets	-	-	60	24
Cash and cash equivalents	14.577	6.680	47	1.011
Total assets	**497.729**	**224.256**	**29.335**	**27.809**
Equity	**210.271**	**98.868**	**27.658**	**14.421**
Non-current liabilities	**186.683**	**117.533**	**-**	**5.410**
Grants	-	-	-	-
Non-current provisions	-	11.770	-	-
Non-current financial liabilities	177.374	105.763	-	-
Deferred tax liabilities		-	-	5.410
Other non-current liabilities	9.309	-	-	-
Current liabilities	**100.775**	**7.855**	**1.677**	**7.978**
Liabilities linked to non-current assets held for sale	87.496	-		
Current provisions	-	-	-	-
Current financial liabilities	19	1.962	-	2.900
Trade and other payables	13.260	5.893	1.677	5.078
Total equity and liabilities	**497,729**	**224,256**	**29,335**	**27,809**

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Intangible assets	-	-	-	13.526
Property, plant and equipment	165.312	-	-	-
Non-current financial assets	-	-	-	-
Total assignments to assets	**165.312**	**-**	**-**	**13.526**
Non-current liabilities (deferred tax liabilities)	**-**	**-**	**-**	4.734
Total assignments to liabilities	-	-	-	**4.734**
Total net assignments	**165,312**	**-**	**-**	**8,792**

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Acquisition value	158.968	46.662	27.658	14.421
Fair value Minority interests acquired	45.603	-	-	-
Fair value previous interest		46.662	-	-
- Fair value of net assets	(210,271)	(98,868)	(3,987)	(14,421)
Valuation put non-controlling interests	5.700			
Goodwill/Negative consolidation difference	**-**	**(5,544)**	**23,671**	**-**

The above business combinations contributed the following revenues and results to the accompanying consolidated income statement:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	**65.292**	**2.065**	**2.444**	**941**
Other income	**182**	**-**	-	**-**
Operating profit/(loss)	**23.620**	**1.394**	**426**	**625**
Profit/(loss) before tax from continuing operations	**31.569**	**600**	**426**	**573**
Profit attributable to the parent company	**12.880**	**450**	**426**	**120**
Non-controlling interests	**18,689**	**-**	**-**	**176**

If the above companies had been consolidated since 1 January 2022, the ordinary income and profit/(loss) they would have contributed would be as follows:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	**70.472**	**21.570**	**14.845**	**6.014**
Other income	**203**	-	-	-
Operating profit/(loss)	**25.264**	**11.965**	**2.635**	**3.373**
Profit/(loss) before tax from continuing operations	**34.182**	**6.051**	**2.582**	**2.980**
Profit attributable to the parent company	**13.946**	**4.538**	**2.582**	**820**
Non-controlling interests	**19,713**	**-**	**-**	**1,194**

In 2022, in addition to the companies indicated above, the following companies were acquired:

Name	Acquisition date	Acquisition price	Percentage participation	Fair value net assets	Goodwill
Intermonte Investments, S.A.	December	8.920	99.5%	8.920	-
Aqualia Colombia, S.A.S.	October	8.098	51%	8.098	-
Houston Waste Services, LLC	December	3.750	100%	(328)	4.078
Industria de Reciclaje de RAEES, S.L.	December	3,695	98.5%	3,695	-

b) Other changes in scope

In October 2023, the sale of a 24.99% holding in the Environmental Services subsidiary, FCC Servicios Medio Ambiente Holding, S.A., the parent company of the Environmental Services activity, was completed to the Canadian pension fund, CPP Investments, for the sum of 965,000 thousand euros. This transaction was recorded under "(Acquisition)/disposal of own shares" in the accompanying Statement of Cash Flows. As control has not been lost, the operation has been recorded as an equity operation and has led to the increase of 241,310 thousand euros in non-controlling interests and 693,864 thousand euros in consolidation reserves, as a result of the difference between the price of sale and the value of the non-controlling interests registered. Additionally, the valuation adjustments have increased by 18.723 thousand euros, as the proportional part has been attributed to non-controlling interests of the aforementioned adjustments prior to the sale (Note 17).

This agreement includes a contingent price clause in relation to the cash flows generated by specific assets included within the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability and given the uncertainty of the time at which they may occur, the Group has not recognised any assets or liabilities. In addition, it is estimated that the net value of these collections or payments will not be relevant (note 25).

In December 2023, FCyC, S.A., acquired an additional 12.19% holding in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U., for the sum of 105,000 thousand euros, recognised in the accompanying Statement of Cash Flows under "(Acquisition)/disposal of own shares". With this acquisition, the FCyC, S.A.'s direct and indirect shareholding in the aforementioned company amounts to 67.05%. Given that, before the purchase, the Group already held control over the company, the difference between the purchase price and the book value of the acquired non-controlling interests generated an increase in the consolidation reserves of 33,412 thousand euros, a decrease of in non-controlling interests of 139,047 thousand euros and an increase in valuation adjustments of 635 thousand euros (note 17).

In December 2023, following the acquisition of an additional 3.99% stake for the sum of 49,571 thousand euros from Control Empresarial de Capitales, S.A. de C.V., and 1.95% for the sum of 24,233 thousand euros from Soinmob Inmobiliaria Española, S.A.U., registered in the accompanying Statement of Cash Flows under “Investment payments”, bringing the total shareholding to 21.21%, Metrovacesa, S.A., which to date was accounted for at fair value charged to reserves, is now consolidated under the equity method having achieved significant influence, as at year-end, the Group is now represented on the company's governing bodies. This transaction resulted in the recognition of profit of 142,413 thousand euros under “Profit/(loss) of entities valued using the equity method” given the difference between the fair value of their net assets and the quoted price of the investment before its inclusion in the scope of consolidation (notes 11, 13, 17 and 30).

In December 2023, FCC Medio Ambiente agreed to buy out the Urbaser Group's subsidiary in the United Kingdom. The estimated enterprise value of the transaction (including debt and equity) amounts to £398 million (approximately 458 million euros). The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction.

5. DISTRIBUTION OF PROFIT/LOSS

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2023 and 2022, resulting in a cash outflow of €19,452 thousand (€10,783 thousand in 2022) and the delivery of 22,697,739 shares (14,871,347 shares in 2022) (note 17). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as of 31 December 2023 and 2022:

	2023	2022
Shareholders of Fomento de Construcciones y Contratas, S.A.	19,452	10,783
Other non-controlling shareholders of other companies	61,333	62,394
	80,785	**73,177**

"Other non-controlling shareholders of other companies" mainly includes the payment of dividends to the non-controlling shareholder of FCC Aqualia, S.A. for the sum of 14,921 thousand euros at 31 December 2023 (14,944 thousand euros at 31 December 2022).

6. INTANGIBLE ASSETS

The breakdown of net intangible assets at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
2023				
Concessions (Note 10)	3,068,721	(1,478,640)	(46,920)	1,543,161
Goodwill	2,009,959	-	(1,158,849)	851,110
Other intangible assets	297,914	(196,193)	(12,517)	89,204
	5,376,594	**(1,674,833)**	**(1,218,286)**	**2,483,475**
2022				
Concessions (Note 10)	2,908,310	(1,343,901)	(51,765)	1.512.644
Goodwill	1.912.627	-	(1,150,944)	761.683
Other intangible assets	261.399	(181,184)	(12,394)	67,821
	5,082,336	**(1,525,085)**	**(1,215,103)**	**2,342,148**

a) Concessions

The changes in this heading of the consolidated balance sheet in 2023 and 2022 were as follows:

	Concessions	Accumulated Amortisation	Impairment	Net Value
Balance at 31.12.21	**2,718,925**	**(1,224,776)**	**(54,444)**	**1,439,705**
Additions or allocations	41,781	(120,022)	(524)	(78,765)
Derecognitions, disposals or reductions	(1,785)	1.113	3.148	2.476
Translation differences	14.967	(2,692)	(1)	12.274
Change in scope, transfers and other changes	134,422	2,476	56	136,954
Balance at 31.12.22	**2,908,310**	**(1,343,901)**	**(51,765)**	**1,512,644**
Additions or allocations	34,558	(130,550)	(1,839)	(97,831)
Derecognitions, disposals or reductions	(1,908)	1,628	6,684	6,404
Translation differences	45,205	(5,917)	(1)	39,287
Change in scope, transfers and other changes	82,556	100	1	82,657
Balance at 31.12.23	**3,068,721**	**(1,478,640)**	**(46,920)**	**1,543,161**

This heading includes the intangible assets corresponding to the service concession arrangements (Note 10).

The most significant additions in 2023 correspond, in the Environmental Services segment, to the ongoing projects undertaken by FCC Medio Ambiente, S.A. for the sum of 7,075 thousand euros (6,445 thousand euros in 2022), Ecoparque Mancomunidad del Este, S.A. for the sum of 1,818 thousand euros (2,858 thousand euros in 2022) and by FCC CEE Group companies for the sum of 2,155 thousand euros (753 thousand euros in 2022) and, in the Integrated Water Management segment, Acque di Caltanisseta, S.P.A for the sum of 14,436 thousand euros (10,112 thousand euros in 2022) and FCC Aqualia, S.A. for the sum of 4,340 thousand euros (10,139 thousand euros in 2022).

"Changes in scope, transfers and other movements" in the service concession agreements include the recognition of future investment commitments included in the tariff as an increase in the value of intangible assets with a balancing entry in provisions (note 10) mainly at companies in the Integrated Water Management segment, with the most noteworthy in 2023 as follows: FCC Aqualia, S.A. for the sum of 25,276 thousand euros (36,125 thousand euros in 2022), Aqualia Riohacha S.A.S. E.S.P. for the sum of 26,661 thousand euros, Aqualia Gestión Los Cabos SACV for the sum of 16,319 thousand euros.

In addition, in 2022, this heading included the incorporation of intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A., following its takeover, for the sum of 72,804 thousand euros (note 4).

Cash inflows and outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from disposals" of "Property, plant and equipment, intangible assets and investment property" respectively.

No interest was capitalised in 2023 and 2022 and the total interest capitalised at source amounted to 43,915 thousand euros (42,501 thousand euros in 2022).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2023 and 2022 was as follows:

	2023	2022
FCC Environment Group (UK)	301,064	294,994
Cementos Portland Valderrivas, S.A.	143,098	143,098
FCC Environment Group (CEE)	136,793	136,793
Municipal District Services, Llc.	85,118	-
FCC Aqualia, S.A.	82,764	82,764
FCC Ámbito, S.A.	23,311	23,311
Houston Waste Solutions, Llc.	22,848	23,671
Premier Waste Services, Llc.	22,154	22,951
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Other	8,129	8,270
	851,110	**761,683**

The movements of goodwill in the attached consolidated balance sheet in 2023 and 2022 were as follows:

Balance at 31.12.21		**948,976**
Exchange differences, change in consolidation scope and others:		
Houston Waste Solutions, Llc.	23,670	
Other	(10,963)	12,707
Impairment losses:		
Cementos Portland Valderrivas Group (note 26)	(200,000)	(200,000)
Balance at 31.12.22		**761,683**
Exchange differences, change in consolidation scope and others:		
Municipal District Services, Llc.	85,118	
Other	4,309	89,427
Balance at 31.12.23		**851,110**

"Changes in the scope of consolidation, translation differences and other movements" in 2023 mainly includes the acquisition of 97% of Municipal District Services, Llc., in the Integrated Water Management segment, for the sum of 85,118 thousand euros (note 4) and the impact of the appreciation of the pound sterling against the euro.

In 2022, the change in this heading related mainly to the acquisition of US company Houston Waste Services, Llc., within the Environmental Services segment, for the sum of 23,670 thousand euros (note 4) and the effect of the depreciation of the pound sterling against the euro

In 2022, an impairment to the goodwill of the Cementos Portland Valderrivas Group was recognised for the sum of 200,000 thousand euros under “Impairment losses” corresponding to Cementos Portland Valderrivas, S.A. for the sum of 196,288 thousand euros and Cementos Alfa, S.A. for the sum of 3,712 thousand euros, mainly due to the increase in energy prices and the increase in the discount rate.

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.f). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group's Management, the existence of losses in value is not apparent in 2023.

The estimates made and the sensitivity analysis of the most significant goodwill impairment tests are discussed below.

It should be noted that in preparing the impairment tests, cash flows have been estimated on the basis of Group management's best estimates and that upward or downward variations in the key assumptions considered, both in the discount rate and operating margins, among other factors, may affect the recoverable amount of the cash-generating unit considered.

Cementos Portland Valderrivas

Composed of two separately identifiable goodwill items recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- one arising from the merger by absorption of the parent company of the Corporación Uniland Group and some of its subsidiaries for an amount of €29,593 thousand,

- €113,505 thousand corresponding to the cash generating unit (CGU) comprising the Alcalá de Guadaira factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

1) Corporación Uniland

The shareholding in Uniland was acquired in several stages between 2006 and 2013, until 100% of the shareholding was acquired for a total amount of 1,898,973 thousand euros.

An impairment of goodwill associated with the above purchases amounting to €239,026 thousand was recorded in 2011 as a result of the sharp market contraction in the cement sector, which was not expected to recover in the short to medium term. An additional impairment of €187,191 thousand was recognised in 2016 and in 2019 the impairment test was updated to take into account the slower growth in cement consumption, largely as a result of the slowdown in the real estate market, whereby future forecasts were adjusted to take into account uncertain demand scenarios and an additional impairment of €70,011 thousand was recognised.

During 2021, the Group reassessed the impairment test, in response to the economic situation and market circumstances, recognising an impairment of 100,000 thousand euros.

During 2022, the Group reassessed the impairment test one again, taking into account the current economic situation and market circumstances, which inevitably impacted the projected cash flows. As a result of the assessment, an impairment loss of €196,288 thousand was recognised under "Impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated statement of profit and loss.

During 2023, the Group updated the flows of its “Business Plan” for the 2024-2033 period, which serves as the basis for calculating impairment tests.

Firstly, based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 11.61% has been used to evaluate goodwill from flows in Spain, and 28.80% for flows from Tunisia. The discount rates used in 2022 were 10.55% and 28.60% respectively. In any case, it should be noted that the flows for Spain represent a substantial part of the total contemplated in the impairment test.

The Group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sectoral bodies. In the short term, the forecasts are made according to estimates of cement consumption of Oficemen, the employer association of the

sector and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista etc.) and historical trends.

According to information from Oficemen, the employers' association for the cement sector in Spain, in its advanced statistical data for 2023, 14.5 million tons of cement was consumed in 2023, down by 3% compared to the final figures for 2022; this volume is expected to be maintained in 2024.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tonnes, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is the average of the values of the last five years of the projections.

In Tunisia in 2022, the internal market in 2023 stood at 5 million tons, 9% down on 2022. Inflation and political instability have curtailed consumption in the country to minimum levels.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the valuation of alternative fuels.

The variation in working capital included in the analysis for each of the years remains stable in the way it is calculated and is linked to the general evolution of the unit analysed.

The trend in investment is also linked to the general development of the activity analysed. The value of the investments reflected in the perpetuity rate presents the value that the company estimates should be the target investments to be made in order to maintain the productive activity at the required sustainable level.

The main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2024 to 2033
- Discount rate before taxes: 11.61% (Spain) and 28.80% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 29.9%
- Compound annual growth rate Cement Market Spain (without CO_2), terminal value for business year 2024:
    - Turnover domestic market: 5.6%
    - Export market turnover: -9.8%
    - Gross Operating Profit: 2.6%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2023:
    - Turnover domestic market: 6.0%
    - Export market turnover: 2.5%
    - Gross Operating Profit: 4.0%

The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 15,270 thousand euros.

The Uniland goodwill test supports an increase in the pre-tax discount rate of up to approximately 12.1%. Meanwhile, it would support an annual drop in cash flows of approximately 3,64% compared to projected flows.

Based on the foregoing, Management considers that the sensitivity of the impairment test allows deviations significant enough to not identify the impairment of the value of the assets affected by the CGU.

2) Alcalá de Guadaira

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaira factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2024 to 2033
- Discount rate before taxes: 12.1%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 31.4%
- Compound annual growth rate (without CO_2), terminal value over business year 2024:
    - Total turnover: 5.6%
    - Gross Operating Profit: 0.4%

The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 82,744 thousand euros.

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 19%. Meanwhile, it would support an annual drop in cash flows of approximately 36% compared to projected flows.

Based on the foregoing, the Group considers that the excess of the impairment test allows deviations significant enough to not give rise to any value impairments of CGU assets.

FCC Environment Group (UK)

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros. In 2020, a corporate reorganisation took place in relation to Environment activity in the United Kingdom, with certain assets transferred to Green Recovery Projects Limited.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The impairment test has been carried out using conservative and continuous projections based on historical performance in recent years and based on the foreseeable performance of the businesses. The main hypotheses used contemplate the historical trend of strengthening waste treatment/recovery and incineration activities in the face of a gradual decrease in landfill management activity. The income considered during the period reflects decreasing volumes in landfill activity, partially offset by the increase in other related activities, while treatment activity shows stable tonnages, the performance of which depends on inflation, except in 2025 when the Lostock complex is due to come online. The pre-tax discount rate used was 11.75% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 29,0% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 128,397 thousand euros, supporting an increase of more than 1,100 basis points in the discount rate without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 103,333 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 122,214 thousand euros.

As indicated in note 3.f) of these financial statements, the general criterion is not to consider growth rates in perpetual income, but in the case of the FCC Environment (UK) subgroup, given the transformation that is taking place in the mix of activities, it is considered that a growth rate of 1% more accurately reflects the reality of the business in the context of the change that is taking place in the United Kingdom in the waste management activity, with a drastic fall in the disposal of waste in landfills and an increase in alternative waste management activities that is expected to be sustained over a prolonged period of time.

In addition, given the slack shown in the impairment test and the fact that the main assets and liabilities of its business are referenced in the same currency (pound sterling), no impairment should be evident.

FCC Environment Group (CEE)

The FCC Group acquired 100% of the stake in the FCC Environment CEE group in 2006 for an investment cost of 226,829 thousand. From the moment of its acquisition, the Group considers the FCC Environment CEE subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

The Group operates in Central and Eastern Europe, with its headquarters located in Himberg (Austria). The countries in which it operates are: Austria, the Czech Republic, Slovakia, Poland, Romania, Serbia and Hungary. Its activity consists of the collection, transport and elimination of all types of waste, as well as auxiliary environmental services.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the activities in the future.

The forecasts used suggest higher growth in the first years on account of the expectation of new business opportunities, before stabilising as these markets are mostly mature with limited growth expectations. The main hypotheses used suggest higher growth in revenue, of approximately 5.8% to 9.2% in the first three years on account of the new business opportunities indicated above, before stabilising at around 3% in the years following the test. In turn, the gross operating margin stands at around 17% for the entire period under consideration, somewhat beneath this year's margin.

The pre-tax discount rate used was 12.22% and a growth rate of 0% was employed as part of the calculation of perpetual income, which accounts for 75.8% of the total recoverable value. The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 101,875 thousand euros. The test supports an increase in the discount rate of more than 250 basis points. A 10% decrease in the present value of cash flows would bring this excess down to 56,667 thousand euros.

Given the flexibility shown in the impairment test, the Group does not believe that there will be any impairment.

c) Other intangible fixed and non-current assets

The changes in this heading of the consolidated balance sheet in 2023 and 2022 were as follows:

	Other intangible assets	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.21	**378,188**	**(305,143)**	**(16,494)**	**56,551**
Additions or allocations	22.566	(13,569)	(1)	8.996
Derecognitions, disposals or reductions	(151,399)	148.436	563	(2,400)
Translation differences	939	(460)	(25)	454
Change in scope, transfers and other changes	11.105	(10,448)	3,563	4,220
Balance at 31.12.22	**261,399**	**(181,184)**	**(12,394)**	**67,821**
Additions or allocations	40,671	(16,956)	(83)	23,632
Derecognitions, disposals or reductions	(3,031)	1,972	-	(1,059)
Translation differences	452	35	(40)	447
Change in scope, transfers and other changes	(1,577)	(60)	-	(1,637)
Balance at 31.12.23	**297,914**	**(196,193)**	**(12,517)**	**89,204**

In 2023, “Additions or allocations” includes the contract for the installation and operation of advertising on street furniture in the city of Sintra (Portugal) entered into by Cemark - Mobiliario Urbano e Publicidade, S.A., in the Concessions segment, leading to an increase in this heading of 18,650 thousand euros.

In 2022, "Disposals, derecognitions or reductions" included the derecognition of certain intangible assets that were recognised as part of business combinations in previous years that have already exhausted their useful life for the sum of 136,303 thousands of euros.

This heading mainly includes:

- amounts paid to public or private entities as fees for the award of agreements that are not classified as concessions, within the scope of IFRIC12 "Service Concession Arrangements", mainly in the Environmental Services Area,
- amounts recognised on initial recognition of certain business combinations representing items such as customer portfolios and agreements in place at the time of purchase,
- quarrying rights in the Cement Area, and software applications.

7. PROPERTY, PLANT AND EQUIPMENT

The net detail of property, plant and equipment at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2023				
Land and buildings	**1,805,048**	**(658,697)**	**(97,161)**	**1,049,190**
Land and natural resources	704,980	(182,877)	(82,760)	439,343
Buildings for own use	1,100,068	(475,820)	(14,401)	609,847
Plant and other items of property, plant and equipment	**9,463,229**	**(6,038,934)**	**(643,686)**	**2,780,609**
Plant	5,487,940	(3,623,297)	(605,966)	1,258,677
Machinery and vehicles	2,824,099	(1,795,070)	(34,555)	994,474
Advances and PP&E under construction	211,003	-	-	211,003
Other PP&E	940,187	(620,567)	(3,165)	316,455
	11,268,277	**(6,697,631)**	**(740,847)**	**3,829,799**
2022				
Land and buildings	**1,730,948**	**(609,299)**	**(94,093)**	**1.027.556**
Land and natural resources	691.847	(175,830)	(81,064)	434.953
Buildings for own use	1.039.101	(433,469)	(13,029)	592.603
Plant and other items of property, plant and equipment	**8.910.125**	**(5,810,603)**	**(630,274)**	**2.469.248**
Plant	5.340.053	(3,491,070)	(592,689)	1.256.294
Machinery and vehicles	2.559.704	(1,738,073)	(33,720)	787.911
Advances and PP&E under construction	148.228	-	-	148.228
Other PP&E	862.140	(581,460)	(3,865)	276,815
	10,641,073	**(6,419,902)**	**(724,367)**	**3,496,804**

The movements in the various fixed and non-current assets headings in 2023 and 2022 were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
Balance at 31.12.21	**694,516**	**966,657**	**1,661,173**	**4,997,778**	**2,320,002**	**92.561**	**774.748**	**8.185.089**	**(6,225,288)**	**(758,418)**
Additions or allocations	10.386	45.928	**56.314**	51.492	303.287	105.922	81.816	**542.517**	(385,653)	(14,734)
Derecognitions, disposals or reductions	(1,654)	(26,926)	**(28,580)**	(11,996)	(104,925)	(731)	(18,902)	**(136,554)**	131.974	4.448
Translation differences	(781)	12,078	**11,297**	(34,076)	1,732	1,195	2,570	**(28,579)**	46,532	32,801
Change in scope, transfers and other changes	(10,620)	41.364	**30.744**	336.855	39.608	(50,719)	21.908	**347.652**	12.533	11.536
Balance at 31.12.22	**691.847**	**1.039.101**	**1.730.948**	**5.340.053**	**2,559,704**	**148,228**	**862,140**	**8,910,125**	**(6,419,902)**	**(724,367)**
Additions or allocations	19,203	81,983	**101,186**	85,786	397,729	151,668	98,898	**734,081**	(448,409)	(9,006)
Derecognitions, disposals or reductions	(13,726)	(22,239)	**(35,965)**	(8,478)	(154,808)	(2,177)	(17,181)	**(182,644)**	176,269	9,045
Translation differences	815	(2,662)	**(1,847)**	18,001	(3,727)	(2,001)	2,418	**14,691**	(18,001)	(12,547)
Change in scope, transfers and other changes	6,841	3,885	**10,726**	52,578	25,201	(84,715)	(6,088)	**(13,024)**	12,412	(3,972)
Balance at 31.12.23	**704,980**	**1,100,068**	**1,805,048**	**5,487,940**	**2,824,099**	**211,003**	**940,187**	**9,463,229**	**(6,697,631)**	**(740,847)**

Significant "Additions" in 2023 include investments made for the performance of the agreements for the Environmental Services activity, mainly in different companies that carry out their activity in the United States for a total of €59,771 thousand (€96,827 thousand in 2022), in FCC Medioambiente, S.A. (Spain) for a total of 288,013 thousand euros (160,731 thousand euros in 2022), at companies operating in the UK for a total of 49,825 thousand euros (39,702 thousand euros in 2022), and at FCC Environment CEE (Central Europe) for a total of 80,078 thousand euros (64,681 thousand euros in 2022). When it comes to End-to-End Water Management activity, worth particular mention are the investments made mainly in FCC Aqualia, S.A. (Spain) for the sum of 44,538 thousand euros (26,272 thousand euros in 2022), in SmVak (Czech Republic) for the sum of 29,682 thousand euros (30,440 thousand euros in 2022) and in the Georgia Global Utilities Group (Georgia), for the sum of 72,399 thousand euros (36,837 thousand euros in 2022), for as well as in construction activity, mainly in FCC Construcción, S.A. for the sum of 61,353 thousand euros (39,972 thousand euros in 2022).

"Changes in the scope of consolidation, transfers and other movements" for 2022 included the incorporation of the tangible assets corresponding to the Georgia Global Utilities Group, following its takeover, for the sum of 338,231 thousand euros (note 4).

"Derecognitions, disposals or reductions" include disposals and derecognition of inventories corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

Inflows and outflows that have resulted in cash inflows or outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from divestments" of "Property, plant and equipment, intangible assets and investment property", respectively.

No interest was capitalised in 2023 and 2022 and the total interest capitalised at source as at 31 December 2023 amounts to 2,932 thousand euros (6,383 thousand euros in 2022).

As at 31 December 2023, in property, plant and equipment, €9,500 thousand (€7,719 thousand as at 31 December 2022) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At year-end, the Parent estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment used in production due to being in a good state of use totals 3,202,634 thousand euros at 31 December 2023 (2,933,702 thousand euros at 31 December 2022).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 2,068,360 thousand euros at 31 December 2023 (1,984,050 thousand euros at 31 December 2022).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2023, 775,301 thousand euros (734,000 thousand euros at 31 December 2022) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2023				
Buildings, plants and equipment	1,503,241	(785,880)	(4,274)	713,087
Other property, plant and equipment	172,468	(110,254)	-	62,214
	1,675,709	**(896,134)**	**(4,274)**	**775,301**
2022				
Buildings, plants and equipment	1,396,897	(717,304)	(4,533)	675.060
Other property, plant and equipment	162,538	(103,598)	-	58,940
	1,559,435	**(820,902)**	**(4,533)**	**734,000**

The restrictions on ownership of these assets arise from the lease agreements explained in note 9 of these notes to the consolidated financial statements, and also from assets assigned to the operation of certain agreements with characteristics similar to those of concession arrangements, but to which IFRIC 12 "Concession arrangements" (note 3.a) does not apply.

Purchase commitments

As part of the performance of their activities, Group companies have formalised commitments to acquire property, plant and equipment, mainly machinery and vehicles following the renewal Environmental Services activity contracts, which as at 31 December 2023 amounted to 90,400 thousand euros (173,305 thousand euros at 31 December 2022).

	2023	2022
Land and natural resources	-	-
Buildings for own use	-	-
Plant	2,897	-
Machinery and vehicles	70,706	138,338
In-progress property, plant and equipment and advances	-	610
Other PP&E	16,797	34,357
	90,400	**173,305**

8. INVESTMENT PROPERTY

As stated in note 3.e), investment property is measured at fair value based on the assessments made by independent experts, calculated on the reporting date of these consolidated financial statements.

In the case of the assessments corresponding to the Realia Business Group, the methodology for determining the fair value of the investment property is based on the RICS principles, which basically use discounted cash flows as the valuation method, which consists of capitalising the net rents of each property and discounting the future flows, applying market discount rates, over a ten-year time horizon and a residual value calculated by capitalising the estimated rent at the end of the projected period at an estimated yield. The properties were assessed on an individual basis, taking into account each of the agreements in force at year-end and their duration. For buildings with vacant areas, these have been assessed on the basis of estimated future rents, discounting a marketing period.

The key variables in this method are the determination of the net income, the duration of the lease agreements, the time period over which the leases are discounted, the approximation of value at the end of each period and the target internal rate of return used to discount the cash flows.

The key variables used in the assessments using the discounted cash flow method are:

- Current gross income: contractual income of the agreements outstanding at the date of the assessment, without taking into account bonuses, grace periods and expenses not passed on.

- Current net income: the revenue generated by each property at the date of the assessment, net of allowances and deficiencies and taking into account the non-chargeable expenses in accordance with the agreements and for vacant spaces.

- Estimated revenue for vacant space and/or new leases over the years of the cash flow.

- Exit Yield: required rate of return at the end of the assessment period on the sale of the asset. At the end of the discount period it is necessary to determine an exit value of the property. At that point it is not possible to reapply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the rent being generated by the property at the time of sale, provided that the cash flow projection assumes a stabilised rent that can be capitalised in perpetuity.

- IRR: interest rate or rate of return offered by an investment, the value of the discount rate that makes the NPV equal to zero, for a given investment project.

- ERV: Market return on the asset at the assessment date.

In the case of the investment property of Jezzine Uno, S.L.U., given the characteristics of the agreement, which includes a period of assured rental income until 2037, when the lessee has the option to repurchase at fair value, the assessment method used was the discounted cash flow method. Discounted cash flow ("DFC") is a method generally accepted by valuation experts from both a theoretical and practical point of view as the method that best incorporates all factors affecting the value of a business into the valuation result, considering the company as a real investment project.

This methodology considers the results of the operating activity and also the investment and working capital policy to calculate the future cash flow generation capabilities of the assets linked to the business, which are discounted to the assessment date to obtain the present value of the business.

The sum of the following two components has been considered for the determination of the fair value:

- Estimated cash flows over the life of the agreement until its completion in 2037: The calculation is based on the amount of rents expected to be obtained, including the expenses chargeable to the lessee under the agreement (property tax, community charges and other fees), less the operating costs incurred for the management of the properties and the corresponding operating taxes. The cash flows obtained are discounted in line with expected inflation.

- Divestment value: An exit value of the property has been estimated at the end of the lease term. At that point it is not possible to re-apply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the expected market rent that the properties could be generating at the time of sale and which can be capitalised in perpetuity. The market rent in 2037 has been determined on the basis of an analysis of the possible market rent of the premises, assuming that the market rent will vary annually until 2037 in line with expected annual inflation rates in the future. For the purpose of determining the net capitalisable income in perpetuity, the total amount of asset-related expenses expected in 2037 (no longer chargeable in the context of a market sale) has been deducted. It has also been assumed that minor investments will be necessary to adapt the assets for their sale on the market, estimating the marketing costs that would be incurred in their sale. The corresponding tax effect has been deducted from the amount of capital gain thus obtained.

The key variables used in the above assessment are as follows:

- Amount of net rents during the lease agreement calculated as explained above.
- Discount rate: A discount rate determined on the valuation date has been used based on the interest rate of long-term bonds plus a risk premium that reflects the additional increase in profitability required based on the risk inherent to its real estate portfolio, taking into account elements such as the type of business, liquidity, characteristics of the assets, investment volume, etc.
- Exit yield: Required rate of return at the end of the lease agreement on the sale of the assets.

The fair value of investment property amounted to 2,091,328 thousand euros at 31 December 2023 (2,122,854 thousand euros at 31 December 2022).

The following is a sensitivity analysis of the main variables affecting the assessment at fair value of the Realia Business Group's investment property.

The effect of the change in the required rates of return (Exit yield), calculated as income on the market value of the assets, in terms of "Net Asset Value", on the consolidated assets and the consolidated profit and loss account, in respect of the investment property in operation, would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(44,794)	(33,596)	(46,385)	(34,789)
Decrease of 25 basis points	50,574	37,931	51,095	38,321

In addition, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	115,433	86,575	110,725	83,044
10% decrease	(115,554)	(86,666)	(112,175)	(84,131)

Finally, the sensitivity analysis of a quarter point change in the IRR would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(26,690)	(20,018)	(28,970)	(21,728)
Decrease of 25 basis points	27,710	20,783	26,730	20,048

In the case of Jezzine Uno, S.L.U.'s investment property, a sensitivity analysis of the main variables affecting its assessment is provided below.

The impact of a quarter of a percent change in the discount rate used to determine the present value of both the contract rents and their divestment value would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(11,298)	(8,474)	(12,490)	(9,368)
Decrease of 25 basis points	11,619	8,714	12,866	9,650

The impact of a change in the exit yield would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(4,667)	(3,501)	(4,525)	(3,394)
Decrease of 25 basis points	4,969	3,726	4,817	3,613

Finally, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	(16,520)	(12,390)	16,107	12,080
10% decrease	16,520	12,390	(16,107)	(12,080)

The movements in the various investment property items in 2023 and 2022 were as follows:

Balance 31.12.21	**2,069,187**
Additions	21,599
Derecognitions, disposals or reductions	(88)
Change in fair value	22.179
Translation differences	481
Change in scope, transfers and other changes	9,496
Balance 31.12.22	**2,122,854**
Additions	17,778
Derecognitions, disposals or reductions	(24)
Change in fair value	(49,037)
Translation differences	(120)
Change in scope, transfers and other changes	(123)
Balance 31.12.23	**2,091,328**

The 49,037-thousand euro decrease in the fair value in 2023 can mainly be attributed in the increase in the "exit yield" and, in some cases, due to changes in the market situation in specific geographical areas in which there has been increase in availability rates and decrease in rents, as well as other factors.

Significant "Additions" in 2023 included the capitalisation of constructions in progress for rental housing by the Realia Business, S.A. Group for the sum of 9.383 thousand euros (18,570 thousand euros in 2022).

Cash inflows and outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from disposals" of "Property, plant and equipment, intangible assets and investment property" respectively.

Both in 2023 and 2022, there were commitments to acquire investment property.

9. LEASES

a) Leases where the Group acts as lessee

As a lessee, the Group has entered into agreements to lease underlying assets of various kinds, mainly machinery in the Construction business and technical installations and buildings for its own use in all the Group's activities.

Among the agreements entered into in previous years, those for the Group's Central Services buildings stand out, on the one hand, the agreement for the lease of the office building located in Las Tablas (Madrid), effective from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with a rent that can be updated annually in accordance with the CPI.

Additionally, the agreement signed in 2011 for the buildings located at Federico Salmón 13, Madrid and Balmes 36, Barcelona, for a minimum committed rental period of 30 years, extendable at the Group's option in two periods of 5 years each with a rent that can be updated annually according to the CPI. These buildings were transferred to their current owners by means of a sale and leaseback agreement. The owners, in turn, have granted a purchase option to Fomento de Construcciones y Contratas, S.A., exercisable only at the end of the rental period, for the fair value or the amount of the sale discounted by the CPI, whichever is higher.

In general, the leases entered into by the Group do not include variable payments, only certain agreements include clauses for the discounting of rent, mainly in line with inflation. In some cases, these agreements contain restrictions on use, the most common restrictions being those limiting the use of the underlying assets to geographical areas or to use as office or production premises. The agreements do not include significant residual value guarantee clauses.

The Group determines the duration of the agreements by estimating the length of time the entity expects to continue to use the underlying asset based on its particular circumstances, including extensions that are reasonably expected to be exercised.

The carrying amount of the right-of-use assets amounts to €417,081 thousand at 31 December 2023 (€401,459 thousand at 31 December 2022). The carrying amount, additions and write-downs during the business years 2023 and 2022 are detailed below by underlying asset class:

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
2023						
Land and buildings	**470,840**	**(143,724)**	**(3,925)**	**323,192**	**63,027**	**(41,541)**
Land and natural resources	42,089	(10,620)	(3,925)	**27,545**	3,639	(4,088)
Buildings for own use	428,751	(133,104)	-	**295,647**	59,388	(37,453)
Plant and other items of property, plant and equipment	**178,374**	**(84,135)**	**(350)**	**93,889**	**42,563**	**(34,811)**
Plant	18,759	(3,905)	-	**14,854**	15,496	(2,508)
Machinery and vehicles	132,528	(65,258)	(350)	**66,920**	25,529	(28,415)
Other PP&E	27,087	(14,972)	-	**12,115**	1,538	(3,888)
	649,214	**(227,859)**	**(4,275)**	**417,081**	**105,590**	**(76,352)**

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
2022						
Land and buildings	**430.800**	**(116,645)**	**(4,533)**	**309.621**	**36.387**	**(38,377)**
Land and natural resources	43.658	(11,501)	(4,533)	**27.623**	4.142	(3,683)
Buildings for own use	387.142	(105,144)	-	**281.998**	32.245	(34,694)
Plant and other items of property, plant and equipment	**168.370**	**(76,532)**	**-**	**91.838**	**36.656**	**(28,529)**
Plant	3.340	(1,386)	-	**1.954**	15	(979)
Machinery and vehicles	135.888	(62,396)	-	**73.492**	28.081	(22,477)
Other PP&E	29.142	(12,750)	-	**16.392**	8.560	(5,073)
	599,170	**(193,177)**	**(4,533)**	**401,459**	**73,043**	**(66,906)**

Lease liabilities recognised amount to €434,850 thousand at 31 December 2023 (€425,395 thousand at 31 December 2022), of which €76,478 thousand (€78,970 thousand at 31 December 2022) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 19). Lease liabilities have generated an interest charge of €13,303 thousand at 31 December 2023 (€12,315 thousand at 31 December 2022). Lease payments made during the year amount to €93,799 thousand at 31 December 2023 (31 December 2022: €80,525 thousand) and are recognised under "Receivables and (payments) on financial liability instruments" and "Interest payments" in the accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity at 31 December 2023 are shown below:

	2025	2026	2027	2028	2029 and beyond	Total
Liabilities for non-current leases	44,753	29,410	31,785	31,692	220,733	**358,373**

Certain agreements are excluded from the application of IFRS 16, mainly because they are low value assets or because their term is less than twelve months (note 3.g), and are recognised as an expense under "Other operating income" in the accompanying consolidated income statement, the amount of which is as follows for 2023 and 2022:

	2023	2022
Low value assets	10,100	3,571
Leases with term less than 12 months	46,797	42,308
	56,897	**45,879**

b) Leases in which the Group acts as lessor

All lease agreements in which the Group acts as lessor are classified as operating leases, as substantially all the risks and rewards of ownership of the asset are not transferred.

In its position as lessor, the Group recognises operating income, mainly in the Real Estate business, amounting to €142,328 thousand (€133,713 thousand at 31 December 2022), as follows:

	2023	2022
Revenue from leases	120,803	111,461
Revenue from common pass-through expenses	21,525	22,252
	142,328	**133,713**

Leased assets are mainly recorded under investment property in the accompanying consolidated balance sheet. The typology of investment property is as follows:

	2023	2022
Offices and commercial premises	1,501,937	1,509,154
Banking entities	586,241	611,140
Plots and other investment property	3,150	2,560
	2,091,328	**2,122,854**

In addition, the Group leases tangible fixed assets, mainly machinery in the construction business, the carrying amount of which is not material.

At 31 December 2023, the Group has contracted minimum lease payments of 924,750 thousand euros (875,278 thousand euros at 31 December 2022) with tenants in the Realia Group and Jezzine Uno, S.L.U., in accordance with the current agreements in force, without considering the repercussion of common expenses, future CPI increases or future updates of contractually agreed rents, with the following maturities:

	2023	2022

Less than a year	111,665	109,289
Between two and five years	323,028	289,737
After five years	490,057	476,252
	924,750	**875,278**

10. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2023 and 2022.

	Intangible assets (Note 6)	Financial assets (Note 13)	Joint concessionary businesses	Associated concessionary companies	Total investment
2023					
Water services	1,997,281	247,303	17,343	38,026	2,299,953
Environment	558,823	211,652	6,833	10,457	787,765
Transport infrastructure and other	512,617	149,610	10,434	38,840	711,501
TOTAL	**3,068,721**	**608,565**	**34,610**	**87,323**	**3,799,219**
Depreciation	(1,478,640)	-	-	-	(1,478,640)
Impairment	(46,920)	-	-	-	(46,920)
	1,543,161	**608,565**	**34,610**	**87,323**	**2,273,659**
2022					
Water services	1,877,496	245,074	19,927	41,375	2.183.872
Environment	545.060	218.117	10.150	11.507	784.834
Transport infrastructure and other	485.754	142.145	10.925	37.311	676.135
TOTAL	**2.908.310**	**605.336**	**41.002**	**90.193**	**3.644.841**
Accumulated	(1,343,901)	-	-	-	(1,343,901)
Impairment	(51,765)	-	-	-	(51,765)
	1,512,644	**605,336**	**41,002**	**90,193**	**2,249,175**

The main variation between both years under "Water Services" can mainly be attributed to the new company Aqualia Riohacha, S.A.S. E.S.P. and Aqualia France, which contribute the sums of 26,280 and 20,055 thousand euros, respectively, to intangible fixed and non-current assets.

Below is a breakdown of the main concessions included in the above categories, detailing their main characteristics:

	Net book value as at 31 December 2023			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**827,682**	**247,303**		
Contracts in Colombia	103,013	-	Miscellaneous municipalities	User based on consumption
Caltanissetta (Italy)	64,453	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jerez de la Frontera (Cádiz - Spain)	60,623	-	City Council of Jerez de la Frontera.	User based on consumption
Jeddah desalination plant (Saudi Arabia)	33,937	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Acueducto Realito (Mexico)	29,647	65,766	State Water Commission	Mixed model
Lleida (Lleida, Spain)	28,681	-	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	25,120	-	Santander City Council	User based on consumption
Llucmajor (Balearic Islands, Spain)	23,105	-	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	22,052	-	Badajoz City Council	User based on consumption
Contracts in Île de France (France)	20,055	-	Miscellaneous municipalities in the Île de France region	User based on consumption
Oviedo (Asturias, Spain)	18,539	-	Oviedo City Council	User based on consumption
Adeje (Tenerife, Spain)	14,626	-	Adeje City Council	User based on consumption
Vigo (Pontevedra, Spain)	14,251	-	Vigo City Council	User based on consumption
Desaladora de Mostaganem (Argelia)	-	142,575	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	31,762	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	369,579	7,200		
Transport infrastructure and other	**339,543**	**149,609**		
Coatzacoalcos submerged tunnel (Mexico)	236,485	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	33,240	-	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	69,818	149,609	Murcia city council	Fixed amount plus the amount paid by the user
Environment	**375,937**	**211,652**		
Buckinghamshire plant (United Kingdom)	126,764	8,960	Buckinghamshire County Council	Variable per ton with guaranteed minimum
Loeches Plant (Alcalá de Henares, Spain)	105,662	-	Commonwealth of the East	According to tons treated
Campello plant (Alicante, Spain)	45,072	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	28,047	-	Provincial Council of Granada	According to tons treated
Edinburgh plant (United Kingdom)	20,118	86,838	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	17,165	-	City of Houston	According to tons treated
Gipuzkoa II plant	-	27,506	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	26,403	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises plant (Valencia, Spain)	-	17,262	Metropolitan entity for waste treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	16,388	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	14,692	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	33,109	13,604		
FCC Group Total	**1,543,161**	**608,565**		

	Net book value as at 31 December 2022		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	**795.423**	**245.074**		
Jerez de la Frontera (Cádiz, Spain)	64.317	-	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	53.932	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jeddah desalination plant (Saudi Arabia)	40.422	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Lleida (Spain)	30.730	-	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	28.585	-	Santander City Council	User based on consumption
Acueducto Realito (Mexico)	26.677	61.466	State Water Commission	Mixed model
Llucmajor (Balearic Islands, Spain)	24.348	-	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	23.115	-	Badajoz City Council	User based on consumption
Vigo (Pontevedra, Spain)	21.377	-	Vigo City Council	User based on consumption
Adeje (Tenerife, Spain)	21.099	-	Adeje City Council	User based on consumption
Oviedo (Asturias, Spain)	19.389	-	Oviedo City Council	
Mostaganem Desalination Plant (Algeria)	-	147.755	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant, Mexico	-	28.827	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	441.432	7.026		
Transport infrastructure and other	**329.905**	**142.144**		
Coatzacoalcos submerged tunnel (Mexico)	218.842	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	38.489	-	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	72.574	142.144	Murcia city council	Fixed amount plus the amount paid by the user
Environment	**387.316**	**218.118**		
Buckinghamshire plant (United Kingdom)	126,763	8,851	Buckinghamshire County Council	Variable per ton with guaranteed minimum
Loeches Plant (Alcalá de Henares, Spain)	109,651	-	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	49.280	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	29.174	-	Provincial council of Granada	According to tons treated
Edinburgh Plant (United Kingdom)	20.681	87,567	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	19.592	-	City of Houston	According to tons treated
Gipuzkoa II plant	-	28.631	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	27.620	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	18.717	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	17.457	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	15.267	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32.175	14,008		
FCC Group Total	**1,512,644**	**605,336**		

The water services activity is characterised by a very high number of agreements, the most significant of which are detailed in the table above. The main activity of the agreements is the end-to-end water cycle, from the collection, transport, treatment and distribution to urban centres through the use of distribution networks and complex water treatment facilities for drinking water purification, to the collection and treatment of wastewater. It includes both construction and maintenance of water and sewerage networks, desalination plants, water treatment plants and wastewater treatment plants. Billing is generally based on subscribers' use of the service, so in most cases cash flows depend on water consumption, which is generally constant over time. However, the agreements usually incorporate periodic tariff review clauses to ensure the recoverability of the investment made by the concessionaire, in which future tariffs are set on the basis of consumption in previous periods and other variables such as inflation. In order to carry out their activities, the concessionaires build or receive the right to use the distribution and sewerage networks, as well as the complex installations necessary for drinking water treatment and purification. The concession periods for this type of concession range from different periods, up to a maximum of 75 years, and the facilities revert to the concession grantor at the end of the concession period, without receiving any compensation.

In most of the fully consolidated agreements, the amount of the collections depends on the use made of the service and is therefore variable, as the concession holder bears the demand risk, which is why they are recorded as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, payment is received on the basis of the cubic metres actually desalinated, with the grantor guaranteeing a minimum insured level irrespective of volume, whereby such guaranteed amounts are classified as financial assets as they cover the fair value of the construction services.

The "Environment and Other" activity mainly includes agreements relating to the construction, operation and maintenance of waste management facilities in Spain, the United Kingdom and the United States. The agreements incorporate price revision clauses based on various variables, such as inflation, energy costs or wage costs. For the classification of concessions as intangible or financial assets, the contracts have been analysed to determine which part of the agreement bears the demand risk. In those agreements in which billing is determined solely on the basis of the fixed charge and a variable amount depending on the tonnes treated, given that the latter is residual and the cost of construction services is substantially covered by the fixed charge, the entire concession has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the UK), in which the intangible component is significant and are therefore recorded as mixed models.

"Transport infrastructure and Other" activity includes, on the one hand, the toll road and tunnel concessions is the management, promotion, development and operation of land transport infrastructures, mainly toll roads and tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period, which can range from 25 to 75 years. Invoicing is usually based on traffic intensity, both through direct vehicle tolls and shadow tolls, so cash flows are variable in relation to the aforementioned traffic intensity, and generally show an increasing trend as the concession period progresses, which is why, as the concessionaire bears the demand risk, they are recorded as intangible assets. The agreements generally comprise both the construction or improvement of the infrastructure over which the concessionaire receives a right of use, and the provision of maintenance services, with the infrastructure reverting at the end of its useful life to the grantor, usually without compensation. In certain cases, compensation mechanisms exist, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire. On the other, it also includes the operation of urban trams and other urban transport systems in which revenue is generated through the collection of fixed or determinable amounts that may be in the form of a subsidy or fee and that usually include financial balance clauses to ensure the recovery of the investment by the concession holder. Alternatively, in some contracts, amounts are received directly from passengers through ticket collecting or using advertising media.

It should also be noted that the concession companies in which the Group has holdings are obliged, in accordance with the concession agreements, to acquire or construct, during the concession period, fixed assets for an amount of 336,510 thousand euros at 31 December 2023 (221,785 thousand euros at 31 December 2022).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2023. As a result of the analysis performed, it has been concluded that no impairment should be recorded. In addition, a significant portion of the concessional asset portfolio corresponds to agreements not subject to demand risk, which significantly reduces the risk of impairment.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of investments in companies accounted for using the equity method, as well as non-current loans granted to these companies which, as indicated in note 2.b), is applied to both joint ventures and associates, the breakdown of which is as follows:

	2023	2022
Joint ventures	**145,819**	**158,648**
Investment value	48,724	55,487
Loans	97,095	103,161
Associates	**888,469**	**343,981**
Investment value	670,460	165,768
Loans	218,009	178,213
	1,034,288	**502,629**

a) Joint ventures

The breakdown of this caption by company is shown in Annexe II to these annual accounts, which lists the joint ventures.

The transactions for 2023 and 2022 by items are as follows:

	Balance at 31.12.2022	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2023
As Cancelas Siglo XXI, S.L.	38,622	1,755	(1,562)	-	-	-	-	**38,815**
FCC Environment Group (UK)	19,131	8,518	(10,644)	-	-	1,052	-	**18,057**
Zabalgarbi, S.A.	15,988	711	(3,600)	-	-	-	-	**13,099**
Ibisan Sociedad Concesionaria, S.A.	10,925	1,228	(1,688)	(31)	-	-	-	**10,434**
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	10,880	1,023	-	-	-	(2,432)	-	**9,471**
Atlas Gestión Medioambiental, S.A.	7,547	1,719	(2,708)	-	-	-	-	**6,558**
Construcciones Olabarri, S.L.	5,969	158	-	-	-	-	-	**6,127**
Ecoparc del Besós, S.A.	8,398	3,242	(6,106)	-	-	-	-	**5,534**
Aguas de Langreo, S.L.	3,451	94	-	-	-	53	(366)	**3,232**
Empresa Municipal de Aguas de Benalmádena, S.A.	2,994	138	(19)	-	-	(272)	(782)	**2,059**
Other	34,743	1,679	(3,700)	-	-	4,628	(4,918)	**32,433**
Total joint ventures	**158,648**	**20,266**	**(30,027)**	**(31)**	**-**	**3,029**	**(6,066)**	**145,819**

	Balance at 31.12.2021	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2022
As Cancelas Siglo XXI, S.L.	46.954	2.585	(1,217)	-	-	-	(9,700)	**38.622**
FCC Environment Group (UK)	10.261	11.700	(2,288)	-	-	(542)	-	**19.131**
Zabalgarbi, S.A.	13.834	3.593	(4,500)	3.061	-	-	-	**15.988**
Ibisan Sociedad Concesionaria, S.A.	8.401	1.090	-	1.434	-	-	-	**10.925**
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	14.587	1.786	(378)	-	-	(5,104)	(11)	**10.880**
Ecoparc del Besós, S.A.	7.389	3.164	(2,216)	61	-	-	-	**8.398**
Atlas Gestión Medioambiental, S.A.	8.627	1.591	(2,671)	-	-	-	-	**7.547**
Construcciones Olabarri, S.L.	5.820	149	-	-	-	-	-	**5.969**
Aguas de Langreo, S.L.	3.841	(53)	-	-	-	29	(366)	**3.451**
Empresa Municipal de Aguas de Benalmádena, S.A.	3.984	123	(188)	-	-	(138)	(787)	**2.994**
Sociedad Concesionaria Tranvía de Murcia, S.A.	46.273	2.044	-	-	-	(26,471)	(21,846)	**-**
Other	40.020	3.360	(1,493)	47	-	(5,354)	(1,837)	**34.743**
Total joint ventures	**209.991**	**31,132**	**(14,951)**	**4,603**	**-**	**(37,580)**	**(34,547)**	**158,648**

In 2022, the "Conversion differences and other movements" and "Variation in loans granted" columns include the derecognition of Sociedad Concesionaria Tranvía de Murcia, S.A. following the completion of the takeover (note 4).

The following are the key financial statement aggregates of the joint ventures in proportion to the percentage interest held in the joint ventures at 31 December 2023 and 2022.

	2023	2022
Non-current assets	221,954	355,530
Current assets	169,451	180,421
Non-current liabilities	211,300	316,645
Current liabilities	141,503	158,715
Results		
Revenue	278,110	207,861
Operating profit/(loss)	36,818	51,391
Profit before tax	28,479	41,841
Profit attributable to the Parent Company	20,266	31,132

The main activities carried out by the joint ventures are the operation of concessions, such as motorways, concessions related to the end-to-end water cycle, urban sanitation activities, tunnels and passenger transport and the rental of real estate assets.

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,032 thousand (€7,564 thousand in 2022) have been provided, mostly to public bodies and private customers to guarantee the successful completion of the agreements for the Group's various activities. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, the joint ventures consolidated by the Group using the equity method take the legal form of public or private limited companies and, therefore, as joint ventures, the distribution of funds to their respective parent companies requires the agreement of the other jointly controlling shareholders.

b) Associates

The breakdown of this caption by company is shown in Annexe III to these annual accounts, which lists the associated companies.

The transactions for 2023 and 2022 by items are as follows:

	Balance at 31.12.2022	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2023
Metrovacesa, S.A.	-	-	-		-	402,120	-	402,120
FCC Environment Group (UK)	-	(1,635)	-		-	45,416	118,261	162,042
Giant Cement Holding	18,202	(13,782)	-	1,418	101,810	(152)	(595)	106,901
Future Valleys Project Co. Limited	59,723	1,742	-	(439)	-	(1,982)	3,203	62,248
Metro de Lima Línea 2, S.A.	37,310	2,888	-	-	-	(1,358)	-	38,840
Suministro de Agua de Querétaro, S.A. de C.V.	11,728	2,214	(1,889)	-	-	1,269	-	13,322
World Trade Center Barcelona, S.A. de S.M.E.	10,399	1,122	-	-	-	-	-	11,521
Aguas del Puerto Empresa Municipal, S.A.	11,469	(442)	-	-	-	395	(1,504)	9,918
Tirme Group	9,714	4,812	(4,709)	-	-	-	-	9,818
Lázaro Echevarría, S.A.	8,011	(54)	-	-	-	(129)	-	7,828
FCC Environment Group (CEE)	7,004	2,266	(1,745)	10	-	224	-	7,759
Aigües del Segarra Garrigues, S.A.	7,036	1,572	(864)	-	-	(182)	-	7,562
Hormigones y Áridos del Pirineo Aragonés, S.A.	6,112	281	(75)	-	-	(0)	-	6,317
Gestión Integral de Residuos Sólidos, S.A.	5,342	184	-	-	-	(0)	-	5,526
Aigües del Vendrell	4,862	(257)	-	-	-	186	(121)	4,670
Codeur, S.A.	6,024	(139)	(93)	-	-	(1,827)	-	3,965
Cafig Constructores, S.A. de C.V.	3,560	(584)	(2,365)	-	-	308	-	919
FCC Group PFI Holdings	109,872	(346)	-	-	-	(32,341)	(77,185)	-
Other	27,611	(5,690)	(1,266)	-	-	8,798	(2,263)	27,191
Total associates	**343,981**	**(5,847)**	**(13,005)**	**989**	**101,810**	**420,745**	**39,796**	**888,469**

	Balance at 31.12.2021	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2022
FCC Group PFI Holdings	121.495	(797)	-	-	-	1.151	(11,977)	109.872
Future Valleys Project Co. Limited	30.973	491	-	27.138	-	115	1.006	59.723
Metro de Lima Línea 2, S.A.	31.684	3.714	-	-	-	1.912	-	37.310
Giant Cement Holding	18.327	(10,698)	-	4.500	-	1.322	4.751	18.202
Suministro de Agua de Querétaro, S.A. de C.V.	9.325	1.410	(5)	-	-	998	-	11.728
Aguas del Puerto Empresa Municipal, S.A.	11.948	(330)	-	-	-	371	(520)	11.469
World Trade Center Barcelona, S.A. de S.M.E.	9.904	496	-	-	-	(1)	-	10.399
Tirme Group	8.156	5.138	(3,573)	-	-	(7)	-	9.714
Lázaro Echevarría, S.A.	7.959	7	-	-	-	45	-	8.011
Aigües del Segarra Garrigues, S.A.	7.473	559	(864)	-	-	(132)	-	7.036
FCC Environment Group (CEE)	7.148	1.675	(1,488)	23	-	(354)	-	7.004
Hormigones y Áridos del Pirineo Aragonés, S.A.	6.090	137	(114)	-	-	(1)	-	6.112
Codeur, S.A.	6.503	(194)	-	-	-	(285)	-	6.024
Gestión Integral de Residuos Sólidos, S.A.	5.331	11	-	-	-	-	-	5.342
Aigües del Vendrell	5.268	(203)	-	-	-	19	(222)	4.862
Cafig Constructores, S.A. de C.V.	4.497	298	(1,715)	-	-	480	-	3.560
Other	31.770	(723)	(1,252)	1	-	3.463	(5,646)	27.611
Total associates	**323,851**	**991**	**(9,011)**	**31,662**	**-**	**9,096**	**(12,608)**	**343,981**

In 2023, the column "Conversion differences and other movements" included increases relating to a significant influence being obtained over the company Metrovacesa, S.A. (notes 4, 13, 17 and 30) and the capital increase in Giant Cement Holding Inc. for the sum of 101,810 thousand. It also includes the impact of the transfer of CI III Lostock EFW Limited, Lostock Sustainable Energy and Lostock Power Limited from the FCC PFI Holding Group to the FCC Environment (UK) group for the sum of 33,035 thousand euros.

This transfer is the main effect that included in the "Variation in loans" column for the FCC PFI Holding group for the sum of 78,773 thousand euros.

The assets, liabilities, turnover and profit/(loss) for 2023 and 2022 are presented below, in proportion to the shareholding in the capital of each associate.

	2023	2022
Non-current assets	890,757	660,762
Current assets	778,091	265,136
Non-current liabilities	679,754	556,167
Current liabilities	307,254	189,345
Revenue	479,187	401,879
Operating profit/(loss)	13,461	13,104
Profit before tax	(3,241)	2,426
Profit attributable to the Parent Company	(5,847)	991

Variations compared to the previous year can mainly be attributed to having obtained a significant influence over Metrovacesa, S.A. which is now consolidated under the equity method, as the Group has been represented on its governing bodies since December. This company contributed an investment value of 402,120 thousand euros at year-end (notes 4, 13, 17 and 30).

Below, due to its relevance, the summarised financial information of company Metrovacesa, S.A. can be consulted at 31 December 2023, having recognised its net assets at their fair value to which the equity method was applied:

	Balance Sheet
	2023
Non-current assets	**395,567**
Current assets	**2,417,297**
Inventory	2,106,161
Cash and equivalents	196,298
Other current assets	114,838
TOTAL ASSETS	**2,812,864**
Equity	**1,895,455**
Equity Parent Company	**1,895,455**
Capital	1,092,070
Reserves	803,842
Own shares	(1,668)
Other equity instruments	1,211
Profit/(Loss) Parent Company	-
Valuation adjustments	-
Non-controlling interests	-
Non-current liabilities	**362,006**
Non-current financial liabilities	269,168
Other non-current liabilities	92,838
Current liabilities	**555,403**
Current financial liabilities	204,758
Other current liabilities	350,645
TOTAL LIABILITIES	**2,812,864**

12. JOINT AGREEMENTS. JOINT OPERATIONS

As indicated in note 2.b), section "Joint arrangements", the Group companies carry out part of their activity through participation in contracts that are operated jointly with other non-Group partners, mainly through joint ventures and other entities with similar characteristics, contracts that have been proportionately included in the accompanying financial statements.

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2023 and 2022.

	2023	2022
Non-current assets	210,215	203,796
Current assets	1,646,408	1,459,053
Non-current liabilities	51,413	46,847
Current liabilities	1,724,716	1,572,217
Results		
Revenue	1,508,275	1,013,815
Gross operating profit/(loss)	146,585	143,772
Net operating profit/(loss)	110,130	111,086

Agreements managed through joint ventures, joint ventures and other similar entities imply joint and several liability for the activity carried out by the participating partners.

In relation to contracts managed jointly with third parties outside the Group, guarantees totalling €2,024,073 thousand (€1,914,575 thousand in 2022) were provided, mostly to public bodies and private customers, to guarantee the successful completion of urban sanitation works and contracts.

The joint ventures have no relevant property, plant and equipment acquisition commitments.

13. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

There are no significant "Non-current financial assets" or "Other non-current financial assets" in arrears. The most significant items in the accompanying consolidated balance sheet under the aforementioned headings break down as follows:

a) Non-current financial assets

Non-current financial assets at 31 December 2023 and 2022 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Hedging derivatives	Total
2023				
Equity instruments	-	30,244	-	30,244
Derivatives	-	-	25,193	25,193
Collection rights concession	547,318	-	-	547,318
Deposits and guarantees	76,420	-	-	76,420
Other financial assets	65,461	3,789	-	69,250
	689,199	**34,033**	**25,193**	**748,425**
2022				
Equity instruments	-	162,959	-	162,959
Derivatives	-	-	39,345	39,345
Collection rights concession	551,455	-	-	551,455
Deposits and guarantees	75,269	-	-	75,269
Other financial assets	75,183	6,356	-	81,539
	701,907	**169,315**	**39,345**	**910,567**

The decrease under “Financial assets at fair value charged to reserves” can be attributed to the fact that in December 2023, Metrovacesa, S.A. was consolidated under the equity method having achieved significant influence over the company (notes 4, 11, 17, 26 and 30). At 31 December 2022, the fair value of the investment in this company amounted to 133,471 thousand euros. In turn, the decrease in hedging derivatives mainly reflects the decrease in the fair value of variable interest rate to fixed rate swaps given the expectation of interest rate cuts in the coming years (note 17).

The breakdown of the "Equity instruments" heading at 31 December 2023 and 2022 is detailed below:

	% Effective ownership	Fair value

2023		
Participations equal to or greater than 5%:		
Vertederos de Residuos, S.A.	16.03%	9,187
Shariket Miyeh Djinet, S.p.a	13.01%	8,996
Consorcio Traza, S.A.	16.60%	3,919
Cafasso N.V.	15.00%	2,744
Other		4,112
Participations below 5%:		
Other		1,286
		30,244
2022		
Participations equal to or greater than 5%:		
Metrovacesa, S.A.	13.81%	133,471
Vertederos de Residuos, S.A.	16.03%	10,639
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Consorcio Traza, S.A.	16.60%	3,628
Cafasso N.V.	15.00%	2,744
Other		1,792
Participations below 5%:		
Other		518
		162,959

The expected maturities of "Deposits and guarantees", "Receivables under concession agreements" and "Other financial assets" are as follows:

	2025	2026	2027	2028	2029 and beyond	Total
Deposits and guarantees	3,906	3,516	961	1,686	66,351	76,420
Collection rights concession agreement (notes 3.a) and 10)	51,951	45,523	50,047	54,372	345,425	547,318
Non-commercial loans and other financial assets	9,590	9,217	18,645	20,975	7,034	65,461
	65,447	**58,256**	**69,653**	**77,033**	**418,810**	**689,199**

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

b) Other current financial assets

This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 10) maturing within less than twelve months, current financial investments made for more than

three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2023 and 2022 is as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2023				
Derivatives	-	-	5,252	5,252
Collection rights concession arrangements	61,247	-	-	61,247
Deposits and guarantees	90,754	-	-	90,754
Other financial assets	103,292	-	-	103,292
	255,293	**-**	**5,252**	**260,545**
2022				
Derivatives	-	-	6,984	6,984
Collection rights concession arrangements	53.881	-	-	53.881
Deposits and guarantees	61.377	-	-	61.377
Other financial assets	96,569	2,441	-	99,010
	211,827	**2,441**	**6,984**	**221,252**

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the sum of 34,993 thousand euros (49,037 thousand euros in 2022), current loans to third parties for the sum of 38,504 thousand euros (33,525 thousand euros in 2022) and deposits in credit institutions for the sum of 20,507 thousand euros (8,838 thousand euros in 2022).

The average rate of return obtained by these items is in market returns according to the term of each investment.

14. INVENTORIES

The breakdown of “Inventory net of impairment” at 31 December 2023 and 2022 was as follows:

	2023		2022	
Real estate		719,718		763,867
Raw materials and other supplies		354,799		275,387
Construction	156,312		102,435	
Cement	88,526		90,961	
Integrated Water	30,007		28,104	
Environmental Services	78,764		52,618	
Real Estate	12		8	
Concessions	1,178		191	
Corporation	-		1,070	
Finished goods		23,267		20,917
Advances		136,554		83,031
		1,234,338		**1,143,202**

"Real estate" includes plots for property development, mostly for residential use and property developments in the course of production or completed, for which there are sales commitments for a final delivery value to customers of 135,750 thousand euros (119,610 thousand euros in 2022). The advances that some customers have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force.

The Group classifies property developments as current on the basis of their production cycle, distinguishing between property developments in progress and completed developments. Property developments in progress are classified as short-cycle when the period to completion is estimated to be less than twelve months, and as long-cycle otherwise. After the development is completed, it is classified as a completed property development.

The composition of the balance of the item "Real estate" at 31 December 2023 and 2022 is as follows:

	Cost	Impairment	Net value
2023			
Land and plots	651,917	(138,376)	513,541
Short-cycle property developments in progress	67,683	(528)	67,155
Long-cycle property developments in progress	155,385	(59,011)	96,374
Finished property developments	49,192	(6,544)	42,648
Total	**924,177**	**(204,459)**	**719,718**
2022			
Land and plots	675,770	(107,526)	568,244
Short-cycle property developments in progress	58.086	(768)	57.318
Long-cycle property developments in progress	142.027	(63,496)	78.531
Finished property developments	67,435	(7,661)	59,774
Total	**943,318**	**(179,451)**	**763,867**

The movements in the various items under the heading "Real estate" in the business years 2023 and

2022 were as follows:

	Land and plots	Short-cycle property developments in progress	Long-cycle property developments in progress	Finished property developments	Impairment
Balance at 31.12.21	**730,234**	**44,181**	**143,819**	**61,694**	**(175,505)**
Additions or allocations	39.230	141.112	108.915	20.254	(15,736)
Derecognitions, disposals or	(79,747)	(152,653)	(76,926)	(33,527)	22.441
Translation differences	2	-	-	-	(2)
Change in scope, transfers and other changes	(13,949)	25.446	(33,781)	19.014	(10,649)
Balance at 31.12.22	**675,770**	**58,086**	**142,027**	**67,435**	**(179,451)**
Additions or allocations	12,736	60,532	12,611	1,859	(38,345)
Derecognitions, disposals or	(5,884)	-	-	(101,220)	13,284
Translation differences	(38)	-	(4)	-	45
Change in scope, transfers and other changes	(30,667)	(50,935)	751	81,118	8
Balance at 31.12.23	**651,917**	**67,683**	**155,385**	**49,192**	**(204,459)**

A breakdown of the main real estate products is shown below:

	2023	2022
Estates and promotions Tres Cantos (Madrid)	201,550	179,472
Estates and Promotions El Molar (Madrid)	58,060	53,064
Estates and promotions Badalona (Barcelona)	54,357	44,739
Estates and promotions Sant Joan Despí (Barcelona)	43,622	35,356
Estates and promotions Arroyo Fresno (Madrid)	38,449	73,231
Estates and Promotions Valdebebas (Madrid)	14,130	10,110
Estates and Developments Alcorcón	13,860	9,354
Estates and Promotions San Gregorio (Zaragoza)	12,750	13,800
Estates and Promotions Esencia Sabadell (Barcelona)	12,460	20,400
Estates and Promotions Marítimo (Valencia)	11,100	10,847
Estates and Promotions Ensanche Vallecas (Madrid)	10,610	11,997
Estates and Promotions Nueva Condomina Golf (Murcia)	10,430	11,642
Estates and Developments Torres del Mar (Las Palmas)	9,380	10,080
Estates and Promotions Las Glorias (Barcelona)	4,370	17,668
Estates and Promotions Arroyo Encomienda (Valladolid)	-	12,823
Other properties and developments	224,590	249,284
	719,718	**763,867**

Property inventories are valued at the lower of acquisition or production cost adjusted, where appropriate, to market value.

In order to determine whether impairment exists, the Group has estimated the fair value of the main assets comprising its real estate inventory portfolio through independent third parties (TINSA, SAVILLS and GESVALT). The appraisals have been performed following the criteria of RICS (Royal Institution of Chartered Surveyors) measured at the closing date of these consolidated financial statements. The Dynamic Residual, comparison and cash flow discount methods were applied as the best approximation of the value. The Dynamic Residual Method is the basic, essential and fundamental method used in the assessment of land and property, and is the most widely accepted method by real estate market participants. However, as it uses different variables in its operating scheme, the data to be used as variables must be extracted directly from the market, through the instrumental use of the benchmarking method.

Through the application of the comparison method, the necessary comparable data are obtained by means of an analysis of the real estate market based on concrete information, which can be used as variables in the dynamic residual method. In the aforementioned selection, the values of those variables that are abnormal have been previously checked in order to identify and eliminate those from transactions and offers that do not meet the conditions required in the definition of fair value, as well as those that could include speculative elements or those that include particular conditions specific to a specific agent and which are far removed from the reality of the market. After defining, determining and specifying the variables to be used in the dynamic residual method, the value of the land, discounted to the closing date of the accompanying consolidated financial statements, is calculated considering the future flows associated with the development and promotion of this land, both collections and payments, based on market price assumptions (basically sale and construction prices) and development, construction and marketing periods in accordance with the circumstances of each specific case.

For the assessments carried out by the independent expert for completed properties, the assessment method used is that of direct comparison with market transactions.

The total value of real estate inventories determined by independent experts amounted to 750,584 thousand euros at 31 December 2023 (813,950 thousand euros as at 31 December 2022).

The key assumptions considered in making the assessments are:

- Temporary deadlines affecting the obtaining of licences and the commencement of urbanisation and/or construction works.

- Sales range: which affect both a range of sales prices, and the percentage and timing of marketing, and the actual and effective sale of the different properties.

- Discounted rates of cash flows generated that reflect risk and time value of money.

In 2023, the total accumulated balance of impairment of property inventories amounts to 204,459 thousand euros (179,451 thousand euros in 2022).

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

15. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

a) Trade receivables for sales and services

This heading of the accompanying consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in Note 3.s), which provide the various Group activities and which are the basis of the operating profit.

The following is the breakdown of "Receivables external to the Group" at 31 December 2023 and 2022:

	2023	2022
Progress billings receivable and trade receivables for sales	1,292,894	1,160,660
Completed output pending certification	1,036,769	747,603
Warranty retainers	58,254	53,342
Production billed to associated and jointly controlled companies	90,840	59,204
Trade receivables for sales and services	2,478,757	2,020,809
Advances received for orders (Note 21)	(646,686)	(647,029)
Total trade receivables for sales and services	**1,832,071**	**1,373,780**

The total amount corresponds to the net balance of receivables having considered the corrections for insolvency risk amounting to 260,364 thousand euros (248,794 thousand euros as of 31 December 2022) and deducting the item of advances received for orders listed under the heading "Trade payables and other accounts payable" of the liability side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

Below is the breakdown by age of the balance of "Trade receivables for sales and services" at 31 December 2023:

	less than 1 year	between 1 and 2 years	more than 3 years	Total
Trade receivables for sales and services	2,339,214	84,671	54,872	**2,478,757**

The loans for commercial operations in default are as follows:

	2023	2022
Construction	33,430	41,179
Environmental Services	247,268	238,529
Water	165,342	135,486
Concessions	45	-
Corporation	-	45
TOTAL	**446,085**	**415,239**

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

"Certified production pending collection and trade receivables" mainly includes the amount of the certifications issued to customers for works executed in the Construction segment in the amount of 295,593 thousand euros (242,859 thousand euros at 31 December 2022) and services provided by other segments in the amount of 997,300 thousand euros (917,801 thousand euros as of 31 December 2022), pending collection at the date of the consolidated balance sheet. In general, there are no disputes in relation to the above.

The difference between the amount of production recorded at inception for each of the works and contracts in progress, assessed according to the criteria set out in note 3.s), and the amount certified up to the date of the consolidated financial statements is recorded as "Production executed pending certification". This heading is broken down by activity segments as follows:

	2023	2022
Construction	536,464	318,246
Environmental Services	342,076	284,998
Water	151,514	135,862
Real Estate	6,212	8,111
Other	503	386
TOTAL	**1,036,769**	**747,603**

The previous table mainly includes two concepts: On the one hand, completed work pending certification corresponding to the construction agreements carried out by the Group, mainly in the Construction segment, amounting to 554,475 thousand euros (333,215 thousand euros at 31 December 2022). The aforementioned balance mainly includes the differences between the production executed, valued at selling price, and the certification carried out to date in accordance with the contract in force, amounting to 527,440 thousand euros (286,954 thousand at 31 December 2022), i.e. production recognised according to the degree of progress arising from differences between the time at which the production of the work, covered by the contract signed with the customer and approved by the latter, is executed and the time at which the latter proceeds to its certification.

It also includes services rendered mainly in the Environment and Water activities which are invoiced more frequently than monthly, basically corresponding to work carried out in the normal course of business amounting to 377,866 thousand euros (325,510 thousand euros at 31 December 2022).

The amount of the transfer of customer loans to financial institutions without the possibility of recourse against the Group companies in the event of default amounts to 6,793 thousand euros at year-end (2,094 thousand euros at 31 December 2022). The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales".

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2023 and 2022 was as follows:

	2023	2022
Public Administrations - VAT receivable (Note 23)	143,260	103,972
Public Administrations - Other taxes payable (Note 23)	79,683	63,762
Other loans	97,176	131,930
Advances and credits to staff	3,206	2,271
Total other receivables	**323,325**	**301,935**

c) Other current assets

This heading mainly includes amounts paid by the Group in relation to certain agreements for the provision of services, which have not yet been recognised as expenses in the accompanying income statement as they had not yet been accrued at the end of these financial statements.

16. CASH AND CASH EQUIVALENTS

This item includes the Group's cash and cash equivalents, as well as bank deposits and deposits with an original maturity of three months or less. These balances were remunerated at market interest rates in both 2023 and 2022.

The breakdown by currency of the cash and cash equivalents position for 2023 and 2012 is as follows:

	2023	2022
Euro	732,399	590,950
United States dollar	290,251	276,303
Pound sterling	216,975	245,211
Saudi riyal	111,465	199,037
Romanian leu	61,559	21,734
Canadian dollar	45,395	8,089
Algerian dinar	24,915	14,845
Czech koruna	14,582	20,797
Georgian lari	659	12,635
Other European currencies	39,241	29,722
Latin America (various currencies)	52,298	132,109
Other	19,964	24,106
Total	**1,609,703**	**1,575,538**

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to 231,1 million euros (242 million euros in 2022).

17. EQUITY

The accompanying Statement of Changes in Total Equity at 31 December 2023 and 2022 shows the evolution of equity attributed to the shareholders of the Parent and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 14 June 2023, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 3.725.383 euros, through the redemption of up to 3,725,383 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2023 after the General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the definitive amount established of 3,521,417 shares, bringing the share capital to 434,823,566 shares with a nominal value of one euro. On June 27, 2023, the public deed of the aforementioned capital reduction was registered in the Barcelona Mercantile Registry.

The capital reduction for the sum of 3,521 thousand euros meant a decrease in the balance of treasury stock in the amount of 34,304 thousand euros, taking the difference for the sum of 30,783 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 3,521 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

Furthermore, the aforementioned Ordinary General Shareholders Meeting held on 14 June 2023, agreed to the distribution of a flexible dividend (scrip dividend), and the Board of Directors, at its meeting on 28 June 2023, agreed to execute the agreement, for the maximum value of 219,172,491.50 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: the sale of rights to FCC for EUR 0.50, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 19 old shares, with a remuneration mechanism set up for shareholders who chose to receive new shares with a compensatory dividend in cash.

On 17 July 2023, the negotiation period for the allocation rights ended, with the holders of 99.18% of rights opting to receive new shares. Thus, 22,697,739 new shares were issued, corresponding to 5.22% of the share capital prior to the increase. In turn, the compensation mechanism set out above entailed the disbursement of 17,669 thousand euros by the Group. The remaining 0.82% chose to receive the sum in cash, resulting in an additional cash outflow for the Group of EUR 1,783 thousand.

Furthermore, the Extraordinary General Shareholders Meeting held on 19 July 2023 adopted resolutions including but not limited to the following:

- Reduction of the share capital by a nominal amount of 854,234.00 euros through the redemption of a maximum of 854,234 treasury shares with a nominal value of one euro.

  The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal amount established of 854,234 shares, bringing the share capital to 456,667,071 shares with a nominal value of one euro. On 25 July 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

  The capital reduction for the sum of 854 thousand euros meant a decrease in the balance of treasury stock in the amount of 7,282 thousand euros, taking the difference for the sum of 6,428

thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 854 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

- The reduction in share capital through the acquisition of treasury stock for subsequent amortisation through a takeover bid formulated by the Company and addressed to its shareholders for a maximum of 32,067,600 treasury shares, with a nominal value of one euro each, representing 7.01% of the company's share capital, at a price of 12.50 euros per share.

  The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal maximum amount of 30,027,600.00 euros, under the terms agreed thereby. Specifically, the Board of Directors determined that the formulation of the takeover bid would be made after the end of the opposition period of the creditors of the capital reduction, which ended on 21 August 2023, without any of the Company's creditors having opposed this reduction.

  On 25 October 2023, the National Securities Market Commission (CNMV) authorised the takeover bid. The acceptance period was extended from 30 October 2023 to 30 November 2023, both inclusive.

  On 6 December 2023, the result of the takeover bid was announced, accepted by 20,560,154 shares, accounting for 64.20% of the shares to which the bid was aimed and 4.50% of the share capital in the Company. The disbursement made amounted to 257,002 thousand euros. On 19 December 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

  The capital reduction of 20,560 thousand euros led to a decrease in the balance of treasury stock for the sum of 257,002 thousand euros, taking the difference of 237,271 thousand euros to voluntary reserves, net of costs inherent to the operation.

In relation to 2022, the Ordinary General Shareholders' Meeting held on 14 June 2022, agreed to the distribution of a scrip dividend for the maximum value of 170,069,454.40 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: sale of rights to FCC for 0.40 euros, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 28 old shares. Shareholders who chose this option also received a compensatory cash dividend of 0.493 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

On 4 July 2022, the negotiation period for the allocation rights ended, with the holders of 97.94% of rights opting to receive new shares. As such, 14,871,347 new shares corresponding to 3.50% of the capital stock prior to the increase were issued, resulting in the disbursement of a compensatory dividend, as well as the rights acquired by the Company for the sum of 10,783 thousand euros.

The Ordinary General Shareholders' Meeting held on 14 June 2022, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 1.700.000 euros, through the redemption of up to 1,700,000 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2022 after the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., decided to proceed with the agreement for the reduction of share capital through the redemption of treasury stock for the maximum amount established by the

General Shareholders' Meeting, i.e. 1,700,000 shares, bringing the share capital to 438,344,983 shares with a nominal value of one euro. On 18 July 2022, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

The capital reduction of 1,700 thousand euros led to a decrease in the balance of treasury stock for the sum of 17,910 thousand euros, taking the difference of 16,210 thousand euros to voluntary reserves. Having also constituted the restricted reserve for redeemed capital as required for an amount of 1,700 thousand euros, equal to the nominal value of the redeemed shares, charged to voluntary reserves.

In October, the sale of 24.99% of the capital in FCC Servicios Medio Ambiente Holding, S.A. to Canadian pension fund, CPP Investments was completed for the sum of 965,000 thousand euros (note 4). This sale was considered an equity transaction and as a result, had no impact on the accompanying consolidated statement of profit and loss. This transaction resulted in an increase in consolidation reserves of 693,864 thousand euros, an increase in valuation adjustments of EUR 18,723 thousand and an increase in non-controlling interests of EUR 241,310 thousand.

In December 2023, FCyC, S.A. acquired an additional stake in Realia Business, S.A., for the sum of 105,000 thousand euros (note 4). Given that, before the purchase, the Group already held control over the company, the difference between the purchase price and the book value of the acquired non-controlling interests generated an increase in the consolidation reserves of 33,412 thousand euros, a decrease of in non-controlling interests of 139,047 thousand euros and an increase in valuation adjustments of 635 thousand euros.

Since December 2023, Metrovacesa, S.A., which has previously been considered a financial asset at fair value charged to reserves, is now consolidated under the equity method having achieved significant influence over the company (notes 4, 11, 26, 13 and 30). During 2023, given the change in the fair value of the financial asset, there was an increase in revaluation reserves, which, when consolidated under the equity method, have been transferred to consolidation reserves along with the amount accumulated from 2022, resulting in an increase in consolidation reserves in the FCC Group for the sum of 46,663 thousand euros.

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in the Georgia Global Utilities Group, which, following the spin-off of the energy activity, represented 80% of the public water services business (note 4). FCC Aqualia, S.A. holds a put option and a call option for the 20% stake held by the non-controlling interest in the public water services business. This put option was recognised as a financial liability at fair value (note 19) rather than as an equity instrument, meaning that the non-controlling interests are not recognised for the interest affected by the put option. The difference between the fair value of the put option and the value that the non-controlling interests would hold on the closing date in the absence of the put option, is booked as an equity transaction and is charged to reserves, as at 31 December 2022; this difference came to 1,961 thousand euros. At 31 December 2023, the allocation to reserves in relation to the inclusion in accounts of the put option was worth 913 thousand euros.

The rest of the "Other changes in equity" in the attached Statement of Total Changes in Equity basically includes the distribution of the results obtained by the Group in the previous year.

I. Equity attributable to the Parent

a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. comprises 436,106,917 ordinary shares represented through book entries with a par value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the capital stock of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

In relation to the part of the capital held by other companies, directly or through their subsidiaries, when it exceeds 10%, on the reporting date, Control Empresarial de Capitales, S.A. de C.V., controlled by the Slim family, holds directly and indirectly, at the date of preparation of these accounts, 69.58%. Furthermore, Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 11.91% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 3.18% of the capital. Esther Koplowitz Romero de Juseu also holds 151,102 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2023 and 2022 is as follows:

	2023	2022
Reserves of the Parent	1,628,926	1,899,802
Consolidation reserves	1,833,955	789,659
	3,462,881	**2,689,461**

b.1) Reserves of the Parent Company

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2023 and 2022 is as follows:

	2023	2022
Share premium	1,673,477	1,673,477
Legal reserve	87,669	85,035
Reserve for redeemed capital	12,110	7,734
Voluntary reserves and losses from previous years	(144,330)	133,556
	1,628,926	**1,899,802**

The decrease in voluntary reserves and prior years' losses in 2023 can mainly be attributed to the impact of the reduction in share capital following the acquisition of capital stock as part of a takeover bid discussed above for the sum of 237,271 thousand euros.

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the issue premium

account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

At 31 December 2023, the legal reserve was fully constituted.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002, 2008, 2022 and 2023 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 "Consolidated financial statements", those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 "Employee benefits", this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2023 and 2022 is as follows:

	2023	2022
Environment	421,481	438,822
Water	270,729	218,512
Construction	49,765	60,696
Cement	37,591	38,456
Real Estate	363,236	197,546
Concessions	269	(15,891)
Corporation	690,884	(148,482)
	1,833,955	**789,659**

The increase in reserves in the Real Estate activity can mainly be attributed to the distribution of the profit in 2022 (note 27), in addition to the impact of the additional purchase of Realia Business, S.A. for the sum of 33,412 thousand euros and the consolidation of Metrovacesa, S.A. under the equity method for the sum of 46,663 thousand euros, as discussed previously in this note. This is in addition to the increase in Corporation as a result of the sale of 24.99% in FCC Servicios Medio Ambiente Holding, S.A. for the sum of 877,176 thousand euros, as this represents an equity transaction.

c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Capital Companies Law.

The movement and balance of treasury shares at 31 December are set out below:

Balance at 31 December 2021	**(26,674)**
Acquisitions	(18,500)
Accumulated	17,910
Balance at 31 December 2022	**(27,264)**
Acquisitions	(271,734)
Accumulated	298,588
Balance at 31 December 2023	**(410)**

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	44,957	(410)	2,741,524	(27,264)
TOTAL	**44,957**	**(410)**	**2,741,524**	**(27,264)**

As at 31 December 2023, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.01% of the capital stock (0.63% as at 31 December 2022).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2023 and 2022 was as follows:

	2023	2022
Changes in the fair value of financial instruments	44,630	63,271
Translation differences	(84,129)	(91,113)
	(39,499)	**(27,842)**

d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (Note 13) and of cash flow hedging derivatives (Note 22) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2023 and 2022 is as follows:

	2023		2022	
Financial assets at fair value with changes in other comprehensive income		6,060		13,049
Vertederos de Residuos, S.A.	6,060		9,532	
Metrovacesa, S.A.	-		3,408	
Rest	-		109	
Financial derivatives		38,570		50,222
Future Valleys Project Co. Limited	29,744		32,776	
Green Recovery Group	5,777		10,756	
Grupo Realia Business	2,457		4,590	
Rest	592		2,100	
		44,630		**63,271**

The decrease in Financial derivatives mainly reflects the decrease in the fair value of variable interest rate to fixed rate swaps given the expectation of interest rate cuts in the coming years (note 13).

d.2) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2023 and 2022 is as follows:

	2023		2022	
Pound sterling				
FCC Environment Group (UK)	(32,183)		(44,520)	
Green Recovery Group	(44,415)		(53,934)	
Dragon Alfa Cement Limited	(3,482)		(3,084)	
Rest	(1,724)	(81,804)	(18,935)	(120,473)
US dollar				
FCC Environmental Services (USA) Llc.	4,549		9,269	
FCC Group Construcción de América	5,522		5,756	
Giant Cement Holding, Inc.	(5,492)		(303)	
Rest	5,160	9,739	11,639	26,361
Georgian lari				
Georgia Global Utilities Group	14,282	14,282	39,536	39,536
Egyptian pound				
Orasqualia Devel. Waste T.P. S.A.E.	(9,717)		(8,477)	
Egypt Environmental Services, S.A.E.	(4,069)		(7,105)	
Rest	(1,149)	(14,935)	(851)	(16,433)
Tunisian dinar				
Societé des Ciments d'Enfidha	(27,625)		(26,842)	
Rest	(44)	(27,669)	(45)	(26,887)
Other Currencies				
Rest	16,258	16,258	6,783	6,783
		(84,129)		**(91,113)**

The variation during the year can mainly be attributed to the impact of the sale of 24.99% of Environment activity, with the corresponding 24.99% of the amount at the date of sale having been attributed to non-controlling interests (note 4).

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.k), grouped by geographic markets is as follows:

	2023	2022
United Kingdom	459,027	470,424
United States of America	364,872	268,675
Georgia	245,333	225,189
Algeria	165,769	175,107
Mexico	162,554	145,712
Czech Republic	107,286	95,585
Rest	367,723	301,439
	1,872,564	**1,682,131**

e) Earnings per share

Basic earnings per share are obtained by dividing the profit attributable to the parent company by the weighted average number of ordinary shares outstanding during the year, with earnings per share of €1.32 in 2023 (€0.73 in 2022).

	2023	2022
Profit/(loss)		
Profit/(loss) attributed to the Parent	590,988	315,182
Outstanding shares		
Weighted average shares	447,956,883	429,496,657
Earnings per share (in euros)	**1.32**	**0.73**

As at 31 December 2023 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2023 and 2022 is as follows:

	Equity			
	Capital	Reserves	Results	Total
2023				
FCyC Group (note 4)	11,132	699,005	40,192	750,329
FCC Aqualia Group	71,050	438,212	72,811	582,073
FCC Servicios MA Holding Group (note 4)	2,499	317,954	37,163	357,616
Cementos Portland Valderrivas Group	1,139	11,266	2,748	15,153
Other	6,870	(17,089)	908	(9,311)
	92,690	**1,449,348**	**153,822**	**1,695,860**

	Equity			
	Capital	Reserves	Results	Total
2022				
FCyC Group	11.132	821.788	48.457	881.377
FCC Aqualia Group	71.050	400.939	87.348	559.337
Green Recovery Group	5	58.927	18.129	77.061
Cementos Portland Valderrivas Group	1.162	14.972	(1,009)	15.125
Other	11,898	(3,510)	9,823	18,211
	95,247	**1,293,116**	**162,748**	**1,551,111**

The main variation in this heading is due to the addition of non-controlling interests generated by the sale of 24.99% of Environment activity for the sum of 241,310 thousand euros, partially offset by the decrease in non-controlling interests in Real Estate activity having acquired an additional holding in the Realia Business group, for the sum of 139,047 thousand euros (note 4).

18. NON-CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2023 and 2022 is as follows:

	2023		2022	
Non-current		**1,230,595**		**1,141,750**
Liabilities for long-term employee benefits	15,559		15,588	
Dismantling, removal and restoration of fixed assets	111,330		108,804	
Environmental actions	316,677		312,794	
Litigation	40,203		53,906	
Contractual and legal guarantees and obligations	91,874		77,191	
Actions to improve or expand the capacity of concessions	318,436		268,179	
Other provisions for risks and expenses	336,516		305,288	
Current		**159,610**		**148,074**
Close-outs and losses on construction contracts	135,402		125,075	
Other provisions	24,208		22,999	

The changes in the provisions heading in 2023 and 2022 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2021	**1,167,340**	**147,874**
Asset withdrawal or dismantling expenses	14.213	-
Change of obligations for employee benefits for actuarial profits and losses	(3,854)	-
Actions to improve or expand the capacity of concessions	45.387	-
Endowments/(Reversals)	34.366	3.575
Applications (payments)	(127,505)	(7,012)
Change of scope, conversion differences and other movements	11,803	3,637
Balance at 31/12/2022	**1,141,750**	**148,074**
Asset withdrawal or dismantling expenses	11,259	-
Change of obligations for employee benefits for actuarial profits and losses	5,423	-
Actions to improve or expand the capacity of concessions	84,127	-
Endowments/(Reversals)	107,263	19,438
Applications (payments)	(138,617)	(9,822)
Change of scope, conversion differences and other movements	19,390	1,920
Balance at 31/12/2023	**1,230,595**	**159,610**

Within the "allocations (reversals)" item, the allocations for environmental actions for 29,101 thousand

euros (52,392 thousand euros as at 31 December 2022) are noteworthy, as well as provisions for contractual or legal guarantees or bonds for 16,541 thousand euros (3,771 thousand euros as at December 2022). This also includes provisions for improvements, replacements, capacity expansions or major repairs at concessions for the sum of 18,891 thousand euros (16,671 thousand euros as at December 2022), as well as provisions of 20,231 thousand euros (reversal of 8,511 thousand euros at December 2022) for risks in works related to Construction activity, mainly internationally. In 2022, there was also a reversal of 17,889 thousand euros for the 2015-2017 tax inspection report (note 23), as well as 16,492 thousand euros for the reversal of provisions for liabilities in the Water activity.

The item "Applications (payments)" includes €3,413 thousand (€13,098 thousand at 31 December 2022) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of 29,049 thousand euros (22,018 thousand euros at 31 December 2022), and 10,190 thousand euros (16,576 thousand euros at 31 December 2022) for environmental actions, and for replacement and major repair actions on concessions, respectively. The above movements have an impact on the heading "Other adjustments to profit/(loss) (net) in the consolidated cash flow statement. Additionally, €58,114 thousand (€35,697 thousand at 31 December 2022) and €12,220 thousand (€11,201 thousand at 31 December 2022) are included for actions to improve or expand capabilities in concessions, and provisions for decommissioning and retirement of fixed assets, respectively. These amounts have an impact on the consolidated statement of cash flows under "Payments for investment in property, plant and equipment, intangible assets and investment property".

The movement in current provisions is mainly due to construction losses in the Construction business.

The provisions shown in the accompanying consolidated balance sheet are considered to cover the liabilities that may arise in the course of the Group's various activities.

The schedule of expected payments at 31 December 2023, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	Beyond 5 years	Total
Liabilities for long-term employee benefits	6,299	9,260	15,559
Dismantling, removal and restoration of fixed assets	62,990	48,340	111,330
Environmental actions	61,185	255,492	316,677
Litigation	31,886	8,317	40,203
Contractual and legal guarantees and obligations	66,575	25,299	91,874
Actions to improve or expand the capacity of concessions	174,635	143,801	318,436
Other provisions for risks and expenses	201,588	134,928	336,516
	605,158	**625,437**	**1,230,595**

Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 24.

Dismantling, removal and restoration of fixed and non-current assets

The "Expenses for the withdrawal or dismantling of assets" item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the

asset stops being used.

Actions to improve or expand the capacity in concessions

The "Actions to improve or expand the capacity of concessions" item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

Environmental actions

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2023, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 28 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

Provisions for lawsuits

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provision for settlement and loss of works

This corresponds to budgeted construction losses in accordance with the assessment principles set out in note 3.v), and also to the expenses incurred on construction work after completion until final settlement, systematically determined on the basis of a percentage of the production value throughout the execution of the work in accordance with experience in the construction activity.

Other provisions for risks and expenses

This heading includes the concepts not included in the previous accounts.

The value of Other provisions for risks and expenses include various risks associated with the Group's activity, which, in the normal course of its business, is exposed to claims that mainly entail construction defects or disputes in relation to the services provided for the sum of 158,328 thousand euros (132,145 thousand euros at December 2022). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

This item also includes provisions related to Alpine for the sum of €11,010 thousand.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or constructive obligations in relation to the investment in the associate, amounting to €49,215 thousand (December 2022: €45,591 thousand), the remaining provisions being of lesser significance and related to the normal operation of the Group.

In relation to the winding up of the Alpine Group, 2023 saw no significant changes in terms of the amount reported in the Group's 2022 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary company, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company. On 25 June 2013, the liquidation of the company was commenced. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, which declared the bankruptcy and liquidation of AH.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, interrupting its consolidation.

As of the date of these consolidated financial statements, the insolvency administrators have reported recognised liabilities of approximately €1,669 million at AB and €550 million at AH in the respective liquidation proceedings. The share of the bankrupt estate in AB currently amounts to 15% whereas for AH's bankruptcy, the bankruptcy administrator has not been able to estimate and determine the share.

Ten years after the bankruptcy of both companies and having definitively closed the criminal proceedings, won proceedings brought by bondholders and settled a backdating action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construcción S.A. are still pending, in addition to other proceedings against auditors, former directors and banks involved in the acquisition of bonds issued by AH in 2010, 2011 and 2012 and admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of 290 million euros.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As at 31 December 2023, the provision for this item amounted to 11,010 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. At 31 December 2023, and as far as FCC could be directly or indirectly affected, two commercial proceedings and one labour proceeding are still in progress:

- In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were presumably provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. Having filed appeals and cassation appeals for procedural infringement, in April 2020, the Austrian Supreme Court declared the need to return the Orders to the Court of Instance so that the testimonial evidence could be practised in person before the Judge of First Instance. Such testimonial statements took place in June 2021 and, in light of the mandate contained in the Supreme Court Judgment, the judge has yet to decide whether to consider the procedure closed or whether to agree to the practice of the expert evidence requested by the bankruptcy trustee AH. On 7 June 2023, the judge ruled that he was ready to pass sentence.

- In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which an AB bankruptcy administrator made a joint and several claim against the former finance director of Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any loss to AB. Given the multiplicity of allegations made by the bankruptcy administrator, the judge is weighing the request for a complementary expert report. On 16 November 2023, a hearing was held at which the legal expert was questioned about various matters in relation to his report through different instruments submitted by the parties. The same day, the judge declared that no further instruments or proposed evidence would be admitted and that he would adopt a decision to be communicated in writing.

Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. In the event that the insolvency administrator's claim is successful and a final judgement is handed down, the subsidiary liability of the FCC Group could be raised in a remote case due to the explanation contained in note 25 on contingent liabilities.

In terms of these disputes, the FCC Group and its legal advisors do not consider it very probable there will be any future outflows of cash prior to the issuance of these financial statements; therefore, no additional provisions have been set aside, as the Group believes that they represent contingent liabilities (note 25).

19. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (Note 22).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

a) Non-current and current obligations and loans

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
2023			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.	1,096,115	229,044	1,325,159
Green Recovery Group	114,755	7,486	122,241
	1,860,879	**246,221**	**2,107,100**
2022			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.	498,361	733,795	1,232,156
Fomento de Construcciones y Contratas, S.A.	-	23.200	23.200
Green Recovery Group	119,214	6,477	125,691
	1,267,584	**773,163**	**2,040,747**

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. one in the amount of 700 million euros, annual remuneration of 1.413% and maturing in 2022, repaid in advance on 19 April 2022. The second in the amount of 650 million euros with an annual remuneration of 2.629% and maturing in 2027.

  The outstanding issue is subject to the following guarantees:

  - Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.
  - Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.

- Pledge on 99.56% of the shares of Acque di Caltanisseta S.p.A. and on 100% of the shares of Aqualia Mexico, S.A. de C.V.
- Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch and S&P rating agencies. The rating of the outstanding bond was ratified by Fitch on 8 February 2023 as BBB and by S&P on 21 April 2023 as BBB⁻.

The balance at 31 December 2023 shown for this item amounts to €659,700 thousand (€659,700 thousand in 2022), including €9,691 thousand for accrued and unpaid interest (€9,691 thousand in 2022).

At 31 December 2022, the 650 million euro bond was listed at 97.97%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A., successfully completed two simple bond issues. One amounting to 600 million euros paying annual interest of 0.815% and maturing in 2023; and the second for the amount of 500 million euros, paying annual interest of 1.661% and maturing in 2026. The latter has the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

  The bond amounting to 600 million euros maturing on 4 December 2023 was repaid on that date using the funds generated from the issuance of a new bond, also for the amount of 600 million euros, paying annual interest of 5.25% and maturing in October 2029.

  Since their issuance, these bonds have been admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 20 September 2023, with a stable outlook (BBB⁻), together with that of the bond's issuer, the parent company, FCC Servicios Medio Ambiente Holding.

  Both bonds were issued under the classification of Green Bonds in line with the GBP principles, which are reviewed and certified annually by independent organisations (SPOs).

  The balance at 31 December 2023 shown for this item amounts to €1,102,309 thousand (€1,098,656 thousand in 2022), including €6,194 thousand for accrued and unpaid interest (€1,210 thousand in 2022).

  At 31 December 2023, the new 600 million euro bond was listed at 107.49% and the 500 million euros bond was listed at 95.44%.

  Likewise, in July 2020 and renewed annually, FCC Servicios Medioambiente Holding SAU registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market (Euronext Dublin) in the amount of 400 million euros, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

  At 31 December 2023 the outstanding amount was €222,850 thousand distributed with an average maturity of 3.6 months (€133,500 thousand at 31 December 2022).

- Since November 2018, Fomento de Construcciones y Contratas, S.A. has had a Euro Commercial Paper Programme (ECP) registered on the Irish stock exchange (Euronext Dublin) for an amount of 600 million euros, which allows it to issue notes with maturities of between 1 and 364 days from the issue date, in order to meet the financial needs of the Group's parent company.

At 31 December 2023, there was no outstanding balance for this concept (23,200 thousand euros at 31 December 2022).

- In June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

  One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4.145%, both due on 17 June 2038. 5,425 thousand pounds were repaid in 2023.

  The guarantees of this issue are detailed in section b).2. of this note.

  The balance at 31 December 2023 shown for this item amounts to 122,241 thousand euros (125,691 thousand euros in 2022).

b) Non-current and current bank borrowings

The breakdown at 31 December 2023 and 2022 is as follows:

	Non-current	Current	Total
2023			
Credits and loans	-	73	73
Debts without recourse to the parent	2,023,732	292,999	2,316,731
Debts with limited recourse for project financing:	359,991	33,134	393,125
FCC Medio Ambiente Reino Unido, S.A.U.	154,822	12,267	167,089
Sociedad Concesionaria Tranvía de Murcia, S.A.	97,604	4,073	101,677
Aquajerez, S.L.	39,401	5,341	44,742
Other	68,164	11,453	79,617
	2,383,723	**326,206**	**2,709,929**
2022			
Credits and loans	-	155.837	155.837
Debts without recourse to the parent	2.086.488	122.714	2.209.202
Debts with limited recourse for project financing:	385.330	27.980	413.310
FCC Medio Ambiente Reino Unido, S.A.U.	162.817	10.253	173.070
Sociedad Concesionaria Tranvía de Murcia, S.A.	101.661	3.237	104.898
Aquajerez, S.L.	44.065	5.006	49.071
Other	76.787	9,484	86,271
	2,471,818	**306,531**	**2,778,349**

The previous table shows three different Debt groups:

1. **Credits and loans.**

At 31 December 2023, this section mainly includes the financing facilities of FCC, S.A. in the form of credit facilities and bilateral loans signed for an amount of 215,000 thousand euros (425,000 thousand euros at 31 December 2022) with various financial institutions. At 31 December 2023, no balance was drawn down on these loans (154,564 thousand euros at 31 December 2022).

2. Debts without recourse to the parent.

This item mainly includes financing corresponding to the Real Estate, Water, Cement and Services areas.

- The Real Estate area includes the debt of the Realia group and Jezzine Uno S.L.U. for the sums of 475,082 and 297,759 thousand euros respectively.

  The Realia Group's debt comprises a syndicated loan signed by Realia Patrimonio S.L.U. and several bilateral financings signed by Hermanos Revilla, S.A.

  The syndicated loan was signed by Realia Patrimonio on 27 April 2017, for a total amount of 582,000 thousand euros, with partial maturities and final maturity in April 2024.

  On 27 April 2020, it entered into a non-extinguishing modifying novation of the aforementioned loan, extending the maturity until 27 April 2025 and renegotiating a reduction in the margin applicable to the reference rate for the calculation of interest and ratifying the current guarantees. As a consequence of this novation, the applicable interest rate is Euribor plus a variable margin based on the Loan to Value ratio.

  In addition, the aforementioned company entered into an interest rate swap agreement (IRS) for 70% of the outstanding balance of the loan to reduce the risk of interest rate fluctuations and their impact on cash flows associated with the hedged financing (note 22).

  This financing requires compliance with a series of financial ratios until maturity. At 31 December 2023, the Company is in compliance with the covenants.

  At 31 December 2023, the outstanding balance of this loan stood at 440,494 thousand euros (453,026 thousand at 31 December 2022), with accrued interest amounting to 4,156 thousand euros (2,313 thousand euros at 31 December 2022).

  In turn, Planigesa, S.A. is consolidated within the Realia group (following the absorption of Hermanos Revilla, S.A. in 2023), which at 31 December 2023 had granted credit facilities and loans with a limit of 60,000 thousand euros (61,000 thousand euros in 2022), of which the loans were fully drawn down for the sum of 36,000 thousand euros (46,000 thousand euros in 2022). The maturity of the bilateral loans will occur during 2024.

  Jezzine Uno S.L.U. has a loan agreement, entered into on 19 October 2021, amounting to 335,000 thousand euros, with partial maturities and final maturity on 19 October 2026. The interest rate applicable to this loan is a fixed market rate.

  At 31 December 2023, the outstanding balance of this loan stood at 298,000 thousand euros (316,500 thousand at 31 December 2022), with accrued interest amounting to 722 thousand euros (767 thousand euros at 31 December 2022).

- In the Water Area, the total value of debt in this section came to 1,187,819 thousand euros. Worth particular note is the syndicated loan taken out on 22 June 2022 by FCC Aqualia S.A. as part of the refinancing process undertaken.

  The value of the syndicated loan comes to 1.1 billion euros, originally maturing in three and having been extended for one further year in 2023, as permitted in the loan agreement.

  At 31 December 2023, the loan was fully drawn down and the balance shown for this item amounts to 1,097,458 thousand euros (1,096,839 euros thousand in 2022), including 1,346 thousand euros for accrued and unpaid interest (1,010 thousand euros in 2022).

  Also worth note is the bilateral financing taken out on 28 December 2023 by FCC Aqualia USA Corp. for the sum of 95,000 thousand US dollars, maturing in one year. The funds have been allocated to acquiring control over Municipal District Services, Llc. (note 4).

  This financing has been fully drawn down and its balance at 31 December 2023 amounts to 86,034 thousand euros, of which 61 thousand euros for accrued and unpaid interest.

- In the Cement area, the total value of debts with credit institutions came to 139,263 thousand euros at 31 December 2023 (163,586 thousand at 31 December 2022).

  This balance mainly corresponds to a subordinated financing agreement involving Cementos Portland Valderrivas, S.A. for the original amount of 80,000 thousand euros. This loan was partially repaid, renewed and amended in July 2020, July 2021, as well as in October 2022 and September 2023.

  On 20 October 2022, a new agreement was entered into extending the maturity of the loan to 20 October 2025 and changing the interest rate from a fixed rate to a variable Euribor 6M rate plus a market spread.

  Between January and September 2023, repayments were made for the sum of 35,000 thousand euros.

  On 21 September 2023, a new agreement was entered into increasing the principal by 35,000 thousand euros.

  In the final quarter of 2023, 30,000 thousand euros were repaid. At 31 December 2023, the outstanding balance of this loan amounts to 50,405 thousand euros (70,405 thousand euros at 31 December 2022).

  Cementos Portland Valderrivas, S.A. has also arranged two bilateral financing transactions for the sum of €25,000 thousand and €50,000 thousand, maturing in June 2026 and July 2024 respectively, bear interest at the Euribor rate plus a market spread.

  In 2023, a partial voluntary repayment of 5,000 thousand euros was made in relation to the 50,000-thousand euro financing, and on 3 October 2023, the extension of its maturity to July 2025 was formally arranged.

  At 31 December 2023, the outstanding balance of these loans amounted to 25,000 and 45,000 thousand euros (25,000 and 50,000 thousand euros at 31 December 2022).

In addition, in 2022 two credit facilities were arranged for a total amount of 25,000 thousand euros, the term of which has been extended by one year during 2023. At 31 December 2023, 11,031 thousand euros had been drawn down (11,277 thousand euros at 31 December 2022).

- The remainder of the debt in this section corresponds to debt from the Services area, mainly pertaining to the US subsidiary FCC Environmental Services LLC, from FCC Medio Ambiente S.A.U., from the FCC Environment CEE subgroup and from other investee companies in Spain.

  FCC Medio Ambiente S.A.U. had arranged credit facilities at 31 December 2023 for an amount of 270,000 thousand euros, of which 132,363 thousand euros had been drawn down at 31 December 2023 (from a total of 130,000 thousand euros, 48,645 thousand euros drawn down at 31 December 2022).
  In 2023, two long-term bilateral loans were taken out for a total amount of 150,000 thousand euros, which had not been drawn down as at 31 December 2023.

  The FCC Environment CEE Group has arranged 18,399 thousand euros in credit facilities, of which 1,840 thousand euros had been drawn as at 31 December 2023 (620 thousand euros drawn from the 19,711 thousand euros arranged at 31 December 2022).

3. Debts with limited recourse for project financing.

These include all financing secured solely by the project itself and its cash-generating capabilities, which will support the entire debt service payment, and which, under no circumstances, will be guaranteed by the parent company Fomento de Construcciones y Contratas, S.A. or any other FCC Group company.

- FCC Medio Ambiente Reino Unido. The FCC Environment (UK) Group currently has a revolving credit facility of 30,000 thousand pounds sterling undrawn at 31 December 2023 and maturing in October 2025.

  In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued 207,361 thousand pounds sterling of debt. This debt has a 20-year term (final maturity on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145,000 thousand pounds sterling described in section a) of this note, and a commercial tranche of 62,361 thousand pounds sterling. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project.

  In total, 2,327 thousand pounds were repaid from commercial tranche in 2023.

  The FCC Energy Ltd financing, being project finance, includes the standard guarantees for this type of financing, such as the pledge of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

  In October 2016, FCC (E&M) Ltd signed a 142 million pound contract to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC) in Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a 75,713 thousand pounds sterling loan maturing in August 2042 and a 36,900 thousand pound loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2023 amounting to 2,638 thousand pounds have been made. At the end of 2023 the outstanding debt to be repaid is 65,755 thousand pounds sterling.

  As a result of the foregoing, at 31 December 2023, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., relate to FCC Energy Ltd. and 52,679 thousand euros (54,148

thousand euros at 31 December 2022) relate to FCC E&M&M (Edinburgh), affiliate of FCC Environment Developments Ltd., 73.944 thousand euros (75.360 thousand as at 31 december 2022); (Edinburgh), an investee of FCC Environment Developments Ltd,; the remaining debt with limited recourse for project financing, up to a total amount of 167,089 thousand euros, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- Sociedad Concesionaria Tranvía de Murcia, S.A. As explained in note 4, during 2022, the FCC Group assumed control of this company, incorporating 104,898 thousand euros of debt with credit institutions as at 31 December 2022.

  This financing corresponds to a syndicated loan arranged in February 2018, with six-monthly repayments maturing on 30 June 2037. At 31 December 2023, the sum of this debt came to 101,677 thousand euros.

- The financing of Aquajerez, S.L. was signed in 2016 and amounted to 40,000 thousand, for a term of 15 years with half-yearly repayments from January 2017. During 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial loan to 65,000 thousand euros. At 31 December 2023 the amount of this debt is 44,742 thousand euros (49,071 thousand euros in 2022).

- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas: Aquos El Realito, S.A. de C.V. with 41,162 thousand and Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with 21,108 thousand euros.

As at 31 December 2023 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2024.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2023 and 2022 is as follows:

	Euros	US dollars	Pounds Sterling	Other	Total
2023					
Credits and loans	73	-	-	-	73
Debt without recourse to the parent	2,150,117	154,629	-	11,985	2,316,731
Debts with limited recourse for project financing	177,388	-	167,089	48,648	393,125
	2,327,578	**154,629**	**167,089**	**60,633**	**2,709,929**
2022					
Credits and loans	155,837	-	-	-	155.837
Debt without recourse to the parent	2.125.463	70.317	-	13.422	2.209.202
Debts with limited recourse for project financing	187.721	-	173.070	52,519	413,310
	2,469,021	**70,317**	**173,070**	**65,941**	**2,778,349**

The credits and loans in US dollars finance assets in the Environmental Services and Water segments; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; and those in Other currencies, in 2023, correspond to the financing of Aquos El Realito, S.A. de C.V. in Mexican pesos amounting to 41,162 thousand euros and Qatarat Saquia Desalination in Saudi riyals for the sum of 7,487 thousand euros.

c) Other non-current financial liabilities

	2023	2022
Non-current		
Lease debt (Note 9)	358,372	346,425
Third party financial debts outside the group	100,328	96,418
Derivative financial liabilities (Note 22)	1,700	1,446
Deposits and guarantees received	71,918	68,788
Other concepts	40,114	18,803
	572,432	**531,880**

“Third party financial debts outside the Group” includes the put option on the non-controlling interest in the GGU Group for the amount of 54,333 thousand euros at 31 December 2023 (54,269 thousand euros at 31 December 2022) and the put option on the non-controlling interest in Municipal District Services, Llc., acquired in December 2023, for the sum of 2,443 thousand euros at 31 December 2023 (notes 4 and 17)

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps (note 22).

d) Other current financial liabilities

	2023	2022
Current		
Lease debt (Note 9)	76,478	78,970
Interim dividend payable	29,758	7,496
Third party financial debts outside the group	15,030	25,660
Suppliers of fixed assets and bills payable	168,968	79,697
Debts with associated companies and joint ventures	6,052	6,049
Derivative financial liabilities (Note 22)	19	15
Deposits and guarantees received	57,540	55,004
Other concepts	499	540
	354,344	**253,431**

"Suppliers of fixed and non-current assets and bills payable" includes the amount pending payment for the acquisition from the previous owners of Municipal District Services, Llc. for the sum of 81,433 thousand euros, which was paid out on 2 January 2024 (notes 4 and 17).

"Guarantees and deposits received" includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2025	2026	2027	2028	2029 and beyond	Total
2023						
Debt instruments and other marketable liabilities	7,658	507,384	658,230	7,257	680,350	1,860,879
Non-current bank borrowings	578,772	1,428,068	62,757	38,300	275,826	2,383,723
Other financial liabilities	130,612	36,939	34,442	40,325	330,114	572,432
	717,042	**1,972,391**	**755,429**	**85,882**	**1,286,290**	**4,817,034**

f) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

			Without an impact on cash flows				
	Balance at 1 January 2023	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	Balance at 31 December 2023
Non-current	**4,271,282**	**607,448**	**2,905**	**310**	**(2,560)**	**(62,351)**	**4,817,034**
Debt instruments and other marketable securities	1,267,584	597,709	2,453	-	-	(6,867)	1,860,879
Bank borrowings	2,471,818	8,373	4,939	-	-	(101,407)	2,383,723
Other financial liabilities	531,880	1,366	(4,487)	310	(2,560)	45,923	572,432
Current	**1,333,125**	**(891,644)**	**7,638**	**4**	**(380)**	**478,028**	**926,771**
Debt instruments and other marketable securities	773,163	(584,513)	133	-	-	57,438	246,221
Bank borrowings	306,531	(216,689)	792	-	-	235,572	326,206
Other financial liabilities	253,431	(90,442)	6,713	4	(380)	185,018	354,344

			Without an impact on cash flows				
	Balance at 1 January 2022	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	Balance at 31 December 2022
Non-current	**3.732.997**	**847.926**	**(13,554)**	**(21,333)**	**253.977**	**(528,731)**	**4.271.282**
Debt instruments and other marketable securities	1.878.804	(159,951)	10.537	-	142.829	(604,635)	1.267.584
Bank borrowings	1.284.368	1.050.791	(6,080)	-	109.690	33.049	2.471.818
Other financial liabilities	569.825	(42,914)	(18,011)	(21,333)	1.458	42.855	531.880
Current	**1.820.176**	**(1,302,515)**	**3.569**	**(536)**	**11.819**	**800.612**	**1.333.125**
Debt instruments and other marketable securities	1.152.739	(1,038,597)	2.040	-	-	656.981	773.163
Bank borrowings	458.189	(181,290)	(556)	-	8.183	22.005	306.531
Other financial liabilities	209.248	(82,628)	2,085	(536)	3,636	121,626	253,431

In 2022, "Changes in the scope of consolidation and changes in the consolidation method" included the amounts contributed by the GGU Group for 145,318 thousand euros following its entry into the scope of consolidation in February 2022, although part of the contributed debt has subsequently been repaid (notes 4 and 19), and 107,725 thousand euros contributed by Sociedad Concesionaria del Tranvía de Murcia, S.A. following its integration under the total consolidation method after the company's takeover in November 2022 (note 4).

20. OTHER NON-CURRENT LIABILITIES

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 10) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to 111,022 thousand euros at 31 December 2023 (112,588 thousand euros at 31 December 2022).

21. TRADE AND OTHER ACCOUNTS PAYABLE

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2023 and 2022 is as follows:

	2023	2022
Suppliers	1,252,628	1,232,393
Current tax liabilities (Note 23)	39,254	23,610
Other payables to Public Administrations (Note 23)	314,808	353,372
Customer advances (Note 15)	646,686	647,029
Remuneration payable	96,521	84,485
Other payables	427,151	474,845
	2,777,048	**2,815,734**

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, establishing measures to combat late payment in commercial transactions, in 2023 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the Group has been working throughout 2023 to reduce the usual payment periods insofar as possible to suppliers in the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) payments to suppliers under agreements entered into by the Group with the public authorities, pursuant to article 228.5 of the CTPSCL, and b) payments to remaining suppliers under the second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the “deferral of the payment for objective reasons” taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange

procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of contracted lines amounts to 56,423 thousand euros at 31 December 2023 (40,026 thousand euros at 31 December 2022), with a drawn down balance of 10,626 thousand euros at 31 December 2023 (17,909 thousand euros at 31 December 2022). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014.

Additionally, Article 9, Chapter IV of Law 18/2022 of 28 September, on the creation and growth of companies, introduces the obligation to report the following indicators: monetary volume and number of invoices paid in a period less than the maximum established in the late-payment regulations and the percentage that these represent from the total number of invoices and the total monetary value of payments to suppliers.

	2023	2022
	Days	Days
Average payment period to suppliers	76	84
Ratio of paid operations/transactions	77	84
Ratio of operations/transactions pending payment	71	86
	Amount	Amount
Total payments pending	358,684	448,829
	Amount	Amount
Total payments made	2,589,106	2,176,218
Total payments made in a period less than the maximum established in the late-payment regulations	1,053,926	815,302
Ratio (%)	**41**	**37**
	Number	Number
Total number of invoices paid during the period	711,135	618,224
Number of invoices paid in a period less than the maximum established in the late-payment regulations	338,161	212,744
Ratio (%)	**48**	**34**

The Group continues taking the appropriate measures to reduce the average payment period, improving the payment conditions offered to its suppliers and taking action in relation to internal approval processes that may delay the payment of amounts due.

22. DERIVATIVE FINANCIAL INSTRUMENTS

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3.p) of this Report, that is, they are operations that hedge real positions.

At both 31 December 2023 and 31 December 2022, all derivatives arranged by subsidiaries of the Group meet the criteria to be considered hedges.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

At 31 December 2023, the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of 624,395 thousand euros (645,059 thousand euros at 31 December 2022), mainly in the form of interest rate swaps (IRS), where Group companies buy fixed rates and sell floating rates.

Details of the hedges and their fair value for fully consolidated companies are shown below:

	Derived type	Hedging type	% hedge	Notional 31.12.23	Notional 31.12.22	Appreciation at 31.12.23	Appreciation at 31.12.22	Due date
Companies fully consolidated								
FCC Medio Ambiente S.A.U.	IRS	EF	57%	4,965	6,083	12	(11)	02/04/2024
	IRS	EF	22%	3,032	3,205	27	91	02/04/2024
	Option	EF	57%	4,965	6,083	-	-	02/04/2024
RE3 Ltd.	IRS	EF	100%	13,808	15,687	(199)	(204)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	8,668	8,914	979	1,450	17/06/2038
	IRS	EF	100%	54,156	55,680	6,104	9,046	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	14,978	15,429	(643)	(658)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	5,855	6,263	238	473	30/09/2032
	IRS	EF	50%	5,855	6,263	238	469	30/09/2032
FCC (E&M) Ltd.	IRS	EF	50%	37,722	38,449	6,139	8,356	06/05/2042
	IRS	EF	50%	37,722	38,449	6,007	8,282	06/05/2042
Aquajerez	IRS	EF	70%	17,535	19,340	1,259	1,905	15/07/2031
	IRS	EF	30%	13,778	15,243	1,213	1,771	15/07/2031
Gipuzkoa Ingurumena	IRS	EF	38%	8,031	8,493	645	974	30/06/2034
	IRS	EF	38%	8,031	8,493	673	1,012	30/06/2034
Qatarat	IRS	EF	100%	5,873	8,448	90	(419)	07/06/2026
	IRS	EF	100%	1,340	2,753	18	(165)	28/11/2024
Aquos El Realito S.A. de C.V	IRS	EF	100%	33,953	33,576	1,036	988	22/01/2025
Realia	IRS	EF	21%	97,216	102,234	1,575	3,423	27/04/2024
	IRS	EF	21%	97,216	102,234	1,575	3,423	27/04/2024
	IRS	EF	13%	58,361	61,374	946	2,057	27/04/2024
	IRS	EF	9%	42,836	45,047	693	1,499	27/04/2024
	IRS	EF	6%	28,584	30,059	463	1,008	27/04/2024
Total FCC Environment CEE GMBH	FX	EF	100%	19,916	7,260	(361)	99	29/06/2026
Total full consolidation				**624,395**	**645,059**	**28,725**	**44,869**	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2023 and broken down in the previous table:

	2024	2025	2026	2027	2028 and beyond
Companies fully consolidated	366,864	50,427	27,366	16,971	162,767

At 31 December 2023, the total notional amount of hedges of companies consolidated using the equity method came to 91,425 thousand euros (61,862 thousand euros at 31 December 2022) and their fair value is 29,408 thousand euros (32,542 thousand euros at 31 December 2022). The impact of speculative derivatives arranged at companies consolidated under the equity method was not significant either in the accompanying consolidated income statement or balance sheet in 2023 and 2022.

The following table provides a reconciliation of the change in the valuation of the derivatives, identifying those amounts that have been recorded in the accompanying consolidated income statement and those that have been recorded in "Other comprehensive income" of the consolidated statement of recognised income and expense:

	Balance at 1 January 2023	Profit/ (loss) from valuation of reserves	Profit/ (loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2023
2023							
Hedging	**44,869**	(4,544)	-	(13,216)	-	1,616	**28,725**

	Balance at 1 January 2022	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2022
2022							
Hedging	**(21,846)**	60,182	-	4,148	-	2,385	**44,869**

23. TAX MATTERS

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporation tax expense.

In accordance with file 18/89, the Parent Company of the Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. Likewise, part of the subsidiaries that carry out the Water, Real Estate (with regard to the Realia subgroup), Environmental Services in the United Kingdom and FCC Environment Group in Austria, are also taxed in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group for a total amount (instalment and late payment interest) equal to 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has recognised a negative tax base generated in previous years in favour of the Group that has generated an activated tax credit for the amount of 63.2 million euros.

In May 2023, the Tax Administration announced the start of corporate tax inspection activities involving the tax group headed by Fomento de Construcciones y Contratas, S.A., for 2018 to 2020, as well as VAT and withholdings/payments on account for employment income and income from professional services corresponding to the period between April 2019 and December 2020 for Fomento de Construcciones y Contratas S.A., FCC Construction S.A., FCC Medio Ambiente S.A., FCC Industrial e Infraestructuras Energéticas S.A. and Cementos Portland Valderrivas S.A.

a) Deferred tax assets and liabilities

Deferred tax assets mainly relate to provisions recognised, non-deductible financial expenses that will be deductible for tax purposes from taxable income in future years, tax credits and tax loss carry forwards/offsets and differences between accounting and tax depreciation and amortisation.

Specifically, the FCC Group has recognised deferred tax assets corresponding to tax loss carryforwards and deductions pending application, as it considers that there are no doubts as to their recoverability, amounting to €395,371 thousand (€449,009 thousand at 31 December 2022).

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. During the period in which these financial statements were prepared, specifically on 20 February 2024, the ruling the Constitutional Court declaring Royal Decree-Law 3/2016 as partially unconstitutional was published in the Official State

Gazette. In particular, the provisions introduced by these to limit the compensation of tax loss carryforwards and to limit the application of deductions for double taxation, as well as the reversal of portfolio tax impairments that took place between 2016 and 2020 were considered unconstitutional. As a result, and to the extent that, at the time of preparing these financial statements, there was no evidence of any law in the pipeline that would reintroduce these limits, with the Group management considering that, in the coming years, only the limits to the compensation of tax loss carryforwards indicated in the current regulations will be applicable, and equivalent to 70% of the tax base prior to compensation. Taking regulatory change into consideration and based on the profit projections made, it is estimated that the tax group headed by Fomento de Construcciones y Contratas, S.A. will be able to substantially absorb the negative taxable amounts and deductions recognised on the balance sheet within an estimated period of 6 years. In relation to the other assets, it is estimated that they may be recovered substantially over a period of 11 years. In the hypothetical case that the limits on the compensation of negative tax bases annulled by our constitutional court were reintroduced, the recoverability period for these tax credits would be extended to 11 years. In addition, as a result of the foregoing, it has activated an additional tax credit resulting from the negative taxable amounts of 6.4 million euros.

As a result of the aforementioned ruling of the Constitutional Court, the Realia subgroup has capitalised a tax credit generated on the tax loss carryforwards for the amount of 15 million euros. Based on the analysis of the impact on the FCC Aqualia tax group, there have been no changes in the value of the negative taxable amounts captalised.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the planning prepared by the Group for the 2024-2026 period. Turnover growth of 10.4% in 2024, 1.5% in 2025 and 2.9% in 2026 is assumed. In turn, the projected Ebitda margin is 11% for 2024 and 12% for 2025 and 2026. During subsequent periods, vegetative growth is projected at the level of pre-tax profit equal to 2%. For the tax group headed by FCC Aqualia, S.A., a vegetative growth of 2% has been applied to the profit before tax for 2023. In the case of the tax group headed by Realia, the taxable income is estimated on the basis of the projected accounting profit up to 2038 adjusted by those temporary and permanent differences that are expected to reverse in each year.

The deferred tax liabilities recognised by the Group mainly arise from the following:

- The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity and investment property, as indicated in notes 3.b) and 3.e). In general, these liabilities will not entail any future cash outflows because they revert at the same rate as the amortisation of revalued assets.

- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.

- From the profits of temporary joint ventures that will be included in the tax base of the following year's corporate income tax.

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2023, deferred tax assets and liabilities were offset in the amount of 299,198 thousand euros (297,428 thousand euros at 31 December 2022).

The following table shows the breakdown of the main deferred tax assets and liabilities prior to offset:

ASSETS	2023				2022			
	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Provisions and impairments	93,900	11,046	47,741	**152,687**	102,049	5,859	44,997	**152,905**
Tax loss carryforwards and deductions	307,392	71,857	15,923	**395,172**	360,343	65,682	22,984	**449,009**
Non-deductible financial expense	6,422	25,731	8,325	**40,478**	6,844	26,746	-	**33,590**
Pension plans	677	-	1,496	**2,173**	746	-	1,025	**1,771**
Amortisation/depreciation differences	10,551	237	15,326	**26,114**	10,164	474	12,263	**22,901**
Other	121,077	648	28,996	**150,721**	104,194	564	32,034	**136,792**
Total	**540,019**	**109,519**	**117,807**	**767,345**	**584,340**	**99,325**	**113,303**	**796,968**

LIABILITIES	2023				2022			
	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	51,820	7,362	73,893	**133,075**	52,263	8,017	84,217	**144,497**
Investment property at fair value (IAS 40)	61,366	170,820	78	**232,264**	63,339	172,210	-	**235,549**
Accelerated amortisation/depreciation	7,293	4,419	128,559	**140,271**	1,636	4,408	115,678	**121,722**
Profit/(loss) of Joint Ventures	13,835	-	5,293	**19,128**	15,004	-	2,251	**17,255**
Finance leases	3,013	-	2,436	**5,449**	4,288	-	2,371	**6,659**
Other	27,148	2,684	23,358	**53,190**	30,293	5,066	18,364	**53,723**
Total	**164,475**	**185,285**	**233,617**	**583,377**	**166,823**	**189,701**	**222,881**	**579,405**

Below is the expected enforcement schedule for deferred taxes:

	2024	2025	2026	2027	2028 and beyond	Total
Assets	115,731	90,052	93,751	172,737	295,074	**767,345**
Liabilities	68,516	36,986	36,986	36,986	403,903	**583,377**

The Group has tax credits corresponding to negative tax bases (NTBs), mainly abroad, which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 191,2 million euros. The estimated maturity of non-activated NTBs is shown below:

Maturity time frame	Tax credits (millions of euros)
From 2024 to 2028	38.3
From 2029 to 2033	6.9
From 2034 onwards	16.5
No maturity	129.5
	191.2

Meanwhile, the Group has non-activated tax credits corresponding to tax deductions that have been accredited and are pending application for a total amount of 8.9 million euros.

b) Public administrations

The breakdown at 31 December 2023 and 2022 of the current assets and liabilities included under the "Public administrations" heading is as follows:

Current assets

	2023	2022
Value Added Tax receivable (Note 15)	143,260	103,972
Current tax	84,449	86,518
Other tax items (Note 15)	79,683	63,762
	307,392	**254,252**

Current liabilities

	2023	2022
Value Added Tax payable (Note 21)	92,088	118,431
Current tax (note 21)	39,254	23,610
Social Security payable and other tax items (note 21)	222,720	234,941
Deferrals	39	84
	354,101	**377,066**

c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 171,120 thousand euros (72.723 thousand euros in 2022), as detailed in the accompanying consolidated income statement. Below is the reconciliation between accounting profit and accrued tax payment:

	2023			2022		
Consolidated accounting profit for the year before taxes from continuing activities			**915,930**			**550,653**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	49,367	(220,048)	(170,681)	255,457	(151,663)	103,794
Adjusted consolidated accounting profit on continuing activities			**745,249**			**654,447**
Temporary differences						
-Arising in the year	255,326	(145,598)	109,728	106,830	(135,235)	(28,405)
-Arising in prior years	198,123	(394,422)	(196,299)	120,882	(306,627)	(185,745)
Consolidated tax base of continuing activities (taxable profit)			**658,678**			**440,297**

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount payable will be determined in the tax settlement to be carried out in 2024, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2023, permanent differences include, in relation to decreases, the sum of 142,413 thousand euros for the profit resulting from consolidating Metrovacesa using the equity method having achieved significant influence over the company (notes 4, 11, 13, 17 and 26), as well as the profit turned by companies consolidated under the equity method for the sum of 31,616 thousand euros. In addition, worth particular mention in terms of the reductions in temporary differences is the compensation of negative taxable amounts capitalised in previous years for the sum of 284,356 thousand euros.

In 2022, permanent differences, as increases, included the amount of the impairment recorded in Corporación Uniland goodwill (note 6) amounting to 196,288 thousand euros. Decreases include the profit of companies consolidated using the equity method for the sum of €29,614 thousand, the compensation of tax loss carry forwards and non-deductible financial expenses from previous years not recognised on the balance sheet for the sum of €72,579 thousand. Also worth noting in relation to the decreases of temporary differences is the compensation of non-deductible non-financial expenses capitalised in previous years for the amount of €129,840 thousands and the change in fair value of investment property and their tax amortisation for a total sum of €44,970 thousand (notes 8 and 26).

Below is the reconciliation of the expense for corporation tax:

	2023	2022
Adjusted consolidated accounting profit on continuing activities	745,249	654,447
Corporate income tax	(168,731)	(145,967)
Tax credits and tax relief	5,431	4,683
Adjustments for tax rate change	(3,173)	53
Other adjustments	(4,647)	68,508
Corporate income tax	**(171,120)**	**(72,723)**

Other adjustments in 2023 include income of 21,427 thousand euros generated on the capitalisation of additional negative taxable amounts in the Group as a result of the Constitutional Court ruling cited in section a) of this note.

The value of Other adjustments in 2022 mainly included the capitalisation of deferred tax assets for the large part in relation to uncapitalised tax credits for tax bases pending compensation and for deductions pending application for the value of 89,609 thousand euros, which had not previously been recognised and which, this year, were recognised on the balance sheet after determining, as discussed in previous sections, that there are no doubts as to their recovery.

The main components of the corporate income tax, distinguishing between the current tax, i.e, tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2023	2022
Current tax	(172,399)	(65,756)
Deferred taxes	1,279	(6,967)
Corporate income tax	**(171,120)**	**(72,723)**

In turn, the OECD has pursued a project to establish a complementary tax to guarantee a global minimum level of taxation for multinational groups (the so-called “Pillar II” project). Pillar 2 regulations have been enacted, or substantially enacted, in specific jurisdictions in which the Group operates. The legislation will apply to the Group starting on 1 January 2024. The Group is in the process of assessing the potential exposure arising from the Pillar 2 legislation.

The assessment of potential exposure to Pillar 2 taxes is based on the most recent tax returns, country-by-country reports and the financial statements of Group companies.

Based on the assessments performed to date, the Group has identified potential exposure to Pillar 2 taxes on profits in the United Arab Emirates, Ireland, Georgia and Serbia, where the expected effective Pillar 2 tax rate is likely to be lower than 15%. The potential exposure would correspond to companies, mainly operating subsidiaries, in these jurisdictions where the Pillar 2 effective tax rate is less than 15%. However, there may also be an exposure in other jurisdictions where assessments are ongoing.

At present, there is no known quantitative information indicating potential exposure to Pillar 2 taxes. However, the total profit attributable to jurisdictions in which a supplementary tax liability may exist

does not currently represent more than 2% of the Group's total profit. As a result, we believe that the implementation of the regulations resulting from the Pillar II project would not have a material effect on the Group's future taxation.

24. PENSION PLANS AND SIMILAR OBLIGATIONS

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2023 a premium of €1,284 thousand was paid over (€1,483 thousand in 2022).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to 5 thousand euros (5 thousand euros in 2022).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 18).

The main benefits referred to in the preceding paragraph are the following:

- The companies that form part of the FCC Environment (UK) group, residing in the United Kingdom, contribute to the accompanying consolidated balance sheet at 31 December 2023 the benefits undertaken with their employees, after deducting the assets used to meet these benefits. The actuarial value of the accrued obligations comes to €42,373 thousand (€40,876 thousand at 31 December 2022), while the fair value of the affected assets stands at 44,261 thousand euros (45,678 thousand euros at 31 December 2022). The net difference represents an asset balance of €1,888 thousand euros (€4,802 thousand euros at 31 December 2022), which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. "Personnel expenses" in the accompanying consolidated income statement includes a cost of 83 thousand euros (336 thousand euros at 31 December 2022) for the net difference between the cost of services and the return on plan assets. The average actuarial rate used was 4.75% (4.95% in 2022).

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2023:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**40,876**
Cost of services for the current year	112
Interest costs	2,019
Contributions of the participants	20
Actuarial profits/losses	350
Exchange differences	841
Benefits paid during the year	(1,845)
Cost of past services	-
Settlements	-
Balance obligations at end of year	**42,373**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**45,678**
Expected return on assets	2,323
Actuarial profits/losses	(5,314)
Exchange differences	940
Contributions made by the employer	2,568
Contributions made by the participant	20
Benefits paid	(1,954)
Settlements	-
Balance of affected assets at the end of the year	**44,261**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(1,888)

2022:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**70.353**
Cost of services for the current year	221
Interest costs	1,183
Contributions of the participants	18
Actuarial profits/losses	(25,343)
Exchange differences	(3,701)
Benefits paid during the year	(1,855)
Cost of past services	-
Settlements	-
Balance obligations at end of year	**40,876**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**73,815**
Expected return on assets	1,221
Actuarial profits/losses	(25,976)
Exchange differences	(3,883)
Contributions made by the employer	2,491
Contributions made by the participant	18
Benefits paid	(2,008)
Settlements	-
Balance of affected assets at the end of the year	**45,678**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(4,802)

25. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2023, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 5,041,504 thousand euros (4,697,135 thousand euros at 31 December 2022).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (Note 18). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, give proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

In relation to the main contingent liabilities arising from the Alpine subgroup's bankruptcy proceedings, it should be noted that the possible financial effects would be the cash outflow of the amount indicated in the respective lawsuits detailed in note 18 of these notes to the consolidated financial statements, plus interest and costs, if any.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. The aforementioned resolution affects several companies and associations in the waste sector, including companies belonging to the Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, the Judgments issued by the National Court were notified, upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro, S.L. and Betearte, S.A. Unipersonal, both companies owned by FCC Servicios Medioambiente Holding, S.A. Unipersonal, against the CNMC's ruling imposing several sanctions for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending the processing of the sanctioning file until the National Court ruled on the appeals presented by other sanctioned companies. On 22 March 2023, a ruling was handed down by the CNMC's Competition Chamber agreeing to archive the disciplinary case. The Chamber ruled that it was no longer appropriate to continue with the proceedings and that the case should be archived, for the purposes of all parties.

In 2019, as a result of an internal investigation in May in application of its compliance policy and regulations, the Group became aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. These acts were uncovered as a result of application of the procedures in the Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" principle for corruption that permeates the entire FCC Compliance System.

In the context of this collaboration and following the voluntary declaration made by the Group, on 29 October 2019, the Central Court of Instruction No. 2 of the National Court issued an Order in which it is stated that “based on the documentation corresponding to the proceedings, as stated by the Public Prosecutor's Office, and as reported in the second plea of fact of this resolution, there appear to be rational indications of the participation of FCC Construcción, S.A., FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the alleged facts that, notwithstanding their classification at the corresponding time, could constitute offences of corruption in international transactions, provided for and punished under Art. 286 ter of the Criminal Code and money laundering, provided for and punished under Art. 301 and 302.2 of the Criminal Code” agreeing for FCC Construcción, S.A. to be investigated as part of Preliminary Proceedings 34/2017 as well as two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A.

The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. It should be noted that during 2023, the UCO (Central Operational Unit of the Civil Guard) issued a report, referred to in various press articles, in which other amounts differing from than those reported by Fomento de Construcciones y Contratas, S.A. are mentioned, although it must be noted that these reports refer to behaviours conduct and sums of money that cannot all be attributed to the Group. These actions may therefore have a financial impact on these companies, although we do not have the information needed to qualify this impact.

On 6 July 2022, the National Markets and Competition Commission issued a resolution imposing a sanction on several construction companies, including FCC Construcción, S.A. for sharing the costs of technical work to verify objective data in relation to public works tenders. The Group considers that the sanctioned conduct not only fails to infringe any precept (including those contained in the competition law) but that this conduct has also contributed to greater efficiency and cost savings in tenders. For these and other reasons, it filed the corresponding contentious-administrative appeal before the National Court, which is still being heard. Furthermore, it asked said court to grant a precautionary measure for the suspension of the payment of the fine imposed by the CNMC until a final court ruling is handed down on this matter. This request was upheld. Therefore, it has been considered that, although this sanction may result in cash outflows, at present and given the situation we cannot estimate the corresponding amount and payment schedule.

The sale of the 24.99% holding in FCC Servicios Medio Ambiente Holding, S.A. to the Canadian pension fund, CPP Investments (note 4), includes a contingent price clause in relation to the cash flows generated by certain assets included in the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability, the limited value of the estimated possible collections or payments and given the uncertainty of the time at which they may occur, the Group has not recognised any assets or liabilities. In addition, it is estimated that the net value of these collections or payments will not be relevant as its amount could not be determined reliably (note 4).

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims

that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco s.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the parent company of the Group for the amount of 806,479 thousand euros at 31 December 2023. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 12).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

26. INCOME AND EXPENDITURE

a) Operating income

The Group records operating income under "Revenue", including interest income from the concession financial model collection rights under IFRIC 12 amounting to €58,006 thousand at 31 December 2023 (31 December 2022: €37,754 thousand), except for work on own property, plant and equipment and other operating income.

Note 27 "Information by activity segments" shows the contribution of the business segments to consolidated Revenue.

Operating income of €20,948 thousand (at 31 December 2022: €29,130 thousand), mainly in the Construction and Environmental Services segments, has been recognised in 2023 from performance obligations satisfied or partially satisfied in prior years.

During 2023, 324,598 thousand euros (297,202 thousand euros at 31 December 2022) previously recognised as customer advances and pre-certified work (notes 15 and 21), which were recognised as revenue under "Trade and other payables", mainly in the Construction segment, have been recognised under liabilities.

The breakdown of the other operating income for 2023 and 2022 is as follows:

	2023	2022
Income from sundry services	113,944	107,554
CO_2 emission rights (Note 26)	-	-
Reimbursement from insurance compensation	4,441	2,796
Grants related to income	43,590	38,449
Other income	95,580	139,681
	257,555	**288,480**

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. "Other income" mainly includes excess provisions and rental income when the Group acts as lessor in operating leases in activities other than real estate.

At year-end 2023, based on outstanding contracts, the Group estimated that it had outstanding performance obligations primarily for services rendered in the Environmental and Water Services segment and arising from construction agreements mainly in the Construction and Water segments amounting to 41,484,908 thousand euros (40,154,255 thousand euros at year-end 2022) which it expects to recognise as revenue in accordance with the following schedule:

	up to 1 year	2 to 5 years	beyond 5 years	Total
Environmental Services	1,957,078	4,868,745	6,502,534	**13,328,357**
Construction	2,549,586	3,876,291	-	**6,425,877**
Integrated Water Management	1,682,438	7,640,454	12,407,782	**21,730,674**
	6,189,102	16,385,490	18,910,316	**41,484,908**

b) Supplies

The breakdown of the balance of supplies and other external expenses as at 31 December 2023 and 2022 is as follows:

	2023	2022
Subcontracting and work performed by other companies	2,105,999	1,541,727
Purchases and procurements	1,594,001	1,462,610
	3,700,000	**3,004,337**

c) Staff costs

Below is a breakdown of staff expenses for 2023 and 2022:

	2023	2022
Wages and salaries	1,875,219	1,687,937
Social security contributions	535,479	491,304
Other staff costs	63,751	59,492
	2,474,449	**2,238,733**

Below, the average number of employees and their distribution by functional level and gender in 2023 and 2022 was as follows:

	2023	2022
Governance and Management	509	510
Supervisors	4,674	4,299
Technical staff	6,722	6,640
Administrative staff	2,946	3,051
Sundry trades	51,541	48,730
	66,392	**63,230**

	2023	2022
Men	51,491	48,978
Women	14,901	14,252
	66,392	**63,230**

The number of employees and their distribution by functional level and gender at 31 December 2023 and 2022 was as follows:

	2023	2022
Governance and Management	507	526
Supervisors	4,812	4,432
Technical staff	7,055	6,813
Administrative staff	2,981	2,959
Sundry trades	51,735	50,069
	67,090	**64,799**

	2023	2022
Men	52,016	50,087
Women	15,074	14,712
	67,090	**64,799**

d) Impairment and gains/(losses) on disposal of fixed assets

The breakdown of the balance of the Impairment and gains/(losses) on disposal of fixed assets in the years 2023 and 2022 is as follows:

	2023	2022
Impairment of the commercial fund (note 6)	-	(200,000)
Changes in fair value of investment property (note 8)	(49,037)	22,294
Result of takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. (Note 4)	-	5,544
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 6 and 7)	2,906	(8,515)
Profit/(loss) from disposals of other tangible and intangible assets	(982)	4,527
Other concepts	129	1,255
	(46,984)	**(174,895)**

Worth particular note in 2023 were the losses recorded due to the change in the fair value of investment property amounting to minus 49,037 thousand euros as a result of the assessment carried out by independent experts of the investment property (note 8) pertaining to the Realia Group (24,139 thousand euros) and Jezzine Uno, S.L.U. (24,898 thousand euros).

The following results are to be highlighted for 2022:

- as a result of the takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. following the acquisition in November 2022 of an additional 50% stake by FCC Construcción S.A., operating profit of €5,544 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 4).
- the impairment of goodwill in the Cement activity for the sum of €200.000 thousand (note 6).
- gains due to the change in the fair value of investment property amounting to 22,294 thousand euros as a result of the assessment carried out by independent experts of the investment property (note 8) pertaining to the Realia Group for the sum of 11,559 thousand euros and Jezzine Uno, S.L.U. for the sum of 10,735 thousand euros.

The amount of this item is included in the accompanying consolidated cash flow statement under "Impairment and gains/(losses) on disposal of fixed assets" in the consolidated statement of cash flows.

e) Other gains/(losses)

In 2023, worth particular mention were the gains of 24,824 thousand euros as a result of a final ruling in relation to the expropriation of land previously owned by Cementos Portland Valderrivas, S.A. in the province of Madrid.

f) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2023 and 2022 is as follows:

	2023	2022
Financial assets at fair value with changes in other comprehensive income	7,565	3,422
Financial assets at amortised cost	58,185	24,923
Other financial income	10,102	16,803
	75,852	**45,148**

In 2023, the increase in the amount recorded under “Financial assets at amortised cost” was mainly due to financial income from treasury surpluses placed in deposits or current accounts remunerated at rates higher than those in the previous year, mainly in the international activity of the Construction and Environmental Services segments.

The breakdown of financial expenses in 2023 and 2022 is as follows:

	2023	2022
Debt instruments and other marketable securities	50,571	52,345
Credits and loans	104,611	44,557
Debts with limited recourse for project financing	16,131	11,030
Creditors from leases	13,303	12,315
Financial update of provisions and other liabilities	27,944	32,174
Other financial expenses	13,264	11,818
	225,824	**164,240**

The increase in financial expenses in 2023 can mainly be traced to the general increase in the interest rates applied to the Group's financial debt, with the amount contributed by the Integrated Water Management activity segment worth particular mention (note 19).

g) Other financial profit/(loss)

The breakdown of other financial expenses in 2023 and 2022 is as follows:

	2023	2022
Change in fair value of current financial instruments	(119)	4,946
Exchange differences	(20,898)	26,060
Impairment and profits/losses on disposal of financial Instruments	2,640	(1,401)
	(18,377)	**29,605**

In 2022, "Change in fair value of current financial instruments" included a gain of 2,441 thousand euros from the contingent collection arising from the sale of 49% of FCC Aqualia, S.A. in 2022 without loss of control (note 25).

In 2023, negative exchange differences amounting to 20,898 thousand euros were recorded (26,060 thousand euros of positive exchange differences in 2022), which mainly correspond in 2023 to the appreciation of the Mexican peso and the depreciation of the US dollar (appreciation in 2022).

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

h) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

	2023		2022	
Profits/(losses) for the year (Note 11)		14,419		32,123
Joint ventures	20,266		31,132	
Associates	(5,847)		991	
Profit/(loss) on disposals and other		159,609		(2,509)
		174,028		**29,614**

During 2023, "Gains/losses on disposals and other" included those from the following transactions:

- since December 2023, following the acquisition of an additional 3.99% holding from Control Empresarial de Capitales, S.A. de C.V., and 1.95% from Soinmob Inmobiliaria Española, S.A.U. taking its total holding to 21.21%, Metrovacesa, S.A., which had previously been accounted for at fair value charged to reserves, is now consolidated using the equity method having achieved significant influence. This transaction resulted in the recognition of profit of 142,413 thousand euros given the difference between the fair value of their net assets and the quoted price of the investment before its inclusion in the scope of consolidation (notes 4, 11, 13, 17 and 30).

- divestment of holding in Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. generating a pre-tax profit of 17,197 thousand euros, including 4,952 thousand euros recognised in profit or loss of the valuation adjustments contributed by said company.

In 2022, "Gains/losses on disposals and other" included the losses from the recognition at fair value of the Group's holding before its takeover of Sociedad Concesionaria Tranvía de Murcia, S.A., for the sum of 2,772 thousand euros (note 4).

i) Profit attributable to non-controlling interests

The breakdown of this heading by activity segments was as follows (note 27):

	2023	2022
Environmental Services	37,163	26,177
Integrated Water Management	72,811	87,349
Construction	329	1,252
Cement	2,748	(1,002)
Real Estate	40,192	48,450
Concessions	579	522
Total Group	**153,822**	**162,748**

The increase in the value of the Environmental Services segment is mainly due to the fact that in October 2023, the sale of 24.99% of the Environmental Services subsidiary, FCC Servicios Medio Ambiente Holding, S.A., to Canadian pension fund CPP Investments was completed (notes 4 and 17).

27. INFORMATION BY ACTIVITY SEGMENTS

a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out support tasks for operations and the operation of those companies whose management is not assigned to any of the business areas.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2023 and 2022:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.

- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.

- The share in the profits/(loss) of companies accounted for using the equity method.

- Corporate income tax payable corresponding to the transactions carried out by each segment.

Consolidated Group

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	*9,026,016*	3,853,241	1,487,402	2,823,090	614,313	253,780	61,592	68,711	(136,113)
External customers	*9,026,016*	*3,847,766*	*1,485,619*	*2,766,413*	*603,928*	*252,902*	*61,592*	*7,796*	-
From transactions with other segments	-	*5,475*	*1,783*	*56,677*	*10,385*	*878*	-	*60,915*	*(136,113)*
Other income	*345,224*	131,441	84,745	88,500	10,052	22,389	8,609	47,149	(47,661)
External customers	*345,224*	*130,370*	*83,057*	*89,016*	*10,034*	*22,049*	*8,608*	*2,090*	-
From transactions with other segments	-	*1,071*	*1,688*	*(516)*	*18*	*340*	*1*	*45,059*	*(47,661)*
Operating expenses	(7,841,614)	(3,338,000)	(1,187,872)	(2,742,167)	(484,854)	(171,240)	(24,546)	(78,296)	185,361
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(587,377)	(302,321)	(165,439)	(51,272)	(34,602)	(194)	(15,161)	(18,960)	572
Other operating income/(losses)	(31,998)	(6,752)	(2,510)	266	24,156	(48,929)	64,544	32	(62,805)
Operating profit/(loss)	**910,251**	**337,609**	**216,326**	**118,417**	**129,065**	**55,806**	**95,038**	**18,636**	**(60,646)**
Percentage of revenue	*10.08%*	*8.76%*	*14.54%*	*4.19%*	*21.01%*	*21.99%*	*154.30%*	*27.12%*	*44.56%*
Financial income	75,852	28,458	39,517	25,001	3,655	2,052	3,968	39,798	(66,597)
Financial expenses	(225,824)	(90,981)	(91,394)	(2,737)	(8,446)	(28,541)	(9,839)	(43,851)	49,965
Other financial profit/(loss)	(18,377)	(441)	6,206	(22,746)	(929)	-	171	1,150,787	(1,151,425)
Profit/(loss) of companies accounted for using the equity method	174,028	22,289	1,584	9,274	(12,536)	144,160	6,980	2,125	152
Profit/(loss) before tax from continuing operations	**915,930**	**296,934**	**172,239**	**127,209**	**110,809**	**173,477**	**96,318**	**1,167,495**	**(1,228,551)**
Corporate income tax	(171,120)	(73,133)	(45,261)	(19,465)	(20,413)	4,303	(12,281)	(15,951)	11,081
Profit/(loss) for the year from continuing operations	**744,810**	**223,801**	**126,978**	**107,744**	**90,396**	**177,780**	**84,037**	**1,151,544**	**(1,217,470)**
Consolidated profit/(loss) for the year	**744,810**	**223,801**	**126,978**	**107,744**	**90,396**	**177,780**	**84,037**	**1,151,544**	**(1,217,470)**
Non-controlling interests	153,822	37,163	72,811	329	2,748	40,192	579	-	-
Profit attributable to the Parent Company	**590,988**	**186,638**	**54,167**	**107,415**	**87,648**	**137,588**	**83,458**	**1,151,544**	**(1,217,470)**

Consolidated Group

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	*7.705.687*	3.641.113	1.323.155	1.966.913	516.522	270.752	41.021	67.937	(121,726)
External customers	*7.705.687*	*3.634.489*	*1.322.456*	*1.916.351*	*512.138*	*270.199*	*41.021*	*9.033*	-
From transactions with other segments	-	*6.624*	*699*	*50.562*	*4.384*	*553*	-	*58.904*	*(121,726)*
Other income	*362.617*	98.790	101.377	114.347	7.206	24.466	12.959	49.300	(45,828)
External customers	*362.617*	*97.243*	*100.128*	*112.115*	*7.155*	*24.314*	*12.959*	*8.703*	-
From transactions with other segments	-	*1.547*	*1.249*	*2.232*	*51*	*152*	-	*40.597*	*(45,828)*
Operating expenses	(6,756,953)	(3,146,835)	(1,074,312)	(1,958,480)	(493,424)	(152,599)	(22,914)	(77,139)	168.750
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(511,989)	(267,370)	(145,970)	(36,068)	(33,551)	(328)	(10,098)	(18,789)	185
Other operating income/(losses)	(188,836)	(20,969)	(442)	2.641	(200,026)	23.391	6.574	(2)	(3)
Operating profit/(loss)	**610.526**	**304.729**	**203.808**	**89.353**	**(203,273)**	**165.682**	**27.542**	**21.307**	**1.378**
Percentage of revenue	*7.92%*	*8.37%*	*15.40%*	*4.54%*	*(39.35%)*	*61.19%*	*67.14%*	*31.36%*	*(1.13%)*
Financial income	45.148	15.739	39.447	9.542	584	2.734	5.698	29.635	(58,231)
Financial expenses	(164,240)	(81,259)	(59,223)	(2,799)	(3,941)	(20,378)	(4,208)	(37,116)	44.684
Other financial profit/(loss)	29.605	(1,664)	5.206	20.586	(233)	3.943	(490)	(75,694)	77.951
Profit/(loss) of companies accounted for using the equity method	29.614	27.986	2.575	(158)	(9,787)	2.570	5.063	1.286	79
Profit/(loss) before tax from continuing operations	**550.653**	**265.531**	**191.813**	**116.524**	**(216,650)**	**154.551**	**33.605**	**(60,582)**	**65.861**
Corporate income tax	(72,723)	(56,102)	(35,525)	(25,029)	20.911	(27,473)	(3,732)	54.311	(84)
Profit/(loss) for the year from continuing operations	**477.930**	**209.429**	**156.288**	**91.495**	**(195,739)**	**127.078**	**29.873**	**(6,271)**	**65.777**
Consolidated profit/(loss) for the year	**477.930**	**209.429**	**156.288**	**91.495**	**(195,739)**	**127.078**	**29.873**	**(6,271)**	**65.777**
Non-controlling interests	162.748	26.177	87.349	1.252	(1,002)	48.450	522	-	-
Profit attributable to the Parent Company	**315.182**	**183,252**	**68,939**	**90,243**	**(194,737)**	**78,628**	**29,351**	**(6,271)**	**65,777**

The contribution of the "Corporation" segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under "Revenue", the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under "Eliminations". Also included are the financial expenses for debts with credit institutions detailed in note 19.

In 2023, “Other financial profit/(loss)” in Corporation included the profit generated on the sale of the 24.99% holding in FCC Servicios Medio Ambiente Holding, S.A. (note 4) for the amount of 888,779 thousand euros for the difference between the cost of this holding and its sale price net of the expenses inherent to the operation. This profit was removed from the eliminations column as for the Group as a whole, this was booked as an equity transaction taken to reserves (notes 4 and 17).

Balance sheet by segments

Consolidated Group

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**10,655,661**	**3,408,786**	**3,316,253**	**719,482**	**816,330**	**2,566,979**	**654,698**	**4,089,667**	**(4,916,534)**
Intangible assets	2,483,475	926,629	1,022,159	78,683	148,924	74	358,979	4,366	(56,339)
Additions	*75,228*	*19,489*	*34,759*	*709*	*428*	*54*	*18,650*	*1,139*	-
Property, plant and equipment	3,829,799	1,944,256	1,072,682	183,525	477,413	631	3,585	168,768	(21,061)
Additions	*835,265*	*521,964*	*184,426*	*85,355*	*41,691*	*155*	*297*	*3,308*	(1,931)
Investment property	*2,091,328*	-	*3,150*	-	-	*2,088,178*	-	-	-
Additions	*17,778*	-	*832*	-	-	*16,946*	-	-	-
Investments accounted for using the equity method	1,034,288	233,202	47,006	43,328	132,376	441,970	123,044	12,996	366
Non-current financial assets	748,425	245,660	1,127,778	104,736	4,148	14,951	144,669	3,781,563	(4,675,080)
Deferred tax assets	468,346	59,039	43,478	309,210	53,469	21,175	24,421	121,974	(164,420)
Current assets	**6,062,014**	**1,696,939**	**961,866**	**2,395,120**	**231,513**	**822,261**	**65,129**	**627,017**	**(737,831)**
Inventories	1,234,338	87,211	51,838	276,578	103,281	718,209	1,228	275	(4,282)
Trade and other receivables	2,886,531	1,095,822	530,853	1,099,145	110,704	21,394	9,601	60,087	(41,075)
Other current financial assets	260,545	87,489	68,025	340,166	11,270	17,029	28,834	400,206	(692,474)
Other current assets	70,897	29,824	7,636	27,338	1,493	4,174	431	1	-
Cash and cash equivalents	1,609,703	396,593	303,514	651,893	4,765	61,455	25,035	166,448	-
Total assets	**16,717,675**	**5,105,725**	**4,278,119**	**3,114,602**	**1,047,843**	**3,389,240**	**719,827**	**4,716,684**	**(5,654,365)**
LIABILITIES									
Equity	**6,145,927**	**1,102,480**	**1,025,904**	**1,288,677**	**679,274**	**1,981,723**	**267,697**	**3,214,236**	**(3,414,064)**
Non-current liabilities	**6,708,319**	**2,879,179**	**2,395,315**	**243,008**	**244,000**	**894,525**	**381,913**	**1,175,175**	**(1,504,796)**
Grants	226,624	4,285	47,282	-	610	-	174,447	-	-
Non-current provisions	1,230,595	561,787	236,724	193,518	36,817	26,399	54,870	120,480	-
Non-current financial liabilities	4,817,034	2,052,887	2,020,383	23,354	142,214	713,866	146,796	1,053,774	(1,336,240)
Deferred tax liabilities	284,179	128,817	72,442	26,136	64,359	154,260	5,800	921	(168,556)
Other non-current liabilities	149,887	131,403	18,484	-	-	-	-	-	-
Current liabilities	**3,863,429**	**1,124,066**	**856,900**	**1,582,917**	**124,569**	**512,992**	**70,217**	**327,273**	**(735,505)**
Current provisions	159,610	4,992	17,659	127,695	3,357	2,903	1,065	1,939	-
Current financial liabilities	926,771	477,854	279,759	23,898	47,345	419,635	55,498	298,983	(676,201)
Trade and other payables	2,777,048	646,279	559,482	1,431,324	73,867	90,454	13,654	21,066	(59,078)
Internal relations	-	(5,059)	-	-	-	-	-	*5,285*	(226)
Total liabilities	**16,717,675**	**5,105,725**	**4,278,119**	**3,114,602**	**1,047,843**	**3,389,240**	**719,827**	**4,716,684**	**(5,654,365)**

Consolidated Group

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**9,874,542**	**3,164,348**	**3,125,791**	**803,020**	**728,894**	**2,325,704**	**601,856**	**3,904,676**	**(4,779,747)**
Intangible assets	2,342,148	932,535	902,913	78,209	148,608	44	330,686	5,494	(56,341)
Additions	*64,347*	*21,003*	*40,798*	*337*	*854*	*3*	-	*1,352*	-
Property, plant and equipment	3,496,804	1,713,092	993,061	154,497	470,038	924	37	185,430	(20,275)
Additions	*598,412*	*401,831*	*119,901*	*58,784*	*13,978*	*74*	*1*	*3,843*	-
Investment property	*2,122,854*	-	*2,560*	-	-	*2,120,294*	-	-	-
Additions	*21,599*	-	-	-	-	*21,599*	-	-	-
Investments accounted for using the equity method	502,629	194,887	54,353	40,712	42,690	40,006	118,358	11,381	242
Non-current financial assets	910,567	258,395	1,135,874	197,041	3,990	152,699	143,219	3,555,899	(4,536,550)
Deferred tax assets	499,540	65,439	37,030	332,561	63,568	11,737	9,556	146,472	(166,823)
Current assets	**5,407,999**	**1,594,944**	**829,780**	**2,158,697**	**236,746**	**874,862**	**40,446**	**310,239**	**(637,715)**
Inventory	1,143,202	57,346	41,528	179,954	105,207	758,219	198	1,098	(348)
Trade and other receivables	2,409,262	971,826	471,722	796,817	110,741	21,243	9,556	74,411	(47,054)
Other current financial assets	221,252	70,593	64,492	387,888	12,271	41,639	12,450	222,232	(590,313)
Other current assets	58,745	31,641	5,632	15,454	1,215	4,363	180	260	-
Cash and cash equivalents	1,575,538	463,538	246,406	778,584	7,312	49,398	18,062	12,238	-
Total assets	**15,282,541**	**4,759,292**	**3,955,571**	**2,961,717**	**965,640**	**3,200,566**	**642,302**	**4,214,915**	**(5,417,462)**
LIABILITIES									
Equity	**4,938,993**	**909,450**	**977,656**	**1,178,455**	**595,120**	**1,893,734**	**238,034**	**2,354,572**	**(3,208,028)**
Non-current liabilities	**6,046,615**	**2,231,734**	**2,319,042**	**236,140**	**246,352**	**971,668**	**338,826**	**1,273,388**	**(1,570,535)**
Grants	202,864	4,265	37,291	-	610	-	160,700	-	(2)
Non-current provisions	1,141,750	544,299	184,556	194,913	23,371	27,784	47,874	118,953	-
Non-current financial liabilities	4,271,282	1,418,164	2,017,592	10,289	156,788	783,845	130,252	1,153,968	(1,399,616)
Deferred tax liabilities	281,977	130,032	65,835	30,938	65,583	160,039	-	467	(170,917)
Other non-current liabilities	148,742	134,974	13,768	-	-	-	-	-	-
Current liabilities	**4,296,933**	**1,618,108**	**658,873**	**1,547,122**	**124,168**	**335,164**	**65,442**	**586,955**	**(638,899)**
Current provisions	148,074	5,115	14,377	118,276	4,661	2,443	1,133	2,069	-
Current financial liabilities	1,333,125	911,693	68,376	29,827	28,866	249,265	52,820	557,798	(565,520)
Trade and other payables	2,815,734	699,890	576,120	1,399,019	90,641	83,456	11,489	28,264	(73,145)
Internal relations	-	1,410	-	-	-	-	-	(1,176)	(234)
Total liabilities	**15,282,541**	**4,759,292**	**3,955,571**	**2,961,717**	**965,640**	**3,200,566**	**642,302**	**4,214,915**	**(5,417,462)**

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2023									
Operating activities	785,386	400,444	257,296	(262,273)	124,451	155,670	33,916	63,668	12,214
From investing activities	(962,436)	(527,502)	(174,151)	56,068	(100,235)	(81,749)	87,095	(243,123)	21,161
Financing activities	210,258	57,992	(30,285)	83,767	(25,969)	(61,862)	(114,344)	334,334	(33,375)
Other cash flows	957	2,122	4,247	(4,253)	(793)	(2)	305	(669)	-
Cash flows for the year	**34,165**	**(66,944)**	**57,107**	**(126,691)**	**(2,546)**	**12,057**	**6,972**	**154,210**	**-**
2022									
Operating activities	1,545,839	531,644	235,496	506,839	(13,539)	166,584	31,131	105,386	(17,702)
From investing activities	(938,045)	(385,164)	(273,097)	(12,104)	(13,422)	(154,654)	(43,959)	(17,965)	(37,680)
Financing activities	(567,196)	(55,143)	(316,370)	(60,990)	12,824	(29,973)	(18,970)	(153,956)	55,382
Other cash flows	(585)	(8,230)	(1,546)	8,817	(126)	-	501	(1)	-
Cash flows for the year	**40,013**	**83,107**	**(355,517)**	**442,562**	**(14,263)**	**(18,043)**	**(31,297)**	**(66,536)**	**-**

b) Activities and investments by geographic markets

The Group performs approximately 48% of its activity abroad (45% in 2022).

The Revenue realised abroad by the Group companies for the business years 2023 and 2022 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2023									
United Kingdom	1,113,996	778,736	-	249,949	89,598	7	-	-	(4,294)
Czech Republic	413,737	265,689	148,048	-	-	-	-	-	-
Georgia	79,240	-	79,240	-	-	-	-	-	-
Rest of Europe and Others	980,987	370,977	115,000	452,661	35,078	-	-	7,271	-
USA and Canada	608,156	351,562	-	237,303	19,291	-	-	-	-
Latin America	697,201	-	91,276	581,846	20,212	-	3,867	-	-
Middle East, Africa and Australia	395,448	-	134,667	193,277	69,189	-	-	-	(1,685)
	4,288,765	**1,766,964**	**568,231**	**1,715,036**	**233,368**	**7**	**3,867**	**7,271**	**(5,979)**
2022									
United Kingdom	1,048,589	794,945	-	178,292	78,158	-	-	-	(2,806)
Czech Republic	385,321	264,954	120,364	3	-	-	-	-	-
Georgia	65,292	-	65,292	-	-	-	-	-	-
Rest of Europe and Others	878,266	358,813	161,974	322,210	26,904	-	-	8,535	(170)
USA and Canada	285,565	247,240	-	23,400	14,925	-	-	-	-
Latin America	474,679	-	48,319	410,845	12,560	-	2,955	-	-
Middle East, Africa and Australia	296,798	-	65,806	162,048	69,382	-	-	-	(438)
	3,434,510	**1,665,952**	**461,755**	**1,096,798**	**201,929**	**-**	**2,955**	**8,535**	**(3,414)**

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Georgia	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2023									
ASSETS									
Intangible assets	**2,483,475**	1,172,955	455,196	664	2,133	280,323	160,142	378,125	33,937
Property, plant and equipment	**3,829,800**	1,761,439	532,068	463,786	339,984	410,626	260,958	38,484	22,455
Investment property	**2,091,328**	2,088,178	-	3,150		-	-	-	-
Deferred tax assets	**468,346**	409,898	7,919	-	5,551	17,799	-	25,145	2,034
2022									
ASSETS									
Intangible assets	**2,342,148**	1,214,779	453,521	1,770	2,236	254,017	80,321	295,082	40,422
Property, plant and equipment	**3,496,804**	1,512,754	556,861	434,978	342,537	354,623	241,111	34,249	19,691
Investment property	**2,122,854**	2,120,294	-	2,560	-	-	-	-	-
Deferred tax assets	**499,540**	444,666	16,040	-	5,434	17,166	-	13,332	2,902

c) Personnel

The average number of people employed in 2023 and 2022 by business areas is as follows:

	2023	2022
Environmental Services	44,565	42,996
Integrated Water Management	13,186	12,168
Construction	7,014	6,480
Cement	1,073	1,060
Real Estate	101	103
Concessions	157	58
Corporation	296	365
	66,392	**63,230**

28. ENVIRONMENTAL INFORMATION

The Corporate Responsibility Master Plan contains the environmental policy, enhancing the socially responsible commitment as part of the strategy of the FCC Group, which is highly involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
b) The reduction of environmental impacts through proper planning.
c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

a) The identification of environmental aspects and applicable legislation.
b) Impact evaluation criteria.
c) The measures to be taken.
d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity: (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2023, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,870,885 thousand euros (2,645,627 thousand euros at 31 December 2022). Environmental provisions, mainly for landfill sealing and closing costs, amount to 482,546 thousand euros (476,679 thousand euros as at 31 December 2022).

The activities carried out by Aqualia are directly linked to the protection of the environment, as the guiding thread of its actions, in collaboration with the different Public Administrations, is the efficient management of the end-to-end water cycle and the search for guarantees for the availability of water resources that allow for the sustainable growth of the populations where it provides its services. One of FCC Aqualia's fundamental objectives is continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes. Additionally, major efforts are being made in terms of production and marketing of cements with a higher percentage of additions that reduce the clinker content while maintaining their performance on site, making it possible to reduce the carbon footprint in its main product, cement. Also worth note is the increase in material recovery with greater use of secondary raw materials, increasing the percentage of energy substitution in clinker kilns.

At year-end the Cementos Portland Valderrivas Group has investments related to environmental activities recorded under intangible assets and property, plant and equipment for a total amount of 139,300 thousand euros (137,960 thousand euros in 2022), with accumulated amortisation of 113,693 thousand euros (108,756 thousand euros in 2022). In 2023, it also incurred expenses of 3,508 thousand euros (2,562 thousand euros in 2022) to ensure the protection and improvement of the environment, which were recognised under "Other operating expenses" in the accompanying consolidated income statement.

For the cement activity, the Group receives free CO_2 emission rights in accordance with the corresponding national allocation plans. During 2023 and 2022, no greenhouse gas rights were sold.

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an "Environmental performance code" that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

The Real Estate Area, in carrying out its usual development activities, considers the environmental impact of its projects and investments as a key aspect. However, it has not been necessary to incorporate systems, equipment or installations for the protection and improvement of the environment into tangible fixed assets.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2023 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page www.fcc.es.

29. FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial and non-financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following risks:

a) Capital risk

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The Group's basic capital base is equity in the balance sheet which, for management and monitoring purposes, excludes the item "Changes in fair value of financial instruments" and "Translation differences".

The first of these headings is disregarded for management purposes as it is considered as part of interest rate management, since it is mainly the result of the assessment of instruments that transform floating-rate debt into fixed-rate debt. Translation differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

The above is reflected in the results of ratios, debt levels and the high percentage classed as Investment grade, mainly in the parent's subsidiaries that account for a large part of the Group's financial debt, such as FCC Aqualia and FCC Servicios Medio Ambiente Holding.

In addition, as more extensively explained in note 19 on Non-current and current financial liabilities, in June 2022 the refinancing in the Water area was completed for the sum of €1,100 million. Moreover, in July 2020, FCC Servicios Medioambiente Holding, S.A. registered, and since then has renewed once a year, a promissory note programme, Euro Commercial Paper Programme (ECP), on the Irish stock exchange, for a maximum amount of 400 million euros and in October 2023 refinanced 600 million euros through a new bond issue. Fomento de Construcciones y Contratas, S.A. has had a promissory note programme - Euro Commercial Paper Program (ECP) - registered in that same market since November 2018, for an amount of 600 million euros. In 2023, new financing facilities were also renewed and taken out in the form of lines of credit and bilateral loans.

These operations have helped to continue to shore up the financial solvency process and the continuation of the policy of diversifying funding sources. These measures have contributed to achieving a much more robust and efficient capital structure, with suitable volumes, terms and financing costs adapted to the nature of the different business areas.

The Economic-Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratios and compliance with financing covenants, together with the capital structure of the subsidiaries.

b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of the Group’s positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt at 31 December 2023:

	CONSOLIDATED (thousands of euros)							
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Other	TOTAL
Gross debt	4,407,122	168,001	303,179	170	1,954	58,296	26,368	4,965,090
Financial assets	(834,286)	(293,363)	(244,251)	(45,872)	(108,488)	(98,859)	(239,865)	(1,864,984)
Total consolidated Net indebtedness	**3,572,836**	**(125,362)**	**58,928**	**(45,702)**	**(106,534)**	**(40,563)**	**(213,497)**	**3,100,106**
% Net Debt of the total	115.2%	(4.0%)	1.9%	(1.5%)	(3.4%)	(1.3%)	(6.9%)	100.0%

Note 16 of these Financial Statements provides a break down of Cash and Equivalents by currency; in this breakdown, we can see how 45.5% is denominated in euros, 18.0% is denominated in US dollars, 13.5% in sterling and 6.9% in Saudi riyals.

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

A summary table of the sensitivity to exchange rate changes in the translation of foreign currency financial statements in the main currencies in which the Group operates is shown below (note 17):

	10%	
	Profit and Loss	Equity
Pound sterling	6,473	45,903
US dollar	504	36,487
Georgian lari	1,159	16,577
Algerian dinar	2,401	16,255
Czech koruna	3,813	10,729
Total	**14,350**	**125,951**

	-10%	
	Profit and Loss	Equity
Pound sterling	(6,473)	(45,903)
US dollar	(504)	(36,487)
Georgian lari	(1,159)	(16,577)
Algerian dinar	(2,401)	(16,255)
Czech koruna	(3,813)	(10,729)
Total	**(14,350)**	**(125,951)**

The impact on sterling is mainly due to the translation of the net assets corresponding to the investment held in the FCC Environment UK subgroup.

c) The FCC Group is exposed to interest rate risk

The Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 61.3% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	Integrated Water Management	Concessions	Real Estate	Corporation
Total Gross External Debt	4,965,090	8,150	1,908,765	140,932	2,029,496	101,959	774,296	1,492
Fixed-rate headings and financing at 31.12.23	(3,042,444)	(1,653)	(1,665,034)	(1,196)	(733,313)	-	(641,248)	-
Total variable rate debt	**1,922,646**	**6,497**	**243,731**	**139,736**	**1,296,183**	**101,959**	**133,048**	**1,492**
Ratio: Variable rate debt / Gross External Debt at 31.12.23	**38.7%**	**79.7%**	**12.8%**	**99.2%**	**63.9%**	**100.0%**	**17.2%**	**100.0%**

The following table summarises the effect on the Group's income statement of upward movements in the interest rate curve on gross borrowings, after excluding fixed-rate debt and debt associated with hedging agreements:

	Gross indebtedness		
	+25 pp	+50 pp	+75 pp
Impact on profit or loss	4,807	9,613	14,420

d) Solvency risk

At 31 December 2023, the net financial indebtedness of the Environmental Services Group contained in the accompanying consolidated balance sheet amounted to 3,100,106 thousand euros as shown in the following table (3,192,719 thousand euros at 31 December 2022):

	2023	2022
Bank borrowings	2,709,929	2,778,349
Debt instruments and other loans	2,107,100	2,040,747
Other interest-bearing financial debt	148,061	163,364
Current financial assets	(255,281)	(214,203)
Treasury and cash equivalents	(1,609,703)	(1,575,538)
Net interest-bearing debt	**3,100,106**	**3,192,719**
Net debts with limited recourse	**4,001,840**	**3,869,904**
Net indebtedness with recourse	**(901,734)**	**(677,185)**

In turn, Net Debt with limited recourse increased year on year mainly due to the higher indebtedness of the Environmental Services area (note 19).

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The Group's ability to obtain financing depends on many factors, many of which are outside its control.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group’s ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group’s capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2023, the Group's schedule of maturities of external gross debt was as follows:

2024	2025	2026	2027 and beyond	TOTAL
605,434	687,989	1,957,205	1,714,462	4,965,090

Almost the entire amount of the gross financial debt, amounting to €4,955,167 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to 2,029,496 thousand euros, and of the Environmental Services segment amounting to 1,908,765 thousand euros at 31 December 2023.

At 31 December 2023, the Group had working capital of 2,198,585 thousand euros (1,111,066 thousand euros at 31 December 2022).

In order to manage liquidity risk, at 31 December 2023, the Group had 591.7 million euros in undrawn bilateral financing lines, and 1,219,996 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	255,281	23,711	18,760	17,029	195,781

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	389,707	189,624	-	200,083

f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.

- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.

- Products: The Group uses various financial products: loans, credit facilities, promissory notes and obligations, syndicated loans, assignments and discounting, etc.

- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2023 the weight of the external activity has been 48% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector customers, the Group does not accept commitments that do not have an assigned budget and financial approval. Offers that exceed a specific payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2023 and 2022 as shown in the following table:

	2023	2022
Financial credits granted (note 13)	1,092,422	1,060,903
Trade and other receivables (note 15)	2,886,530	2,409,262
Derivative financial assets (note 22)	30,445	46,330
Cash and cash equivalents (Note 16)	1,609,703	1,575,538
Guarantees granted (Note 25)	5,041,504	4,697,135
TOTAL	**10,660,604**	**9,789,168**

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial assets or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Concession activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

With respect to credit quality, the Group applies its best judgement to impair financial assets for which lifetime credit losses are expected to be incurred (note 3.i). The Group regularly analyses changes in the public ratings of the entities to which it is exposed..

Risk hedging financial derivatives

The financial derivatives contracted by the Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the Group through derivative instruments relates to changes in the variable interest rates to which the financing of Group companies is linked. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing four bullish scenarios of the basic interest rate curve of the Euro, coming in at around 2.43% in the medium/long term as at 31 December 2023, assuming an increase and reduction of 50 bp and 100 bp.

The amounts in thousands of euros obtained in relation to derivatives outstanding at year-end with an impact on equity (note 22), after applying, where applicable, the percentage of ownership interest, are shown below.

	Hedging derivatives			
	-100 pp	-50 pp	+50 pp	+100pp
Impact on Equity:				
Full consolidation	(11,532)	(5,626)	5,364	10,482
Equity method	(8,512)	(4,072)	3,739	7,176

h) Risks generated by the Russian invasion of Ukraine

The Group does not undertake activities in Russia, Ukraine or Belarus, meaning that the Russian invasion of Ukraine and the subsequent sanctions have not had a direct effect on its activities. However, it has been exposed to indirect effects such as the increase in the cost of raw materials, in particular the cost of energy, disruption to supply chains and, to a certain extent, the increase in reference interest rates.

In view of the above, the Group has reviewed the assumptions used to assess the signs of impairment of its main non-financial assets, considering, among other factors, the increase in reference interest rates, paying special attention to goodwill, and has determined that there is no impairment associated with it (note 6).

Given that the Group does not operate in the aforementioned geographic markets, no significant increase in the credit risk of its financial assets has been seen; therefore, no additional impairments have been recognised beyond those considered inherent to the different activities it performs. Furthermore, no difficulties have been detected in the Group's ability to obtain financing, as reflected by the transactions undertaken over the course of the year (note 19).

The aforementioned invasion has had a limited impact on the Group, meaning that the consolidated financial statements have been prepared applying the going concern principle, considering that the effects described do not jeopardise the continuity of their activities.

i) Climate change risks

The Group's activities may be impacted by adverse weather conditions, such as floods or other natural disasters, and in some cases by decreases in temperature that may make it difficult, or even impossible in extreme cases, to carry out its activities, such as in the case of severe frost in the construction activity.

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 18).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and, due to the very nature of some of the activities it carries out, it promotes the circular economy. In order to achieve these objectives, the Group implements specific policies in its activities.

The Construction area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.

The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. Furthermore, the Area has implemented energy management policies with a view to optimising energy consumption at its facilities; this policy is reflected in the calculation of the company's Carbon Footprint at its plants in Spain. The Area has also implemented policies to reduce greenhouse gas emissions, through the signing of a PPA (Power Purchase Agreement) contract for renewable energies (photovoltaic) and projects to install renewable energy (photovoltaic) at some of its facilities.

The Cement Area takes measures that are specified at each facility, taking into account the current context of each one, its technological, human and economic resources, the applicable legislation and the expectations of the interested parties. The objectives of such measures are to promote the circular economy and to reduce greenhouse gas emissions by increasing material and energy recovery with a greater use of decarbonised raw materials, recoverable waste and biomass fuels, increasing energy efficiency through the optimisation of the fuel mix and the use of expert systems in the manufacturing process and transition to LED lighting and increasing the mix of renewable energies through solar and/or wind energy facility projects and boosting the consumption of biomass in clinker manufacturing.

Pursuant to the reporting requirements set out in the Taxonomy Regulation (EU) 2020/852, the Group has analysed the proportion of its economic activities that are eligible, and where appropriate, aligned and non-aligned, and ineligible under the Environmental Taxonomy, in terms of business volume, CapEx and OpEx relative to 2023. The Statement of Non-Financial Information that forms part of the Management Report provides greater details about the results and methodology followed in the application of the aforementioned Regulation, in particular specifying how the Group has analysed the climate risks affecting all its activities.

As a result of the above, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continued existence.

30. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2023 and 2022, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2023	2022
Fixed remuneration	966	893
Other payments	1,879	1,671
	2,845	**2,564**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 2,180 thousand euros (5,793 thousand euros in the 2022 business years).

2023		
	Marcos Bada Gutiérrez	General manager of Internal Audit
	Felipe B. García Pérez	General Secretary
	Miguel A. Martínez Parra	Managing Director of Administration and Finance
	Félix Parra Mediavilla	Managing Director of FCC Aqualia
	Jaime Rocha Font	CEO of Cementos Portland Valderrivas

2022		
	Marcos Bada Gutiérrez	General manager of Internal Audit
	Felipe B. García Pérez	General Secretary
	Miguel A. Martínez Parra	Managing Director of Administration and Finance
	Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 24 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
ALICIA ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIRWOMAN (ACTING ON BEHALF OF EAC INVERSIONES CORPORATIVAS, S.L.)
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	REALIA BUSINESS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	FCyC, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DIRECTOR
JUAN RODRÍGUEZ TORRES	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	CHAIRMAN
PABLO COLIO ABRIL	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	DEPUTY CHAIRMAN
	FCC MEDIO AMBIENTE, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DEPUTY CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AUSTRIA ABFALL SERVICE AG	CHAIRMAN
ESTHER ALCOCER KOPLOWITZ	REALIA BUSINESS, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
CARMEN ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR

In 2023, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 289,504 thousand euros (133,495 thousand euros in 2022) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 19,431 thousand euros (18,501 thousand euros in 2022) are also included in the Group's consolidated financial statements.

d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Execution of construction and service provision contracts between Group companies, eliminated in the process of consolidation, and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2023	2022
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,047	926
	FCC Medio Ambiente, S.A.	180	174
	Servicios Especiales de Limpieza,S.A.	494	508
	Fedemes,S.L.	28	24
	Fomento de Construcciones y Contratas, S.A.	1	2
Realia Business, S.A.	FCC Construcción, S.A.	6,772	6,326
	Fomento de Construcciones y Contratas, S.A.	172	163
	Fedemes,S.L.	142	130
	FCyC, S.A.	348	175
	Residencial Turo del Mar, C.B.	6	9
	Jezzine Uno, S.L.U.	15	1
FCyC, S.A.	FCC Construcción, S.A.	41,050	30,170
	FCC Ambito, S.A.	-	4
	Fomento de Construcciones y Contratas, S.A.	56	50
	Fedemes,S.L.	140	130
	Realia Business, S.A.	3,780	3,560
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	127	134
	Fedemes,S.L.	26	25
Jezzine Uno, S.L.U.	Realia Business, S.A.	104	95
	Fedemes,S.L.	8	6
AS Cancelas Siglo XXI, S.L	Realia Business, S.A.	2,094	1,990
FCC Real Estate UK	FCC Environment Group (UK)	7	-
Cementos Portland Valderrivas, S.A.	Realia Patrimonio, S.L.U.	568	429
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	15	10
Fedemes, S.L.	Realia Patrimonio, S.L.U.	3	5
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	272	87
Giant Cement Company	Uniland Trading B.V.	5,771	-
Coastal Cement Corporation	Uniland Trading B.V.	13,550	9,907
		76,776	**55,040**

In addition, the following balance sheet balances are maintained:

Receivable	Payable	2023	2022
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas, S.A.	132	132
	Fomento de Construcciones y Contratas, S.A.	27	27
	FCC Industrial e Infraestructuras Energéticas S.A.U.	412	377
	FCC Medio Ambiente, S.A.	82	75
	Servicios Especiales de Limpieza,S.A.	231	273
	Fedemes,S.L.	51	48
Realia Business, S.A.	Fedemes,S.L.	14	13
	Fomento de Construcciones y Contratas, S.A.	99,936	70,122
	FCC Construcción, S.A.	1,891	4,629
	FCC Industrial e Infraestructuras Energéticas S.A.U.	2	52
	FCyC, S.A.	87	211
FCyC, S.A.	Asesoria financiera y de gestión, S.A.	170	257
	Fomento de Construcciones y Contratas, S.A.	227,485	118,474
	FCC Construcción, S.A.	10,109	3,316
	FCC Industrial e Infraestructuras Energéticas S.A.U.	-	7
	Costa Verde Habitat, S.L.	1,993	2,340
	Jezzine Uno, S.L.U.	37,043	17,618
	Realia Business, S.A.	1,440	1,437
	Fedemes,S.L.	14	13
FCC Real Estate (UK) Limited	FCC Environment (UK) Limited	4,005	-
	FCyC, S.A.	207	97
Vela Borovica Koncern d.o.o.	FCyC, S.A.	189	126
Costa Verde Habitat, S.L.	FCyC, S.A.	5	-
Planigesa, S.A.	Servicios Especiales de Limpieza,S.A.	15	-
	Fomento de Construcciones y Contratas, S.A.	1	-
	Fedemes,S.L.	3	-
Valaise, S.L. Unipersonal	FCC Industrial e Infraestructuras Energéticas S.A.U.	4	-
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	2,290	2,409
	Realia Business, S.A.	67	49
	FCyC, S.A.	4,549	32,649
Residencial Turo del Mar, C.B.	Realia Business, S.A.	2	2
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	30	38
	Fedemes,S.L.	-	3
Jezzine Uno, S.L.U.	FCyC, S.A.	3,805	3,044
	Realia Business, S.A.	32	28
	Fedemes,S.L.	1	-
AS Cancelas Siglo XXI, S.L.	Realia Business, S.A.	8,370	10,012
FCC Industrial e Infraestructuras Energéticas S.A.U.	Realia Patrimonio, S.L.U.	25	47
	Realia Business, S.A.	12	13
FCC Construcción, S.A.	FCyC, S.A.	-	105
	Realia Business, S.A.	330	459
FCC Environment (UK) Limited	FCC Real Estate (UK) Limited	98	-
Fedemes,S.L.	Realia Patrimonio, S.L.U.	1,362	186
Realia Business, S.A.	Residencial Turo del Mar, C.B.	-	291
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	4,692	5,307
Uniland Acquisition Corporation	Uniland International B.V.	10	10
Giant Cement Company	Uniland Trading B.V.	1,628	-
Coastal Cement Corporation	Uniland Trading B.V.	3,341	1,729
		416,192	**276,025**

Additionally, during 2023, the following operations were carried out with related parties:

- Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 355 thousand euros.
- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 184 thousand euros.
- Contract for the provision of services between Cementos Portland Valderrivas, S.A. and Mr. Jaime Rocha Font, for the amount of 150 thousand euros.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €184 thousand.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2023 of 50,405 thousand euros (70,405 thousand euros in 2022). On 20 October 2022, the extension of its maturity until 20 October 2025 was signed off. The financial expenses accrued during the year amounted to 2,703 thousand euros.
- Contract for the provision of IT services by Claro Enterprise Solutions, S.L. to Fomento de Construcciones y Contratas, S.A. in the amount of 15,146 thousand euros (15,662 thousand euros in 2022).
- Commercial operations within the Cement segment with the company Trituradora y procesadora de materiales Santa Anita S.A. de C.V. of the Elementia Group for an amount of 22,606 thousand euros (9,390 thousand euros in 2022), with the debt pending collection as of 31 December 2023 being 713 thousand euros (2,011 thousand euros as of 31 December 2022).
- Acquisition by FCyC, S.A. of a 12.19% stake in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U. for the amount of 105,000 thousand euros (Note 4).
- Acquisition by FCyC, S.A. of 3.99% of Metrovacesa, S.A. from Control Empresarial de Capitales, S.A. de C.V. for an amount of 49,571 thousand euros (notes 4, 11, 13, 17 and 26).
- Acquisition by FCyC, S.A. of 1.95% of Metrovacesa, S.A. from Soinmob Inmobiliaria Española, S.A.U. for an amount of 24,233 thousand euros (note 4, 11, 13, 17 and 26).
- Granting of a loan by FCC, S.A. to Realia Business, S.A. for an amount of 40,000 thousand euros.
- Granting of a loan by FCC, S.A. to FCyC, S.A. for an amount of 178,804 thousand euros.
- Novation of the intragroup loan between FCC, S.A. and Realia Business, S.A. to extend its maturity, the amount of the loan being 65,000 thousand euros.
- Contracts for the provision of cleaning services by Servicios Especiales de Limpieza, S.A. to Realia Patrimony, S.L.U. and Hermanos Revilla, S.A. (now Planigesa, S.A.) for an amount of 511 thousands of euros and a one-year duration.
- Contracts for the provision of cleaning services by FCC Medio Ambiente, S.A. to Realia Patrimony, S.L.U. for an amount of 177 thousands of euros and a one-year duration.
- Contracts for the provision of maintenance services by FCC Industrial e Infraestructuras Energéticas S.A.U. to Realia Estate, S.L.U. for an amount of 755 thousands of euros and a one-year duration.

- Contracts for real-estate development management and marketing services provided by Realia Business, S.A. to FC y C, S.A. for an amount of 12,538 thousands of euros.
- Work execution contract by FCC Construction, S.A. to Realia Business, S.A. for an amount of 19,851 thousand euros.
- Authorisation for the sale of dump sites in the United Kingdom to FCC Real State (UK) Ltd., both those closed and those currently in operation once they are closed. Additionally, a contract has been signed for the operation and maintenance by FCC Recycling (UK) of the landfills once they have been transferred to the aforementioned company.
- Granting of a guarantee by FCC, S.A. for an amount of 30,000 thousands of euros to FCC Real Estate (UK) Ltd. in relation to the risks of the transferred landfills.

In addition, other transactions are carried out on an arm's length basis, mainly telephone and internet access services, with related parties related to the majority shareholder for an insignificant amount.

e) Mechanisms established to detect, determine and resolve possible conflicts of interest between the Parent Company and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interest between Group companies and their directors, executives and significant shareholders, as indicated in article 20 et seq. of the Board Regulations.

31. FEES PAID TO AUDITORS

The fees for audit services accrued in 2023 and 2022 for audit services and other assurance services, as well as other professional services, provided to the various Group and jointly managed companies comprising the FCC Group by the principal auditor and other auditors participating in the audit of the various Group companies, and also by entities related to them, both in Spain and abroad, are shown in the following table:

	2023			2022		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	4,529	754	5,283	3,880	705	4,585
Other assurance services	526	248	774	333	241	574
Total audit and related services	**5,055**	**1,002**	**6,057**	**4,213**	**946**	**5,159**
Tax advisory services	-	1,141	1,141	-	1,354	1,354
Other services	-	1,917	1,917	-	1,894	1,894
Total professional services	**-**	**3,058**	**3,058**	**-**	**3,248**	**3,248**
TOTAL	**5,055**	**4,060**	**9,115**	**4,213**	**4,194**	**8,407**

32. EVENTS AFTER THE CLOSING DATE

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

ANNEX I

SUBSIDIARIES

SUBSIDIARIES

Company	Address/Registered office	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	38.26	Moore
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	75.01	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	75.01	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	45.01	Vaciero Auditores
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	40.22	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	38.26	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	99.25	Nearshore Middle East
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	49.96	Capital Auditors
Energyloop, S.A.	Av. Camino de Santiago, 40 - Madrid	41.26	Ernst & Young
Enviropower Investments Limited	United Kingdom	75.01	
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	75.01	Ernst & Young
FCC Environment Services (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Environmental Services CA	USA	75.01	
FCC Environmental Services Florida Llc.	USA	75.01	
FCC Environmental Services Nebraska Llc.	USA	75.01	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Environmental Services Texas Llc.	USA	75.01	
FCC Environmental Services (USA) Llc.	USA	75.01	
FCC Environnement France	France	75.01	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	75.01	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	75.01	Aranda & Hinojosa
FCC Equal CEE Baleares, S.L.U.	Camino Fondo, 27 - Palma (Balearic Islands)	75.01	
FCC Equal CEE Canarias, S.L.U.	Carretera de Guanarteme a Tamaraceite S/n KM5.1 - Las Maja, 35010, (Las Palmas)	75.01	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	75.01	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	75.01	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	75.01	Ernst & Young
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid	75.01	
FCC Servicios Medio Ambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	75.01	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	71.26	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	75.01	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	60.01	Vaciero Auditores
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	69.01	Ernst & Young
Golrib, Soluções de Valorização de Residuos Lda.	Portugal	41.26	Ernst & Young
Houston Waste Services, LLC	USA	75.01	
Houston Waste Solutions, LLC	USA	75.01	
Industria Reciclaje de RAEES, S.L.	Crta. Santander, KM 61.50 - Osorno la Mayor (Palencia)	75.01	

Company	Address/Registered office	% Effective ownership	Auditor
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	67.51	Ernst & Young
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	75.01	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	75.01	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	75.01	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	67.51	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	75.01	Ernst & Young
Premier Waste Services, LLC.	USA	75.01	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	37.51	Ernst & Young
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	60.01	
Resicorreia Gestao Ser Amb Lda	Portugal	41.26	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	56.26	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	45.01	Capital Auditors
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	49.44	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	75.01	
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	56.26	Capital Auditors
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	60.01	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	75.01	Vaciero Auditores
FCC Group - CEE			
FCC Hódmezövásárhely Köztisztasági Kft	Hungary	46.38	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Agadax s.r.o.	Czech Republic	75.01	
ASMJ s.r.o.	Czech Republic	38.26	
FCC Abfall Service Betriebs GmbH	Austria	75.01	
FCC Austria Abfall Service AG	Austria	75.01	Ernst & Young
FCC BEC s.r.o.	Czech Republic	75.01	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	75.01	
FCC Centrum Nonprofit Kft.	Hungary	75.01	Ernst & Young
FCC Česká Republika s.r.o.	Czech Republic	75.01	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	56.26	Ernst & Young
FCC Dačice s.r.o.	Czech Republic	45.01	Ernst & Young
FCC Eko d.o.o.	Serbia	75.01	Ernst & Young
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	75.01	
FCC Environment CEE GmbH	Austria	75.01	Ernst & Young
FCC Environment Romania S.R.L.	Romania	75.01	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	75.01	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	75.01	
FCC HP s.r.o.	Czech Republic	75.01	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	75.01	
FCC Inerta Engineering & Consulting GmbH	Austria	75.01	
FCC Kikinda d.o.o.	Serbia	60.01	Ernst & Young
FCC Liberec s.r.o.	Czech Republic	41.26	Ernst & Young
FCC Litovel s.r.o.	Czech Republic	36.75	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Lubliniec sp. z.o.o.	Poland	46.48	
FCC Magyarország Kft	Hungary	75.01	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	75.01	
FCC Neratovice s.r.o.	Czech Republic	75.01	
FCC Neunkirchen Abfall Service GmbH	Austria	75.01	
FCC Podhale sp. z.o.o.	Poland	75.01	Ernst & Young
FCC Polska sp. z.o.o.	Poland	75.01	Ernst & Young
FCC Pro Eko sp. z.o.o.	Poland	75.01	
FCC Prostějov s.r.o.	Czech Republic	56.26	Ernst & Young
FCC Regios a.s.	Czech Republic	75.00	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	75.01	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	44.80	Ernst & Young
FCC Textil2Use GmbH	Austria	75.01	
FCC Trnava s.r.o.	Slovakia	37.51	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	49.51	
FCC Vrbak d.o.o.	Serbia	38.26	
FCC Wiener Neustadt Abfall Service GmbH	Austria	75.01	
FCC Žabčice s.r.o.	Czech Republic	60.01	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	66.76	
FCC Zisterdorf Abfall Service GmbH	Austria	75.01	Ernst & Young
FCC Znojmo s.r.o.	Czech Republic	37.25	Ernst & Young
FCC Zohor.s.r.o.	Slovakia	63.76	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Śląsk Sp. z o.o.	Poland	60.01	Ernst & Young
Obsed a.s.	Czech Republic	75.01	
Quail spol. s.r.o.	Czech Republic	75.01	Ernst & Young
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	45.01	
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	75.01	Ernst & Young
3C Waste Limited	United Kingdom	75.01	Ernst & Young
Allington O & M Services Limited	United Kingdom	75.01	Ernst & Young
Allington Waste Company Limited	United Kingdom	75.01	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	75.01	Ernst & Young
Anti-Waste Limited	United Kingdom	75.01	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	75.01	Ernst & Young
BDR Property Limited	United Kingdom	60.01	Ernst & Young
BDR Waste Disposal Limited	United Kingdom	75.01	Ernst & Young
Darrington Quarries Limited	United Kingdom	75.01	Ernst & Young
Derbyshire Waste Limited	United Kingdom	75.01	Ernst & Young
East Waste Limited	United Kingdom	75.01	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	75.01	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Environment Limited	United Kingdom	75.01	Ernst & Young
FCC Environment Lostock Limited	United Kingdom	75.01	
FCC Lostock Holdings Limited	United Kingdom	75.01	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Recycling (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI Holdings Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	75.01	Ernst & Young
Finstop Limited	United Kingdom	75.01	
Focsa Services (UK) Limited	United Kingdom	75.01	
Hykeham O&M Services Limited	United Kingdom	75.01	Ernst & Young
Integrated Waste Management Limited	United Kingdom	75.01	Ernst & Young
Landfill Management Limited	United Kingdom	75.01	Ernst & Young
Lincwaste Limited	United Kingdom	75.01	Ernst & Young
Norfolk Waste Limited	United Kingdom	75.01	Ernst & Young
Pennine Waste Management Limited	United Kingdom	75.01	Ernst & Young
RE3 Holding Limited	United Kingdom	75.01	Ernst & Young
RE3 Limited	United Kingdom	75.01	Ernst & Young
T Shooter Limited	United Kingdom	75.01	
Waste Recovery Limited	United Kingdom	75.01	
Waste Recycling Group (Central) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	75.01	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Wastenotts O & M Services Limited	United Kingdom	75.01	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	75.01	Ernst & Young
WRG (Midlands) Limited	United Kingdom	75.01	Ernst & Young
WRG (Northern) Limited	United Kingdom	75.01	Ernst & Young
WRG Acquisitions 2 Limited	United Kingdom	75.01	Ernst & Young
WRG Environmental Limited	United Kingdom	75.01	Ernst & Young
WRG Waste Services Limited	United Kingdom	75.01	
FCC Group - PFI Holdings			
FCC PFI Holdings Limited	United Kingdom	75.01	Ernst & Young
Green Recovery Group			
Allington Energy Networks Ltd.	United Kingdom	38.26	
FCC (E&M) Holdings Ltd.	United Kingdom	38.26	Ernst & Young
FCC (E&M) Ltd.	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	38.26	
FCC Energy Holdings Ltd	United Kingdom	38.26	Ernst & Young
FCC Energy Limited	United Kingdom	38.26	Ernst & Young
FCC Environment (Lincolnshire) Ltd.	United Kingdom	38.26	Ernst & Young
FCC Environment Developments Ltd.	United Kingdom	38.26	Ernst & Young
Green Energy Finance Solutions Ltd	United Kingdom	38.26	Ernst & Young
Green Recovery Projects Ltd	United Kingdom	38.26	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Kent Energy Limited	United Kingdom	38.26	Ernst & Young
Kent Enviropower Limited	United Kingdom	38.26	Ernst & Young
Wastenotts (Reclamation) Limited	United Kingdom	38.26	Ernst & Young
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A.	Portugal	30,60	Oliveira, Reis & Asociados
Acque di Caltanissetta, S.p.a.	Italy	50,78	Ernst & Young
Aguas de Albania, S.A. E.S.P.	Colombia	45,90	BDO Auditores
Aguas de Aracataca, S.A.S.	Colombia	48,45	BDO Auditores
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia	51,00	BDO Auditores
Aguas de la Península, S.A. E.S.P.	Colombia	51,00	BDO Auditores
Aguas de la Sabana de Bogotá, S.A. E.S.P.	Colombia	40,70	BDO Auditores
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51,00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51,00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45,90	Capital Auditors
Aquaelvas – Aguas de Elvas, S.A.	Portugal	51,00	Ernst & Young
Aquafundalia – Agua do Fundäo, S.A.	Portugal	51,00	Ernst & Young
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51,00	Ernst & Young
Aquamag, S.A.S. E.S.P.	Colombia	51,00	BDO Auditores
Aqualia Colombia, S.A.S.	Colombia	51,00	BDO Auditores
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51,00	Ernst & Young
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51,00	Ernst & Young
Aqualia Flandes S.A.S. E.S.P.	Colombia	51,00	Baker & Tilly

Company	Address/Registered office	% Effective ownership	Auditor
Aqualia France	France	51,00	SNR Audit
Aqualia Gestión Los Cabos SACV	Mexico	51,00	Ernst & Young
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51,00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51,00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51,00	CMC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51,00	
Aqualia Infraestructuras Pristina LLC.	Kosovo	51,00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51,00	Ernst & Young
Aqualia Latinoamérica, SA	Colombia	51,00	BDO Auditores
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26,01	Baker & Tilly
Aqualia Mace Qatar	Qatar	26,01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51,00	Ernst & Young
Aqualia Portugal, S.A.	Portugal	51,00	Ernst & Young
Aqualia Riohacha S.A.S. E.S.P.	Colombia	26,01	BDO Auditores
Aqualia Villa del Rosario, SA	Colombia	51,00	BDO Auditores
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51,00	Ernst & Young
Aquos El Realito, S.A. de C.V.	Mexico	26,01	Ernst & Young
C.E.G. S.P.A. Simplifiée	France	51,00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30,60	Oliveira, Reis & Asociados
Compagnie Armoricaine Des Eaux	France	51,00	SNR Audit
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30,60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51,00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51,00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51,00	CTS Consultores
Empresa Gestora de Aguas Linenses, S.L.	Federico Salmón, 13 – Madrid	51,00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35,70	
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49,47	Ernst & Young
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51,00	Ernst & Young
FCC Aqualia América, S.A. Unipersonal	Uruguay, 11 – Vigo (Pontevedra)	51,00	
FCC Aqualia U.S.A. Corp	USA	51,00	H&CO
Flores, Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30,60	
Genesis Lodos, S.L.	Avda. Kansas City, 9 - Seville	40,80	
Haji Abdullah Ali Reza Integrated Services Ltd (HAA & CO.)	Saudi Arabia	26,01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	51,00	Ernst & Young
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51,00	Ernst & Young
Municipal District Services, Llc.	USA	49,47	
Naunet, S.A.S.	Colombia	51,00	BDO Auditores
North Cluster S.P.V. Llc.	Saudi Arabia	26,01	Ernst & Young
Qatarat Saquia Desalination	Saudi Arabia	26,01	Ernst & Young
Servicios Hídricos Agricultura y Ciudad, S.L.U.	Alfonso XIII – Sabadell (Barcelona)	51,00	
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	Czech Republic	51,00	Ernst & Young
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13,01	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51,00	Ernst & Young
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51,00	

Company	Address/Registered office	% Effective ownership	Auditor
Société des Eaux de Fin d'Oise, S.A.S.	France	51,00	SNR Audit
Société Pays de Dreux	France	51,00	
South Cluster SPV Llc	Saudi Arabia	22,95	Ernst & Young
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51,00	Ernst & Young
Vodotech, spol. s.r.o.	Czech Republic	51,00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30,60	
GGU Group			
Aqualia Georgia Llc.	Georgia	51,00	Ernst & Young
Gardabani Sewage Treatment Plant Llc.	Georgia	40,80	Ernst & Young
Georgia Global Utilities JSC	Georgia	40,80	Ernst & Young
Georgian Energy Trading Company Llc.	Georgia	40,80	Ernst & Young
Georgian Engineering and Management	Georgia	40,80	Ernst & Young
Georgian Water and Power Llc.	Georgia	40,80	Ernst & Young
Rustavi Water Llc.	Georgia	40,80	
Saguramo Energy Llc.	Georgia	40,80	Ernst & Young
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100,00	
Agregados y Materiales de Panamá, S.A.	Panama	100,00	Mohsin Hafeji Hajari (CPA)
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100,00	Capital Auditors
Colombiana de Infraestructuras, S.A.S.	Colombia	100,00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100,00	
Concretos Estructurales, S.A.	Nicaragua	100,00	

Company	Address/Registered office	% Effective ownership	Auditor
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100,00	
Consorcio FCC Iquique Ltda.	Chile	100,00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52,00	
Construcciones Hospitalarias, S.A.	Panama	100,00	Mohsin Hafeji Hajari (CPA)
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60,00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85,60	
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100,00	Ernst & Young
Corporación M&S de Nicaragua, S.A.	Nicaragua	100,00	
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100,00	
Edificadora MSG, S.A. (Panama)	Panama	100,00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100,00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100,00	
FCC Américas, S.A. de C.V.	Mexico	50,00	
FCC Américas Panamá, S.A.	Panama	50,00	PH Proaudit Solutions
FCC Colombia, S.A.S.	Colombia	100,00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100,00	Ernst & Young
FCC Construcción América, S.A.	Costa Rica	100,00	
FCC Construcción Chile, SPA	Chile	100,00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100,00	
FCC Construcción de México, S.A. de C.V.	Mexico	100,00	Ernst & Young
FCC Construcción Perú, S.A.C.	Peru	100,00	
FCC Constructii Romania, S.A.	Romania	100,00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Construction Australia Pty Ltd	Australia	100,00	
FCC Construction Inc.	USA	100,00	Ernst & Young
FCC Construction International B.V.	Netherlands	100,00	
FCC Construction Ireland DAC	Ireland	100,00	Mazars
FCC Construction Northern Ireland Limited	United Kingdom	100,00	Mazars
FCC Construction Regional Headquarter Llc	Saudi Arabia	100,00	Ernst & Young
FCC Construçoes do Brasil Ltda.	Brazil	100,00	
FCC Electromechanical LLC.	Saudi Arabia	100,00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100,00	Mazars
FCC Industrial de Panamá, S.A.	Panama	100,00	
FCC Industrial Deutschland GmbH	Germany	50,00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
FCC Industrial Perú, S.A.	Peru	100,00	
FCC Industrial UK Limited	United Kingdom	100,00	Mazars
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100,00	Ernst & Young
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100,00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100,00	Ernst & Young
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100,00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100,00	Ernst & Young
Meco Santa Fe Limited	Belize	100,00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100,00	Ernst & Young
Megaplás Italia, S.p.A.	Italy	100,00	Collegio Sindicale

Company	Address/Registered office	% Effective ownership	Auditor
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100,00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100,00	Ernst & Young
Servicios Dos Reis, S.A. de C.V.	Mexico	100,00	
CEMENT			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarra)	65,68	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69,68	Ernst & Young
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87,63	Ernst & Young
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99,51	Ernst & Young
Dragon Alfa Cement Limited	United Kingdom	87,63	Ernst & Young
Dragon Portland Limited	United Kingdom	99,51	Ernst & Young
Intermonte Investments, S.A.	Paseo de la Castellana, 216 – Madrid	99,51	Ernst & Young
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) - Marratxi (Balearic Islands)	67,99	
Société des Ciments d'Enfidha	Tunisia	87,43	Ernst & Young
Surgyps, S.A.	Paseo de la Castellana, 216 – Madrid	99,51	Ernst & Young
Tratamiento Escombros Almoguera S.L.	Paseo de la Castellana, 216 – Madrid	50,78	
Uniland Acquisition Corporation	USA	99,51	
Uniland International B.V.	Netherlands	99,51	
Uniland Trading B.V.	Netherlands	99,51	
CONCESSIONS			
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100,00	Ernst & Young
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85,60	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Concesiones Al Ansar, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100,00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100,00	Baker & Tilly
PPP Infraestructure Investments B.V.	Netherlands	100,00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	100,00	Ernst & Young
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100,00	Ernst & Young
REAL ESTATE			
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	80,03	
FCyC, S.A.	Federico Salmón, 13 – Madrid	80,03	Ernst & Young
FCC Real Estate (UK) Limited	United Kingdom	80,03	Ernst & Young
Jezzine Uno, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	80,03	SW Auditores España
Realia Group			
Boane 2003, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	15,80	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	53,66	
Hermanos Revilla, S.A.	Av. Camino de Santiago, 40 – Madrid	14,03	
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Av. Camino de Santiago, 40 – Madrid	35,79	
Planigesa, S.A.	Av. Camino de Santiago, 40– Madrid	40,78	Ernst & Young
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	53,66	Ernst & Young
Realia Contesti, S.R.L.	Romania	53,66	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	53,66	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	48,52	

Company	Address/Registered office	% Effective ownership	Auditor
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	53,66	
Vela Borovica Koncern d.o.o.	Croatia	80,03	
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100,00	
FCC Midco, S.A.	Luxembourg	100,00	
FCC Topco, S.A.R.L.	Luxembourg	100,00	

ANNEX II

COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	6.559	7.547	37.51	Ernst & Young
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	5.534	8.398	36.75	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	167	113	37.51	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	2.048	1.742	25,00	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	342	308	37.51	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	246	299	37.51	Audinfor
Fisersa Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	205	217	27,27	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	576	430	37.51	Capital Auditors
Ingeniería Urbana, S.A.	Calle l esquina calle 3, P.I. Pla de la Vallonga – Alicante	3.684	4.251	26,25	Baker & Tilly
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	943	916	37.51	Ernst & Young
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(3,197)	(3,312)	37.51	Hispanobelga Econo-mistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	209	209	37.51	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	–	–	50,00	Ernst & Young
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	–	1.915	51,00	
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	483	982	25,00	Castellà Auditors Consultors S.L.P.
Zabalgarbi, S.A.	Camino Artigabidea, 10 – Bilbao (Biscay)	13.100	15.988	22,50	KPMG

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
FCC Environment Group (UK)	United Kingdom	**13.988**	**19.131**		
Beacon Waste Limited	United Kingdom	–	–	37.51	Ernst & Young
Mercia Waste Management Ltd.	United Kingdom	–	–	37.51	Ernst & Young
Severn Waste Services Limited	United Kingdom	–	–	37.51	Ernst & Young
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	976	829	24,99	Capital Auditors
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	564	531	25,50	Capital Auditors
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 – Gerona	162	162	13,71	
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	240	296	24,99	Kreston Iberaudit
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,996)	(2,996)	12,50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1.239	1.393	25,50	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Gerona	1.622	1.614	17,14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1.292	1.160	25,25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(52)	(67)	25,50	
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	9.447	10.856	25,50	Grant Thorton
Orasqualia for Operation and Maintenance S.A.E.	Egypt	1.229	1.306	25,50	Grant Thorton
CONSTRUCTION					
ACS FCC Canada Inc.	Canada	–	(393)	50,00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	139	126	50,00	
Altos del Javier, S.A.	Panama	(3,852)	–	50,00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	1.057	–	50,00	Deloitte

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	6.127	5.969	49,00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	–	–	24,50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1.828	1.641	51,00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.		–	(9,474)		
Constructores del Zapotillo, S.A. de C.V.	Mexico	1.918	1.722	50,00	Grant Thornton SC
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	–	–	50,00	
OHL Co Canada & FCC Canada Ltd. Individual	Canada	(69,950)	(70,929)	50,00	
Onexpress Transportation Partners INC.	Canada	405	220	25,00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	–	–	50,00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	132	119	51,00	
CEMENT					
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 - Subirats (Barcelona)	2.855	2.292	49,65	Ernst & Young
CONCESSIONS					
Ibisan Sociedad Concesionaria, S.A.	Av. Isidor Macabich, s / n. Sant Rafel de Sa Creu (Balearic Islands)	10.434	10.925	50,00	Deloitte
REAL ESTATE					
Realia Group					
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	38.815	38.622	26,83	Ernst & Young
MDM-Teide, S.A.	Panama	176	365	40,02	
Teide-MDM Quadrat, S.A.	Panama	31	64	40,02	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		**48.724**	**55.487**		

ANNEX III

ASSOCIATES

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1.439	1.347	24,13	Menéndez Auditores
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	39	22	9,00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	549	606	24,75	
Betearte, S.A. Unipersonal	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	671	413	25,00	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5.526	5.342	36.75	Grupo de Auditores Públicos
Giref Generación Renovable	Pedro Lafayo, 6 - Ibiza	–	1	15,00	
FCC Group - CEE		**7.759**	**7.004**		
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	–	–	19,13	CMT Audit Kft
ASTV s.r.o.	Czech Republic	–	–	36.75	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	37.51	CMT Audit Kft
FCC Hlohovec s.r.o.	Slovakia	–	–	37.51	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	36.75	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	36.75	
Killer GmbH	Austria	–	–	37.51	
Killer GmbH & Co KG	Austria	–	–	37.51	Rittmann
Recopap s.r.o.	Slovakia	–	–	37.51	
Tev-Akva Kft.	Hungary	–	–	6,50	Lazar Eniko

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
FCC Environment Group (UK) (*)		**44.253**	**–**		
CI III Lostock Efw Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Power Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	30,00	Deloitte
FCC Group – PFI Holdings		**–**	**32.687**		
CI III Lostock Efw Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Power Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	30,00	Deloitte
Tirme Group		**9.818**	**9.714**	15,00	
Circulare, S.L.U.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	–	–	15,00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic islands)	–	–	10,50	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	–	–	11,25	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic islands)	–	–	15,00	Deloitte
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	38	65	24,48	Vaciero Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	387	341	16,83	Blazquez Asociados Auditores
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	289	245	20,40	Capital Auditors
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3.918	3.965	24,98	Capital Auditors
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	57	24	8,40	Faura-Casas
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	–	–	0,52	
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	234	287	24,99	GM Auditors

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Codeur, S.A.	Mayor, 22 – Vera (Almería)	3.965	6.024	14,32	Ernst & Young
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	876	832	25,50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,395)	(5,396)	12,50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	224	322	24,99	Capital Auditors
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	32	83	24,99	Vaciero Auditores
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	(21)	18	24,99	Vaciero Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	(165)	165	24,99	Kreston Iberaudit
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	158	136	24,99	Vaciero Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	71	94	24,99	Vaciero Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	105	95	20,40	
Omán Sustainable Water Services SAOC	Oman	1.666	1.588	24,99	Deloitte
Operadora El Realito, S.A. de C.V.	Mexico	383	343	7,65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	2	1	12,50	
Proveïments d'Aigua, S.A.	Astúries, 13 - Gerona	671	644	7,71	GPM Auditors Associats
Sera Q A Duitama E.S.P., S.A.	Colombia	7	4	15,61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	13.404	11.728	25,51	Deloitte
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2.757	2.302	50,00	BDO Auditores
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	343	136	25,20	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7.562	7.036	24,68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	919	3.560	45,00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	5	5	50,00	

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	–	–	24,50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	–	–	50,00	Ernst & Young
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	–	–	50,00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	1.805	1.379	14,28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	8	7	25,00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	69	255	45,00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	–	–	40,00	
FCC Tarrio TX-1 Construçao Ltda	Brazil	–	–	70,00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42,50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42,50	Deloitte
OHL-FCC GP Canada Inc.	Canada	–	–	50,00	
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24,50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25,00	
Roadbridge FCC JV Limited	Ireland	–	–	50,00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	2	14,28	
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	28	26	14,28	
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	596	540	34,40	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(297)	(281)	49,76	
Giant Group		**102.744**	**13.451**		
Coastal Cement Corporation	USA	–	–	44,78	
Dragon Energy LLC.	USA	–	–	44,78	

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Dragon Products Company Inc.	USA	–	–	44,78	
Giant Cement Company	USA	–	–	44,78	
Giant Cement Holding Inc.	USA	–	–	44,78	
Giant Cement NC Inc.	USA	–	–	44,78	
Giant Cement Virginia Inc.	USA	–	–	44,78	
Giant Resource Recovery Inc.	USA	–	–	44,78	
Giant Resource Recovery - Arvonia Inc.	USA	–	–	44,78	
Giant Resource Recovery - Attalla Inc.	USA	–	–	44,78	
Giant Resource Recovery - Harleyville, Inc.	USA	–	–	44,78	
Giant Resource Recovery - Sumter Inc.	USA	–	–	44,78	
Keystone Cement Company	USA	–	–	44,78	
Sechem Inc.	USA	–	–	44,78	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	407	446	49,76	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	813	782	62,20	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	377	396	49,76	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	1.057	911	49,76	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2.514	2.419	39,81	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	1.050	985	49,76	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516,5- Sabiñánigo (Huesca)	6.317	6.112	49,76	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	7.828	8.011	27,87	KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	825	679	33,17	KPMG

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	86	94	33,17	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	979	1.040	33,10	
Terminal Cimentier de Gabes-Gie	Tunisia	32	34	29,14	
Vescem-LID, S.L.	Valencia, 245 - Barcelona	35	29	24,83	
CONCESSIONS					
Future Valleys Project Co Limited	United Kingdom	29.010	29.688	42,50	Goodman Jones
Future Valley Hold Co Limited	United Kingdom	–	–	42,50	Goodman Jones
Metro de Lima Línea 2, S.A.	Peru	38.840	37.310	18,25	Ernst & Young
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	11.521	10.399	24,01	Ernst & Young
REAL ESTATE					
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	828	955	16,01	
Metrovacesa, S.A.	Calle Quintanavides (PQ. Via Norte), 13 28050 Madrid	402.120	–	16,98	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)		**670.460**	**165.768**		

(*) In 2023, CI III Lostock Efw Limited, Lostock Power Limited and Lostock Sustainable Energy Plant Limited were transferred from the FCC Group - PFI Holdings to FCC Environment (UK).

ANNEX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS

Company	Address/Registered office
GLOBAL CONSOLIDATION	
Allington Energy Networks Ltd.	United Kingdom
Aqualia Riohacha S.A.S. E.S.P.	Colombia
FCC Construction Regional Headquarter Llc	Saudi Arabia
FCC Environnement France	France
FCC Industrial Deutschland GmbH	Germany
Municipal District Services, Llc.	USA
North Cluster S.P.V. Llc.	Saudi Arabia
Resicorreia Gestao Ser Amb Lda	Portugal
Société Pays de Dreux	France
ASSOCIATES	
Metrovacesa, S.A.	Calle Quintanavides (PQ. Via Norte), 13 28050 Madrid

CHANGES IN THE SCOPE OF CONSOLIDATION

DERECOGNITIONS

Company	Address/Registered office
GLOBAL CONSOLIDATION	
FCC Edificadora CR, S.A. (3)	Costa Rica
FCC Environmental Services Limited (1)	United Kingdom
FCC Inmobilien Holding GmbH (4)	Germany
PROPORTIONAL	
Abastament en Alta Costa Brava Empresa Mixta, S.A. (1)	Pz. Josep Pla Casadevall, 4 3º 1ª. Girona
JOINT VENTURES	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. (2)	Mexico
Elaboración de Cajones Pretensados, S.L. (3)	Av. Camino de Santiago, 40 – Madrid
Servicios Urbanos de Málaga, S.A. (1)	Av. Camino de Santiago, 40 – Madrid

(1) Derecognition by liquidation

(2) Derecognition following disposal of the holding

(3) Derecognition by dissolution

(4) Derecognition due to absorption

ANNEX V

TEMPORARY JOINT VENTURES, ECONOMIC INTEREST GROUPS AND OTHER ENTERPRISES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

	Integration percentage at 31 December 2023
ENVIRONMENTAL SERVICES	
A Coruña Limpieza JV	70,00
Agarbi JV	60,00
Agarbi Bi JV	60,00
Agarbi Interiores JV	60,00
Aizmendi JV	60,00
Alcantarillado Melilla JV	50,00
Arazuri 2020 JV	50,00
Arcos JV	51,00
Arcos Limpieza Viaria JV	51,00
Artigas JV	60,00
ARUCAS II JV	70,00
Baix Ebre-Montsià JV	60,00
Berango JV	60,00
Bilketa 2017 JV	60,00
Bio Eraikigarbi JV	60,00
Biocompost de Álava JV	50,00
Bizkaiko Hondartzak JV	50,00

	Integration percentage at 31 December 2023
Bizkaiko Hondartzak 2021 JV	50,00
Boadilla JV	50,00
Cabrera de Mar JV	50,00
Cana Putxa JV	20,00
Carma JV	50,00
Castellana – Po JV	50,00
Chipiona JV	50,00
CMG2 Lanak JV	92,00
CMG2 Kudeaketa JV	92,00
Complejo Ambiental Copero JV	67,00
Compostaje MCP JV	50,00
Contenedores las Palmas JV	30,00
Contenedores Madrid JV	38,25
Contenedores Madrid 2 JV	36,50
CTR – Vallès JV	20,00
Ctr. de l'alt Empordà JV	45,00
CTR Valladolid JV	80,00
Cua JV	50,00
Dependencias Elche JV	80,00
Donostiako Garbiketa JV	70,00
Dos Aguas JV	35,00

	Integration percentage at 31 December 2023
Ecogondomar JV	70,00
Ecomilla Bicipark JV	60,00
Ecoparc 3 BCN JV	50,00
Ecoparque Cáceres JV	50,00
Ecourense JV	50,00
Eco-Tri JV	50,00
Efic. Energ. JV Puerto del Rosario JV	60,00
Elche JV	50,00
Electrificación SAC JV	50,00
Energía Solar Onda JV	25,00
Enllumenat Sabadell JV	50,00
Envases Ligeros Málaga JV	50,00
Epeleko Konposta JV	60,00
Epremasa Provincial JV	55,00
Eretza JV	70,00
Es Vedra JV	25,00
Etxebarri JV	60,00
FCC - Ers Los Palacios JV	50,00
FCC Perica I JV	60,00
FCC - SuFI Majadahonda JV	50,00
FCC-Mcc Santiago del Teide JV	80,00

	Integration percentage at 31 December 2023
F.S.S. JV	99,00
Fuentes las Palmas JV	25,00
Fuerteventura Lote 2 JV	50,00
Gestió Integral de Runes del Papiol JV	40,00
Gestión Instalación III JV	34,99
Giref JV	20,00
Goierri Bilketa JV	60,00
Goierri Garbia JV	60,00
Guipuzkoako Hondartzak 2020 JV	60,00
Guipuzkoako Hondartzak 2022 JV	60,00
Guipuzkoako Portuak 2019 JV	40,00
Industriales Lea Artibai JV	60,00
Bilbao Interiors JV	80,00
Bilbao Interiors II JV	70,00
Jardineras 2019 JV	60,00
Jardines Boadilla JV	70,00
Jardines Pto del Rosario JV	78,00
Jardines UJI JV	50,00
Jard. Universitat Jaume I JV	50,00
Jerez JV	80,00
JJ Gaiketa Sanmarko JV	63,00

	Integration percentage at 31 December 2023
Jundiz II JV	51,00
Kimeketak Bi JV	50,00
la Lloma del Birlet JV	80,00
Lagunas II JV	33,34
Las Caldas Golf JV	50,00
Legio VII JV	50,00
Lekeitioko Mantenimendua JV	60,00
Lezo Garbiketa 2018 JV	55,00
Limpieza Santa Coloma JV	50,00
Limpieza y RSU Lezo JV	55,00
Logroño Limpio JV	50,00
Los Rosales - Zafra JV	45,00
Luze Vigo JV	40,00
LV Coslada JV	50,00
LV Lote IV JV	65,00
LV Ribera JV	90,00
LV RSU Muszik JV	60,00
LV RSU Vitoria-Gasteiz JV	60,00
LV Zumaia JV	60,00
LV Zumarraga JV	60,00
Mant. Build. Diputación Vcia	55,00

	Integration percentage at 31 December 2023
Mant. Edificios Valencia JV	55,00
Manteniment Lot 12 JV	75,00
Mantenimiento Reg Cornellà JV	60,00
Melilla JV	50,00
Muskiz JV	60,00
Neteja Illes Balears JV	50,00
Neteja i Recollida Anglès JV	50,00
Neteja Pintades Barcelona JV	84,20
Netial JV	66,66
Neumática Casco Antiguo JV	65,00
Nivaria JV	29,00
Onda Exploitation JV	33,33
Pájara JV	70,00
Pamplona JV	80,00
PaP La Cellera JV	50,00
Parla JV	50,00
Parques Infantiles LP JV	50,00
Plan Residuos JV	47,50
Planta Materia Orgánica JV	40,00
Planta Rsi Tudela JV	60,00
Planta Transferencia FTV 2 JV	70,00

	Integration percentage at 31 December 2023
Planta Tratamiento Valladolid JV	90,00
Playas Gipuzkoa III JV	55,00
Poniente Almeriense JV	50,00
Portmany JV	50,00
JV PTMR	50,00
Puerto de Pto del Rosario JV	70,00
RBU Els Ports JV	50,00
RBU Villa-Real JV	47,00
Rec. Neum. Valdespartera JV	49,00
Recollida Segrià JV	60,00
Reg Cornellà JV	60,00
Reutiliza JV	70,00
RSU Bilbao II JV	60,00
RSU Chipiona JV	50,00
RSU Donosti JV	70,00
RSU Inca JV	80,00
RSU LV Muskiz JV	60,00
RSU LV S. Bme. Tirajana JV	50,00
RSU y LV Colmenar Viejo JV	50,00
RSU y LV Torrejón de Ardoz JV	60,00
RSU Málaga JV	50,00

	Integration percentage at 31 December 2023
RSU Sestao JV	60,00
RSU Tolosaldea JV	60,00
S.U. Alicante.	33,33
S.U. Benicassim	35,00
S.U. Bilbao	60,00
S.U. Oropesa del Mar	35,00
Saneamiento Urbano Castellón JV	65,00
Saneamiento Vitoria-Gasteiz JV	60,00
Sanejament Cellera de Ter JV	50,00
Sanejament Girona JV	70,00
Sanejament Granollers JV	80,00
San Miguel-Anaka JV	50,00
SAV – FCC Tratamientos JV	35,00
Selectiva Urola Kosta II 2017 JV	60,00
Selectiva las Palmas JV	55,00
Selectiva Sanlucar JV	50,00
Selectiva San Marcos II JV	63,00
Selectiva Urola Kosta JV	60,00
Sellado Vertedero Gardelegui JV	50,00
Son Espases JV	50,00
Tolosako Garbiketa JV	40,00

	Integration percentage at 31 December 2023
Tolosako Garbiketa 2020 JV	40,00
Tolosaldea RSU 2018 JV	60,00
Tolosaldea RSU 2023 JV	60,00
Transp. y Elim. RSU	33,33
Transporte RSU JV	33,33
Txorierri RSU 2023 JV	60,00
Uribe Kosta JV	60,00
Urola Erdia JV	60,00
Urola Kosta 2023 JV	60,00
Urretxu Garbi 2023 JV	60,00
Urretxu Garbiketa JV	60,00
Vertedero Gardelegui III JV	70,00
Vertresa JV	10,00
Vidrio Melilla JV	50,00
Vilomara II JV	33,33
Zamora Limpia JV	30,00
Zaragoza Delicias JV	51,00
Zarautz Garbia JV	60,00
Zarauzko Garbiketa JV	60,00
Zumaia JV	60,00
Zumarraga Garbia JV	60,00

	Integration percentage at 31 December 2023
ZZVV Santa Cruz Tenerife JV	50,00
AQUALIA	
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51,00
Empresa Mixta de Aguas y Servicios, S.A.	75,00
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75,00
Consortium O&M Alamein	65,00
Abastecimiento Picadas Almoguera JV	95,00
Abu Rawash Construccion JV	50,00
Aguas Alcalá JV	50,00
UTE Aguas del Doramás	50,00
JV Alkhorayef-FCC Aqualia	51,00
Ampliación Edam Granadilla JV	60,00
Expansion SWDP Melilla JV	50,00
UTE Badajoz Zona Este	50,00
UTE Badajoz Zona Oeste	50,00
UTE Cap Djinet	50,00
UTE Cons. Gestor Ptar Salitre	30,00
UTE Costa Tropical	51,00
UTE Costa Tropical II	51,00
UTE Costa Tropical III	51,00
Depuración Poniente Almeriense JV	75,00

	Integration percentage at 31 December 2023
Depuradoras Lote 1 JV	95,00
Edar A Guarda 2013 JV	50,00
Edar A Guarda 2022 JV	50,00
Edar Baeza JV	50,00
Edar Galindo JV	50,00
Edar Gijón JV	60,00
Garrucha JV	85,00
JV Gestión Cangas	70,00
UTE Groupement Solidaire Jerba	50,00
Guadiana Pueblonuevo JV	51,00
Hidc - Hidr. – Inv Do Centr. Ace JV	50,00
UTE Ibiza	50,00
SWDP Santa Eulalia JV	50,00
Idam Santa Eulalia II JV	50,00
Idam Santa Eulalia III JV	50,00
Idam Santa Eulalia IV JV	50,00
UTE Idga Saneca	70,00
UTE Louro	65,00
Mantenimiento Red Alc.6 JV	99,01
UTE Mostaganem	50,00
Obra Edar Argamasilla de Calatrava JV	70,00

	Integration percentage at 31 December 2023
OYM CAP Djinet JV	50,00
JV OYM Mostaganem	50,00
Ptar Ambato JV	60,00
Qatar JV	51,00
SEAFSA Lanzarote JV	60,00
Sollano-Zalla JV	50,00
JV TSE Riad	51,00
UTE Zafra	65,00
CONSTRUCTION	
ACE Caet XXI Construçoes	50,00
Consorcio Cobra – FCC Industrial	43,00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50,00
Fast Consortium Limited LLC	43,78
Lúcios & FCC Construcción, A.C.E	50,00
ACP du Port de la Condamine	45,00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49,50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49,50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55,00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50,50
Associate FCC Azvi S. Sighisoara - Atel	55,00
Bridging Pennsylvania Constructors JV	50,00

	Integration percentage at 31 December 2023
CJV-UJV	43,78
Consorcio Antioquía al Mar	40,00
Consorcio Centenario de Panamá Sociedad Accidental	50,00
Consorcio Chicago II	60,00
Consorcio CJV Constructor Metro Lima	25,50
Consorcio Epc Metro Lima	18,25
Consorcio FCC-FI	50,00
Consorcio FCC – Corredor de las Playas	51,00
Consorcio FCC – Corredor de las Playas II	51,00
Consorcio FCC-JJC (Puerto Callao)	50,00
Consorcio Ica – FCC – Meco Pac-4	43,00
Consorcio Línea 2	40,00
Consorcio Línea 2 Ramal	40,00
Consorcio Línea Uno	45,00
Consorcio M&S Santa Fe Mca	50,00
Consorcio Nueva Esperanza	63,00
Fast 5 – U.J.V.	34,65
FCC - GMK - CCN CLUJ NAPOCA J.V.	50,00
FCC - Yuksel – Archidoron – Petroserv J.V.	50,00
FCS Tunnels JV	40,00
Groupement FCC - Ingenium	93,00

	Integration percentage at 31 December 2023
J.V. Asocierea Arad-Timisoara FCC-Webuild	50,00
J.V. Astaldi-FCC-UTI-Activ. Magistrala	37,00
J.V. Bypass Constata	50,00
J.V. Centure Otopeni Overpass	40,00
J.V Estension of Line 2 to Antohoupoli	50,01
J.V. SFI Leasing Company	30,00
Merseylink Civil Contractors J.V.	33,33
Metro Bucarest J.V.	47,50
Onexpress Civils Contractors GP	50,00
Scarborough Transit Connect GP	50,00
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30,00
Sisk FCC Gg Ppp	50,00
Sotra Link Construction JV ANS	35,00
Thv Cafasso Construction	50,00
TJV-UJV	19,70
Webuild – FCC JV (Basarab)	50,00
2nd Phase Sphinx Dam JV	35,00
Accesos a La Estación de La Sagrera JV	37,50
Acceso Norte A Vigo Nueva Estación JV	50,00
Acceso Puerto Seco Monforte JV	50,00
Adecuación Palacio Justicia TSJCV JV	63,00

	Integration percentage at 31 December 2023
Adif Bancada 2018 JV	50,00
Adolfo Suárez Airport JV	50,00
Aguas Madrid 2021 JV	70,00
Alameda de Cervantes en Lorca JV	60,00
Alta Capacidad 2020 JV	50,00
Alumbrado Lugo JV	50,00
Alumbrado Madrid Lote-1 JV	50,00
Am Boadilla JV	25,00
Ampliación Hospital Marina Baixa JV	60,00
Ampliación Materno Infantil JV	80,00
Ampliación Muelle de Naos JV	95,00
Andenes L1-L9 Tram Benidorm JV	65,00
Arquitectura Sagrera JV	37,50
Arroyo del Fresno JV	50,00
Aucosta Conservación JV	50,00
Auditorio de Lugo JV	50,00
Autovía el Batán – Coria JV	50,00
Ave Alcántara-Garrovillas JV	85,00
Ave Eje Sur JV	25,00
Ave Girona JV	40,00
Ave Madrid Noreste Lote 2 JV	25,00

	Integration percentage at 31 December 2023
Ave Maside JV	67,00
Ave Plasencia - Badajoz JV	25,00
Avenoreste1 JV	25,00
Avenoreste2 JV	25,00
Badajoz Sur JV	50,00
Balastro R-3 JV	50,00
Barbados JV	50,00
Barcience JV	50,00
Belltall JV	40,00
Bergara Antzuola JV	71,50
Bobadilla - Ronda JV	45,00
Boetticher Clima JV	50,00
Boetticher Electricidad JV	50,00
Bombeo Fuente Alamo JV	60,00
Bosque de la Herrería JV	40,00
Brazatortas JV	33,34
By Pass Mérida Lote 1 JV	50,00
By Pass Mérida Lote 2 JV	50,00
C&F Jamaica JV	50,00
Cáceres Norte JV	50,00
Calders-Vilaseca JV	20,00

	Integration percentage at 31 December 2023
Campo Gibraltar JV	80,00
Canal de Castilla 2022 JV	70,00
Cárcel Marcos Paz JV	35,00
Carretera Ibiza - San Antonio JV	50,00
Castellón - Vinaroz JV	50,00
Castuera JV	33,34
Catlántico JV	25,00
Cecoex JV	20,00
Cedillo I and II JV	99,00
Chuac JV	50,00
Cierre Anillo Insular Tfe JV	85,00
Circuito JV	70,00
Circunvalación Lucentum JV	50,00
Ciudad Rodrigo JV	99,00
Ciutat de la Justícia JV	30,00
CMS La Llagosta JV	20,00
CMS Ramal Aeropuerto BCN JV	25,00
Coberta Tallers ZF JV	50,00
Conexión Corredor Mediterráneo JV	40,00
Conexión Molinar JV	70,00
Conservacion Ex-A1 JV	50,00

	Integration percentage at 31 December 2023
Conservacion Plasencia JV	50,00
Conservación Telde JV	50,00
Construcción Tranvía Zaragoza JV	50,00
Control JV	80,00
Control Mogán JV	33,33
Club de Mar Mallorca JV	70,00
Creaa JV	50,00
Deancentro JV	60,00
Deansur JV	60,00
Depuración San Roque JV	60,00
Desarrollo Puerto de Avilés Fase I JV	80,00
Dique Este JV	35,00
Dique Torres JV	27,00
Donostialdea 2018 JV	60,00
Donostialdea 2023 JV	60,00
Duplicación R-3 JV	50,00
Elec Lin Castellón Vinaroz JV	50,00
Electrification La Sagrera JV	50,00
ErtMS Rodalíes Bcn JV	22,00
Estación Girona JV	40,00
Estacions Line 9 JV	33,00

	Integration percentage at 31 December 2023
Ezkio Itsaso JV	40,00
Facultad de Filosofía JV	60,00
Fase II Pabellón Reyno de Navarra JV	50,00
FCC Industrial - Aton JV	90,00
FCCi-Orbe JV	70,00
F.I.F. GNL FB 301/2 JV	35,96
Fira P.Zero JV	60,00
Fuente de Cantos JV	50,00
FV Tallers Zona Franca JV	50,00
Galibos Monforte JV	50,00
UTE Galindo-Beurko	60,00
Girona Norte 2014 JV	70,00
Guadalmez - Córdoba JV	25,00
Guadarrama 3 JV	33,33
Guadarrama 4 JV	33,33
Hornachuelos y Antequera Lote 2 JV	25,00
Hospital Alcázar JV	60,00
Hospital Cabueñes Fase I JV	70,00
Hospital Campus de la Salud JV	80,00
Hospital del Sur, Segunda Fase JV	40,00
Hospital FCC - Vvo JV	80,00

	Integration percentage at 31 December 2023
Hospital Son Dureta JV	33,00
Hospital Universitario de Murcia JV	50,00
Lecisa-FCC/Interfonia En Estaciones JV	50,00
Impermeabilización Túnel Pajares Norte JV	50,00
Instalación FV Balsa Alfés JV	50,00
Instalaciones Madrid Este JV	46,25
Instalaciones Urbanas Este JV	50,00
Jabugo JV	50,00
Juan Grande JV	50,00
L1 Sur Lote 1 JV	50,00
Lac la Sagrera JV	50,00
Línea 9 JV	33,00
Lote 1 Centro JV	50,00
Lote 1 Edif. B Son Dureta JV	70,00
Lot 5 Glories JV	37,50
Lote 4 Hospital de Alcañiz JV	55,00
Lote 6 Sur JV	50,00
M-407 JV	50,00
Madrid Sevilla Ave JV	60,00
Mantenimiento Presas de Castellón JV	50,00
Manteniment Rondes 2022 JV	50,00

	Integration percentage at 31 December 2023
Mantenimiento Júcar JV	50,00
Mantenimiento SAIIH Jucar 2023 JV	50,00
Mantenimiento Tdm 2018 JV	50,00
Mantenimiento Tranvía Zaragoza JV	50,00
Mantenimiento Vía Aranjuez JV	50,00
Maquinaria Pesada 2015 JV	50,00
Medina 2023 JV	50,00
Medinaceli JV	22,40
Mej. Viarios Leganés 2022 JV	50,00
Metro Línea 12 JV	95,00
Miv Centro JV	19,00
Miv Centro 2021-2022 JV	25,00
Miv Sur JV	29,50
Miv Sur Lot 6 JV	25,00
Mntto. Antequera Granada JV	20,00
Montcada JV	33,33
Monforte JV	24,00
Montaje Vía Mollet – Girona JV	50,00
Monaje Via Sagrera JV	37,50
Mora - Calatrava JV	39,97
Mto Postr Tajo-Segura JV	60,00

	Integration percentage at 31 December 2023
Muelle de la Química JV	70,00
Murcia JV	40,00
Navalmoral JV	55,00
Nuevo Estadio Vcf JV	49,00
Nuevo Hospital de Cáceres JV	50,00
Nuevo Puerto de Igoumenitza JV	50,00
Obra Cub.Capat.Catarroja JV	55,00
Obras Alumbrado Madrid JV	50,00
Operadora Termosolar Guzmán JV	67,50
Osorno 2019 JV	60,00
Pago de Enmedio JV	75,00
Palacio de Congresos de León JV	50,00
Parque Tecnológico JV	60,00
Pasaia Berri JV	50,00
Pasaia Berri Instalaciones JV	80,00
Pizarro JV	99,00
Pla de Na Tesa JV	70,00
Pont de Candi JV	75,00
Ponts Ronda Litoral JV	50,00
Presa Enciso JV	50,00
Prim Barrio San Anton – Elche JV	80,00

	Integration percentage at 31 December 2023
Psir Castro Urdiales JV	50,00
Puente del Rey JV	33,33
Puente Ribadesella JV	70,00
Puente Río Ozama (Dfc-Cocimar) JV	35,00
Puerto de Granadilla JV	50,00
Puertollano JV	50,00
Quintanaortuño - Montorio JV	75,00
Radiales JV	35,00
Red Arterial Palencia Fase I JV	80,00
Reforma Chuac Fase Cero JV	50,00
Reforma Plaza España JV	80,00
Regadíos Río Flumen JV	60,00
Rehabilitación Dique Botafoc JV	55,00
Rehabilitación Parque la Gavia JV	75,00
Renovación Desvíos Fase 1 JV	25,00
Renovación Linea Girona-Figueres JV	50,00
Rep Pant Brazatortas JV	25,00
RIV GIJÓN-LAVIANA JV	40,00
RIV Orense - Monforte JV	33,33
Ruta Nacional Haití JV	55,00
Sagunto JV	60,00

	Integration percentage at 31 December 2023
Saneamiento Arco Sur JV	56,50
Saneamiento de Villaviciosa JV	80,00
Santa Maria D'oló-Gurb JV	60,00
Serv. Energ. Piscina Cub. S. Caballo JV	50,00
Sevilla Huelva Lote 1 JV	50,00
Sevilla Huelva Lote 2 JV	50,00
Sevilla Huelva Lote 3 JV	50,00
Sica JV	60,00
Sistemas Tunel Plaza de España JV	50,00
Sotiello JV	50,00
Ssaa Ap - 7 JV	50,00
Tagus II IIII y IV JV	99,00
Tanque de Tormentas JV	70,00
TF-5 2ª FASE JV	70,00
Torre Don Jimeno JV	50,00
Toses JV	50,00
Totana - Totana JV	70,00
Tramvia Lot 4 JV	50,00
Tratamientos Selvícolas 2020 JV	60,00
Traviesas Madrid Sevilla JV	25,00
TS Villena JV	88,00

	Integration percentage at 31 December 2023
Túnel Aeroport JV	49,00
Túnel de Folgoso JV	60,00
Túnel de Pajares 1 JV	50,00
Túnel Fira JV	49,00
Túneles Bolaños JV	47,50
Túneles de Guadarrama JV	33,33
Túneles de Sorbes JV	67,00
UBA CYL 2023 JV	25,00
Urb. Fase 3 Mahou-Calderón JV	80,00
Urbanización Parc Sagunt JV	50,00
Urbanizacion Vara del Rey JV	57,50
Urbanización Via Parque Tramo Av. Carb.-P JV	60,00
Vandellós JV	24,00
Velilla Sur JV	99,00
Vertedero Castañeda JV	62,50
Vía Pajares JV	50,00
Viaducto Quisi JV	65,00
Vigo-Das Maceiras JV	50,00
Vilariño (Via izquierda) JV	90,00
Villanueva - Brazatortas JV	45,00
Xarxa Control JV	50,00

	Integration percentage at 31 December 2023
Yeltes JV	75,00
Yesa JV	33,33
Zafra Huelva JV	50,00
Zaramillo - Bilbao JV	35,00
CEMENT	
G.R.C.S.A. - AUSA- OLERDOLA JV	60,00
CONCESSIONS	
Mel 9 JV	49,00
B-25 JV	50,00
REAL ESTATE	
F C y C Harri Iparra JV	50,00
Sagunto Parcela M17-3 JV	50,00

MANAGEMENT REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023

CONTENTS **PAGE**

1. STATUS OF THE ENTITY 1
2. BUSINESS PERFORMANCE AND RESULTS 7
3. LIQUIDITY AND CAPITAL RESOURCES 36
4. MAJOR RISKS AND UNCERTAINTIES 38
5. ACQUISITION AND DISPOSAL OF OWN SHARES 39
6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR 40
7. OUTLOOK 40
8. R&D+I ACTIVITIES 46
9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION 53
10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en) 54
11. ANNUAL CORPORATE GOVERNANCE REPORT 61
12. ANNUAL DIRECTORS' REMUNERATION REPORT 61
13. NON-FINANCIAL INFORMATION STATEMENT 61

1. STATUS OF THE ENTITY

1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 1.3 of the Non-Financial Information Statement:

i. **Environmental Services.**
ii. **End-to-end Water Management.**
iii. **Construction.**
iv. **Cement Business.**
v. **Concessions**
vi. **Real Estate.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) **Administration and Finance**: the Administration and Finance Division comprises the Administration, Taxation, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

   The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

   i. General accounting.
   ii. Accounting standardisation.
   iii. Consolidation.
   iv. Tax advice.
   v. Tax procedures.
   vi. Tax compliance.
   vii. Administrative procedures.

2) **Internal Audit and Risk Management**: Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary**: reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

   It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

   The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

   The structure of the main decision-making bodies is set out below:

   - **Board of Directors**: is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.

   - **Audit And Control Committee**: its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.

   - **Appointments and Remuneration Committee**: supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.

   - **Managing Committee**: Each of the business units has a Managing Committee with similar duties.

   Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 1.4 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 47,5% of its turnover generated in international markets, mainly Europe (28,6%), Latin America (7.7%), the United States (4.6%), the Middle East (3%) and North Africa (1.4%).

Environmental Services

FCC Medio Ambiente has a strong presence in Spain, and has maintained a leading position in the provision of urban environmental services for over 120 years.

The Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services, representing 63% of revenue. They are followed, in order of importance, by disposal of wastes with 12%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. More than 85% of the activity is carried out with public clients

In turn, the international business is mainly undertaken in the UK, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy, with a growing weight and gradual reduction of disposal in controlled landfills.

In the United Kingdom, the entire municipal waste management chain is operated, with a particular emphasis on the recycling and recovery process, including thermal recovery, of products and by-products, subject to maximum environmental sustainability criteria. It boasts more than 200 recycling facilities throughout the country and more than 100 MW of installed renewable capacity.

In Central Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.4 million inhabitants, 1,415 municipalities and more than 51,400 industrial customers. FCC is one of the main four private operators in Austria, the Czech Republic and Slovakia. In Poland, the rapid growth in the last few years is particularly noteworthy, although there is still some way to go. In Hungary, Romania and Serbia, the Company's presence is more discreet while waiting for legislative and regulatory changes to be introduced that guarantee greater security and stability in operations in these countries.

The range of services provided and the geographic dispersion is very diverse and balanced, including municipal and industrial collection, incineration, mechanical and biological treatment, decontamination of soils, spills, snow collection, street cleaning, classification and management of recycled materials, outsourcing , cleaning of buildings, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing a complex, integrated service to all customers who want it.

The mid-term strategy is inexorably undergoing a change in the business model in the Czech Republic, Poland and Slovakia (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the European Union's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities.

At an international level, the strong growth in the USA is worth particular mention, with the Group now in the Top 15 companies in the sector in the USA, with expectations of moving into the Top 10 in the next 2 years. FCC Environmental Services already serves more than 10 million Americans, it is the largest recycler in Texas, boasts a very important presence in the main cities and counties of Florida as well as significant operations in both the Mid-West and the West coast of the country. Its growth continues to be exponential.

In 2023, several contracts launched in 2022 were consolidated, including some of the largest contracts obtained (one in California and another in Florida), and an additional contract was launched in Palm Coast County, Florida. In total, sales in the USA grew by 46% in 2023, consistent with the average annual growth of 52% during the last 5 years. Additionally, the renewal of the contract in Polk County, FL and the award of the collection service in St. Johns county, FL, are worth special mention, both due in the second half of 2024.

Highlight the consolidation of commercial business in the states of Texas and Florida, which accounts for 20% of the business figure, and whose 40% growth has been organic, which over the past year has grown by 70% in sales y around 350% in gross result.

Finally, the Environmental Services Area also specialises in the end-to-end management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with an extensive network of management and recovery facilities. This enables proper waste management, ensuring the protection of the environment and people's health. In 2023, this activity represented almost 7% of the area's income (Environment, Spain and Portugal).

Strategically, in Spain, as has been the case for years, actions will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Efforts shall also be made to harness potential opportunities offered by stricter regulations and new services (smart cities), the ultimate objective of which is to replace the straight-line production model with a circular model that reincludes residual materials into the production process, given the high level of technical knowledge that the company has and the development of new machinery and innovative processes, with a presence, either as leaders or collaborators, in a large number of R&D&i projects.

The inclusion of new technologies will make it possible for the company to consolidate itself in the recycling and waste recovery markets in Europe and position itself as a key player in the circular economy, with a change in the business model in the Czech Republic, Slovakia and Poland (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the EU's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities. In the United States, the company will continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

End-to-end Water Management

FCC Aqualia serves nearly 43,5 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities in all phases of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity is focused on Concessions and Services, encompassing proprietary integrated cycle infrastructures and concessions, BOT, operation and maintenance services and irrigation; as well as Technology and Networks activities encompassing EPC contracts and industrial water risk management activities.

In 2023, the market in Spain represents 61.8% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2023 by 1.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 2,57% compared to 2022. Furthermore, there has been an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of works undertaken in relation to concession agreements. The recovery of economic activity, especially in the services and tourism sector, has been affected by high inflation, which has slowed down over the course of the year and the crisis in the availability of water resources due to the prolonged drought suffered across large areas of Spain.

The central government and some regional governments have approved emergency plans, in particular for the construction of new infrastructures, emergency works involving the construction of new deep catchments, expansion of desalination plants and the improvement of surface water utilisation. Worth particular mention are the new actions in Barcelona, Almería and Málaga in relation to desalination, and reuse in Andalusia and Alicante, valued as a whole at 1,400 million euros, which will be implemented in 2024 and subsequent years. The Spanish government has approved the third cycle of hydrological planning for all national basins, for the period ending in 2027, with a particular focus placed on the maintenance of ecological flows and the maintenance of quality standards set by the European Directives, with a joint budget for the necessary actions of 22.8 billion euros.

The international market reached a turnover of 38,2%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

At the end of 2023, a 97% holding was acquired in Municipal District Services, Llc. (MDS), a company that manages the integrated water cycle on the outskirts of Houston (Texas). In total, it serves a population of 364,000 inhabitants.

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of opportunities in others (such as the USA).

In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity. It has a selective presence in more than 16 countries across Europe, MENA and America.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2023, 60.8% of total income came from abroad, with a special emphasis on the performance of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro and the Neom tunnels (Saudi Arabia), Mayan Train (Mexico), the A-465 highway (Wales), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht

Highway (Netherlands), the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3, Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada) and the construction and rehabilitation project of 9 bridges in Pennsylvania (USA).

Although there were no relevant awards abroad in 2023, it is worth noting that for the first quarter of 2024, new projects are expected to be secured, such as the EPC project for the natural liquefied gas (LNG) storage and regasification terminal in Stade (Hamburg), the construction of the Rubí line of the Porto Metro (Portugal), "Pape Tunnel and the Underground Station" for the Toronto Metro (Canada) and the construction of a nuclear reactor in Petten (Netherlands), to name just a few.

At a national level, worth mention are the awards for the R-2 Underground Construction project as it passes through Montcada i Reixac (Barcelona), the demolition of buildings, renovation of the Auditorium and execution of the New ONCE Headquarters at Paseo de la Habana 208 (Madrid), the new Aranda de Duero Hospital (Burgos), the A-73 Highway Construction project, Aguilar de Campo-Burgos Quintanaortuño-Montorio Section (Burgos), the urban development of phase 3 in Los Berrocales (Madrid) or the EPC projects for the Guillena Reunión photovoltaic plants of 268MWp (Seville) and TAGUS of 380MWp (Cáceres).

Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its core business is cement manufacturing, which accounted for 92% of its turnover in 2023. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2023, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Netherlands, Tunisia and via export in the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

It boasts a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

Real Estate

The Area is mainly active in property development and office rental. In 2023, the consolidation of the real estate area of the FCC Group continued with the increase in the holding by FCC Inmobiliaria (FCyC S.A.), a company 80.03% owned by FCCSA, in the listed companies Realia Business S.A. and Metrovacesa S.A., summarised as follows:

- Increase in the holding in Realia Business S.A. by 13.56% to 67.05% at the end of 2023 (53.49% in 2022).

- Increase in the holding in Metrovacesa S.A. by 7.38% to 21.21% at the end of 2023 (13.81% in 2022).

These operations are in addition to those performed over the past two years:

- Contribution to FCC Inmobiliaria of 100% of the shares in Jezzine Uno S.L.U, a property company that operates 405 premises intended for bank offices whose only tenant is Caixabank.

- Increase of 37.11% in the holding in Hermanos Revilla S.A. (now Planigesa, S.A., following the merger) taking the holding to 87.76%, this property company operates assets in prime areas of Madrid.

- Increase in its holding in Realia Business S.A and voluntary tender offer for 24% of the shares in Metrovacesa S.A, obtaining 11.47% of its share capital.

All of this has allowed us to consolidate a solid and large real-estate group, with greater management efficiency resulting from operational and financial synergies that allow us to harness sector growth opportunities, diversify risk and the presence of FCC Inmobiliaria in Spain by expanding its activity to new areas of operation in which it was not present; and finally, significantly increasing the recurring activity of rental assets as a whole. The valuation of equity assets, in December 2023, accounted for more than 60% of the group's total assets.

In December 2023, FCC Inmobiliaria achieved representation on the governing bodies of Metrovacesa, S.A., which entails the consolidation of the company's financial statements applying the equity method, reflecting the holding in the company at fair value and allocating, starting in 2024, 21.21% of future results (notes 4,11, 13, 17 and 30 to the financial statements).

FCC Inmobiliaria considers that the acquisition of this significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate group, thus benefitting from its cash-flow generation capacity.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Operating performance

2.1.1. Significant Events.

FCC completes sale of 24.99% of the Environment parent company for €965 million

On 31 October, Canadian pension fund CPP Investment completed its acquisition of capital in the Environment parent company, following the agreement reached on 1 June for it to acquire a minority stake of 24.99% for an amount of €965 million. The entry of the new shareholder will enhance the position and strategic development of the subsidiary, its areas and geographical footprint.

The Real Estate area reinforces its competitive position with new acquisitions

Last December, the real estate area, through its parent company FCyC, consolidated its competitive position by investing €178.8 million in the purchase of shares in Metrovacesa and Realia, maximising the value of all its assets and real-estate opportunities. After these acquisitions, reported to the stock market regulator, its participation amounted to 21.19% in Metrovacesa and 66.29% in Realia.

FCC Medio Ambiente consolidates its presence in the waste treatment sector in the United Kingdom, Spain and the USA

Last December, FCC Medio Ambiente agreed to buy out the Urbaser Group's business in the United Kingdom. The enterprise value (including debt and equity) amounts to £398 million. The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction. The acquired business in the United Kingdom consists mainly of recycling and waste treatment activities.

In Spain, relevant events included the award to modernise and operate the end-to-end waste management facility in Jerez, serving a population of almost half a million people. The new facilities will increase their recovery capacity and reduce shipment to landfill and are expected to come online in 18 months, with the associated operation contract for a 20-year period and expected revenues of €317 million. Also worth particular mention is street cleaning and municipal solid waste contract for the northern area of the city of Valencia, which was renewed in September for a period of fifteen years, providing a revenue backlog of €486.5 million.

In the United States the strengthening continues, with the award in the county of St. Johns (Florida) of the municipal solid waste collection service for $575 million; with a duration of seven years and two possible five-year extensions, covering a population of 300,000 residents. The planned investments include the acquisition of a fleet of 62 compressed natural gas collection trucks and 13 auxiliary vehicles. Likewise, work continues to expand and modernize the first recycling center in California (Placer County), with an investment of more than 120 million dollars and an operating period of 20 years. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year. Finally, the renewal of the municipal solid waste collection contract in the western part of Polk County (Florida) is also worth particular mention, with a turnover coming in at almost €140 million over a period of five years and three possible one-year extensions.

FCC Aqualia expands its international activity and seals its entry into the US market

Last December FCC Aqualia entered the US market with the purchase of MDS (Municipal District Services), a company based in Texas, for 81.4 million euros. MDS manages the comprehensive water cycle of more than 360,000 local residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different district clients.

In relation to new end-to-end management contracts, worth particular mention is one for the design, construction, rehabilitation and operation of hydraulic infrastructure in Riohacha-La Guajira in Colombia, with a backlog worth €292.7 million for a duration of 30 years, in addition to the other relevant contracts secured in France and Saudi Arabia.

As a result of the increase in water cycle management activity, the backlog at the end of the year grew by 7% and international contracts now account for 68.4% of the total in the water management area.

FCC Construcción secures an important industrial contract in Germany

FCC Industrial, a specialist subsidiary of the Group's construction division, has been awarded, in consortium with other companies, the provisional contract for the construction of a regasification terminal in Germany, the second of its kind in the country, for Hanseatic Energy Hub, with a revenue backlog of €270 million. Likewise, FCC Industrial has also been awarded a contract to build solar facilities in Guillena (Spain), with a total capacity of 263 MW and an investment of 140 million euros.

During the final quarter of the year, worth particular mention is the selection of the consortium led by FCC Construcción to perform works on the new Porto metro line, dubbed Rubi (H), worth more than €379 million. The new line will add 6.3 kilometers to the city's metro network. Furthermore, the joint venture in Spain in which FCC Construction has a holding has been awarded the works for the underground construction of line R2 in Montcada i Reixac (Barcelona) as well as the construction of the new station in this town, for an amount attributable to FCC Construcción of €148.9 million.

In December, FCC completed the voluntary takeover bid for the amortization of its own shares

The Board of Directors meeting held on June 28 announced that an Extraordinary General Shareholders' Meeting would be scheduled for the acquisition of own shares for subsequent redemption, as part of a takeover bid to be formulated by the Company and addressed to FCC shareholders for a maximum of 32,027,600 treasury shares, representing approximately 7% of the company's share capital, at a share price of €12.50. The Extraordinary Shareholder's Meeting, held on 19 July, approved its submission. The CNMV authorized the operation on October 25 and the acceptance period ended on November 30. This saw 4.502% of company's share capital, or 20,560,154 shares, being redeemed. As a result of this operation, the company's share capital at the end of December 2023 stood at 436,106,917 shares.

2.1.2. Executive Summary

KEY FIGURES			
(Millions of euros	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Revenue	9,026.0	7,705.7	17.1%
Gross operating profit (EBITDA)	1,529.6	1,311.4	16.6%
EBITDA margin	*16.9%*	*17.0%*	*-0.1 p.p*
Net operating profit (EBIT)	910.3	610.5	49.1%
EBIT Margin	*10.1%*	*7.9%*	*2.2 p.p*
Income attributable to the parent company	591.0	315.2	87.5%
Equity	6,145.9	4,939.0	24.4%
Net financial debt	3,100.1	3,192.7	-2.9%
Backlog	41,620.8	40,273.8	3.3%

The FCC Group saw an increase in its income to €9,026 million, 17.1% up on 2022. The increase in activities in the construction sector (Cement and Construction) had a significant contribution to make to this, followed by the major increase recorded in the Water area. Overall, this evolution does not include any appreciable impact of acquisitions or divestitures carried out in the entire consolidated perimeter of the Group.

Gross operating earnings (Ebitda) were up 16.6% to 1,529.6 million euros. This trend mirrors the increase seen in income, with stability in operating profit, with a margin of 16.9%, similar to the margin seen the previous year. This evolution is explained by a general maintenance of margins in a large part of the areas of activity, together with notable progress in Cement, where there has been a more favourable sales price environment together with lower energy costs. In turn, EBIT increased by 49.1% to €910.3 million, largely thanks to the increase in EBITDA explained above and the favourable performance compared to the previous year, which saw an adjustment of €200 million to the goodwill of the Cement area.

The attributable net result reached 591 million euros, 87.5% higher than the previous year. In addition to the performance seen in relation to EBIT, this increase notably reflects the effect of the consolidation under the equity method of Metrovacesa's holding in the Real Estate area, for an approximate sum of €142.4 million. This change occurs after access to the entity's board and the acquisition of influence in the management of the investee entity.

In turn, net financial debt ended the year at €3,100.1 million, 2.9% down on 2022. This slight reduction reflects many different factors, but worth particular mention on account of their uniqueness, on the one hand, are the large investments made in assets and stakes in companies, for the combined sum of €1,493 million, the collection of €965 million from a minority holding in the environmental division and the €691.4-million increase in working capital, attributable both to cyclical factors and the increase in operating activity seen by the Group.

There was a considerable increase in equity at the end of the year, up by 24.4% year on year, to €6,145.9 million; this can be attributed to the increase in consolidated profit and the positive impact of the sale of a 24.99% stake in FCC Medio Ambiente's parent company on reserves and non-controlling interests.

The FCC Group's revenue backlog stood at €41,620.8 million at 31 December, up by 3.3% compared to the final balance for the previous year, with a notable increase in the Water area and similar volumes in other areas that operate under contract revenues.

2.1.3. Summary by Business area

(Millions of Euros)

Area	Dec. 23	Dec. 22	Chg. (%)	% s/ 23	% s/ 22
REVENUE BY BUSINESS AREA					
Environment	3,853.2	3,641.1	5.8%	42.7%	47.3%
Water	1,487.4	1,323.2	12.4%	16.5%	17.2%
Construction	2,823.1	1,966.9	43.5%	31.3%	25.5%
Cement	614.3	516.5	18.9%	6.8%	6.7%
Real Estate	253.8	270.8	-6.3%	2.8%	3.5%
Corporate serv. and others	(5.8)	(12.8)	-54.7%	-0.1%	-0.2%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,737.3	4,271.2	10.9%	52.5%	55.4%
America	1,305.7	760.3	71.7%	14.5%	9.9%
United Kingdom	1,113.8	1,048.4	6.2%	12.3%	13.6%
Rest of Europe and Others	1,052.8	878.2	19.9%	11.7%	11.4%
Czech Republic	413.7	385.4	7.3%	4.6%	5.0%
Middle East, Africa and Australia	402.7	362.2	11.2%	4.5%	4.7%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
EBITDA*					
Environment	646.7	593.1	9.0%	42.3%	45.2%
Water	384.3	350.2	9.7%	25.1%	26.7%
Construction	169.4	122.8	37.9%	11.1%	9.4%
Cement	139.5	30.3	N/A	9.1%	2.3%
Real Estate	104.9	143.8	-27.1%	6.9%	11.0%
Corporate serv. and others	84.8	71.2	19.1%	5.5%	5.4%
Total	**1,529.6**	**1,311.4**	**16.6%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	337.6	304.7	10.8%	37.1%	49.9%
Water	216.3	203.8	6.1%	23.8%	33.4%
Construction	118.4	89.4	32.4%	13.0%	14.6%
Cement	129.1	(203.3)	N/A	14.2%	-33.3%
Real Estate	55.8	165.7	-66.3%	6.1%	27.1%
Corporate serv. and others	53.1	50.2	5.8%	5.8%	8.2%
Total	**910.3**	**610.5**	**49.1%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT*					
Corporate					
With recourse	(1,233.1)	(840.1)	46.8%	-39.8%	-26.3%
Without recourse	74.3	87.1	-14.7%	2.4%	2.7%
Areas					
Environment	1,424.7	1,227.6	16.1%	46.0%	38.5%
Water	1,665.8	1,642.8	1.4%	53.7%	51.5%
Cement	131.4	157.6	-16.6%	4.2%	4.9%
Real Estate	1,037.0	917.7	13.0%	33.5%	28.7%
Total	**3,100.1**	**3,192.7**	**-2.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,328.4	13,255.5	0.5%	32.0%	32.9%
Water	21,730.7	20,312.7	7.0%	52.2%	50.4%
Construction	6,425.9	6,586.0	-2.4%	15.4%	16.4%
Real Estate	135.8	119.6	13.5%	0.3%	0.3%
Total	**41,620.8**	**40,273.8**	**3.3%**	**100.0%**	**100.0%**

** See note 10 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*

Note: Corporate Services and others includes the Concessions activity.

2.1.4. Income Statement

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Revenue	**9,026.0**	**7,705.7**	**17.1%**
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
EBITDA Margin	***16.9%***	***17.0%***	***-0.1 p.p***
Provision for amortisation of fixed and non-current assets	(596.9)	(519.7)	14.9%
Other operating income	(22.5)	(181.1)	-87.6%
Net Operating Profit (EBIT)	**910.3**	**610.5**	**49.1%**
EBIT margin	***10.1%***	***7.9%***	***2.2 p.p***
Financial income	(150.0)	(119.1)	25.9%
Other financial profit/(loss)	(18.4)	29.6	-162.2%
P/L of companies accounted for by the equity method	174.0	29.6	N/A
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**	66.3%
Company tax on profits	(171.1)	(72.7)	135.4%
Income from continuing operations	**744.8**	**477.9**	**55.8%**
Net Income	**744.8**	**477.9**	**55.8%**
Non-controlling interests	(153.8)	(162.7)	-5.5%
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.4.1. Net Revenue

Consolidated revenues grew by 17.1% compared to the previous year, reaching 9,026 million euros. This shift reflects sustained growth during the year, with the increase in the contribution of the Construction and Cement areas worth particular mention, seeing double-digit growth, on account of the expansion of activity in practically all its areas of operation as well as the increase in contracting volumes and sale prices, respectively. The Water area also registered significant growth in all its activities.

For each of the business areas the evolution was as follows:

The Environment Area saw an increase of 5.8%, following the entry into force of new contracts in Spain and the USA, both for waste collection and street cleaning activities as well as in treatment, with Central Europe also making a positive contribution, thus compensating for the decrease in activity in the United Kingdom, which can be entirely attributed to a drop in revenue on account of the landfill tax, resulting from the change in the type of waste being managed.

Revenues in the Water area grew by 12.4%, on account of the strong performance, mainly in end-to-end activity, supported by the inclusion of new contracts in Colombia and France, as well as in Technology and Network activity thanks to work associated, to a large extent, with the operating concessions in Spain, Italy, Colombia, and Mexico.

In Construction, revenues increased by a notable 43.5% due to the sustained good pace of execution in ongoing projects along with new contracts obtained mainly in America and various European countries.

In the Cement area, revenues saw growth of 18.9%, on account of the increase in prices registered in all markets, together with an increase in exports from Spain, which offset the decrease in activity in the Tunisian market.

Finally, in the Real Estate area, revenues dropped by 6.3%, entirely attributable to the fact that no land was sold during the year compared to the sales seen during the previous year, which came to €35 million. This is despite the positive impact of price reviews on rental property activity and the increase in sales of housing development.

Revenue breakdown by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	4,737.3	4,271.2	10.9%
America	1,305.7	760.3	71.7%
United Kingdom	1,113.8	1,048.4	6.2%
Rest of Europe and Others	1,052.8	878.2	19.9%
Czech Republic	413.7	385.4	7.3%
Middle East, Africa and Australia	402.7	362.2	11.2%
Total	**9,026.0**	**7,705.7**	**17.1%**

By geographic area and contribution, Spain saw an increase in its revenues of 10.9%, to €4,737.3 million. The double-digit increase in both the Construction and Cement areas stands out, 27.4% and 21.1% respectively. The increase in the Construction area can be attributed to the strong performance of ongoing projects and the start of new projects, while the increase in Cement can be traced to the sustained rise in sale prices. In the Water and Environment areas there was also an increase in revenues, although more moderately, by 6.7% and 5.6% respectively. The Environmental Area recorded an increase in waste treatment and collection activity as well as street cleaning, while the Water Area saw an increase in rates along with a moderate increase in consumption, although more pronounced in the non-residential sector, in addition to the favourable performance of Technology and Networks operations. Real-Estate activity, performed in its entirety in Spain, saw a drop in its income of 6.3% on account of the lack of land sales explained above, despite the increase in its two main activities: rental property and housing development.

Revenues in America increased significantly, by 71.7%, to €1,305.7 million, thanks to the stronger pace of the implementation of civil engineering projects in the Construction area, particularly in Mexico, combined with the impact of new contracts launched in the US and Canada. In the Environment Area, there was an increase in the contracting and entry into operation of new contracts for the collection and treatment of municipal waste in the USA, and in the Water Area there was greater activity in Colombia in end-to-end water cycle management.

The United Kingdom saw revenue growth of 6.2% to €1,113.8 million, attributable to the increase in activities under transport infrastructure concession contracts, which compensated for the drop

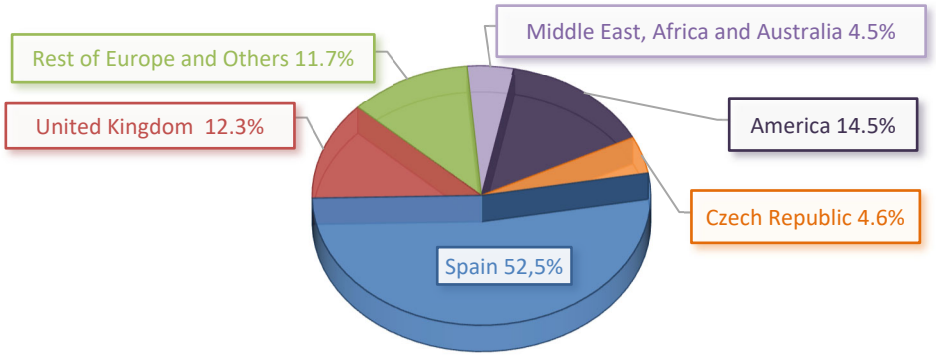
Environmental services activity, exclusively on account of the drop in revenue caused by landfill tax, as there has been an increase in recycling and recovery activities at the revaluation plants.

Rest of Europe and Others, on 1,052.8 million euros, saw growth of 19.9%, largely due to higher revenues from Construction contracts in the Netherlands and the United Kingdom, combined with an increase in activity in the end-to-end water cycle in Georgia and France.

The Czech Republic saw 7.3% growth to €413.7 million, with a greater contribution from the Water Area, on account of the rate review performed, reinforced by the positive impact of the exchange rate for the Czech koruna (+2.3% in the period). The Environment area maintained similar activity to the previous year, tempered by lower sales prices for recycled materials (SRM).

Finally, in the Middle East, Africa and Australia (thanks to the contribution made by a new Construction contract), activity increased by 11.2% to €402.7 million, mainly on account of the increase in the contribution in Saudi Arabia, both attributable to the work performed as part of the Neom project, as well as the increase in concession activity in the Water area.

% revenue by geographical area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Result amounted to 1,529.6 million euros, which represents an increase of 16.6% compared to the previous year. This amount represents a margin of 16.9%, practically the same as in 2022. This growth is very similar to the growth seen in revenue, where the increase registered in the Cement area is worth particular mention on account of the differential effect and relief brought about by a drop in energy costs, especially in electricity prices as well as the decrease in the Real Estate area attributable to the adjustment made for a drop in the value recorded for homes unsold.

By business area, the most noteworthy developments have been:

An increase of 9% in the Environmental Area to €646.7 million, higher than the increase seen in revenue, to such an extent that the operating margin increased to 16.8%, up from 16.3% the previous year. This can be traced to the increase in the contribution of activities in the USA, the contribution of treatment and recovery plants in the United Kingdom and the positive impact of the lower collection of the landfill tax, which made no contribution to the Area's operating result.

The Water area recognised €384.3 million, up by 9.7% year-on-year, attributable to the changes in revenue mentioned previously and the impact of last year's reversal of a provision recognised in accounts for the sum of €11.2 million, associated with a final decision in relation to a dispute in Spain.

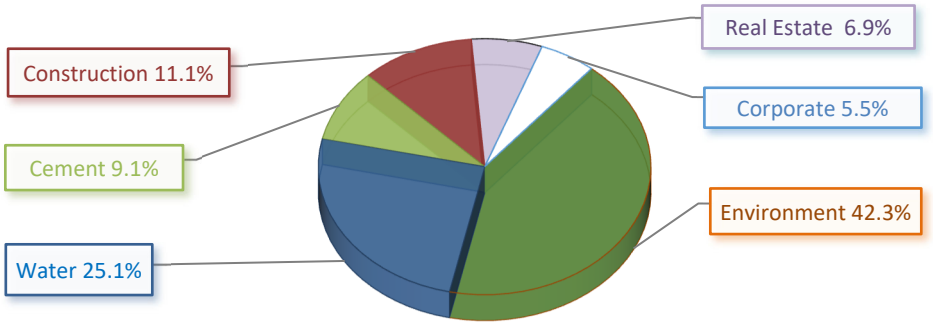
In the Construction area, the gross operating result increased by 37.9% to 169.4 million euros. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period reached 6%, a level very similar to that achieved in the previous year.

In Cement, gross operating profit stood at 139.5 million euros, notably up compared to the 30.3 million euros seen the previous year. This increase can be explained by the combination of the substantial increase in revenues, supported by higher sales prices, together with a reduction in energy costs, with a notable impact in Spain. In this way, the margin rose to 22.7% compared to 5.9% the previous year.

The Real-Estate area saw a 27.1% decrease to €104.9 million, with a margin of 41.3%, on account of the lack of any contribution from land sales this year and the provision set aside for the impairment of housing assets unsold worth €25 million, which was mitigated by the increase in the contribution made by the rental property backlog and the delivery of housing developments.

Finally, it is worth noting that Corporate Services and Others includes the Infrastructure Concessions, which reflects the entry into operation of line 1 of the Murcia Tramway; as a whole, this activity contributed €45.7 million euros during the year, compared to €31.1 million in the previous year.

% EBITDA by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 67.4% during the year. If the recurring activity of Real Estate rental assets and transportation concessions is added, this contribution percentage rises to 77.1% of the total.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 910.3 million euros, 49.1% more than in the previous year. This increase, combined with the performance of gross operating profit indicated above, includes the base effect of the adjustment made the previous year for the sum of €200 million to the value of different fixed assets and goodwill in the Cement area. This aim of this was to reflect their estimated future capacity to generate cash. This year, however, the review of the market value of

the rental property assets in the Real Estate area has had an impact of -€49 million, compared to the positive impact of €22.3 million in 2022.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before taxes from continuing operations stood at €915.9 million euros, up 66.3% year on year from €550.7 million. This increase is attributable, as well as to the positive performance of business operations, to the significant increase in the profit of companies consolidated using the equity method, which has offset the increase in financial expenses.

Thus, the performance was as follows for the various components:

2.1.4.4.1. Financial income

The net financial result reached -150 million euros, compared to -119.1 million euros in the previous year, 25.9% more due to the effect of a higher average financing cost together with a certain increase in the average volume of financial debt recorded during the year compared to the previous one.

2.1.4.4.2. Other financial profit/(loss)

This heading includes the amount of -€18.4 million compared to €29.6 million in 2022. The difference can mainly be attributed to the change in the exchange rate of certain currencies against the euro, which had an impact of -€20.9 million euros during the period, compared to the positive contribution of €26.1 million the previous year.

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

The contribution of investee companies reached 174 million euros, compared to 29.6 million in the previous year. This increase can mainly be attributed to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, having acquired significant influence in the company by joining its Board of Directors at the end of the year. The impact of the adjustment of the 21.19% stake in the entity has been 142.4 million euros. The remaining areas of activity did not experience any noteworthy changes in contribution during this period.

2.1.4.5. Income attributable to the parent company

The attributable net result achieved at the end of the year amounts to 591 million euros, which is 87.5% higher than the previous year. This performance can mainly be attributed to the explanation given under EBT, as well as the regularisation of corporate tax accrued compared to the previous year, which included the registration of nearly €90 million of outstanding deductions and tax losses. Added to this is a reduction in the result attributable to minority shareholders in the Real Estate area, which recorded 5.9 million euros compared to 28.8 million euros the previous year.

2.1.4.6. Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Dec. 23	Dec. 22	Chg. (%)
Revenue	**8,522.7**	**7,306.0**	**16.7%**

Gross Operating Profit (EBITDA)	**1,280.8**	**1,098.6**	**16.6%**
EBITDA Margin	*15.0%*	*15.0%*	*0.0 p.p*
Net Operating Profit (EBIT)	**762.6**	**449.1**	**69.8%**
EBIT margin	*8.9%*	*6.1%*	*2.8 p.p*
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.5. Balance sheet

(Millions of euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Intangible fixed and non-current assets	2,483.5	2,342.1	141.4
Property, plant and equipment	3,829.8	3,496.8	333.0
Real Estate investments	2,091.3	2,122.9	(31.6)
Investments accounted for using the equity method	1,034.3	502.6	531.7
Non-current financial assets	748.4	910.6	(162.2)
Deferred tax assets and other non-current assets	468.3	499.5	(31.2)
Non-current assets	**10,655.7**	**9,874.5**	**781.2**
Inventory	1,234.3	1,143.2	91.1
Trade and other receivables	2,957.4	2,468.0	489.4
Other current financial assets	260.5	221.3	39.2
Cash and cash equivalents	1,609.7	1,575.5	34.2
Current assets	**6,062.0**	**5,408.0**	**654.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**	**1,435.2**
Equity attributable to shareholders of the parent company	4,450.1	3,387.9	1,062.2
Non-controlling interests	1,695.9	1,551.1	144.8
Equity	**6,145.9**	**4,939.0**	**1,206.9**
Subsidies	226.6	202.9	23.7
Non-current provisions	1,230.6	1,141.7	88.9
Long-term financial debt	4,361.0	3,860.7	500.3
Other non-current financial liabilities	456.0	410.6	45.4
Deferred tax liabilities and other non-current liabilities	434.1	430.7	3.4
Non-current liabilities	**6,708.3**	**6,046.6**	**661.7**
Current provisions	159.6	148.1	11.5
Short-term financial debt	604.1	1,121.8	(517.7)
Other current financial liabilities	322.7	211.3	111.4
Trade and other payables	2,777.0	2,815.7	(38.7)
Current liabilities	**3,863.4**	**4,296.9**	**(433.5)**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**	**1,435.2**

2.1.5.1. Property, plant and equipment, intangible assets and real estate investments

Operating fixed assets increased by 5.6% to €8,404.6 million year on year, on account of the new assets incorporated following investments made, mainly by the Environment and Water areas in intangible and tangible fixed assets. Real estate investments, adjusted for variations in their estimated market value at the end of the year, remain without appreciable variations compared to last year.

2.1.5.2. Investments accounted for using the equity method

The heading of investments accounted for by the equity method amounts to 1,034.3 million euros at the end of the year, 531.7 million more than at the end of the previous year. This increase can be attributed, firstly, to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, given its significant influence, and secondly, to the increase in capital of an associate in the Cement area, which operates in the USA. The breakdown of the most relevant investments at year-end is as follows:

1) 233.2 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).

2) 123.0 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.

3) 67.6 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).

4) 132.4 million euros from the subsidiaries of the parent company in the Cement area.

5) 442.0 million euros from investee companies in the Real Estate area.

6) 36.1 million euros in investees in the Construction area located abroad.

2.1.5.3. Non-current financial assets

The balance of non-current financial assets dropped by €162.2 million compared to year-end of the previous year, coming to €748.4 million, on account of the aforementioned reclassification of Metrovacesa from financial investment to investment accounted for using the equity method.

This heading also includes the collection rights from concession agreements, for the combined sum of 547.3 million euros, mainly from the Environment, Water and Transport Concessions areas, as well as financial credits granted to third parties, and long-term deposits.

2.1.5.4. Cash and cash equivalents

The balance of the heading Cash and other equivalent liquid assets amounts to 1,609.7 million euros as of December 31, with no appreciable variations from the previous year. This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled 818.3 million euros.

2) In the perimeter without recourse, cash and equivalents amounted to 791.4 million euros.s.

2.1.5.5. Equity

Equity at the end of the period came to €6,145.9 million, compared to €4,939 million the previous year. This increase can largely be attributed to the contribution of net income achieved in the period and in particular the increase in reserves and non-controlling interests due to the sale of a non-controlling interest in the Environmental Area for the combined amount of €953.8 million. In the opposite direction, the impact of the reduction in capital following the buyback of own shares for their subsequent redemption for the sum of €257 million is also worth particular mention.

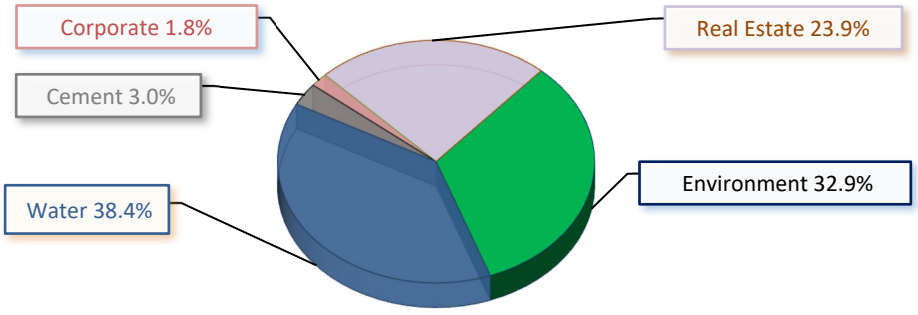
2.1.5.6. Financial debt

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Bank borrowings	2,710.0	2,778.4	(68.4)
Debt instruments and other loans	2,107.0	2,040.8	66.2
Finance lease payables	14.0	24.9	(10.9)
Other financial liabilities	134.1	138.4	(4.3)
Gross Financial Debt	**4,965.1**	**4,982.5**	**(17.4)**
Treasury and other current financial assets	(1,865.0)	(1,789.8)	(75.2)
Net Financial Debt	**3,100.1**	**3,192.7**	**(92.6)**
Net financial debt with recourse	*(901.7)*	*(677.2)*	*(224.5)*
Net financial debt without recourse	*4,001.8*	*3,869.9*	*131.9*

At year-end, the Group's gross financial debt remained practically the same as the previous year, down by €17.4 million to €4,965.1 million. 87.8% has long-term maturity, for an amount of 4,361.0 million euros and a balanced distribution between bank debt and capital markets. The remaining 12.2% matures in the short term, equally distributed between bank borrowings and commercial paper in the Environment Area.

The balance of net financial debt was down compared to the previous December by €92.6 million to €3,100.1 million. Worth particular note was the collection of €965 million from the sale of a non-controlling interest in the parent company of the Environment Area and the investments made both in assets and company shares, as well as the expansion of working capital linked to the increase in the Group's activity.

Breakdown of Net Financial Debt without recourse by Business Area



The entire net financial debt is non-recourse and the vast majority is located in the Water and Environment Utilities areas along with the recurring activity of rental assets in the Real Estate area. As a result, the Group's parent company had a net cash position with recourse of €1,233.1 million at the end of December.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water Area accounts for €1,665.8 million, mainly including a long-term syndicated loan for €1,100 million and a corporate bond in its parent company with a balance of €658.3 million, maturing in June 2027;(ii) the Environment Area accounts for €1,424.7 million, of which the majority corresponds to two bonds issued by the parent company of the area, one for the nominal amount of €500 million maturing in 2026 and another for €600 million maturing in 2029. A further €95 million correspond to activity in the United Kingdom and €73.7 million to activity in the USA (iii) the Real Estate Area accounts for €1,037 million, mostly from the rental property business and (iv) the Cement Area accounts for €131.4 million.

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €778.7 million at the end of the year. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 420.9 million euros. It also includes other liabilities that are not financial debt, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
(Increase)/decrease in working capital	(691.4)	285.3	N/A
Corporation tax (paid)/received	(124.2)	0.7	N/A
Other operating cash flow	71.4	(51.6)	N/A
Operating cash flow	**785.4**	**1,545.8**	**-49.2%**
Investment payments	(1,104.6)	(1,062.1)	4.0%
Divestment receipts	36.2	51.5	-29.7%
Other investment cash flows	106.0	72.6	46.0%
Investment cash flow	**(962.4)**	**(938.0)**	**2.6%**
Interest paid	(172.5)	(123.7)	39.5%
(Payment)/receipt of financial liabilities	(113.8)	(333.9)	-65.9%
Other financing cash flow	496.6	(109.6)	N/A
Financing cash flow	**210.3**	**(567.2)**	**-137.1%**
Exchange differences, change in consolidation scope, etc.	1.0	(0.6)	N/A
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**	**-14.5%**

2.1.6.1. Operating cash flow

The operating cash flow generated in 2023 amounted to €785.4 million euros, 49.2% down on the previous year. This performance was largely attributable to the investment in operating working capital, which entailed the allocation of funds for the sum of €691.4 million, compared to an inflow of €285.3 million the previous year. This investment was concentrated in the Construction Area in projects at different degrees of completion and to a lesser extent, in the Environment Area, which will tend to reverse this trend in the first quarter of 2024. Income tax payments/collections includes an outflow of €124.2 million compared to an almost non-existent amount in the previous year; this shift can be attributed to the receipt during the previous year of €153.7 million in tax refunds owned from 2020 and 2021, well above the receipts seen this year for advance payments made in 2022.

Other operating cash flow includes an inflow of €71.4 million compared to an outflow of €51.6 million the previous year, due to the reduced application of provisions mainly in the Construction area.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of 962.4 million euros compared to 938 million euros in the previous year. The investment payments heading includes 1,104.6 million euros, compared to 1,062.1 million euros the previous year. Investments by the Environment and Water Areas for the sum of €545 million and €247.8 million respectively, are worth particular mention, as is the capital increase performed in a Cement investee for the sum of €105.8 million. Finally, it is worth highlighting the increase in Metrovacesa's participation in the Real Estate area costing €89.4 million. In this fiscal year 2023, no relevant divestments have been recorded.

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

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Environment	(531.8)	(407.5)	(124.3)
Water	(241.6)	(362.9)	121.3
Construction	(47.1)	(21.4)	(25.7)
Cement	(129.7)	(22.2)	(107.5)
Real Estate	(109.7)	(154.4)	44.7
Corporate serv., etc. & adjustments	(8.5)	(42.2)	33.7
Net investments *(Payments - Collections)*	**(1,068.4)**	**(1,010.6)**	**(57.8)**

In turn, Other investment flows increased to 106 million euros in the period compared to 72.6 million euros the previous year, attributable to an increase in the collection of interest up to 46.6 million euros.

2.1.6.3. Financing cash flow

The financing cash flow represents an inflow of 210.3 million euros compared to the outflow of 567.2 million euros in the previous year. The interest payment heading includes an outflow of €172.5 million, mainly in relation to the Water and Environment Areas.

The Proceeds from/(payments on) financial liabilities heading includes an outflow of €113.8 million compared to an outflow of €333.9 million the previous year. The reduction is concentrated at the Group's parent company due to the aforementioned sale of a minority stake in the Environmental area.

The Other financing cash flows heading includes an inflow worth €496.6 million compared to an outflow of €109.6 million the previous year. This increase can be attributed to several factors, including the aforementioned sale of a non-controlling interest in the parent company of the Environment area for the sum of €965 million and the takeover performed by the parent company of the Group for 4.502% of its share capital, resulting in an outflow of €257 million, the purchase of an additional holding in Realia, in the Real Estate area, for €117.3 million and the payment of dividends to shareholders and non-controlling interests for the joint amount of €80.8 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the evolution of the different cash flow components, the FCC Group's treasury position closed the 2023 financial year with an increase of 34.2 million euros, to a balance of 1,609.7 million euros.

2.1.7. Analysis by business area

2.1.7.1. Environment

The Environment area contributed 42.3% of the Group's EBITDA in the 2023 business year. Around 80% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20% corresponded to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain it provides services in more than 3,700 municipalities and serves a population of more than 32 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 16 million people. In central Europe, mainly Austria and the Czech Republic, it is present throughout the entire waste management chain (collection, treatment and disposal). The activity in the US is carried out both in the collection and in the comprehensive recovery of urban waste and serves more than 11 million inhabitants. The Environment activities within the FCC Group have over 120 years of experience and service over 66 million inhabitants over 5,200 municipalities in the world.

2.1.7.1.1. Earnings

(Millions of euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Turnover	3,853.2	3,641.1	5.8%
Waste collection and street cleaning	*1,938.6*	*1,765.0*	*9.8%*
Waste processing	*1,142.6*	*1,130.1*	*1.1%*
Other services	*772.0*	*746.0*	*3.5%*
EBITDA	646.7	593.1	9.0%
EBITDA Margin	16.8%	16.3%	*0.5 p.p*
EBIT	337.6	304.7	10.8%
EBIT margin	8.8%	8.4%	*0.4 p.p*

The revenue figure for the Environment area increased by 5.8% and reached 3,853.2 million euros at the end of the year. Waste collection and street cleaning activity billed €1,938.6 million, recording growth of 9.8% on account of the entry into operation of new contracts, especially in Spain and the USA. The Waste Treatment activity reached 1,142.6 million euros, with a 1.1% increase, due to the good performance in Spain and the US, which compensated for the lower contribution from the United Kingdom. Other services grew by 3.5% to 772 million euros.

Breakdown of revenue by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	2,086.3	1,975.2	5.6%
United Kingdom	778.7	794.9	-2.0%
Central Europe	607.0	592.2	2.5%
United States and other	381.2	278.8	36.7%
Total	**3,853.2**	**3,641.1**	**5.8%**

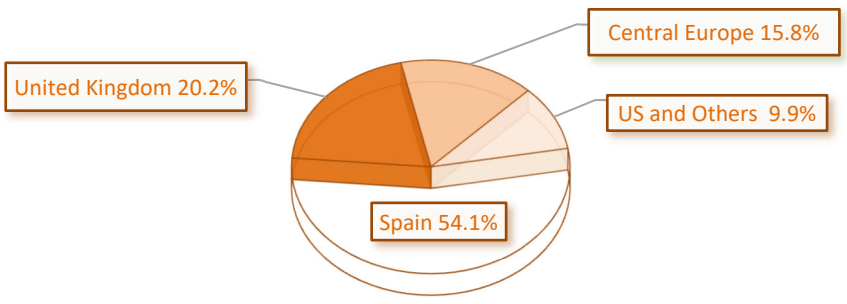
By geographical area, in Spain, revenue increased by 5.6% year on year to €2,086.3 million, on account of the expansion seen in waste collection and street cleaning activity as well as waste management. Other services, such as maintenance of green areas, remained at similar figures to those of the previous year.

In the United Kingdom, revenues fell by 2% to €778.7 million on account of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by recycling and recovery plants. Adjusted for this component, without impact on the operating result, revenues grew by 9.3% in the year.

In Central Europe, revenues increased by 2.5% to €607 million, on account of the favourable performance especially in Austria and Poland, mainly in collection and street cleaning, compensating for the slight decrease in waste treatment, on account of lower international sales prices recorded in relation to secondary raw materials (SRM).

Last but not least, revenue in the United States and other markets was up by an impressive 36.7% to €381.2 million, supported by the contribution of the new contracts secured in collection and treatment activity, mainly in Florida, Texas and California, respectively.

Breakdown of revenue by geographical area



The gross operating result (EBITDA) increased by 9%, with 646.7 million euros, motivated by the evolution described in the income figure. The increased contribution of the treatment and recovery plants in the United Kingdom comfortably offset the drop in SRM sales prices combined with the impact of the planned shutdown of a plant in Austria during the first quarter of the year. The operating margin increased to 16.8% compared to 16.3% the previous year, on account of the aforementioned impact of the drop in income collected on account of the landfill tax paid to the public authorities in the United Kingdom, which made no contribution to operating income.

The net operating result (EBIT) grew by 10.8% compared to the previous year, up to 337.6 million euros, due to the evolution of the different components mentioned in the Ebitda with a lower impact of other non-recurring operating expenses.

Breakdown of backlog by geographical area

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Spain	8,390.6	8,224.1	2.0%
International	4,937.8	5,031.4	-1.9%
Total	**13,328.4**	**13,255.5**	**0.5%**

At year-end 2023, the revenue backlog had not suffered significant changes compared to last December, standing at €13,328.4 million. In Spain, it increased by 2% to €8,390.6 million on account of new contracts, including the urban sanitation contract in northern Valencia or the management of the Las Calandrias Environmental Complex, in Jerez de La Frontera, which compensated for the slight decrease seen in the international area.

2.1.7.1.2. Financial Debt

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (€M)***
Net Financial Debt	1,424.7	1,227.6	197.1

Net financial debt increased by 197.1 million euros compared to December 2022, up to 1,424.7 million euros, due to greater investment activity in new contracts and to a lesser extent due to the absorption of current operating capital, which will reverse in the first quarter of 2024.

2.1.7.2. Water

The Water area contributed 25.1% of FCC Group EBITDA in the period. 90% of its activity is focused on public service concession and asset management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 10% corresponds to Technology and Networks, which is responsible

for the design, engineering and equipment of hydraulic infrastructures, related in the large part 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, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 45 million inhabitants.

2.1.7.2.1. Earnings

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Turnover	1,487.4	1,323.2	12.4%
Cycle Management and Services	*1,343.7*	*1,212.2*	*10.8%*
Technology and Networks	*143.7*	*111.0*	*29.5%*
EBITDA	384.3	350.2	9.7%
EBITDA Margin	25.8%	26.5%	*-0.7 p.p*
EBIT	216.3	203.8	6.1%
EBIT margin	14.5%	15.4%	*-0.9 p.p*

Revenue at the end of the year increased by 12.4% year on year, coming in at €1,487.4 million. This increase was seen in all activities and geographies, supported both by the increase in rates, the increase in new contracts, in the case of Colombia and France, and by the increase in activity in Technology and Networks, for the large part linked to concessions in Spain, Italy, Colombia and Mexico.

Breakdown of revenue by geographical area

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Spain	919.2	861.4	6.7%
Central and Eastern Europe	232.7	190.0	22.5%
Middle East, Africa and Other	134.6	131.1	2.7%
Rest of Europe (France, Portugal and Italy)	109.5	92.3	18.6%
Latin America	91.4	48.4	88.8%
Total	**1,487.4**	**1,323.2**	**12.4%**

By geographical area, revenues in Spain increased by 6.7%, reaching 919.2 million euros, due to the combined increase in consumption and the increase in rates. Technology and Networks also saw favourable performance following the implementation of work under investment plans associated with concession agreements and the execution of water infrastructure.

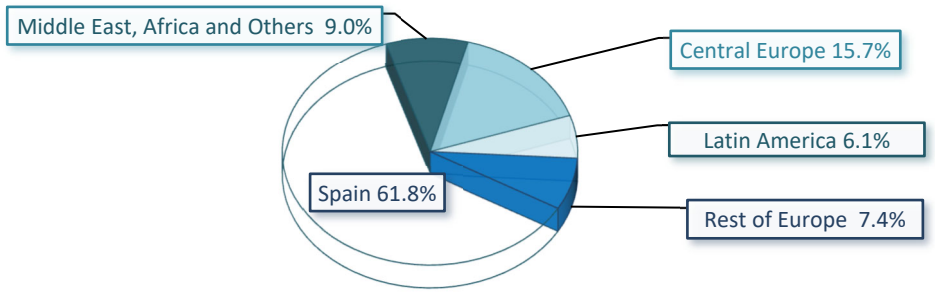
In Central and Eastern Europe it grew by 22.5%, with revenues of 232.7 million euros, due to greater activity in the Czech Republic and Georgia thanks to the favourable behaviour of rates and consumption in the latter. Worth particular mention was the revaluation of the Czech koruna (+2.3%) and the Georgian lari (7.9%).

In the rest of Europe, revenues also increased significantly, by 18.6%, to €109.5 million on account of the increase in concession activity from new contracts in France and infrastructure activity in the end-to-end cycle management in Italy.

In the Middle East, Africa and Others, turnover increased by 2.7%, to €134.6 million, with an increase in concession activity, with the two regional contracts ("Cluster") in Saudi Arabia worth particular mention, in addition to the increased contribution from Algeria. On the contrary, the Technology and Networks activity saw the completion of the construction of projects in Qatar and Egypt, with their entry into the operation phase.

In Latin America, turnover experienced notable growth of 88.8% to €91.4 million, with new concessions of the end-to-end water cycle in Colombia and works associated with its investment plans, as well as the implementation of hydraulic infrastructure in Mexico.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) increased by 9.,7% to €384.3 million. Its progress reflects the increase described above in all geographical areas, together with the base effect of the accounting in the previous year of a reversal of 11.2 million euros corresponding to a provision linked to the resolution of a dispute in Spain. As a result, the operating margin stood at 25.8%.

Net operating profit (EBIT) increased by 6.1% to €216.3 million, on account of the improvement in gross operating profit combined with the increase in provisions made for amortisation, associated with the increase in the volume of assets owned and operated during the period.

Breakdown of backlog by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	6,860.6	7,049.2	-2.7%
International	14,870.1	13,263.5	12.1%
Total	**21,730.7**	**20,312.7**	**7.0%**

The portfolio at the end of December 2023 reached 21,730.7 million euros, 7% more than the previous year. At an international level, there was an increase of 12.1% on account of the addition of new contracts in Saudi Arabia, Colombia and the United States, in addition to the consolidated tariff updates during the year.

2.1.7.2.2. Financial Debt

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (Mn€)*
Net Financial Debt	1,665.8	1,642.8	23.0

Net financial debt remained at very similar levels compared to December last year, coming in at €1,665.8 million. This evolution is a combination of greater containment of investments after the acquisition of GGU in Georgia in 2022, which has compensated for the greater absorption of current capital and financial expenses due to the rise in interest rates.

2.1.7.3. Construction

The Construction Area contributed 11.1% of the FCC Group's EBITDA in 2023. Its activity is structured around the design and construction of large civil, industrial and building works, with a selective presence in specific regions across more than 15 countries. Special mention should go to participation in major works like tunnels, bridges and motorways that constituted a major part of the project backlog.

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Turnover	2,823.1	1,966.9	43.5%
EBITDA	169.4	122.8	37.9%
EBITDA Margin	*6.0%*	*6.2%*	*-0.2 p.p*
EBIT	118.4	89.4	32.4%
EBIT margin	*4.2%*	*4.5%*	*-0.3 p.p*

Revenues from the area increased by an impressive 43.5% to 2,823.1 million euros attributable the continued good pace of ongoing projects combined with new contracts secured mainly in America and several European countries.

Breakdown of revenue by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	1,108.1	870.1	27.4%
America	819.3	434.3	88.6%
Rest of Europe	695.1	500.5	38.9%
Middle East, Africa, Australia and Others	200.6	162.0	23.8%
Total	**2,823.1**	**1,966.9**	**43.5%**

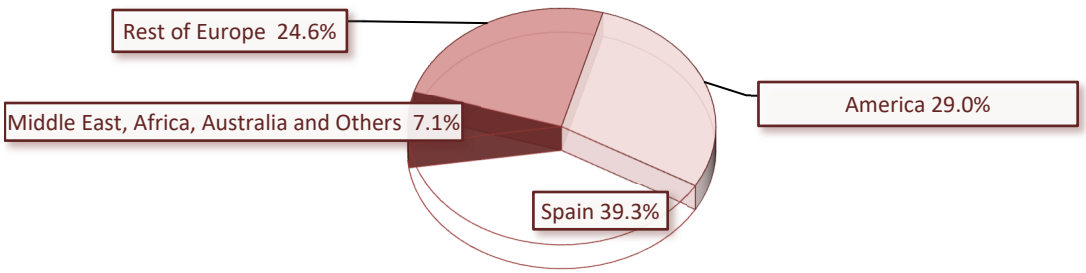
By geographical area, turnover in Spain increased by 27.4% to €1,108.1 million, on account of the faster than expected progress on ongoing projects, mainly in the public sphere.

In America, turnover grew significantly by 88.6% to €819.3 million, on account of the increase in the contribution of the Mayan Train project in Mexico, which is now close to completion, and the start of railway works in Toronto (Canada) and the USA.

Likewise, in the Rest of Europe and other markets, revenue grew by 38.9% year-on-year, coming to 695.1 million euros, mainly on account of the strong progress made with the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which comfortably offset the end of other works.

The Middle East, Africa, Australia and Others increased their contribution to revenue to €200.6 million, 23.8% up year-on-year, mainly due to the increase in the contribution of works as part of the Neom project and Riyadh Metro in Saudi Arabia, which is now close to completion.

Breakdown of revenue by geographical area



Gross operating profit increased by 37.9% to 169.4 million euros compared to 122.8 million euros the previous year. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period has reached 6%, a level similar to that achieved in the previous year.

In turn, net operating profit stood at 118.4 million euros, 32.4% up on the previous year, reflecting the performance of gross operating profit explained earlier and including the higher depreciation of machinery compared to the increase in activity.

Breakdown of backlog by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	2,386.1	1,817.3	31.3%
International	4,039.8	4,768.7	-15.3%
Total	**6,425.9**	**6,586.0**	**-2.4%**

The revenue backlog at year-end fell by 2.4%, to €6,425.9 million. Spain saw notable growth of 31.3% to €2,386.1 million on account of the award of new works, including the construction of the new ONCE headquarters in Madrid or the undergrounding section of the R-2 line as it passes through Montcada i Reixac (Barcelona). The International Area saw a 15.3% reduction following

the impressive accumulated increase in contract awards the previous year, with the contract for the modernisation of a series of bridges in Pennsylvania (USA) worth particular mention.

Breakdown of the Backlog by Activity Segment			
(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Civil engineering works	5,112.4	5,569.7	-8.2%
Building	656.9	503.9	30.4%
Industrial Projects	656.6	512.4	28.1%
Total	**6,425.9**	**6,586.0**	**-2.4%**

By activity type, civil engineering continues to dominate, accounting for 79.6% of the total, concentrated in large public contracts in certain selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area accounted for 9.1% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which owns a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Turnover	614.3	516.5	18.9%
Cement	*563.6*	*474.1*	*18.9%*
Other	*50.7*	*42.4*	*19.6%*
EBITDA	139.5	30.3	N/A
EBITDA Margin	*22.7%*	*5.9%*	*16.8 p.p*
EBIT	129.1	(203.3)	N/A
EBIT margin	*21.0%*	*-39.4%*	*60.4 p.p*

The area's revenue grew by 18.9% year-on-year to €614.3 million, following an increase in prices, mainly in Spain, in addition to an increase in exports from the same region.

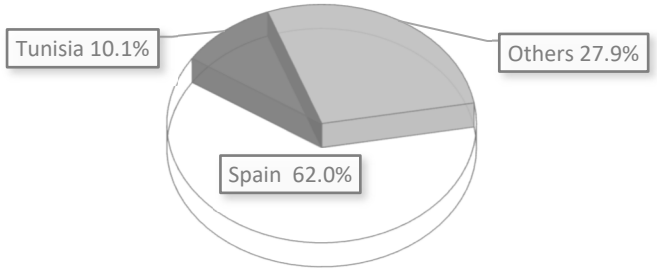
Breakdown of revenue by geographical area			
(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	380.9	314.6	21.1%
Tunisia	62.2	62.6	-0.6%
Miscellaneous (exports)	171.2	139.3	22.9%
Total	**614.3**	**516.5**	**18.9%**

By geographical area, in Spain, turnover increased by 21.1% to €380.9 million on account of the significant sustained increase in prices combined with unchanged volumes.

In the local market of Tunisia, the turnover remained at similar levels to the previous year, with 62.2 million euros, since the increase in prices has almost entirely compensated for the drop in demand.

In turn, revenue from exports grew by 22.9%, coming to €171.2 million, on account of the increase in shipments from Spain to certain countries in Europe and America, combined with price increases, offsetting the decreased in shipments from Tunisia.

Breakdown of revenue by geographical area



There was a significant increase in gross operating profit, coming to €139.5 million compared to €30.3 million during the previous year. This increase can be attributed both the increase in sales figures and the significant drop in electricity prices in Spain, which saw the operating margin recover to 22.7% compared to 5.9% the previous year.

Net operating profit stood at €129.1 million compared to losses of €203.3 million in 2022, due to the aforementioned change in gross operating income and the €200 million adjustment in the previous year, corresponding to the lower value of different tangible fixed assets and goodwill, reflecting its estimated future cash generation capacity. Likewise, this year the favourable resolution of a dispute in Spain has also contributed positively, with a recorded amount of 24.5 million euros.

2.1.7.4.2. Financial Debt

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (Mn€)***
Net financial debt	131.4	157.6	(26.2)

The financial debt, in its entirety, without any recourse to the Group's parent company, decreased by €26.2 million compared to last December, down to €131.4 million as a consequence of the operating performance explained above and the impact of the investment in the capital increase performed by the subsidiary, Giant Cement (USA), for an attributable amount of €105.8 million.

2.1.7.5. Real Estate

The Real Estate area contributed 6.9% of the FCC Group's EBITDA during the year. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices and shopping centres). This is in addition to the development for sale of properties, which includes the

urban management of its land portfolio, providing development management services for third parties.

2.1.7.5.1. Earnings

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Turnover	253.8	270.8	-6.3%
Development and land	*138.0*	*165.0*	*-16.4%*
Rental Property	*115.8*	*105.8*	*9.5%*
EBITDA	104.9	143.8	-27.1%
EBITDA Margin	*41.3%*	*53.1%*	*-11.8 p.p*
EBIT	55.8	165.7	-66.3%
EBIT margin	*22.0%*	*61.2%*	*-39.2 p.p*

The Area's income dropped by 6.3% year on year, to €253.8 million, with price reviews in relation to Rental activity and the increase in sales of housing developments failing to offset the impact of the absence of land sales during the year.

Development and Land recognised €138 million of income, down by 16.4%, on account of the fact that the increase in housing development sales, despite being higher than expected, failing to compensate for the absence of land sales, compared to the €35.93 million recognised the previous year.

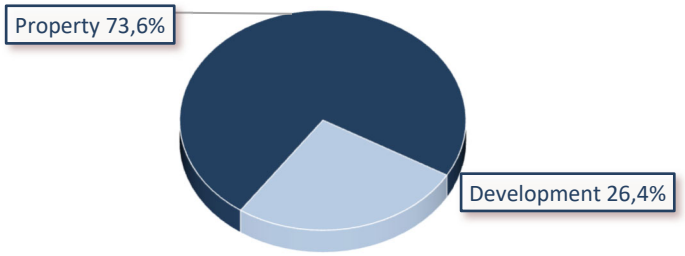
In Rental Property, income reached 115.8 million euros, with an increase of 9.5% compared to the previous year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 85% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy levels exceeded 93% high in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to bank offices.

EBITDA dropped by 27.1% to €104.9 million, with a contribution margin of 41.3%, on account of the impact of the provision for the impairment in housing development for the sum of €25 million and the aforementioned absence of land sales during the year. These two impacts mean that almost all of the EBITDA for the year was generated by Rental activity.

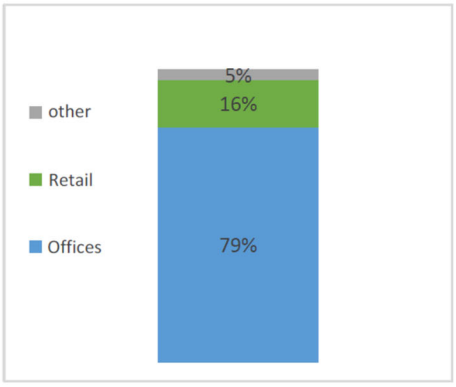
In addition to the explanations provided under EBITDA, EBIT includes the impact of the shift in interest rates on the fair market value of the rental assets, amounting to losses of €49 million, compared to the gains of €22.3 million the previous year.

The market valuation (G.A.V.) of the real estate assets in the area as of December 31, 2023 reaches 2,902.1 million euros, 2.6% lower than the previous year. The majority of the estimated value of assets corresponds to Property, which account for 73.6% of the total, on €2,134.8 million, while Residential Development assets, which include land in the different stages of development as well as housing developments for sale, both in progress and finished, account for 26.4% of the total, on €767.3 million.

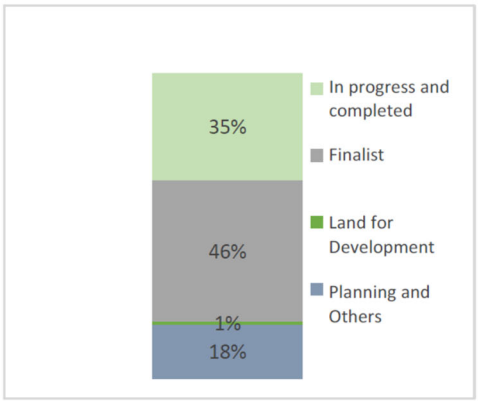
GAV by Activity (not including Metrovacesa)



Property



Residential Development



2.1.7.5.2. Financial Debt

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Net financial debt	1,037.0	917.7	119.3

The balance of net financial debt increased by €119.3 million compared to December of the previous year, coming to €1,037 million, mainly on account of the acquisition in December 2023 of two significant packages of holdings in Metrovacesa and Realia for the combined sum of €178.8 million.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 28 and 29 to the consolidated financial statements and in the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance for the Group of preserving the environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear environmental focus, the Group promotes and encourages the following principles throughout the organisation, on which the contribution to sustainable development is based:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Group's processes, products and services, and enhancing the positive impacts on its areas of activity.

- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for monitoring, assessment, decision-making and communication of the Group's environmental performance and compliance with the commitments undertaken.

- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Prevent pollution and protect the environment through responsible management and consumption of natural resources, and also by minimising the impact of emissions, discharges and waste generated and managed by the Group's activities.

- Observation of the environment and innovation: Identify the risks and opportunities of the activities in the face of the changing natural environment in order, among other things, to drive innovation and the application of new technologies, and also to generate synergies between the Group's various activities.

- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Attached is a breakdown of the Group's headcount at the end of the year, by business area:

	2023			
AREAS	SPAIN	ABROAD	TOTAL	%s/Total
Environment	36,152	8,279	44,431	66%
Water Management	6,971	6,793	13,764	21%
Construction	4,115	3,150	7,265	11%

Cement	865	212	1,077	2%
Real Estate	96	0	96	0%
Central Services and Others	388	69	457	1%
TOTAL	**48,587**	**18,503**	**67,090**	**100%**

3. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In order to optimise its financial position, the Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 16 to the consolidated financial statements) and detailed financing (see note 19 to the consolidated financial statements).

Note 29 to the consolidated financial statements sets forth the policy implemented by the Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During 2019, FCC Servicios Medioambiente Holding, S.A.U. completed the issuance of two single bonds in the amount of 1,100 million euros, just as FCC Aqualia, S.A. did in 2017. In December 2023, the bond amounting to 600 million euros from FCC Servicios Medioambiente Holding, S.A. was repaid with funds from the issuance of a new bond for the same amount.

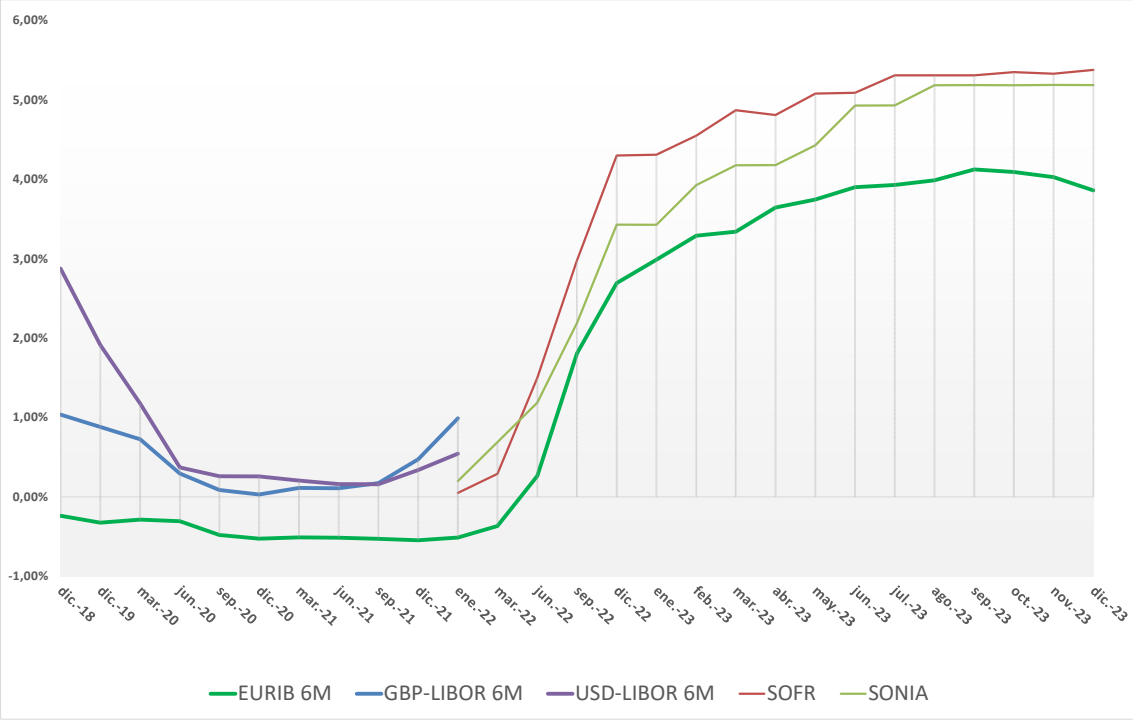
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities. In 2020, FCC Servicios Medioambiente Holding, S.A. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities and bilateral loans.

Furthermore, in June 2022 FCC Aqualia, S.A. took out a syndicated loan for the amount of €1.1 billion, the main purpose of which was to refinance part of the bonds issued in 2017 maturing in 2022 and the early repayment of the bond that the Georgia Global Utilities Group had on the takeover date (Note 4 to the consolidated financial statements).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



As can be seen from the graph above, in 2022, the Secured Overnight Financing Rate (SOFR) and the Sterling Overnight Index Average (SONIA) replaced the LIBOR in dollars and LIBOR in pounds sterling, respectively.

This section is discussed in greater detail in note 29 to the consolidated financial statements.

4. MAJOR RISKS AND UNCERTAINTIES

4.1. Risk Management Policy and System

The FCC Group's Risk Management Model is designed with the aim of identifying, analysing and assessing the potential risks that could affect the different areas of the Group, as well as establishing mechanisms integrated into the organisation's processes that allow risks to be managed within accepted levels, providing the Board of Directors and senior management with reasonable security in relation to the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control,

promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is mainly based on the integration of the risk-opportunity vision and the assignment of responsibilities, which, together with the segregation of functions, favour the monitoring and control of risks, consolidating an adequate control environment.

The activities included in the FCC Group's Risk Management Model include the identification and classification of risks depending on their type, their assessment, in terms of impact and probability of occurrence, the application of prevention and control activities to mitigate the effect of these risks and the establishment of reporting flows and communication mechanisms at different levels, which enable decision-making as well as their review and continuous improvement.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group is exposed to various risk factors inherent to both the nature of its activities and the risks related to environmental, economic, social and geopolitical upgrades in the different countries in which it carries out these activities and to the risks arising from its relations with third parties, including the risks arising from the non-exhaustive application of the principles of ethics and compliance set out in its regulations. Many of these risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and the image and reputation of the FCC Group.

Details of the main strategic, environmental, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 6.1 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 29 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.1 of the Non-Financial Information Statement.

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 5.3 and 6 of the Non-Financial Information Statement.

5. ACQUISITION AND DISPOSAL OF OWN SHARES

On 14 June 2023, the redemption of a maximum of 0.85% of the share capital was approved at the General Shareholders' Meeting, ratified by the Board of Directors on 15 June and registered in the Mercantile Registry of Barcelona on 27 June 2023, with a total of 3,521,417 shares

redeemed, taking the company's capital stock to 434,823,566 shares. As a result, the treasury stock position at 30 June 2023 amounted to 854,234 shares, equivalent to 0.19% of the capital stock.

At the Board of Directors meeting held on 28 June 2023, the resolution was approved to additionally redeem the 854,234 treasury shares circulating on that date; this operation was registered in the Mercantile Registry on 25 July.

Then, in the month of August, FCC, S.A. requested authorisation from the CNMV for a takeover bid by means of a capital reduction through the acquisition of a maximum of 32,027,600 own shares, representing 7.01% of its capital stock. On 19 July, the Extraordinary General Meeting agreed, with a vote in favour of 93.58% of the capital in attendance, on the reduction of capital, as well as the determination of the main terms and conditions of the Bid. On 25 October, authorisation was received from the CNMV and on 6 December, it published the results, accounting for 4.502% of share capital. On 19 December, the resulting capital reduction was registered in the Mercantile Registry. The company's share capital at the end of December 2023 was set at 436,106,917 euros, represented by 436,106,917 shares with a nominal value of 1 euro each.

The treasury stock position at 31 December was 44,957 shares.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 17 of the Notes to the consolidated financial statements.

6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

7. OUTLOOK

The outlook for the performance of the Group's main business areas in 2023 is given below.

In the countries where the Environmental Services Area operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

In Spain, moderate growth is expected based on the implementation of new contracts, competing in all tenders that may be of interest due to their strategy and/or attractiveness.

As regards waste collection and street cleaning activity, the current rate of contract renewal is expected to be maintained, at above 90%, and the rate of new contracts at around 20%, with

growth in activity based on obligation to apply the current legislation on waste in towns with smaller populations.

In relation to waste treatment, the opportunities that may be generated by the new Waste Master Plans of the different regional governments will be harnessed.

In relation to industrial waste activity, the aim is to diversify into other types of processing in addition to those currently being developed and expand the portfolio of services to large customers.

2.2.1. Europe

In Portugal, business opportunities related to processing industrial waste and the disposal of municipal waste is worth particular mention.

Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, at a macroeconomic level, as in other Western economies, a moderate slowdown in growth is expected in 2024. In relation to the environment, the government's objectives are, in general, consistent with those of the EU circular economy, with expectations of 65% recycling and a maximum of 10% of waste to landfills in 2025. The recent (2021) Environmental Law, which covers key aspects of environmental policy such as Extended Producer Responsibility ("EPR"), the "Deposit Return Scheme" ("DRS") or recoverable packaging payments (single-use beverage containers), and there will be some delay in the implementation of the principle of consistency across collection systems, as a result of both political and economic factors. In terms of fiscal measures, the "Plastic Tax" was established in 2022 for packaging with less than 30% recycled content and an emissions tax has been announced for 2028, which would affect the sector. Within this scenario of uncertainty caused by this delay, FCC continues to pursue its policy of offering a wide range of waste treatment and recycling services, both at municipal and commercial and industrial levels.

In Central Europe, inflation will remain a critical issue in 2024 as it will mean lower consumption and less waste on the market. For this reason, greater emphasis will be placed on increasing energy efficiency in treatment processes, cost reduction and rapid tariff adjustment with customers. On the other hand, electricity and gas prices are expected to remain at lower levels than those seen towards the end of 2022 and throughout much of 2023.

It is expected that the prices of recycled goods will remain stable or very slightly higher than those seen in 2023, the backlog of soil decontamination projects (solidification and biodegradation) in the Czech Republic and Slovakia will be very similar to the backlog seen the previous year, with greater importance placed on treatment due to legislative changes in several countries where FCC has already made (or has begun to make) the necessary investments to be able to face them and an increase in rates across practically all commercial activities thanks to contractual flexibility or price clauses included in municipal contracts.

2.2.2. USA

FCC has begun to promote mechanical biological treatment plants in the United States, in line with new regulations that are beginning to make it mandatory in some statuses to minimise waste sent

for landfill disposal. The group's significant experience at an international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country. During mid-2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes will be treated per year, pursuant to the new and more restrictive environmental regulations in force in California. Throughout 2023, these operations have been consolidated, while the final handover of the facilities is scheduled for December 2024 and we believe that this will shake-up the market once they are fully operational.

Water

The outlook for 2024 is for the definitive consolidation of the recovery of pre-pandemic activity in relation to non-residential consumption. This situation will be reinforced by the new contracts incorporated into the perimeter during 2023 in Colombia, France and the USA, as well as the improvement in results, reinforced by the continuation of cost optimisation actions.

The high rates of contract renewal that Aqualia has historically recorded on maturity (over 90%) are expected to be maintained.

Electricity rates are expected to standardise and policies maintained to increase the number of contracts that mitigate the potential volatility in prices with a higher volume of consumption closed at a fixed price.

It is also considered that many towns managed by Aqualia will adapt their tariffs or the company's remuneration, to reflect the effect of the CPI increase during 2022-2023.

During 2024, the process for awarding projects eligible for the PERTE programme subsidy mechanism is expected to be streamlined with a view to promoting the digitalisation of the management of the integrated water cycle. We hope that as part of this process, Aqualia will be successful with a number of the bids submitted.

In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management). In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out.

Looking to Europe, in **Portugal**, the problems caused by the prolonged droughts have sparked an interest amongst the public powers to consider the feasibility of building desalination plants for the first time in mainland Portugal. Aqualia is striving to maintain active communication so that part of these investments can be channelled as part of the robust Portuguese concession framework. Furthermore, a consortium led by Aqualia and FCC Construcción was proposed as the successful candidate for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, the first project of its kind in the country.

In **Italy,** work on the Caltanisseta concession (Sicily) is expected to continue, with the improvement and modernisation of the remote control and reading services of the facilities that serve more than 90,000 customers, from which 14 million euros have been obtained as part of the REACT-EU programme, as well as continuing with the work to condition the general supply network.

In **France,** efforts will continue to increase activity by looking for and selecting new business opportunities in towns and cities within the current perimeter of concession activity (Île-de-France, Bretagne) and further afield (Normandie, Alsace, Lorainne, Val de la Loire). The

population served in France comes to 920,000 inhabitants, with the Pays de Dreux contracts and the renewal of Andresy being the most relevant milestones in 2023.

In the Czech Republic, |Czech subsidiary SmVak has designed an ambitious Sustainability Plan, aligned with Aqualia's Sustainability Plan, establishing new investments aimed at improving the energy efficiency of existing infrastructure and reducing the system's carbon footprint. Commercial activity in the country has been intense, with tenders submitted for water contracts in important Bohemian cities where existing private operators are already in place such as Prîbram and Pîsek, despite the trend of changing the management model towards direct management. In the geographical area of coverage, Silesia and Moravia, Aqualia, through its Czech subsidiary, has managed to win the tenders in Opava, Třinec, Žabeň, Doubrava, Háj ve Slezsku and Těrlicko.

In **Georgia,** the trend in terms of results for the current year is expected to continue and the new 2024-2026 regulatory period will begin once the foundations that will regulate the three-year Infrastructure Master Plan and the new tariff framework have been laid.

In **Saudi Arabia**, development work has continued on the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company during 2022. An ambitious programme is also under way to modernise and optimise the integrated water cycle services, with a view to preparing them for the future phase of privatisation. The operation of the Jizan desalination plant will also be consolidated with an operating contract starting for three mobile desalination plants on the Saudi coast.

In **Egypt**, following completion of the start-up stage, Aqualia continued operating the Abu Rawash wastewater treatment plant to full satisfaction, with a treatment capacity of 1,600,000 m3/d that serves the western area of the city of Cairo., over a duration of 3 years. During the year, the ambitious Desalination Plan will begin in Egypt associated with photovoltaic energy generation, where Aqualia leads a multidisciplinary and multinational consortium.

In **Algeria** the two desalination plants, Mostaganem and Cap Djinet, continued to operate at full capacity and without significant incidents, providing a critically important service to the population of the country's most important metropolitan areas, Oran and Algiers.

In Latin America, the 20-year operating period of the Guaymas SWDP began in mid-2022 **(Sonora, Mexico)**. In June 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) formally began and the operation of the El Realito aqueduct continued. Furthermore, work will be completed on PTAR Salitre **(Colombia)** during the first half of 2024. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora in Mexico and for purification.

In **Peru**, the State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. Aqualia is developing seven co-financed private initiatives corresponding to wastewater treatment plants and desalination plants. Four of these projects are in the advanced structuring phase and are part of the important short term ProInversión *app* project backlog.

Finally, in the **USA**, as a result of the efforts to acquire a platform for business development in the US market, on 31 December 2023, FCC Aqualia USA Corp acquired 97% of Municipal District Services, Llc. (MDS), whose main objective of which is the integrated management of water and sanitation infrastructure in the Municipal Utility District (MUD).

Water scarcity, the obsolescence of the hydraulic infrastructures and the low penetration of private operators in the sector are the source of the main growth opportunities for the company in certain states. The increasingly more demanding legislation on the control and elimination of processing contaminants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.
Taking into account the above, it is estimated that in 2024, the turnover obtained in Spain will remain similar to that obtained in 2023.

In the foreign market, it is estimated that turnover in 2024 will be similar to that obtained in 2023, with the development of large infrastructure works obtained between 2021 and 2023 and the contribution of markets in America (USA, Canada,, Mexico, Chile, Peru), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom, Portugal and Romania).

Cement

The cement sector in Spain has experienced a slowdown in consumption in recent months and since September every month has seen negative growth rates.At the same time, exports continued to decline slightly this year and imports collapsed by more than 40%.

According to estimates from the Association of National Construction Companies (SEOPAN), official tenders up until November 2023 increased by 1.9% compared to the same period in 2022. Civil engineering tenders saw 3.5% growth, while tenders for buildings fell by 1%. Building permits compared to 2022 grew by 2% to 111 thousand homes and by 2024, growth is expected to continue to 116 thousand units. Non-residential building dropped by 20% in 2023 and is expected to stabilise in 2024. In terms of investment in infrastructure in 2024, this could be affected by budgetary restrictions as a result of the reactivation of EU deficit rules.

According to data from the sector's employers' association, OFICEMEN, cement consumption in 2023 decreased by 3% to 14.5 Mt and according to estimates for the month of October, this volume will remain in 2024.

In 2023, sales by the Spanish Business Unit of the Cementos Portland Valderrivas Group totalled 4.3 million tonnes of cement and clinker in the aggregate of domestic sales and exports, the same volume seen in 2022.

In Tunisia in 2023, the domestic market came to 5 million tonnes, 9% down on 2022. According to the Group's estimates for 2024, domestic cement consumption is expected to fall by around 4% compared to 2023. Tunisia has been immersed in an economic, social and political crisis in recent years.

In 2023, sales by the Tunisian Business Unit of the Cementos Portland Valderrivas Group came to 1.2 million tonnes of cement and clinker in the aggregate of domestic sales and exports, down by 12% compared to 2022. The main destinations for exports were Mexico, Libya, Italy and the USA.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources and support sustainable development.

Real Estate

FCC Inmobiliaria's actions for 2024 will focus on the development of its three business lines exclusively in Spain:

Office, premises and shopping centre rentals

In the real-estate area and in relation to service-sector assets (offices and shopping centres), where the Company's exceptional real estate portfolio gives it a prominent position, the optimisation of services and their management will continue to meet the new demands of tenants and environmental requirements, with the FCC Group assuming the cost of achieving these objectives.

In 2024, the company will focus on supporting its subsidiary companies, to adapt its buildings and business to the new trends in efficiency and sustainability of the office and shopping centre market, adapting the commercial relationship with tenants by adapting contracts to the demands of the market, such as the flexibility of spaces, duration, etc., increase the backlog of buildings under management certified with the BREEAM sustainability seal and improve the performance of offices, premises and shopping centres in terms of energy consumption, water and waste management through continuous, automated and digital monitoring.

The main notes in this line of business include:

- Business backed by the quality of the assets where most of the offices are located in prime areas, and also the group of shopping centres it owns, which are centres located in the shopping areas of the cities.
- Recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.

Real-estate development and land management.

During the course of 2024, the real-estate area will keep development activity at similar levels to last year, with the completion of projects in progress, as well as the start of new projects, with special attention to their profitability, and also to the viability of their commercialisation, bearing in mind the evolution of demand and the macro scenario of the Spanish economy, which are vital for development activities.

The land portfolio will continue to be actively managed, allowing it to be consolidated as urban land, with the resulting increase in value and contribution to the maintenance of development activity. It will also be possible to acquire new assets and/or land with a value path, either for their management and/or by the market.

Rental housing

During 2023, the Group completed two Build to Rent (BTR) projects with 195 publicly protected homes (VPPL-VPPB) intended for rent in the town of Tres Cantos (Madrid). The first of these, "Residencial Nao" with 43 homes went on the market and operations started in April, with 100% now rented; the second, "Residencial Provenza", was completed in two phases, the first 50 homes went on the market and operations started in July, with 88% rented, and the second 102 homes went on the market in September, with 27% rented.

In addition, operations have continued at the "Jardín de Tres Cantos" residential building with 85 homes, 100% of which are rented.

The total investment made in the three Build to Rent projects, with a total of 280 homes, amounted to €59.5 M.

In 2024, the Group will continue with the operation of Build to Rent and will analyse opportunities for the acquisition or development of new land with the same aim of residential rental housing, provided that the return on investment is maintained.

8 R&D+I ACTIVITIES

The FCC Group's R&D&I activities in 2023 have resulted in more than 35 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2023 are detailed below.

SERVICES

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

VISION	**BICISENDAS**	**INSECTUM**	**B-FERTS**
DEEP PURPLE	**SCALIBUR**	**PLASMIX**	**LIFE 4 FILM**
H2TRUCK	**ECO2D4.0**	**LANDFILL BIOFUEL**	**SEALING OF MINING DEPOSITS**
MINETHIC	**ECLOSION**	**IRRIGATION AND WASHING TANK**	**PV4INK**

In addition, new ones have been launched during 2023, which are summarised below:

In the field of waste management we have 5 new projects:

- **ABATE**: consists of the use of compact, high-performance marketable technologies for the reduction of VOCs in EU waste treatment plants, reducing CO2 emissions and energy consumption.

- **BIOPROLOGNO**: this project pursues several objectives, (i) optimising and developing the pyrolysis process of lignocellulosic waste using microwave technology to obtain *Wood Vinegar* and *biochar*, (ii) obtaining and characterising the bio-products by measuring their structural characteristics, (iii) demonstrating the agronomic characteristics of *biochar* as a biofertiliser and soil improver, and finally (iv) assessing the feasibility and effectiveness of using *Wood Vinegar* as a substitute for synthetic herbicides in infrastructure, roads and gardening.

- **LUCRA**: this project aims to demonstrate biotechnical and green processes for the production of: biologically based succinic acid using organic waste, PU polyester polyol dispersions based on the succinic acid of biological origin and polyester polyol resins based on the succinic acid obtained. In short, it aims to demonstrate the sustainable production outside a laboratory of succinic acid of biological origin and its use in the production of innovative products also of biological origin.

- **MPB DEHESAS:** project aimed at investigating the digestion of leachate treatment plants, specifically leachate (i) post bio-methanization, (ii) FORS and (iii) compost.

- **LIFE ZEROLANDFILLING:** the aim of the project is to deploy and demonstrate, in a pioneering way and at a semi-industrial scale, the profitability and sustainability of an innovative advanced and integrated pilot plant to allow the treatment and chemical recycling of non-recyclable MSW that normally reaches the landfill, revaluing it as: (i) a liquid mixture of high quality hydrocarbons known as green naphtha for the chemical and petrochemical industries; (ii) solid charcoal for the construction industry; and (iii) synthesis gas for self-consumption during the pyrolysis process.

In the field of specialised machinery for waste collection activities there is a new project:

- **CNG SIDE LOADING BODY FOR WASHING CONTAINERS:** consists of developing a new side loading body for washing containers with a capacity of between 1,100 and 3,200 litres, with a washing chamber made from aluminium, maximum clean water capacity up to 9,750 litres, with special interior and exterior washing pumps to allow the containers to be washed during an entire day's work.

There is another new project in Industrial Waste activity:

- **COMPLAST project:** the general aim of the project is to obtain new thermoplastic composites for high added value applications in the aeronautical, railway and automotive sectors. These composites will boast improved properties, be recyclable and/or incorporate recycled materials.

END-TO-END WATER MANAGEMENT

Innovation activity at Aqualia is aligned with the European Green Deal policies, which promotes the transition to a circular economy with a zero carbon footprint. The Department of Innovation and Technology (DIT) develops new services and sustainable processes using smart and eco-efficient management tools. Thus, the DIT projects help the company to achieve the UN's Sustainable Development Goals (SDGs), focussing on an affordable and high-quality water and sanitation service (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) as well as responsible production and consumption (SDG 12).

The projects highlighted in 2023 are listed below:

- **UE MSCA – REWATERGY:** focussed on scientific education, within the H2020 Marie Sklodowska Curie programme of European academic networks. It pursues technological development at its purification plants through methods of adsorption of ammonium from wastewater and its conversion into hydrogen; as part of the project, photo and electro-disinfection processes were assessed to eliminate micro-pollutants in drinking water or wastewater.

- **LIFE ULISES:** it aims to transform conventional WWTPs into "energy and biofertiliser production factories", achieve energy self-sufficiency and eliminate its carbon footprint, with anaerobic pretreatment implemented with the PUSH reactor. To improve the energy balance, bio-methane is used for the purposes of vehicle fuel supplied at a gas service station equipped with a refining system.

- **RIS3 EFLUENT-EX:** its aim is to promote clean energy and the use of organic and agro-industrial waste, with Aqualia working to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility based on green biofuels.

- **LIFE INTEXT:** the project optimises low-cost purification technologies in small towns with a view to minimising the energy cost, carbon footprint and waste from the treatment process. It assess sustainable solutions from an ecological and economic perspective for settlements with less than 5,000 residents, supported by specialist SMEs from Germany, Greece and France.

- **LIFE PHOENIX:** the project optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse, assessing effluents at several mobile plants. These devices combine physicochemical treatments with advanced filtration and various ultra- and nanofiltration membrane refining skids.

- **LIFE ZERO WASTE WATER:** the project seeks to achieve a purification process with a zero carbon footprint. To this end an anaerobic reactor with AnMBR membranes has been set up, which produces biogas, followed by the ELAN® process in the water line to eliminate nitrogen with low energy consumption. The management of FORSU is assessed with the transport the mixture of organic matter in a single stream in the sewerage system.

- **LIFE INFUSION:** as part of the project, new resource recovery plants have been designed using municipal solid waste and the leachate digestion system has been optimised.

- **LIFE RESEAU:** the RESEAU project aims to increase the capacity and resilience of the existing sanitation water infrastructures to the impact of climate change. The aim is to develop a flexible flow management model.

- **H2020 BBI B-FERST:** project to develop new biofertilisers using urban wastewater and by-products of agri-food industries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed.

- **H2020 BBI DEEP PURPLE:** the project implements on a demonstration scale a new biorefinery model that integrates purple and phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

- **H2020 SEA4VALUE:** project focussed on recovering resources from concentrated brines in seawater desalination stations (SWDPs). At least eight innovative technological solutions are being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

- **H2020 ULTIMATE:** the project consisted of the installation in the WWTP with a fluidised anaerobic reactor (FBBR/Elsar) on an industrial scale, to recover biomethane and supply a fuel cell. The co-digestion of residual yeast is also being studied.

- **H2020 REWAISE:** the project reinforces Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products. To improve the operation and control of the processes, work is under way on the simulation of networks and plants, optimising the efficiency of the service as well as water quality.

- **H2020 NICE:** the generates scientific knowledge using nature based solutions (NBS), such as wetlands or green walls. These elements are involved in the purification and recovery of resources from urban wastewater.

- **ECLOSION MISSIONS:** project co-financed by the CDTI (Centre for Technological Development and Innovation), its main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous gases, such as hydrogen and biomethane. These energy vectors will be made using urban waste, agri-food, wastewater and sewage sludge and will be monitored using eco-efficient, flexible and smart optimisation tools.

- **ZEPPELIN MISSIONS:** project co-financed by the CDTI that researches a flexible series of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textiles, treatment plants and refineries). The aim is to make this energy vector more efficient, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.

- **HE D4RUNOFF:** develops tools to quantify, avoid and manage diffuse pollution created by urban runoff water.

- **HE CHEERS:** the project aims to revalue by-products that are underused or wasted by the brewing industry, such as bagasse, wastewater, CO2 and methane. Through a biorefinery approach, inspired by the biodiversity of nature (insect and microbe platforms), five innovative bio-products are generated that are competitive at a market level: insect protein, disinfectant, microbial protein, ectoin and caproic acid.

- **HE NINFA:** the project develops groundwater monitoring and protection systems, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, micro plastics and salinity). The groundwater management and pollution prevention strategy is structured around early detection systems, a better understanding of the effects to achieve synergies and to control the risks of multiple disturbance factors. These elements are combined with predictive methodologies to increase resilience and implement treatment and mitigation solutions.

- **UMI AQUATIM:** its aim is to respond to current challenges, by studying and implementing new technologies throughout the entire water cycle. Innovation, the development of new circular

economy models and digitalisation are key factors in obtaining new sources of green energy (H2 and biogas), new natural resources and their efficient use (nutrients, metals and water). It also includes the protection of ecosystems and biodiversity through nature-based solutions (NBS), the development of new digital technologies (sensors, traceability, models and predictive systems) and the introduction of improvement actions to ensure the quality of water masses.

- **RESURGENCE:** the project pursues a model of circularity in industrial water consumption from a broad perspective: efficient technologies for the circularity of water, the recovery of energy and raw materials, with a view to contributing to climate neutrality, circularity and the competitiveness of the European Union.

In addition, during 2023, ten families of patents and brands that have continued to grow since 2014 were maintained, with two Aqualia Industrial patents still in force.

CONSTRUCTION

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

A number of the projects are being undertaken in coordination with the public administrations, as is the case of CIEN "**Bicisendas**", as part of which several municipalities across Catalonia have been contacted for the creation of a pilot bicycle lane.

At an **international** level, in 2023 work was undertaken as part of (i) the European R&D&i project "**DigiChecks** ", funded by the EU Research and Innovation Framework Programme, Horizon Europe, as part of which a Digital Environment is being developed to facilitate interoperability and communication between different construction industry platforms, the management of permits and controls accordingly. The project is structured around new technologies (including BIM, GIS, Artificial Intelligence, Blockchain, Digital Twin), using previous international initiatives as a reference, and (ii) the **"EC2"** project financed by EDF-DA (European Defence Fund). The EC2 project consists of the development of software that provides the functional capacity of strategic command and control for a future General Headquarters of the European Union, which will help to achieve the capabilities for planning and conducting military operations, both executive and non-executive. The system will make it possible to centralise all operating capacities in a single point of access.

In relation to the National Projects undertaken during 2023, the development of the following projects is worth particular note:

- **BICISENDAS:** part of the CDTI's CIEN 2018 programme, the objective of which is the development of a new generation of bicycle lanes, which will be modular, produced with sustainable materials and can be custom designed for the integration of various technologies and depending on arising to be covered sycg as helping to increase comfort, safety, environment and communications in the bike lane environment, thus contributing to promoting sustainable transportation.

- **PRACAN:** included in the call for CDTI Cooperation projects, the aim of which is to develop a robotic platform for the identification, control and monitoring of carcinogenic agents in construction environments. This platform will be structured around a series of mobile nodes, one land-based and one airborne, with the ability to detect/estimate carcinogens, in particular asbestos and respirable crystalline silica (RCS) as well as a decision-making and alarm configuration system for occupational risk prevention (ORP) technicians, which will activate action protocols and recommendations

- **ROBUST**: submitted to CDTI Cooperation projects, the aim of which is to develop a georeferenced mapping and automated monitoring system for confined environments, mainly tunnels and ditches. To this end, it is due to use new monitoring technology that will require the development and deployment of autonomous aerial robots (drones), as well as the design and development of control systems and algorithms to communicate with the robots.

- **SAIM**: project developed by Mantenimiento de Infraestructuras, S.A., which consists of developing a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model

- **DESIRE**: project developed by FCC Industrial and Infraestructuras Energéticas. S.A. and financed by the CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.

- **CYBERSEC**: developed by FCC Industrial and Infraestructuras Energéticas, S.A. and financed by the CDTI as part of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, smart cities or critical infrastructures

- **EDIFICTEH**: collaborative project submitted to CDTI that aims to develop a new 4.0 technological solution for the construction sector employing connected and centralised management for the installation of facades

- **SMART CONSTRUCTION MANAGER:** project presented as part of the CDTI national CIEN programme, the objective of which is the development of a new smart and autonomous system for the control and management of works; research into a variety of technologies that allow the main management processes of a project to be digitised and automated, integrating them into a collaborative tool in which the entities involved can share reliable and secure information about the progress made and the materials used, thus promoting transparency.

- **0ACCIDNTES**: project submitted as part of the CDTI's CIEN programme, the objective of which is research into new safety and health in construction technologies with 0 accidents: development

of a comprehensive cognitive ecosystem for real-time monitoring and prediction of dangerous situations for the safety and health of construction workers, carrying out research that facilitates the collection, interpretation, digitization and smart and automatic management of information generated in different construction environments, based on state-of-the-art sensors, autonomous robotic systems, cyber-secure connectivity ecosystems and various elements of artificial intelligence.

- **ESPADIN**: project developed by FCC Industrial e Infraestructuras Energéticas, S.A., included in the CDTI MISSIONS programme, the objective of which is to make collaborative technological developments dedicated to take the sharing and use of the value of data to industrial practice under the paradigm of the so-called shared data spaces.

- **ECOLOGÍA COTORRAS**: project developed by Mantenimiento de Infraestructuras, S.A., within the framework of the industrial doctoral candidates programme organised by the Community of Madrid; its aim is to delve into the ecology of the Argentine parrot and Kramer's parrot (and its ecological and health impacts) to better understand how biological invasion processes work and integrate the scientific knowledge generated into the management plans in place for these species.

- **CLIMPORT**: project submitted to the Public-Private Collaboration programme, as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, the main objective of which is to develop an innovative modular system with new professional methodologies for the design and construction of port infrastructure adapted to climate change

- **BIOPROLIGNO**: project developed by Mantenimiento de Infraestructuras, S.A., submitted to the Public-Private Collaboration programme as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, which will investigate the transformation of lignocellulosic waste into bio-products for use in the maintenance of infrastructure and green areas.

- **FOTOVOLPLAS**: project developed by Megaplas, S.A., submitted for one of the electrical self-consumption grants offered by IDEA, the objective of which is the installation of photovoltaic panels on the MEGAPLAS factory roof. The proposed installation consists of 463 LONGI SOLAR bifacial and monocrystalline cell technology modules, specifically, the LR5-72 540 Wp HBD model and 2 HUAWEI Smart PV String-type photovoltaic inverters, model SUN2000-100KTL-M1.

Research, Development and Innovation (R&DI) is expressly contemplated in the Sustainability Management System under procedure PR/FCC-730. The company holds an RD&I Management System Certificate: RD&I Management System requirements based on Spanish-harmonised standard UNE 166002:2021, certified by AENOR, the Spanish Standardisation and Certification Association. MATINSA and FCC Industrial and Infraestructuras Energéticas are also R&D&i Management System certified pursuant to UNE 166002:2021.

CEMENT

In 2023, the project involving the **ASSESSMENT OF THE POTENTIAL FOR GEOLOGICAL CO2 STORAGE**, in collaboration with the Geological and Mining Institute of Spain and the Oficemen Group, was completed.

The main conclusions of the study were the development of scenarios for the potential deployment of CO2 capture, use and storage technologies (CAUC) in the sector, evaluating their possibilities and associated costs.

9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION

9.1. Share performance

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2023	Jan. – Dec. 2022
Closing price (€)*	14.56	8.32
Change in the period	*69.1%*	*-20.4%*
Maximum (€)*	15.40	10.50
Minimum (€)*	8.16	7.08
Average daily trading (no. of shares)	55,044	51,109
Average daily trading (million euros)	0.6	0.5
Capitalisation at end of period (million euros)	6,350	3,866
No. outstanding shares	436,106,917	438,344,983

Prices adjusted for 2022 and 2023 scrip dividends

9.2. Dividends

The Company's Board of Directors, at its meeting held on 28 June 2023, agreed to implement the agreement on the distribution of the scrip dividend adopted for the sum of €0.50/share, at FCC's General Shareholders' Meeting on 14 June 2023, in item 7 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. Subsequently, at the end of the first six months of the year, in July, the holders of 99.18% of the free allocation rights chose to receive new shares, up on previous years. Therefore, the increase in paid-up capital stood at 22,697,739 shares.

10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en)

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, 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.

	Dec. 2023	Dec. 2022
Operating profit/(loss)	**910.3**	**610.5**
Amortisation of fixed assets and allocation of grants for non-financial and other assets	587.4	512.1
Impairment and gains/(losses) on disposal of fixed and non-current assets	47.0	174.9

Other gains/(losses)	-15.1	13.9
EBITDA	**1,529.6**	**1,311.4**

Its calculation is justified by the wide use of this indicator by the different agents of the financial markets, as it is a measure of the operating profit generated before depreciation and amortisation, which does not imply a cash flow for the company and does not depend on its capital structure.

EBIT

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

Its calculation is justified by the wide use of this indicator in the economic and financial field, as it is a measure of the operating profit obtained after the amortisation and depreciation of assets that allows the comparison of the company's results without taking into account its capital structure.

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.

We do not calculate the Cement area's backlog due to the typically short-term nature of the order cycle.

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by

independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. This indicator is a measure of the expected future income of certain areas of the company.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents. The numerical breakdown is provided in note 29 to these consolidated financial statements.

Helps to determine the situation of a company in terms of its financial debt obligations before third parties from outside the group, less its cash and equivalents. It is often used to assess the solvency of a company and calculate financial indicators.

EBITDA Margin

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

A measure of a company's operating profit compared to its income. Used to determine the efficiency of the operating activities it performs.

EBIT margin

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

A measure of a company's net operating profit compared to its income, before paying taxes and interests.

WORKING CAPITAL

The part of Current Assets financed using long-term funds (Non-Current Liabilities and Net Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

This is an important when it comes to obtaining an insight into the company's capacity to continue performing its activities and assessing its liquidity to meet short-term obligations.

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 forementioned parent company.

Helps to determine the situation of a company in terms of cash and equivalents less its financial debt obligations before third parties from outside the group. It is often used to assess the solvency of a company and calculate financial indicators.

GROSS FINANCIAL DEBT

Debts 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.

Its calculation provides an overview of a company's financial debt obligations, determining future maturities and its financial situation.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Both indicators are calculated pursuant to GRI 201 (2016). Below is the formula for calculating both indicators, facilitating, as applicable, the reconciliation of the corresponding items of the financial statements (in thousands of euros):

	2023		2022	
Economic value generated		**9,359,423**		**8,039,315**
Turnover		9,026,016		7,705,687
From renewable sources		333,407		333,628
Other operating income	257,555		288,480	
Financial income	75,852		45,148	
Economic value distributed		**8,273,550**		**6,965,466**
Operating costs		5,367,165		4,518,220
Supplies	3,700,000		3,004,337	
Other operating expenses	1,677,916		1,540,539	
Changes in inventory of finished products and products in progress	-10,751		-26,656	
Employees		2,474,449		2,238,733
Staff costs	2,474,449		2,238,733	
Capital suppliers		244,201		134,635
Financial expenses	225,824		164,240	
(-) Other financial profit/(loss)	18,377		-29,605	
Taxes		186,635		72,723
Corporate income tax	186,635		72,723	
Community		1,100		1,155
Economic value retained		**1,085,873**		**1,073,849**

"Community" includes donations to non-profit organisations.

Information on the creation and distribution of economic value reflects the economic profile of an organisation and is useful when it comes to looking at how a company generates wealth, through the direct monetary value added to the economies in which it operates. In relation to the headings on the income statement, balance sheet and statements of cash flows provided in note 2.1 of the management report, the following reflects their reconciliation with the corresponding headings on the financial statements of the FCC Group shown in italics:

INCOME STATEMENT

(Millions of Euros)	*Dec. 23*	*Dec. 22*
Revenue	**9,026.0**	**7,705.7**
Self-constructed assets	*87.7*	*74.1*
Other operating income	*257.5*	*288.5*
Changes in finished goods and work in progress inventories	*10.8*	*26.6*
Procurements	*-3,700.0*	*-3,004.3*
Staff costs	*-2,474.5*	*-2,238.7*
Other operating expenses	*-1,677.9*	*-1,540.5*
Gross operating profit (EBITDA)	**1,529.6**	**1,311.4**
EBITDA Margin	16.9%	17.0%
Provision for amortisation of fixed and non-current assets	-596.9	-519.7
Amortisation of fixed assets and allocation of grants for non-financial and other assets	*-587.4*	*-512.0*
Non-financial and other capital grants taken to income (*)	*-9.5*	*-7.7*
Other operating income/(losses)	-22.4	-181.1
Impairment and gains/(losses) on disposal of fixed assets	*-47.0*	*-174.9*
Other gains/(losses)	*15.0*	*-13.9*
Non-financial and other capital grants taken to income (*)	*9.5*	*7.7*
Net operating profit (EBIT)	**910.3**	**610.5**
EBIT margin	10.1%	7.9%
Financial income	-150.0	-119.1
Financial income	*75.8*	*45.1*
Finance expenses	*-225.8*	*-164.2*
Other financial profit/(loss)	-18.4	29.6
P/L of companies accounted for by the equity method	174.0	29.6
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**
Company tax on profits	-171.1	-72.7
Income tax	-171.1	-72.7
Income from continuing operations	**744.8**	**477.9**
Net Income	**744.8**	**477.9**
Consolidated profit/(loss) for the year	*744.8*	*477.9*
Non-controlling interests	-153.8	-162.7
Profit/(loss) attributable to non-controlling interests	*-153.8*	*-162.7*
Profit attributable to the Parent	**591.0**	**315.2**

(*) In the financial statements, the heading "Amortisation of fixed assets and allocation of grants for non-financial and other assets" includes Apportionment of grants for fixed and non-current assets and others", which in the management report is included under "Other operating profit/(loss)".

BALANCE SHEET

(million euros)	*Dec. 23*	*Dec. 22*
Intangible assets	2,483.5	2,342.1
Property, plant and equipment	3,829.8	3,496.8
Investment property	2,091.3	2,122.9
Investments accounted for using the equity method	1,034.3	502.6
Non-current financial assets	748.4	910.6
Deferred tax assets and other non-current assets	468.3	499.5
Non-current assets	**10,655.7**	**9,874.5**
Inventory	1,234.3	1,143.2
Trade and other receivables	2,957.4	2,468.0
Trade and other receivables	*2,886.5*	*2,409.3*
Other current assets	*70.9*	*58.7*
Other current financial assets	260.5	221.3
Cash and cash equivalents	1,609.7	1,575.5
Current assets	**6,062.0**	**5,408.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**
Equity attributable to shareholders of the parent company	4,450.1	3,387.9
Non-controlling interests	1,695.9	1,551.1
Equity	**6,146.0**	**4,939.0**
Grants	226.6	202.9
Non-current provisions	1,230.6	1,141.7
Long-term financial debt	4,361.0	3,860.7
Non-current financial liabilities	*4,817.0*	*4,271.3*
Other non-current financial assets not included in financial debt (*)	*-456.0*	*-410.6*
Other non-current financial liabilities	456.0	410.6
Other non-current financial assets not included in financial debt (*)	*456.0*	*410.6*
Deferred tax liabilities and other non-current liabilities	434.1	430.7
Deferred tax liabilities	*284.2*	*282.0*
Other non-current liabilities	*149.9*	*148.7*
Non-current liabilities	**6,708.3**	**6,046.6**
Current provisions	159.6	148.1
Short-term financial debt	604.1	1,121.8
Current financial liabilities	*926.8*	*1,333.1*
Other current financial assets not included in financial debt (*)	*-322.7*	*-211.3*
Other current financial liabilities	322.7	211.3
Other current financial assets not included in financial debt (*)	*322.7*	*211.3*
Trade and other payables	2,777.0	2,815.7
Current liabilities	**3,863.4**	**4,296.9**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**

(*) Non-current and current "Other financial liabilities" include amounts that form part of the financial debt and others that do not. Financial debt is included under "Long/short-term financial debt" and non-financial debt are reported under "Other non-current/current financial liabilities" in the management report.

CASH FLOW

(Millions of Euros)	*Dec. 23*	*Dec. 22*
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**
Profit/(loss) before tax from continuing operations	*915.9*	*550.7*
Amortisation and depreciation	*596.9*	*522.2*
Impairment and gains/(losses) on disposal of fixed assets	*47.0*	*174.9*
Other adjustments to profit/(loss) (net) (*)	*-30.2*	*63.6*
(Increase)/decrease in working capital	-691.4	285.3
Changes in working capital	-691.4	285.3
Corporation tax (paid)/received	-124.2	0.7
Other operating cash flow	71.4	-51.6
Dividend collections	*70.2*	*40.2*
Other adjustments to profit/(loss) (net) (*)	*1.2*	*-91.8*
Operating cash flow	**785.4**	**1,545.8**
Investment payments	-1,104.6	-1,062.1
Proceeds from divestments	36.2	51.5
Other investment cash flows	106.0	72.6
Investment cash flow	**-962.4**	**-938.0**
Interest paid	-172.5	-123.7
(Payment)/receipt of financial liabilities	-113.8	-333.9
Other financing cash flow	496.6	-109.6
Issuance/(amortisation) of equity instruments	*-0.4*	*-0.3*
(Acquisition)/disposal of own shares	*575.7*	*-39.1*
Dividends paid and payments on equity instruments	*-80.8*	*-73.2*
Other collections/(payments) from financing activities	*2.1*	*3.0*
Financing cash flow	**210.3**	**-567.2**
Exchange differences, change in consolidation scope, etc.	1.0	-0.6
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**

(*) "Other adjustments to net income" on the financial statements is divided into two subheadings on the statement of cash flows in the management report, taking EBITDA as a starting point and not the "Profit/(loss) before tax from continuing operations"

11. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28037224

12. ANNUAL DIRECTORS' REMUNERATION REPORT

The Annual Directors' Remuneration Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28037224

13. NON-FINANCIAL INFORMATION STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

Financial Statements and Management Report
2023 Financial Year

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES (CONSOLIDATED GROUP)

Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

ASSETS

	Notes	31/12/2023		31/12/2022	
NON-CURRENT ASSETS			**10,655,661**		**9,874,542**
Intangible assets	*6*		**2,483,475**		**2,342,148**
Concessions	*6 and 10*	1,543,161		1,512,644	
Goodwill		851,110		761,683	
Other intangible fixed and non-current assets		89,204		67,821	
Property, plant and equipment	*7*		**3,829,799**		**3,496,804**
Land and buildings		1,049,190		1,027,556	
Plant and other items of property, plant and equipment		2,780,609		2,469,248	
Investment property	*8*		**2,091,328**		**2,122,854**
Investments accounted for using the equity method	*11*		**1,034,288**		**502,629**
Non-current financial assets	*13*		**748,425**		**910,567**
Deferred tax assets	*23*		**468,346**		**499,540**
CURRENT ASSETS			**6,062,014**		**5,407,999**
Inventory	*14*		**1,234,338**		**1,143,202**
Trade and other receivables	*15*		**2,886,531**		**2,409,262**
Trade receivables for sales and services		2,478,757		2,020,809	
Other loans		323,325		301,935	
Current tax assets	*23*	84,449		86,518	
Other current financial assets	*13*		**260,545**		**221,252**
Other current assets	*15*		**70,897**		**58,745**
Cash and cash equivalents	*16*		**1,609,703**		**1,575,538**
TOTAL ASSETS			**16,717,675**		**15,282,541**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

CONSOLIDATED BALANCE SHEET

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

LIABILITIES AND EQUITY

	Notes	31/12/2023		31/12/2022	
EQUITY	17		**6,145,927**		**4,938,993**
Equity attributable to the Parent Company			**4,450,067**		**3,387,882**
Shareholders' equity		4,489,566		3,415,724	
Capital		*436,107*		*438,345*	
Accumulated earnings and other reserves		*3,462,881*		*2,689,461*	
Shares and equity interests		*(410)*		*(27,264)*	
Profit for the year attributable to the Parent company		*590,988*		*315,182*	
Valuation adjustments		(39,499)		(27,842)	
Non-controlling interests			**1,695,860**		**1,551,111**
NON-CURRENT LIABILITIES			**6,708,319**		**6,046,615**
Grants			**226,624**		**202,864**
Non-current provisions	18		**1,230,595**		**1,141,750**
Non-current financial liabilities	19		**4,817,034**		**4,271,282**
Debt instruments and other marketable securities		1,860,879		1,267,584	
Bank borrowings		2,383,723		2,471,818	
Other financial liabilities		572,432		531,880	
Deferred tax liabilities	23		**284,179**		**281,977**
Other non-current liabilities	20		**149,887**		**148,742**
CURRENT LIABILITIES			**3,863,429**		**4,296,933**
Current provisions	18		**159,610**		**148,074**
Current financial liabilities	19		**926,771**		**1,333,125**
Debt instruments and other marketable securities		246,221		773,163	
Bank borrowings		326,206		306,531	
Other financial liabilities		354,344		253,431	
Trade and other payables	21		**2,777,048**		**2,815,734**
Suppliers		1,252,628		1,232,393	
Other payables		1,485,166		1,559,731	
Current tax liabilities	23	39,254		23,610	
TOTAL EQUITY AND LIABILITIES			**16,717,675**		**15,282,541**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

CONSOLIDATED INCOME STATEMENT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023	31/12/2022
Revenue	*26 and 27*	**9,026,016**	**7,705,687**
Self-constructed assets		87,669	74,137
Other operating income	*26*	257,555	288,480
Changes in finished goods and work in progress inventories		10,751	26,656
Procurements	*26*	(3,700,000)	(3,004,337)
Staff costs	*26*	(2,474,449)	(2,238,733)
Other operating expenses		(1,677,916)	(1,540,539)
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	*6, 7 and 8*	(587,377)	(511,989)
Impairment and gains/(losses) on disposal of fixed assets	*26*	(46,984)	(174,895)
Other gains/(losses)	*26*	14,986	(13,941)
OPERATING PROFIT/(LOSS)		**910,251**	**610,526**
Financial income	*26*	75,852	45,148
Financial expenses	*26*	(225,824)	(164,240)
Other financial profit/(loss)	*26*	(18,377)	29,605
FINANCIAL GAINS/(LOSSES)		**(168,349)**	**(89,487)**
Profit/(loss) of entities valued using the equity method	*26*	174,028	29,614
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS		**915,930**	**550,653**
Corporate income tax	*23*	(171,120)	(72,723)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**744,810**	**477,930**
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**744,810**	**477,930**
Profit/(loss) attributable to the Parent		590,988	315,182
Profit attributable to non-controlling interests	*17*	153,822	162,748
EARNINGS PER SHARE (euros)	*17*		
Basic		1.32	0.73
Diluted		1.32	0.73

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

		31/12/2023		31/12/2022
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**744,810**		**477,930**
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period		**(5,352)**		**2,839**
Actuarial profits and losses (*)		**(6,117)**		**3,803**
Tax effect		**765**		**(964)**
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period		**12,934**		**144,801**
Financial assets at fair value with changes in other comprehensive income		**55,565**		**6,147**
Valuation gains/(losses)	55,604		6,133	
Amounts transferred to the income statement	(39)		14	
Cash flow hedges		**(17,760)**		**64,330**
Valuation gains/(losses)	(4,544)		60,182	
Amounts transferred to the income statement	(13,216)		4,148	
Translation differences		**(20,774)**		**55,424**
Valuation gains/(losses)	(20,866)		55,424	
Amounts transferred to the income statement	92		-	
Participation in other comprehensive profit recognised by investments in joint ventures and associates		**(9,218)**		**34,040**
Valuation gains/(losses)	(2,351)		33,629	
Amounts transferred to the income statement	(6,867)		411	
Tax effect		**5,121**		**(15,140)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**752,392**		**625,570**
Attributable to the Parent		**606,195**		**409,501**
Attributable to non-controlling interests		**146,197**		**216,069**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

(*) Amounts that under no circumstances will be charged to the statement of profit and loss.

TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

	Share capital	Accumulated earnings and other reserves	Shares and equity interests	Profit/(loss) for the year attributed to the Parent Company	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total Equity
Notes	*17.a*	*17.b*	*17.c*		*17.d*	*17*	*17.II*	
Equity as at 31 December 2021	**425,174**	**2,142,592**	**(26,674)**	**580,135**	**(114,133)**	**3,007,094**	**1,433,571**	**4,440,665**
Total income and expenses for the year	**-**	**7,496**	**-**	**315,182**	**86,823**	**409,501**	**216,069**	**625,570**
Transactions with shareholders or owners	**13,171**	**(41,864)**	**(590)**	**-**	**-**	**(29,283)**	**(59,646)**	**(88,929)**
Capital increases/(reductions)	14,871	(14,871)	-	-	-	-	70	70
Distribution of dividends	-	(10,783)	-	-	-	(10,783)	(59,716)	(70,499)
Transactions with treasury shares or equity instruments (net)	(1,700)	(16,210)	(590)	-	-	(18,500)	-	(18,500)
Other changes in equity	**-**	**581,237**	**-**	**(580,135)**	**(532)**	**570**	**(38,883)**	**(38,313)**
Equity as at 31 December 2022	**438,345**	**2,689,461**	**(27,264)**	**315,182**	**(27,842)**	**3,387,882**	**1,551,111**	**4,938,993**
Total income and expenses for the year	**-**	**(2,773)**	**-**	**590,988**	**17,980**	**606,195**	**146,197**	**752,392**
Transactions with shareholders or owners	**(2,238)**	**(316,742)**	**26,854**	**-**	**-**	**(292,126)**	**(81,695)**	**(373,821)**
Capital increases/(reductions)	(2,238)	(297,290)	298,588	-	-	**(940)**	**1,874**	**934**
Distribution of dividends	-	(19,452)	-	-	-	**(19,452)**	**(83,569)**	(103,021)
Transactions with treasury shares or equity instruments (net)	-		(271,734)	-	-	**(271,734)**	-	**(271,734)**
Other changes in equity	**-**	**1,092,935**	**-**	**(315,182)**	**(29,637)**	**748,116**	**80,247**	**828,363**
Equity as of 31 December 2023	**436,107**	**3,462,881**	**(410)**	**590,988**	**(39,499)**	**4,450,067**	**1,695,860**	**6,145,927**

The accompanying notes 1 to 32 and annexes I to V form an integral part of the consolidated financial statements, together with the 2023 consolidated income statement.

STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023 (in thousands of euros)

	Notes	31/12/2023		31/12/2022	
Profit/(loss) before tax from continuing operations			**915,930**		**550,653**
Adjustments to profit or loss			**614,816**		**668,929**
Amortisation and depreciation	*6, 7 and 8*	596,877		522,201	
Impairment and gains/(losses) on disposal of fixed assets	*6, 7 and 26*	46,984		174,895	
Other adjustments to profit/(loss) (net)	*26*	(29,045)		(28,167)	
Changes in working capital	***15***		**(691,404)**		**285,270**
Other cash flows from operating activities			**(53,956)**		**40,987**
Dividend collections		70,243		40,248	
Collections/(Payment) for income tax		(124,199)		739	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES			**785,386**		**1,545,839**
Payments due to investments			**(1,104,585)**		**(1,062,055)**
Group companies, associates and business units		(152,231)		(286,413)	
Property, plant and equipment, intangible assets and real estate investments	*6, 7 and 8*	(851,436)		(622,914)	
Other financial assets		(100,918)		(152,728)	
Proceeds from disposals			**36,211**		**51,512**
Group companies, associates and business units		16,681		19,086	
Property, plant and equipment, intangible assets and real estate investments	*6, 7 and 8*	14,191		20,619	
Other financial assets		5,339		11,807	
Other cash flows from investing activities			**105,938**		**72,498**
Interest received		46,641		29,292	
Other collections/(payments) from investing activities		59,297		43,206	
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES			**(962,436)**		**(938,045)**
Proceeds from and payments for equity instruments	***17***		**575,242**		**(39,429)**
Issue/(redemption)		(419)		(331)	
(Acquisition)/disposal of own shares		575,661		(39,098)	
Proceeds from (payments on) financial liabilities	***19***		**(113,844)**		**(333,882)**
Issuance		2,112,503		2,341,595	
Repayment and amortisation		(2,226,347)		(2,675,477)	
Dividends paid and payments on equity instruments	***5***		**(80,785)**		**(73,177)**
Other flows from financing activities			**(170,355)**		**(120,708)**
Interest paid		(172,456)		(123,682)	
Other collections/(payments) from financing activities		2,101		2,974	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES			**210,258**		**(567,196)**
EFFECT OF VARIATIONS IN EXCHANGE RATES			**957**		**(585)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			**34,165**		**40,013**
Cash and cash equivalents at the start of the period	*16*		**1,575,538**		**1,535,525**
Cash and cash equivalents at the end of the period	*16*		**1,609,703**		**1,575,538**

The accompanying Notes 1 to 32 and Annexes I to V form an integral part of the consolidated financial statements, jointly forming the 2023 consolidated income statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023

CONTENTS **PAGE**

CONSOLIDATED FINANCIAL STATEMENTS 3

ASSETS **3**
LIABILITIES AND EQUITY **4**
CONSOLIDATED INCOME STATEMENT **5**
CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE **6**
TOTAL STATEMENT OF CHANGES IN THE CONSOLIDATED EQUITY **1**
STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD) **2**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 3

1. GROUP ACTIVITY **1**
2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT **2**
3. ACCOUNTING POLICIES **4**
4. CHANGES IN THE SCOPE OF CONSOLIDATION **17**
5. DISTRIBUTION OF PROFIT/LOSS **23**
6. INTANGIBLE ASSETS **24**
7. PROPERTY, PLANT AND EQUIPMENT **33**
8. INVESTMENT PROPERTY **37**
9. LEASES **41**
10. SERVICE CONCESSION ARRANGEMENTS **44**
11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD **48**
12. JOINT AGREEMENTS. JOINT OPERATIONS **55**
13. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS **56**
14. INVENTORIES **59**
15. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS **61**
16. CASH AND CASH EQUIVALENTS **64**
17. EQUITY **65**
18. NON-CURRENT AND CURRENT PROVISIONS **74**
19. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES **78**
20. OTHER NON-CURRENT LIABILITIES **89**
21. TRADE AND OTHER ACCOUNTS PAYABLE **89**
22. DERIVATIVE FINANCIAL INSTRUMENTS **90**
23. TAX MATTERS **93**
24. PENSION PLANS AND SIMILAR OBLIGATIONS **99**
25. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES **102**
26. INCOME AND EXPENDITURE **104**
27. INFORMATION BY ACTIVITY SEGMENTS **110**
28. ENVIRONMENTAL INFORMATION **120**
29. FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT POLICIES **123**
30. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES **132**
31. FEES PAID TO AUDITORS **138**
32. EVENTS AFTER THE CLOSING DATE **139**
SUBSIDIARIES **1**
COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP **1**

ASSOCIATES 1
CHANGES IN THE SCOPE OF CONSOLIDATION 1
TEMPORARY JOINT VENTURES, ECONOMIC INTEREST GROUPS AND OTHER ENTERPRISES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES 3

CONTENTS

Annex I	Fully consolidated subsidiaries
Annex II	Companies jointly controlled with third parties outside the Group (consolidated using the equity method)
Annex III	Associates consolidated using the equity method
Annex IV	Changes in the scope of consolidation
Annex V	Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group

1. GROUP ACTIVITY

The FCC Group comprises the parent company Fomento de Construcciones y Contratas, S.A. and a group of national and international investee companies.

Company identification data

Name of the reporting entity or other means of identification	Fomento de Construcciones y Contratas, S.A.
Legal form of the entity	Public Limited Company (In Spain: Sociedad Anónima)
Address of the entity's registered office	C. Balmes 36, 08007 Barcelona, Spain
Address of the entity	Avenida Camino de Santiago 40, 28050, Madrid, Spain
Country of incorporation	Spain
Main place of business	Spain
Name of the parent company	Control Empresarial de Capitales, S.A. de C.V.
Name of the controlling parent of the group	Control Empresarial de Capitales, S.A. de C.V.
Changes to the name of the reporting entity	No changes have occurred this year

The Group operates in the following business areas:

- **Environmental Services**. Services related to urban sanitation, industrial waste management, green space conservation, including both construction and operation of treatment plants, and energy recovery from waste. This includes concession agreements related to environmental services.

- **End-to-end Water Management**. Services relating to the end-to-end water cycle: collection, purification and distribution of water for human consumption; sewage collection, filtration and purification; design, construction, operation and maintenance of water infrastructure for municipal, industrial, agricultural services etc. Concession agreements related to the integral water cycle are also included.

- **Construction**. Specialised in the construction of infrastructure, buildings and similar facilities: motorways, highways, roads, tunnels, bridges, hydraulic works, ports, airports, urban developments, housing, non-residential building, lighting, industrial climate control installations, environmental restoration, etc.

- **Real Estate.** Dedicated to the promotion of housing and the rental of offices, commercial premises and residential properties.

- **Cement.** Dedicated to the operation of quarries and mineral deposits, manufacture of cement, lime, gypsum and prefabricated derivatives, and also to the production of concrete and mortar.

- **Concessions.** Mainly includes concession agreements related to the operation of motorways, tunnels and other similar infrastructures and urban tramways.

International activities account for approximately 48% (45% in 2022) of the FCC Group's turnover, mainly in Europe, Latin America, the Middle East and the United States (note 27).

2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT

a) Basis of presentation

The accompanying financial statements and the notes thereto that comprise this Report and which make up these consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and all the implementing provisions and interpretations.

The 2023 consolidated financial statements of the FCC Group have been formulated by the Board of Directors of Fomento de Construcciones y Contratas, S.A. and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement. The 2022 consolidated financial statements were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., held on 14 June 2023.

These consolidated financial statements of the FCC Group show the faithful image of the equity and the financial situation as at 31 December 2023 and 2022, as well as the results of the operations, changes in equity and consolidated cash flows that occurred in the Group during those years.

The consolidated financial statements of the FCC Group have been prepared from the accounting records of Fomento de Construcciones y Contratas, S.A. and its investee companies. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

In order to uniformly present the various items composing these consolidated financial statements, accounting standardisation criteria were applied to the individual financial statements of the companies included in the scope of consolidation. In 2023 and 2022, the reporting date of the financial statements of the companies included in the scope of consolidation was the same as that of the Parent, i.e. 31 December.

The consolidated financial statements are expressed in thousands of euros.

Reclassifications made

There were no significant reclassifications in business years 2023 and 2022.

Rules and interpretations issued but not in force

The Group intends to adopt standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, when they become effective, if applicable to it. Although the Group is currently analysing its impact, based on its analysis to date, it believes that its initial application will not have a significant impact on its consolidated financial statements.

Significant rules and interpretations applied in 2023

The standards and interpretations applied in the preparation of these consolidated financial statements are the same as those applied in the consolidated financial statements for the year ended 31 December 2022, as none of the standards, interpretations or amendments that are applicable for the first time in this financial year have had a significant impact on the Group's accounting policies.

Worth mention is the amendment to IAS 1 “Presentation of financial statements”, establishing that only material accounting policies must be disclosed, a criteria that the Group has applied in these consolidated financial statements.

IAS 12 “Income tax” has also been amended in relation to the new tax regulations of the Second Pillar of the OECD Inclusive Framework. These amendments provisionally introduce a mandatory temporary exemption for the accounting and breakdown of deferred taxes arising from said legislation. This amendment also requires additional disclosures to facilitate an understanding of the exposure to these tax regulations. Note 23 provides a qualitative description of the expected impact of these regulations.

b) Basis of consolidation

Subsidiaries

Consolidation performed applying the global integration method for the subsidiaries indicated in Annex I, over which Fomento de Construcciones y Contratas, S.A. exercises control

The value of the participation of non-controlling shareholders in equity is presented under the heading "Non-controlling interests" of the liability side of the accompanying consolidated balance sheet and the participation in the profit/(loss) is presented under the heading "Profit attributed to non-controlling interests" of the accompanying consolidated income statement.

Where appropriate, goodwill is determined in accordance with the provisions of Note 3.b) of this Report.

Joint agreements

The Group develops joint agreements through participation in joint ventures jointly controlled by one of more of the FCC Group companies with other companies outside the Group (note 11), as well as through participation in joint operations, temporary joint ventures and other similar entities (note 12).

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the

heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated profit and loss statement.

The joint operations, mainly in the Construction and Environmental Services activities that mostly take the form of temporary joint ventures and other similar entities, have been integrated in the attached consolidated accounts based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

Annexe II lists the business jointly controlled with third parties outside the Group and Annexe V lists the joint operations carried out with third parties outside the Group, mainly through temporary joint ventures and other entities with similar characteristics.

Associates

The companies listed in Annexe III, in which Fomento de Construcciones y Contratas, S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income for the year is included under the heading “Profit/(loss) of entities valued using the equity method” of the accompanying consolidated income statement.

Transactions between Group companies

In transactions between consolidated companies, the profit/(loss) of internal operations are eliminated, being deferred until they are made against third parties outside the Group. This elimination does not apply in the "Concession agreements" since the result is considered to be realised against third parties (note 3.a).

Group work on its own fixed and non-current assets is measured at production cost, eliminating the intra-group profit/(loss).

Reciprocal credits and debits have been eliminated from the consolidated financial statement, as well as internal income and expenses from the collection of the subsidiaries that are consolidated.

Changes in the scope of consolidation

Annex IV shows the changes made in 2023 in all consolidated companies using global integration and the equity method. The profit/(loss) of these companies are included in the consolidated income statement as from the effective acquisition date or until the effective disposal or derecognition date, as appropriate.

The heading "Change in scope" in the corresponding notes to this Report shows the effect of the additions and derecognitions of companies from the scope of consolidation. Additionally, Note 4 of this Report "Changes in the scope of consolidation", shows the most significant inputs and outputs of said scope.

3. ACCOUNTING POLICIES

The most relevant accounting policies applied to the consolidated financial statements of the FCC Group are detailed below:

a) Service Concession Arrangements

Concession contracts involve agreements between a granting public entity and FCC Group companies to provide public services such as water distribution, filtration and sewage treatment, landfill management, motorways and tunnels, etc. by operating the infrastructure. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The Group recognises its concessions pursuant to the provisions of IFRIC 12 "Service Concession Arrangement".

Intangible assets from concession arrangements classified as intangible assets amortise the resulting asset according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The Group's most important concession businesses are in the water supply and sanitation business, which depreciates its assets based on water consumption, which, in general, remains constant over time due, on the one hand, to a reduction in water consumption as a result of water saving policies and, on the other hand, to an increase in water consumption as a result of population growth; in the environmental services business, mainly waste recycling and energy recovery plants, which are depreciated on the basis of the tonnes treated; and in the concessions business, mainly toll roads and motorways, which are depreciated on the basis of traffic. The amortisation is completed in the concession period, which is generally between 25 and 50 years. In turn, Concession arrangements recognised as financial assets are measured applying the amortised cost method.

b) Business combinations and goodwill

Goodwill is recognised as the positive difference between (a) the sum of the fair value of the consideration transferred as a result of the acquired interest, the amount of the non-controlling interests and the fair value at the date on which control over these interests is acquired when control is obtained in stages, and (b) the fair value of identifiable assets and liabilities.

When the difference obtained according to the previous paragraph is a negative amount, a bargain purchase occurs. In these situations, the Group reviews the identification and assessment of the assets and liabilities acquired and if this difference is confirmed, it is recognised as a positive result in the year under "Impairment and gains/(losses) on disposals of fixed assets".

In general, non-controlling interests are valued by the proportional part of the fair value in the assets and liabilities of the acquired company.

c) Intangible assets

Except as indicated in the two previous sections of this note regarding the agreements for the concession of services and goodwill, the other intangible assets contained in the accompanying financial statements are initially recognised at their acquisition cost. These intangible assets include investments related to operating contracts and licences, rights to build and software applications.

Such registered intangible assets have a finite useful life. Amortisation is carried out during its useful life, which is generally between 20 and 35 years, that is, the period during which it is estimated that they will generate income, using the linear method, except when the application of the consumption pattern reflects its depreciation more faithfully. Software applications are generally amortised within a period of 5 to 10 years.

The Group records CO2 emission rights as a non-amortisable intangible asset. Rights received free of charge under the corresponding national allocation plans are measured at the market price in force at the time they are received, recognising a subsidy for the same amount. Pursuant to the option provided by the regulations, the intangible asset is reduced by the subsidy received.

d) Property, Plant and Equipment

Property, plant and equipment are recorded at their cost price, less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they have been acquired by business combinations, they are initially recognised at their fair value on the acquisition date.

Companies depreciate their fixed and non-current assets following the linear method, distributing the cost thereof between the following years of estimated useful life:

Natural resources and buildings	25-100
Plant, machinery and transport items	5-30
Furniture and tools	7-12
Other fixed and non-current assets	5-10

However, some contracts may have terms shorter than the useful life of the related fixed and non-current assets, in which case they are depreciated over the term of the contract.

The residual value, useful life and depreciation method applied to the Group's PP&E are reviewed periodically to ensure that the depreciation method used reflects the pattern in which the revenue deriving from operating the property, plant and equipment. This review is carried out through an in situ evaluation and technical analysis, taking into account their current conditions and estimating the remaining useful life of each asset, based on their ability to continue providing the functionalities for which they were defined. Subsequently, these internal analyses are compared against third parties outside the Group, such as manufacturers, installers, etc. to ratify them.

e) Investment property

Real estate investments, or investment property, is land, buildings and other structures that are held either for rental or for capital appreciation as a result of future increases in their respective market prices.

Investment property is stated at fair value at the reporting date and is not subject to depreciation. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise and are recognised under "Changes in value, impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated income statement.

The Group periodically determines the fair value of investment property so that, at year-end, the fair value reflects the market conditions of the investment property items at that date. This fair value is determined half-yearly on the basis of the assessments made by independent experts.

f) Impairment of the property, plant and equipment and intangible asset value

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could

reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

The recognition or reversal of impairment losses on assets are charged or credited to income under "Impairment and results obtained on the disposal of assets".

To calculate the recoverable amount of the assets subject to impairment tests, the present value of the net cash flows originating from the Cash Generating Units (CGUs) associated therewith was estimated, except those flows related with payments or collections on lending operations and corporate income tax payments, together with those that arise from future improvements or refurbishments envisaged for the assets belonging to such Cash Generating Units. To discount cash flows, a pre-tax discount rate was used, which includes the current market assessments of the time value of money and the risks specific to each Cash Generating Unit.

The estimated cash flows are obtained from the projections made by the Directorate of each of the CGUs that generally use periods of five years, except when the business characteristics advise longer periods and that include growth rates supported by the different approved business plans, whose review is carried out periodically, generally considering zero growth rates for those periods beyond the years projected in the aforementioned plans, except in exceptional cases when the expected future growth of the activities performed by the CGU justify the inclusion of a growth rate. Also, it is necessary to indicate that sensitivity analyses are performed to assess the growth of income, operating margins, and discount rates, in order to foresee the impact of future changes in these variables.

Cash flows from CGUs located abroad are calculated in the functional currency used by those cash generating units and they are updated using discount rates that take into consideration the risk premium relating to each currency. The present value of the net cash flows obtained in this manner are translated at the year-end exchange rate for each currency.

g) Leases

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially If it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Substantially all of the agreements in which the Group acts as lessor, which are mostly carried out in the Real Estate business, are classified as operating leases, as not substantially all the risks and rewards incidental to ownership of the asset are transferred. The revenue generated by the agreement is recognised on a straight-line basis over the term of the agreement and is included as revenue in the profit and loss account to the extent that it is of an operating nature. Direct costs incurred on entering into a lease agreement are incorporated as an increase in the value of the leased asset and amortised over the lease term on the same basis as income. Contingent payments are recognised as income in the period in which they are earned.

h) Investments accounted for using the equity method

Investments undergo an impairment test as long as there are indications of impairment that may reveal a decrease in the recoverable value below the carrying amount of the investment, using both internal and external sources.

i) Financial assets

All acquisitions and sales of financial assets are recorded at the date of contracting the operation.

The Group manages its financial assets to obtain its contractual cash flows, which is why it measures them applying the amortised cost method. As an exception to the above, it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.

- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

In assets that are valued at amortised cost, an impairment loss is recorded if, on the closing date of the financial statements, it is determined that credit losses will be incurred throughout their entire life. That is, impairment losses are recorded immediately when there is credit risk. Credit risk is understood as the risk of one of the parties to the financial instrument causing a financial loss to the other party if it breaches an obligation.

Collection rights arising from a service concession agreement are measured at their amortised cost.

Trade receivables arising in the Group's normal business activities are stated at their nominal value, given that they generally mature within twelve months, adjusted by any expected credit losses over the course of their lives. Accounts receivable with maturities greater than twelve months are valued at their current value.

The Group, based on the short-term cash flow needs, transfers credit from customers to financial entities. The amount of the aforementioned credit assignments is reported in note 15.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit the aforementioned right in any way, the aforementioned sales and assignments are posted as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

j) Inventory

Inventory is valued at the average acquisition price or the average production cost, applying the necessary value corrections to adapt these values to the net realisable value if it were lower.

The Group's real estate activity includes land and plots, as well as ongoing developments and finished properties that are held for sale or for integration into a real estate development. Land and plots are valued at their acquisition price, plus any urbanisation costs and other expenses related to their purchase (property transfer tax, registration fees etc.) and the financial costs of their financing during execution of the works, or their recoverable amount if this is less.

Ongoing developments are the costs incurred in real estate development, or part thereof, whose construction has not been completed at the end of the business year. The cost of completed real estate developments is classified as finished products.

Impairment of land and plots, ongoing real estate developments and finished products is recorded when their net realisable value is lower than their book value (note 14). To determine the book value, the Group uses the assessments made by independent experts. This is determined mainly on the basis of end-market references, by calculating the residual value of the land on the existing market value in the locality in which they are located and, where appropriate, when purchase offers have been received, the price of such offers has been used for their assessment.

The goods received through credit collection in exchange for work executed or to be executed are valued at the lowest amount from between the amount that was registered for the credit corresponding

to the goods received, or the cost of production or net realisable value.

k) Foreign currency

k.1) Translation differences

Converting the financial statements of foreign companies denominated in currencies other than the euro into euros has generally been carried out at the closing rate, except for:

- Capital and reserves, which were converted at historical exchange rates.

- The income statement items of foreign companies have generally been converted applying the daily exchange rates, or average exchange rates when the daily exchange rate cannot be used.

Translation differences for the foreign companies from the consolidation scope, generated by the application of the year-end exchange rate method, are included in the equity of the accompanying consolidated balance sheet, as shown in the accompanying statement of changes in the equity.

k.2) Exchange differences

The balances of accounts receivable and payable from monetary items in foreign currency are valued in euros by applying the exchange rates in force at the date of the consolidated balance sheet, allocating the differences that are generated to profit/(loss), except as regarding advances, which, when considered non-monetary items, are kept converted at the exchange rate that existed at the time of the transaction.

The differences resulting from fluctuations in exchange rates between the date on which the collection or payment was made and the date on which the transactions took place or their value was discounted are allocated to profit or loss.

Meanwhile, the exchange differences that occur in relation to the financing of investments in foreign companies, with both the investment and the financing being registered in the same currency, are directly recognised in equity as translation differences that offset the effect of the difference in conversion to euros of the foreign company.

l) Equity instruments

Equity or capital instruments are recorded for the amount received, net of direct issuance costs.

The treasury shares acquired by the Parent Company during the year are recognised at the value of the consideration given, as a decrease in equity. Any gains or losses on the purchase, sale, issue or redemption of own equity instruments are recognised directly in equity and never in the profit and loss statement.

m) Grants

Subsidies are accounted for based on their nature as capital subsidies when they involve the acquisition or construction of assets or as operating subsidies when they cover operating deficits.

n) Provisions

These provisions are recognised when the related obligation arises and the amount recognised is the best estimate, at the date of the accompanying financial statements, of the present value of the future expenditure required to settle the obligation. The change in the year relating to the discount to present value has an impact on financial profit/(loss).

Provisions for dismantling, removal or restoration are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. Profit or loss is affected when the asset concerned is depreciated as described in previous sections of this Note and by the discounted present value as described in the preceding paragraph.

In addition, some Group companies provide provisions for restructuring costs when there is a detailed formal plan for such restructuring that has been communicated to the affected parties. As at 31 December 2023 no liabilities of a substantial amount have been recognised for this item.

Provisions are classified as current or non-current in the accompanying consolidated balance sheet on the basis of the estimated maturity date of the obligation covered by them, and non-current provisions are considered to be those whose estimated maturity date exceeds the normal operating cycle of the activity giving rise to the provision.

o) Financial liabilities

Borrowing costs are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

The Group undertakes reverse factoring operations with suppliers (note 21); in general, as these operations do not entail a release of the payment obligation, the value of the liability is not derecognised.

p) Financial derivatives and hedge accounting

The Group applies the treatment established in the regulations to derivatives that meet the requirements to be considered as hedges, classifying the hedges as cash flow, fair value or net investment hedges of foreign businesses.

IFRS 9 "Financial Instruments" states that an effectiveness test must be performed, consisting of a qualitative assessment of the financial derivative to determine whether it can be considered to be a hedging instrument and, therefore, effective.

A quantitative analysis that will determine how the instruments are recognised takes place after their effectiveness has been assessed. This quantitative analysis consists of a retrospective portion for purely accounting purposes and another prospective portion intended to analyse any possible future

deviations relating to the hedge.

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (note 22):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.

  The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

- Cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS are treated in a similar way as described for IRS transactions.

The value is calculated using defined methods and techniques based on observable market inputs, such as:

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.

- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swamps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 29).

Note 22 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

q) Income tax

The expense for corporate income tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between tax loss/taxable profit and accounting profit/(loss). The corresponding tax rate based on the legislation applicable to each country is applied to this adjusted accounting profit. The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

The temporary differences between accounting profit/loss and taxable profit/tax loss for Corporate Income Tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the consolidated balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the years in which they will foreseeably be reversed, without performing financial discounting at any time.

The Group activates deferred asset taxes corresponding to temporary differences and negative tax bases to be offset, except in cases where there are reasonable doubts about their future recovery.

r) Pension commitments

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in Note 24 of this Report.

s) Operating income and expenses

After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

As regards variable consideration, only one income is recognised for the value, and it is highly probable that it will not suffer significant reversion when the uncertainty about it is subsequently resolved. Also, in the case that the contracts include price revision clauses, the income that represents the best estimate of the amount to be charged in the future and under the same probability criteria mentioned for the variable consideration is recorded.

In general, the Group has not identified significant financial components in its contracts with customers. The financial component is only separated from the consideration to be received and the corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than twelve months.

In the construction activity, performance obligations are paid over time, so revenue is recognised using a product-based method, i.e. that is in-line with the degree of progress criterion. Only income that is protected by a main contract signed with the property and in modifications thereto approved by it is

recognised. If the modification is approved without the amount being fixed, the income is only estimated as a variable consideration when the criteria of probability and significant non-reversal mentioned above are met. Budgeted losses are recognised as profit/(loss) for the year.

Meanwhile, in this activity the costs are recognised in accounts according to their accrual. The costs for obtaining the contract, mainly related to the study and preparation of the project, are not activated as they cannot be considered as incremental, since they are incurred regardless of whether the contract is finally obtained or not. Two main costs for fulfilling the contract can be distinguished: engineering and study costs and those related to general and specific facilities (mainly accessory facilities such as concrete plants, auxiliary works or building booths necessary to provide the services). The main contracts in which the aforementioned expenses are incurred are of the design and construction type, in which the remuneration to be received for the work to be carried out in engineering and studies and those of the benefit is identified by separate work units of construction services. Therefore, in general, expenses arising from engineering and studies are not capitalised and recognised as they are accrued as the services are provided, unless the agreement includes a clause stipulating that these costs will be reimbursed regardless of whether they the contract is closed or not. Costs related to the general and specific facilities are recorded as expenses according to the degree of progress when a separate works unit with its corresponding remuneration is identified in the contract, and assets are only activated within the heading when the contract does not identify them separately, and profit/(loss) is charged together with the rest of the contract costs using the aforementioned degree of progress.

In the service provision activities, which are mainly carried out in the Environmental Services, End-to-end Water Management and Real Estate segments when the Group acts as lessor under lease agreements, income and expenses are recognised on an accrual basis, i.e. when the actual flow of the goods and services they represent occurs, regardless of when the resulting monetary or financial flow arises. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

Regarding the delivery of goods activities that the Group mainly carries out in the Cement segment and in the Real estate activity, revenues are only recognised when the goods have been delivered and their property has been transferred to the customer, as they are performance obligations that are satisfied at a specific moment of time.

In the Real Estate activity, the Group recognises the costs passed on to tenants of its investment property as income under "Other operating income" in the accompanying consolidated income statement (note 9.b).

In the aforementioned activities (other than construction), the costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

With regard to the service concession agreements, it should be noted that the Group recognises the interest income derived from the collection rights of the financial model as Revenue, since the value of this financial asset includes both construction and maintenance and upkeep services, which from an operational point of view are identical to those represented by the intangible model and, consequently, it is considered that since both models are related to the company's operating activity, the true and fair view is better represented by including the income derived from the financial asset as belonging to operations.

The Group has entered into "Power Purchase Agreements" and supply contracts, mainly in the Cement and End-to-End Water Management Areas, which ensure the supply of certain amounts of renewable energy for a determined period of time at the fixed price in the contract. These contracts are considered to be for own use as they are entered into with the intention of covering the activity's future electricity consumption needs. There is a high correlation between the expected future consumption and the volume of energy arranged. An operating expense is taken to the income statement when the energy in question is effectively consumed.

Also recognised as operating profit/(loss) are those produced in the disposals of shares in subsidiaries when it implies the loss of control over them.

t) Related party transactions

The Group performs all of its transactions with related parties on an arm's length basis.

Note 30 of this Report details the main transactions with significant shareholders of the Parent Company, with administrators and senior executives, between companies or Group entities and with companies invested in by shareholders of the Group.

u) Consolidated statement of cash flows

The FCC Group prepares its statement of cash flows in accordance with IAS 7 "Statement of cash flows" following the indirect method, using the expressions below in the following ways:

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, and also other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)", which basically includes items that are included in "Profit/(loss) before tax" but have no impact on the change in cash, as well as items that are already included in other headings of the statement of cash flows according to their nature.
- Investing activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the Group.

For the purposes of preparing the consolidated statements of cash flows, the "cash and cash equivalents" have been considered as cash and on-demand bank deposits, as well as those short-term, highly liquid investments, which are easily convertible into specific amounts of cash, subject to an insignificant risk of changes in their value.

v) Use of estimates

In preparing these 2023 and 2022 Group consolidated financial statements, estimates were made to quantify certain assets, liabilities, revenues, expenses and obligations recognised therein. These estimates relate essentially to the following:

- Impairment losses on certain assets (Notes 6, 7, 8, 11 and 13)
- Goodwill measurement (Note 6)
- The recoverability of the work executed pending certification (notes 3.s and 15)
- The recoverability of deferred tax assets (Note 23)
- The amount of certain provisions and, in particular, those related to claims and litigation and the losses budgeted in construction contracts (note 18)
- The useful life of PP&E and intangible assets (see Notes 6 and 7)
- The determination of the fair value of investment property (note 8)
- The determination of the recoverable amount of inventory (note 14)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 18 and 24)
- The market value of derivatives (note 22)
- Cost of business combinations (note 4)

Although these estimates have been made based on the best information available at the date of preparing these consolidated financial statements on the events analysed, it is possible that events that may take place in the future may require them to be modified (upwards or downwards) in future years, which would be done prospectively, recognising the effects of the change in estimate in the corresponding future financial statements.

IFRS 7 "Financial instruments: information to be disclosed" requires that the fair value valuations of financial instruments, both assets and liabilities, be classified according to the relevance of the variables used in the valuation, establishing the following hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than prices quoted that are observable for the financial instrument, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: data for the financial instrument that are not based on observable market data.

Almost all of the Group's financial assets and liabilities, which are valued at fair value, are level 2.

4. CHANGES IN THE SCOPE OF CONSOLIDATION

The main changes experienced in the scope of consolidation in 2023 are the following:

a) Business combinations

On 31 December 2023, FCC Aqualia USA Corp. acquired 97% of the shares in Municipal District Services, Llc. in the United States for the sum of 81,433 thousand euros. This investment was paid out in January 2024, meaning it does not appear as an investment in the accompanying Statement of Cash Flows. Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia USA Corp. for the 3% stake held by the non-controlling interest, the fair value of which has been recorded as a financial liability (note 19).

The composition of the balance sheet resulting from the aforementioned business combination is as follows:

2023	Municipal District Services, Llc.
Non-current assets	**87,085**
Intangible assets	85,118
Property, plant and equipment	1,967
Current assets	**9,310**
Inventory	913
Trade and other receivables	7,040
Cash and cash equivalents	1,357
Total assets	**96,395**
Equity	**81,508**
Non-current liabilities	**2,443**
Non-current financial liabilities	2,443
Current liabilities	**12,444**
Trade and other payables	12,444
Total equity and liabilities	**96,395**

The reconciliation between the consideration transferred for the above business combination, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2023 Financial Year	Municipal District Services, Llc.
Acquisition value	81,433
Fair value Minority interests acquired	
Fair value previous interest	
- Fair value of net assets	3,610
Valuation put non-controlling interests	75
Goodwill/Negative consolidation difference	**85,118**

As Municipal District Services, Llc. was acquired at the end of 2023, it has contributed no ordinary income or profit to the accompanying statement of profit and loss. Had the company been consolidated since 1 January 2023, the revenue and profit/(loss) it would have contributed would have been as follows:

2023	Municipal District Services, Llc.
Revenue	**66,882**
Other income	**863**
Operating profit/(loss)	**2,900**
Profit/(loss) before tax from continuing operations	**2,953**
Profit/(loss) attributable to the Parent	**1,461**
Non-controlling interests	**1,492**

The posting of the aforementioned business combination has been estimated provisionally, meaning that the Group has a period of one year from the control date to adjust them in line with subsequent more relevant and complete information. There been no significant adjustments to business combinations carried the previous year in either 2023 or 2022.

The following business combinations were carried out in 2022:

- On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in Georgia Global Utilities (hereinafter, GGU), a water and renewable energy utility in Georgia, for 158,968 thousand euros. This acquisition took place in two phases. During the first phase, FCC Aqualia, S.A. (hereinafter, Aqualia) acquired a 65% stake in GGU. The second phase was initially subject to compliance with conditions precedent.

  The agreement between the partners established that during the period between control being assumed and the completion of the second phase of the agreement, Aqualia held control over the public water services business with an 80% interest but had no rights over the assets, nor obligations in relation to the liabilities, nor any right to the profits generated by the energy business controlled by the minority shareholder. With this in mind, from the date on which control was assumed, FCC Aqualia, S.A. started to globally consolidate assets and liabilities and allocate 80% of the profit generated corresponding to the water activity but did not consolidate the energy business. It has reclassified its assets and liabilities designated as non-current assets and liabilities held for sale, with non-controlling interests as a balancing entry (note 19). No profit has been recognised on the company's income statement from this energy business.

  Subsequently, the second phase was completed during the second half of 2022 following the spin-off of the energy business, having satisfied the conditions precedent stated above, including the repayment of the bonds that the GGU Group issued at the time of the purchase (note 19), in such a way that Aqualia exclusively holds a 80% interest in the public water services business, having exchanged the 65% interest in the energy business for the 15% interest in the water business. As a result, the assets held for sale and the non-controlling interests indicated above were removed from the balance sheet.

Furthermore, there is a put option in favour of the non-controlling interests and a call option in favour of FCC Aqualia for the 20% stake held by the non-controlling interest in the public water services business, the fair value of which has been recorded as a financial liability (note 19).

- In November 2022, FCC Construcción, S.A., acquired a stake in Sociedad Concesionaria Tranvía de Murcia, S.A., which manages the only tram line in the city of Murcia for a period of 40 years, representing 50% of the company's capital stock in addition to the 50% previously held. This interest was acquired for an amount of 46,662 thousand euros (23,699 thousand euros corresponding to the shares acquired and 22,963 thousand euros corresponding to the loan acquired), which were recognised under "Payments for investments" on the accompanying Statement of Cash Flows. As a result of the aforementioned transaction, the FCC Group gained control of the aforementioned company, recording a positive operating profit of €5,544 thousand in the business combination (note 26), as the consideration paid was less than the fair value of the assets acquired. In addition, a negative result of €2,772 thousand was recorded under "Profit/(loss) of entities valued using the equity method" as a result of the fair value of the stake held by the aforementioned company prior to the takeover (note 26).

- In December 2022, FCC Environmental Services, Llc. acquired a 100% stake in Houston Waste Solutions, Llc. in the USA, one of the largest commercial municipal solid waste collection companies in the Houston metropolitan area, for the sum of 27,658 thousand euros. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".

- In October 2022, the Water area acquired a 79.8% stake in Aguas de la Sabana, S.A. E.S.P., in Colombia, which provides aqueduct, sewerage and cleaning services in the municipalities of Cota, Funza and Tenjo, for the sum of 14,421 thousand euros. The amount paid was recorded in the accompanying cash flow statement under "Payments for investments".

The composition of the balance sheets drawn up by the business combinations in 2022 is detailed below:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Non-current assets	**341.521**	**210.222**	**27.634**	**26.232**
Intangible assets	1.180	72.804	23.671	27
Property, plant and equipment	338.231	-	3.963	26.200
Investment property	2.110		-	-
Investments accounted for using the equity method	-	-	-	-
Non-current financial assets	-	135.330	-	3
Deferred tax assets	-	2.088	-	2
Current assets	**156.208**	**14.034**	**1.701**	**1.577**
Non-current assets held for sale	133.352	-		
Inventory	1.654	-	-	88
Trade and other receivables	6.625	1.340	1.594	453
Other current financial assets	-	6.014	-	1
Other current assets	-	-	60	24
Cash and cash equivalents	14.577	6.680	47	1.011
Total assets	**497.729**	**224.256**	**29.335**	**27.809**
Equity	**210.271**	**98.868**	**27.658**	**14.421**
Non-current liabilities	**186.683**	**117.533**	**-**	**5.410**
Grants	-	-	-	-
Non-current provisions	-	11.770	-	-
Non-current financial liabilities	177.374	105.763	-	-
Deferred tax liabilities		-	-	5.410
Other non-current liabilities	9.309	-	-	-
Current liabilities	**100.775**	**7.855**	**1.677**	**7.978**
Liabilities linked to non-current assets held for sale	87.496	-		
Current provisions	-	-	-	-
Current financial liabilities	19	1.962	-	2.900
Trade and other payables	13.260	5.893	1.677	5.078
Total equity and liabilities	**497,729**	**224,256**	**29,335**	**27,809**

As a result of the aforementioned business combinations, the fair value of the assets acquired was determined. The following table shows the amounts allocated to assets and liabilities to reflect their fair value on the takeover date:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Intangible assets	-	-	-	13.526
Property, plant and equipment	165.312	-	-	-
Non-current financial assets	-	-	-	-
Total assignments to assets	**165.312**	**-**	**-**	**13.526**
Non-current liabilities (deferred tax liabilities)	**-**	**-**	**-**	4.734
Total assignments to liabilities	-	-	-	**4.734**
Total net assignments	**165,312**	**-**	**-**	**8,792**

The reconciliation between the consideration transferred for each of the above business combinations, the value of non-controlling interests recognised and the fair value of the net assets acquired are provided below:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Acquisition value	158.968	46.662	27.658	14.421
Fair value Minority interests acquired	45.603	-	-	-
Fair value previous interest		46.662	-	-
- Fair value of net assets	(210,271)	(98,868)	(3,987)	(14,421)
Valuation put non-controlling interests	5.700			
Goodwill/Negative consolidation difference	**-**	**(5,544)**	**23,671**	**-**

The above business combinations contributed the following revenues and results to the accompanying consolidated income statement:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	**65.292**	**2.065**	**2.444**	**941**
Other income	**182**	**-**	-	**-**
Operating profit/(loss)	**23.620**	**1.394**	**426**	**625**
Profit/(loss) before tax from continuing operations	**31.569**	**600**	**426**	**573**
Profit attributable to the parent company	**12.880**	**450**	**426**	**120**
Non-controlling interests	**18,689**	**-**	**-**	**176**

If the above companies had been consolidated since 1 January 2022, the ordinary income and profit/(loss) they would have contributed would be as follows:

2022	Georgia Global Utilities Group	Sociedad Concesionaria Tranvía de Murcia, S.A.	Houston Waste Solutions, LLC	Aguas de la Sabana, S.A. E.S.P.
Revenue	**70.472**	**21.570**	**14.845**	**6.014**
Other income	**203**	-	-	-
Operating profit/(loss)	**25.264**	**11.965**	**2.635**	**3.373**
Profit/(loss) before tax from continuing operations	**34.182**	**6.051**	**2.582**	**2.980**
Profit attributable to the parent company	**13.946**	**4.538**	**2.582**	**820**
Non-controlling interests	**19,713**	**-**	**-**	**1,194**

In 2022, in addition to the companies indicated above, the following companies were acquired:

Name	Acquisition date	Acquisition price	Percentage participation	Fair value net assets	Goodwill
Intermonte Investments, S.A.	December	8.920	99.5%	8.920	-
Aqualia Colombia, S.A.S.	October	8.098	51%	8.098	-
Houston Waste Services, LLC	December	3.750	100%	(328)	4.078
Industria de Reciclaje de RAEES, S.L.	December	3,695	98.5%	3,695	-

b) Other changes in scope

In October 2023, the sale of a 24.99% holding in the Environmental Services subsidiary, FCC Servicios Medio Ambiente Holding, S.A., the parent company of the Environmental Services activity, was completed to the Canadian pension fund, CPP Investments, for the sum of 965,000 thousand euros. This transaction was recorded under "(Acquisition)/disposal of own shares" in the accompanying Statement of Cash Flows. As control has not been lost, the operation has been recorded as an equity operation and has led to the increase of 241,310 thousand euros in non-controlling interests and 693,864 thousand euros in consolidation reserves, as a result of the difference between the price of sale and the value of the non-controlling interests registered. Additionally, the valuation adjustments have increased by 18.723 thousand euros, as the proportional part has been attributed to non-controlling interests of the aforementioned adjustments prior to the sale (Note 17).

This agreement includes a contingent price clause in relation to the cash flows generated by specific assets included within the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability and given the uncertainty of the time at which they may occur, the Group has not recognised any assets or liabilities. In addition, it is estimated that the net value of these collections or payments will not be relevant (note 25).

In December 2023, FCyC, S.A., acquired an additional 12.19% holding in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U., for the sum of 105,000 thousand euros, recognised in the accompanying Statement of Cash Flows under "(Acquisition)/disposal of own shares". With this acquisition, the FCyC, S.A.'s direct and indirect shareholding in the aforementioned company amounts to 67.05%. Given that, before the purchase, the Group already held control over the company, the difference between the purchase price and the book value of the acquired non-controlling interests generated an increase in the consolidation reserves of 33,412 thousand euros, a decrease of in non-controlling interests of 139,047 thousand euros and an increase in valuation adjustments of 635 thousand euros (note 17).

In December 2023, following the acquisition of an additional 3.99% stake for the sum of 49,571 thousand euros from Control Empresarial de Capitales, S.A. de C.V., and 1.95% for the sum of 24,233 thousand euros from Soinmob Inmobiliaria Española, S.A.U., registered in the accompanying Statement of Cash Flows under “Investment payments”, bringing the total shareholding to 21.21%, Metrovacesa, S.A., which to date was accounted for at fair value charged to reserves, is now consolidated under the equity method having achieved significant influence, as at year-end, the Group is now represented on the company's governing bodies. This transaction resulted in the recognition of profit of 142,413 thousand euros under “Profit/(loss) of entities valued using the equity method” given the difference between the fair value of their net assets and the quoted price of the investment before its inclusion in the scope of consolidation (notes 11, 13, 17 and 30).

In December 2023, FCC Medio Ambiente agreed to buy out the Urbaser Group's subsidiary in the United Kingdom. The estimated enterprise value of the transaction (including debt and equity) amounts to £398 million (approximately 458 million euros). The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction.

5. DISTRIBUTION OF PROFIT/LOSS

Fomento de Construcciones y Contratas, S.A. distributed a scrip dividend in 2023 and 2022, resulting in a cash outflow of €19,452 thousand (€10,783 thousand in 2022) and the delivery of 22,697,739 shares (14,871,347 shares in 2022) (note 17). Additionally, certain subsidiaries with minority partners have distributed dividends.

The following table shows the dividends paid to its shareholders by the Group companies as of 31 December 2023 and 2022:

	2023	2022
Shareholders of Fomento de Construcciones y Contratas, S.A.	19,452	10,783
Other non-controlling shareholders of other companies	61,333	62,394
	80,785	**73,177**

"Other non-controlling shareholders of other companies" mainly includes the payment of dividends to the non-controlling shareholder of FCC Aqualia, S.A. for the sum of 14,921 thousand euros at 31 December 2023 (14,944 thousand euros at 31 December 2022).

6. INTANGIBLE ASSETS

The breakdown of net intangible assets at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Value
2023				
Concessions (Note 10)	3,068,721	(1,478,640)	(46,920)	1,543,161
Goodwill	2,009,959	-	(1,158,849)	851,110
Other intangible assets	297,914	(196,193)	(12,517)	89,204
	5,376,594	**(1,674,833)**	**(1,218,286)**	**2,483,475**
2022				
Concessions (Note 10)	2,908,310	(1,343,901)	(51,765)	1.512.644
Goodwill	1.912.627	-	(1,150,944)	761.683
Other intangible assets	261.399	(181,184)	(12,394)	67,821
	5,082,336	**(1,525,085)**	**(1,215,103)**	**2,342,148**

a) Concessions

The changes in this heading of the consolidated balance sheet in 2023 and 2022 were as follows:

	Concessions	Accumulated Amortisation	Impairment	Net Value
Balance at 31.12.21	**2,718,925**	**(1,224,776)**	**(54,444)**	**1,439,705**
Additions or allocations	41,781	(120,022)	(524)	(78,765)
Derecognitions, disposals or reductions	(1,785)	1.113	3.148	2.476
Translation differences	14.967	(2,692)	(1)	12.274
Change in scope, transfers and other changes	134,422	2,476	56	136,954
Balance at 31.12.22	**2,908,310**	**(1,343,901)**	**(51,765)**	**1,512,644**
Additions or allocations	34,558	(130,550)	(1,839)	(97,831)
Derecognitions, disposals or reductions	(1,908)	1,628	6,684	6,404
Translation differences	45,205	(5,917)	(1)	39,287
Change in scope, transfers and other changes	82,556	100	1	82,657
Balance at 31.12.23	**3,068,721**	**(1,478,640)**	**(46,920)**	**1,543,161**

This heading includes the intangible assets corresponding to the service concession arrangements (Note 10).

The most significant additions in 2023 correspond, in the Environmental Services segment, to the ongoing projects undertaken by FCC Medio Ambiente, S.A. for the sum of 7,075 thousand euros (6,445 thousand euros in 2022), Ecoparque Mancomunidad del Este, S.A. for the sum of 1,818 thousand euros (2,858 thousand euros in 2022) and by FCC CEE Group companies for the sum of 2,155 thousand euros (753 thousand euros in 2022) and, in the Integrated Water Management segment, Acque di Caltanisseta, S.P.A for the sum of 14,436 thousand euros (10,112 thousand euros in 2022) and FCC Aqualia, S.A. for the sum of 4,340 thousand euros (10,139 thousand euros in 2022).

"Changes in scope, transfers and other movements" in the service concession agreements include the recognition of future investment commitments included in the tariff as an increase in the value of intangible assets with a balancing entry in provisions (note 10) mainly at companies in the Integrated Water Management segment, with the most noteworthy in 2023 as follows: FCC Aqualia, S.A. for the sum of 25,276 thousand euros (36,125 thousand euros in 2022), Aqualia Riohacha S.A.S. E.S.P. for the sum of 26,661 thousand euros, Aqualia Gestión Los Cabos SACV for the sum of 16,319 thousand euros.

In addition, in 2022, this heading included the incorporation of intangible assets corresponding to Concesionaria Tranvía de Murcia, S.A., following its takeover, for the sum of 72,804 thousand euros (note 4).

Cash inflows and outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from disposals" of "Property, plant and equipment, intangible assets and investment property" respectively.

No interest was capitalised in 2023 and 2022 and the total interest capitalised at source amounted to 43,915 thousand euros (42,501 thousand euros in 2022).

b) Goodwill

The breakdown of goodwill in the accompanying consolidated balance sheet at 31 December 2023 and 2022 was as follows:

	2023	2022
FCC Environment Group (UK)	301,064	294,994
Cementos Portland Valderrivas, S.A.	143,098	143,098
FCC Environment Group (CEE)	136,793	136,793
Municipal District Services, Llc.	85,118	-
FCC Aqualia, S.A.	82,764	82,764
FCC Ámbito, S.A.	23,311	23,311
Houston Waste Solutions, Llc.	22,848	23,671
Premier Waste Services, Llc.	22,154	22,951
FCC Industrial e Infraestructuras Energéticas, S.L.U.	21,499	21,499
Canteras de Aláiz, S.A.	4,332	4,332
Other	8,129	8,270
	851,110	**761,683**

The movements of goodwill in the attached consolidated balance sheet in 2023 and 2022 were as follows:

Balance at 31.12.21		**948,976**
Exchange differences, change in consolidation scope and others:		
Houston Waste Solutions, Llc.	23,670	
Other	(10,963)	12,707
Impairment losses:		
Cementos Portland Valderrivas Group (note 26)	(200,000)	(200,000)
Balance at 31.12.22		**761,683**
Exchange differences, change in consolidation scope and others:		
Municipal District Services, Llc.	85,118	
Other	4,309	89,427
Balance at 31.12.23		**851,110**

"Changes in the scope of consolidation, translation differences and other movements" in 2023 mainly includes the acquisition of 97% of Municipal District Services, Llc., in the Integrated Water Management segment, for the sum of 85,118 thousand euros (note 4) and the impact of the appreciation of the pound sterling against the euro.

In 2022, the change in this heading related mainly to the acquisition of US company Houston Waste Services, Llc., within the Environmental Services segment, for the sum of 23,670 thousand euros (note 4) and the effect of the depreciation of the pound sterling against the euro

In 2022, an impairment to the goodwill of the Cementos Portland Valderrivas Group was recognised for the sum of 200,000 thousand euros under “Impairment losses” corresponding to Cementos Portland Valderrivas, S.A. for the sum of 196,288 thousand euros and Cementos Alfa, S.A. for the sum of 3,712 thousand euros, mainly due to the increase in energy prices and the increase in the discount rate.

The impairment analysis policies applied by the Group to its goodwill are described in Note 3.f). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group's Management, the existence of losses in value is not apparent in 2023.

The estimates made and the sensitivity analysis of the most significant goodwill impairment tests are discussed below.

It should be noted that in preparing the impairment tests, cash flows have been estimated on the basis of Group management's best estimates and that upward or downward variations in the key assumptions considered, both in the discount rate and operating margins, among other factors, may affect the recoverable amount of the cash-generating unit considered.

Cementos Portland Valderrivas

Composed of two separately identifiable goodwill items recorded in the individual books of Cementos Portland Valderrivas, S.A.:

- one arising from the merger by absorption of the parent company of the Corporación Uniland Group and some of its subsidiaries for an amount of €29,593 thousand,

- €113,505 thousand corresponding to the cash generating unit (CGU) comprising the Alcalá de Guadaira factory.

The main hypotheses used in each of the impairment tests of the two previous CGUs are described below:

1) Corporación Uniland

The shareholding in Uniland was acquired in several stages between 2006 and 2013, until 100% of the shareholding was acquired for a total amount of 1,898,973 thousand euros.

An impairment of goodwill associated with the above purchases amounting to €239,026 thousand was recorded in 2011 as a result of the sharp market contraction in the cement sector, which was not expected to recover in the short to medium term. An additional impairment of €187,191 thousand was recognised in 2016 and in 2019 the impairment test was updated to take into account the slower growth in cement consumption, largely as a result of the slowdown in the real estate market, whereby future forecasts were adjusted to take into account uncertain demand scenarios and an additional impairment of €70,011 thousand was recognised.

During 2021, the Group reassessed the impairment test, in response to the economic situation and market circumstances, recognising an impairment of 100,000 thousand euros.

During 2022, the Group reassessed the impairment test one again, taking into account the current economic situation and market circumstances, which inevitably impacted the projected cash flows. As a result of the assessment, an impairment loss of €196,288 thousand was recognised under "Impairment and gains/(losses) on disposal of fixed assets" in the accompanying consolidated statement of profit and loss.

During 2023, the Group updated the flows of its “Business Plan” for the 2024-2033 period, which serves as the basis for calculating impairment tests.

Firstly, based on the historical information of the last 50 years in the cement industry, it is considered that the term that best reflects the life cycle of the cement market is ten years, a period used in the projections made.

Since Uniland operates in two clearly different geographic markets, various pre-tax discount rates have been used to assess flows from different countries. A pre-tax discount rate of 11.61% has been used to evaluate goodwill from flows in Spain, and 28.80% for flows from Tunisia. The discount rates used in 2022 were 10.55% and 28.60% respectively. In any case, it should be noted that the flows for Spain represent a substantial part of the total contemplated in the impairment test.

The Group bases its cash flow forecasts on historical data and on both internal future forecasts and future forecasts by external sectoral bodies. In the short term, the forecasts are made according to estimates of cement consumption of Oficemen, the employer association of the

sector and internal estimates. For the medium and long term, the projections are prepared according to external projections of macroeconomic data on inflation and GDP (Bank of Spain, Funcas, Statista etc.) and historical trends.

According to information from Oficemen, the employers' association for the cement sector in Spain, in its advanced statistical data for 2023, 14.5 million tons of cement was consumed in 2023, down by 3% compared to the final figures for 2022; this volume is expected to be maintained in 2024.

For the Spanish market, the residual value assumed in the flow projections is calculated based on consumption considered sustainable, which is around 20-25 million tonnes, with no growth in perpetuity. The main inputs used for the determination of this consumption range are consistent with historical and expected series of relative weights of public works on GDP in Spain, as well as with the forecasts of the number of approvals for new housing that have been considered as standardised levels according to different sector reports. The cyclical nature of the sector is considered in this value, assuming that this level of long-term sustainable consumption would be the average of one cycle, in which the years of higher consumption would be offset by those with a lower consumption. The sustainable residual value considered is the average of the values of the last five years of the projections.

In Tunisia in 2022, the internal market in 2023 stood at 5 million tons, 9% down on 2022. Inflation and political instability have curtailed consumption in the country to minimum levels.

The costs are estimated based on the expected inflation, the performance expectations of the price of fuels and the electricity market, and the strategy of increasing the valuation of alternative fuels.

The variation in working capital included in the analysis for each of the years remains stable in the way it is calculated and is linked to the general evolution of the unit analysed.

The trend in investment is also linked to the general development of the activity analysed. The value of the investments reflected in the perpetuity rate presents the value that the company estimates should be the target investments to be made in order to maintain the productive activity at the required sustainable level.

The main variables used in the test are listed below:

- Discounted flow period for Uniland Spain and Tunisia: 2024 to 2033
- Discount rate before taxes: 11.61% (Spain) and 28.80% (Tunisia)
- Growth in perpetuity: 0%
- Residual value on the recoverable amount of the CGU as a whole: 29.9%
- Compound annual growth rate Cement Market Spain (without CO_2), terminal value for business year 2024:
    - Turnover domestic market: 5.6%
    - Export market turnover: -9.8%
    - Gross Operating Profit: 2.6%
- Compound annual growth rate (in dinars) Tunisia Cement Market, terminal value over business year 2023:
    - Turnover domestic market: 6.0%
    - Export market turnover: 2.5%
    - Gross Operating Profit: 4.0%

The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 15,270 thousand euros.

The Uniland goodwill test supports an increase in the pre-tax discount rate of up to approximately 12.1%. Meanwhile, it would support an annual drop in cash flows of approximately 3,64% compared to projected flows.

Based on the foregoing, Management considers that the sensitivity of the impairment test allows deviations significant enough to not identify the impairment of the value of the assets affected by the CGU.

2) Alcalá de Guadaira

The cement demand forecasts and the sector expectations, at the national level, described above for the Corporación Uniland goodwill are equally applicable to Cementos Atlántico.

The Alcalá de Guadaira factory continues to benefit from its geographical location to offset the decrease in the volume of the national market with a greater volume of exports.

The main variables used in the test are the following:

- Discount of flows period: 2024 to 2033
- Discount rate before taxes: 12.1%
- Growth in perpetuity: 0%
- Residual value on recoverable amount of the CGU: 31.4%
- Compound annual growth rate (without CO_2), terminal value over business year 2024:
    - Total turnover: 5.6%
    - Gross Operating Profit: 0.4%

The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 82,744 thousand euros.

The Cementos Atlántico goodwill test can take a pre-tax discount rate of up to approximately 19%. Meanwhile, it would support an annual drop in cash flows of approximately 36% compared to projected flows.

Based on the foregoing, the Group considers that the excess of the impairment test allows deviations significant enough to not give rise to any value impairments of CGU assets.

FCC Environment Group (UK)

The FCC Group acquired 100% of the stake in the FCC Environment (UK) group in 2006 for an investment cost of 1,693,532 thousand.

From the moment of its acquisition, the Group considers the FCC Environment (UK) subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

It should be noted that in 2012 there was an impairment of goodwill amounting to 190,229 thousand euros as a result of the decrease in cash flows of its activities due to changes in its calendar and amount. On the other hand, in 2013 there was an additional impairment of goodwill amounting to 236,345 thousand euros, mainly as a result of the decrease in the volume of tons treated in landfills. Finally, in 2014 there was an impairment of the items of property, plant and equipment affected by landfill activity amounting to 649,681 thousand euros. In 2020, a corporate reorganisation took place in relation to Environment activity in the United Kingdom, with certain assets transferred to Green Recovery Projects Limited.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the mix of activities expected in the future. The relative weight of the different activities will vary as other waste treatment alternatives are promoted, mainly recycling and recovery, which is currently being carried out by the subgroup, offsetting the progressive abandonment of landfill activity.

The impairment test has been carried out using conservative and continuous projections based on historical performance in recent years and based on the foreseeable performance of the businesses. The main hypotheses used contemplate the historical trend of strengthening waste treatment/recovery and incineration activities in the face of a gradual decrease in landfill management activity. The income considered during the period reflects decreasing volumes in landfill activity, partially offset by the increase in other related activities, while treatment activity shows stable tonnages, the performance of which depends on inflation, except in 2025 when the Lostock complex is due to come online. The pre-tax discount rate used was 11.75% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 29,0% of the total recoverable value. The result of the test renders an excess of the recoverable value over the book value of the cash generating unit of 128,397 thousand euros, supporting an increase of more than 1,100 basis points in the discount rate without incurring impairment. A 10% decrease in the current value of cash flows would reduce the excess to 103,333 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 122,214 thousand euros.

As indicated in note 3.f) of these financial statements, the general criterion is not to consider growth rates in perpetual income, but in the case of the FCC Environment (UK) subgroup, given the transformation that is taking place in the mix of activities, it is considered that a growth rate of 1% more accurately reflects the reality of the business in the context of the change that is taking place in the United Kingdom in the waste management activity, with a drastic fall in the disposal of waste in landfills and an increase in alternative waste management activities that is expected to be sustained over a prolonged period of time.

In addition, given the slack shown in the impairment test and the fact that the main assets and liabilities of its business are referenced in the same currency (pound sterling), no impairment should be evident.

FCC Environment Group (CEE)

The FCC Group acquired 100% of the stake in the FCC Environment CEE group in 2006 for an investment cost of 226,829 thousand. From the moment of its acquisition, the Group considers the FCC Environment CEE subgroup as a single cash generating unit (CGU), with the goodwill recorded in the balance sheet associated exclusively with such CGU.

The Group operates in Central and Eastern Europe, with its headquarters located in Himberg (Austria). The countries in which it operates are: Austria, the Czech Republic, Slovakia, Poland, Romania, Serbia and Hungary. Its activity consists of the collection, transport and elimination of all types of waste, as well as auxiliary environmental services.

The cash flows considered in the impairment test take into account the current status of the CGU, making the best estimates of future flows based on the activities in the future.

The forecasts used suggest higher growth in the first years on account of the expectation of new business opportunities, before stabilising as these markets are mostly mature with limited growth expectations. The main hypotheses used suggest higher growth in revenue, of approximately 5.8% to 9.2% in the first three years on account of the new business opportunities indicated above, before stabilising at around 3% in the years following the test. In turn, the gross operating margin stands at around 17% for the entire period under consideration, somewhat beneath this year's margin.

The pre-tax discount rate used was 12.22% and a growth rate of 0% was employed as part of the calculation of perpetual income, which accounts for 75.8% of the total recoverable value. The result of the test shows an excess in the recoverable value over the book value of the cash generating unit of 101,875 thousand euros. The test supports an increase in the discount rate of more than 250 basis points. A 10% decrease in the present value of cash flows would bring this excess down to 56,667 thousand euros.

Given the flexibility shown in the impairment test, the Group does not believe that there will be any impairment.

c) Other intangible fixed and non-current assets

The changes in this heading of the consolidated balance sheet in 2023 and 2022 were as follows:

	Other intangible assets	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.21	**378,188**	**(305,143)**	**(16,494)**	**56,551**
Additions or allocations	22.566	(13,569)	(1)	8.996
Derecognitions, disposals or reductions	(151,399)	148.436	563	(2,400)
Translation differences	939	(460)	(25)	454
Change in scope, transfers and other changes	11.105	(10,448)	3,563	4,220
Balance at 31.12.22	**261,399**	**(181,184)**	**(12,394)**	**67,821**
Additions or allocations	40,671	(16,956)	(83)	23,632
Derecognitions, disposals or reductions	(3,031)	1,972	-	(1,059)
Translation differences	452	35	(40)	447
Change in scope, transfers and other changes	(1,577)	(60)	-	(1,637)
Balance at 31.12.23	**297,914**	**(196,193)**	**(12,517)**	**89,204**

In 2023, “Additions or allocations” includes the contract for the installation and operation of advertising on street furniture in the city of Sintra (Portugal) entered into by Cemark - Mobiliario Urbano e Publicidade, S.A., in the Concessions segment, leading to an increase in this heading of 18,650 thousand euros.

In 2022, "Disposals, derecognitions or reductions" included the derecognition of certain intangible assets that were recognised as part of business combinations in previous years that have already exhausted their useful life for the sum of 136,303 thousands of euros.

This heading mainly includes:

- amounts paid to public or private entities as fees for the award of agreements that are not classified as concessions, within the scope of IFRIC12 "Service Concession Arrangements", mainly in the Environmental Services Area,
- amounts recognised on initial recognition of certain business combinations representing items such as customer portfolios and agreements in place at the time of purchase,
- quarrying rights in the Cement Area, and software applications.

7. PROPERTY, PLANT AND EQUIPMENT

The net detail of property, plant and equipment at 31 December 2023 and 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
2023				
Land and buildings	**1,805,048**	**(658,697)**	**(97,161)**	**1,049,190**
Land and natural resources	704,980	(182,877)	(82,760)	439,343
Buildings for own use	1,100,068	(475,820)	(14,401)	609,847
Plant and other items of property, plant and equipment	**9,463,229**	**(6,038,934)**	**(643,686)**	**2,780,609**
Plant	5,487,940	(3,623,297)	(605,966)	1,258,677
Machinery and vehicles	2,824,099	(1,795,070)	(34,555)	994,474
Advances and PP&E under construction	211,003	-	-	211,003
Other PP&E	940,187	(620,567)	(3,165)	316,455
	11,268,277	**(6,697,631)**	**(740,847)**	**3,829,799**
2022				
Land and buildings	**1,730,948**	**(609,299)**	**(94,093)**	**1.027.556**
Land and natural resources	691.847	(175,830)	(81,064)	434.953
Buildings for own use	1.039.101	(433,469)	(13,029)	592.603
Plant and other items of property, plant and equipment	**8.910.125**	**(5,810,603)**	**(630,274)**	**2.469.248**
Plant	5.340.053	(3,491,070)	(592,689)	1.256.294
Machinery and vehicles	2.559.704	(1,738,073)	(33,720)	787.911
Advances and PP&E under construction	148.228	-	-	148.228
Other PP&E	862.140	(581,460)	(3,865)	276,815
	10,641,073	**(6,419,902)**	**(724,367)**	**3,496,804**

The movements in the various fixed and non-current assets headings in 2023 and 2022 were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
Balance at 31.12.21	**694,516**	**966,657**	**1,661,173**	**4,997,778**	**2,320,002**	**92.561**	**774.748**	**8.185.089**	**(6,225,288)**	**(758,418)**
Additions or allocations	10.386	45.928	**56.314**	51.492	303.287	105.922	81.816	**542.517**	(385,653)	(14,734)
Derecognitions, disposals or reductions	(1,654)	(26,926)	**(28,580)**	(11,996)	(104,925)	(731)	(18,902)	**(136,554)**	131.974	4.448
Translation differences	(781)	12,078	**11,297**	(34,076)	1,732	1,195	2,570	**(28,579)**	46,532	32,801
Change in scope, transfers and other changes	(10,620)	41.364	**30.744**	336.855	39.608	(50,719)	21.908	**347.652**	12.533	11.536
Balance at 31.12.22	**691.847**	**1.039.101**	**1.730.948**	**5.340.053**	**2,559,704**	**148,228**	**862,140**	**8,910,125**	**(6,419,902)**	**(724,367)**
Additions or allocations	19,203	81,983	**101,186**	85,786	397,729	151,668	98,898	**734,081**	(448,409)	(9,006)
Derecognitions, disposals or reductions	(13,726)	(22,239)	**(35,965)**	(8,478)	(154,808)	(2,177)	(17,181)	**(182,644)**	176,269	9,045
Translation differences	815	(2,662)	**(1,847)**	18,001	(3,727)	(2,001)	2,418	**14,691**	(18,001)	(12,547)
Change in scope, transfers and other changes	6,841	3,885	**10,726**	52,578	25,201	(84,715)	(6,088)	**(13,024)**	12,412	(3,972)
Balance at 31.12.23	**704,980**	**1,100,068**	**1,805,048**	**5,487,940**	**2,824,099**	**211,003**	**940,187**	**9,463,229**	**(6,697,631)**	**(740,847)**

Significant "Additions" in 2023 include investments made for the performance of the agreements for the Environmental Services activity, mainly in different companies that carry out their activity in the United States for a total of €59,771 thousand (€96,827 thousand in 2022), in FCC Medioambiente, S.A. (Spain) for a total of 288,013 thousand euros (160,731 thousand euros in 2022), at companies operating in the UK for a total of 49,825 thousand euros (39,702 thousand euros in 2022), and at FCC Environment CEE (Central Europe) for a total of 80,078 thousand euros (64,681 thousand euros in 2022). When it comes to End-to-End Water Management activity, worth particular mention are the investments made mainly in FCC Aqualia, S.A. (Spain) for the sum of 44,538 thousand euros (26,272 thousand euros in 2022), in SmVak (Czech Republic) for the sum of 29,682 thousand euros (30,440 thousand euros in 2022) and in the Georgia Global Utilities Group (Georgia), for the sum of 72,399 thousand euros (36,837 thousand euros in 2022), for as well as in construction activity, mainly in FCC Construcción, S.A. for the sum of 61,353 thousand euros (39,972 thousand euros in 2022).

"Changes in the scope of consolidation, transfers and other movements" for 2022 included the incorporation of the tangible assets corresponding to the Georgia Global Utilities Group, following its takeover, for the sum of 338,231 thousand euros (note 4).

"Derecognitions, disposals or reductions" include disposals and derecognition of inventories corresponding to assets that, in general, are almost fully amortised due to having exhausted their useful life.

Inflows and outflows that have resulted in cash inflows or outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from divestments" of "Property, plant and equipment, intangible assets and investment property", respectively.

No interest was capitalised in 2023 and 2022 and the total interest capitalised at source as at 31 December 2023 amounts to 2,932 thousand euros (6,383 thousand euros in 2022).

As at 31 December 2023, in property, plant and equipment, €9,500 thousand (€7,719 thousand as at 31 December 2022) has been charged as income from capital grants.

The Group companies take out the insurance policies they consider necessary to cover the possible risks to which their property, plant and equipment are subject. At year-end, the Parent estimates that there is no hedging deficit related to said risks.

The gross amount of fully depreciated property, plant and equipment used in production due to being in a good state of use totals 3,202,634 thousand euros at 31 December 2023 (2,933,702 thousand euros at 31 December 2022).

The property, plant and equipment net of depreciation on the attached consolidated balance sheet located outside the Spanish territory amount to 2,068,360 thousand euros at 31 December 2023 (1,984,050 thousand euros at 31 December 2022).

Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2023, 775,301 thousand euros (734,000 thousand euros at 31 December 2022) are subject to ownership restrictions according to the following detail:

	Cost	Accumulated amortisation	Impairment	Net value
2023				
Buildings, plants and equipment	1,503,241	(785,880)	(4,274)	713,087
Other property, plant and equipment	172,468	(110,254)	-	62,214
	1,675,709	**(896,134)**	**(4,274)**	**775,301**
2022				
Buildings, plants and equipment	1,396,897	(717,304)	(4,533)	675.060
Other property, plant and equipment	162,538	(103,598)	-	58,940
	1,559,435	**(820,902)**	**(4,533)**	**734,000**

The restrictions on ownership of these assets arise from the lease agreements explained in note 9 of these notes to the consolidated financial statements, and also from assets assigned to the operation of certain agreements with characteristics similar to those of concession arrangements, but to which IFRIC 12 "Concession arrangements" (note 3.a) does not apply.

Purchase commitments

As part of the performance of their activities, Group companies have formalised commitments to acquire property, plant and equipment, mainly machinery and vehicles following the renewal Environmental Services activity contracts, which as at 31 December 2023 amounted to 90,400 thousand euros (173,305 thousand euros at 31 December 2022).

	2023	2022
Land and natural resources	-	-
Buildings for own use	-	-
Plant	2,897	-
Machinery and vehicles	70,706	138,338
In-progress property, plant and equipment and advances	-	610
Other PP&E	16,797	34,357
	90,400	**173,305**

8. INVESTMENT PROPERTY

As stated in note 3.e), investment property is measured at fair value based on the assessments made by independent experts, calculated on the reporting date of these consolidated financial statements.

In the case of the assessments corresponding to the Realia Business Group, the methodology for determining the fair value of the investment property is based on the RICS principles, which basically use discounted cash flows as the valuation method, which consists of capitalising the net rents of each property and discounting the future flows, applying market discount rates, over a ten-year time horizon and a residual value calculated by capitalising the estimated rent at the end of the projected period at an estimated yield. The properties were assessed on an individual basis, taking into account each of the agreements in force at year-end and their duration. For buildings with vacant areas, these have been assessed on the basis of estimated future rents, discounting a marketing period.

The key variables in this method are the determination of the net income, the duration of the lease agreements, the time period over which the leases are discounted, the approximation of value at the end of each period and the target internal rate of return used to discount the cash flows.

The key variables used in the assessments using the discounted cash flow method are:

- Current gross income: contractual income of the agreements outstanding at the date of the assessment, without taking into account bonuses, grace periods and expenses not passed on.

- Current net income: the revenue generated by each property at the date of the assessment, net of allowances and deficiencies and taking into account the non-chargeable expenses in accordance with the agreements and for vacant spaces.

- Estimated revenue for vacant space and/or new leases over the years of the cash flow.

- Exit Yield: required rate of return at the end of the assessment period on the sale of the asset. At the end of the discount period it is necessary to determine an exit value of the property. At that point it is not possible to reapply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the rent being generated by the property at the time of sale, provided that the cash flow projection assumes a stabilised rent that can be capitalised in perpetuity.

- IRR: interest rate or rate of return offered by an investment, the value of the discount rate that makes the NPV equal to zero, for a given investment project.

- ERV: Market return on the asset at the assessment date.

In the case of the investment property of Jezzine Uno, S.L.U., given the characteristics of the agreement, which includes a period of assured rental income until 2037, when the lessee has the option to repurchase at fair value, the assessment method used was the discounted cash flow method. Discounted cash flow ("DFC") is a method generally accepted by valuation experts from both a theoretical and practical point of view as the method that best incorporates all factors affecting the value of a business into the valuation result, considering the company as a real investment project.

This methodology considers the results of the operating activity and also the investment and working capital policy to calculate the future cash flow generation capabilities of the assets linked to the business, which are discounted to the assessment date to obtain the present value of the business.

The sum of the following two components has been considered for the determination of the fair value:

- Estimated cash flows over the life of the agreement until its completion in 2037: The calculation is based on the amount of rents expected to be obtained, including the expenses chargeable to the lessee under the agreement (property tax, community charges and other fees), less the operating costs incurred for the management of the properties and the corresponding operating taxes. The cash flows obtained are discounted in line with expected inflation.

- Divestment value: An exit value of the property has been estimated at the end of the lease term. At that point it is not possible to re-apply a discounted cash flow methodology and it is necessary to calculate the sale value according to an exit yield based on the expected market rent that the properties could be generating at the time of sale and which can be capitalised in perpetuity. The market rent in 2037 has been determined on the basis of an analysis of the possible market rent of the premises, assuming that the market rent will vary annually until 2037 in line with expected annual inflation rates in the future. For the purpose of determining the net capitalisable income in perpetuity, the total amount of asset-related expenses expected in 2037 (no longer chargeable in the context of a market sale) has been deducted. It has also been assumed that minor investments will be necessary to adapt the assets for their sale on the market, estimating the marketing costs that would be incurred in their sale. The corresponding tax effect has been deducted from the amount of capital gain thus obtained.

The key variables used in the above assessment are as follows:

- Amount of net rents during the lease agreement calculated as explained above.
- Discount rate: A discount rate determined on the valuation date has been used based on the interest rate of long-term bonds plus a risk premium that reflects the additional increase in profitability required based on the risk inherent to its real estate portfolio, taking into account elements such as the type of business, liquidity, characteristics of the assets, investment volume, etc.
- Exit yield: Required rate of return at the end of the lease agreement on the sale of the assets.

The fair value of investment property amounted to 2,091,328 thousand euros at 31 December 2023 (2,122,854 thousand euros at 31 December 2022).

The following is a sensitivity analysis of the main variables affecting the assessment at fair value of the Realia Business Group's investment property.

The effect of the change in the required rates of return (Exit yield), calculated as income on the market value of the assets, in terms of "Net Asset Value", on the consolidated assets and the consolidated profit and loss account, in respect of the investment property in operation, would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(44,794)	(33,596)	(46,385)	(34,789)
Decrease of 25 basis points	50,574	37,931	51,095	38,321

In addition, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	115,433	86,575	110,725	83,044
10% decrease	(115,554)	(86,666)	(112,175)	(84,131)

Finally, the sensitivity analysis of a quarter point change in the IRR would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(26,690)	(20,018)	(28,970)	(21,728)
Decrease of 25 basis points	27,710	20,783	26,730	20,048

In the case of Jezzine Uno, S.L.U.'s investment property, a sensitivity analysis of the main variables affecting its assessment is provided below.

The impact of a quarter of a percent change in the discount rate used to determine the present value of both the contract rents and their divestment value would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(11,298)	(8,474)	(12,490)	(9,368)
Decrease of 25 basis points	11,619	8,714	12,866	9,650

The impact of a change in the exit yield would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
Increase of 25 basis points	(4,667)	(3,501)	(4,525)	(3,394)
Decrease of 25 basis points	4,969	3,726	4,817	3,613

Finally, the sensitivity analysis of a 10% change in the ERV (market rent of the asset at the assessment date) would be as follows:

	2023		2022	
	Assets	Consolidated profit/(loss) for the year	Assets	Consolidated profit/(loss) for the year
10% increase	(16,520)	(12,390)	16,107	12,080
10% decrease	16,520	12,390	(16,107)	(12,080)

The movements in the various investment property items in 2023 and 2022 were as follows:

Balance 31.12.21	**2,069,187**
Additions	21,599
Derecognitions, disposals or reductions	(88)
Change in fair value	22.179
Translation differences	481
Change in scope, transfers and other changes	9,496
Balance 31.12.22	**2,122,854**
Additions	17,778
Derecognitions, disposals or reductions	(24)
Change in fair value	(49,037)
Translation differences	(120)
Change in scope, transfers and other changes	(123)
Balance 31.12.23	**2,091,328**

The 49,037-thousand euro decrease in the fair value in 2023 can mainly be attributed in the increase in the "exit yield" and, in some cases, due to changes in the market situation in specific geographical areas in which there has been increase in availability rates and decrease in rents, as well as other factors.

Significant "Additions" in 2023 included the capitalisation of constructions in progress for rental housing by the Realia Business, S.A. Group for the sum of 9.383 thousand euros (18,570 thousand euros in 2022).

Cash inflows and outflows are recorded in the accompanying cash flow statement as "Payments for investments" and "Proceeds from disposals" of "Property, plant and equipment, intangible assets and investment property" respectively.

Both in 2023 and 2022, there were commitments to acquire investment property.

9. LEASES

a) Leases where the Group acts as lessee

As a lessee, the Group has entered into agreements to lease underlying assets of various kinds, mainly machinery in the Construction business and technical installations and buildings for its own use in all the Group's activities.

Among the agreements entered into in previous years, those for the Group's Central Services buildings stand out, on the one hand, the agreement for the lease of the office building located in Las Tablas (Madrid), effective from 23 November 2012 and for 18 years, extendable at the option of the FCC Group in two periods of five years each, with a rent that can be updated annually in accordance with the CPI.

Additionally, the agreement signed in 2011 for the buildings located at Federico Salmón 13, Madrid and Balmes 36, Barcelona, for a minimum committed rental period of 30 years, extendable at the Group's option in two periods of 5 years each with a rent that can be updated annually according to the CPI. These buildings were transferred to their current owners by means of a sale and leaseback agreement. The owners, in turn, have granted a purchase option to Fomento de Construcciones y Contratas, S.A., exercisable only at the end of the rental period, for the fair value or the amount of the sale discounted by the CPI, whichever is higher.

In general, the leases entered into by the Group do not include variable payments, only certain agreements include clauses for the discounting of rent, mainly in line with inflation. In some cases, these agreements contain restrictions on use, the most common restrictions being those limiting the use of the underlying assets to geographical areas or to use as office or production premises. The agreements do not include significant residual value guarantee clauses.

The Group determines the duration of the agreements by estimating the length of time the entity expects to continue to use the underlying asset based on its particular circumstances, including extensions that are reasonably expected to be exercised.

The carrying amount of the right-of-use assets amounts to €417,081 thousand at 31 December 2023 (€401,459 thousand at 31 December 2022). The carrying amount, additions and write-downs during the business years 2023 and 2022 are detailed below by underlying asset class:

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
2023						
Land and buildings	**470,840**	**(143,724)**	**(3,925)**	**323,192**	**63,027**	**(41,541)**
Land and natural resources	42,089	(10,620)	(3,925)	**27,545**	3,639	(4,088)
Buildings for own use	428,751	(133,104)	-	**295,647**	59,388	(37,453)
Plant and other items of property, plant and equipment	**178,374**	**(84,135)**	**(350)**	**93,889**	**42,563**	**(34,811)**
Plant	18,759	(3,905)	-	**14,854**	15,496	(2,508)
Machinery and vehicles	132,528	(65,258)	(350)	**66,920**	25,529	(28,415)
Other PP&E	27,087	(14,972)	-	**12,115**	1,538	(3,888)
	649,214	**(227,859)**	**(4,275)**	**417,081**	**105,590**	**(76,352)**

	Cost	Accumulated amortisation	Impairment	Net value	Additions	Amortisation charge
2022						
Land and buildings	**430.800**	**(116,645)**	**(4,533)**	**309.621**	**36.387**	**(38,377)**
Land and natural resources	43.658	(11,501)	(4,533)	**27.623**	4.142	(3,683)
Buildings for own use	387.142	(105,144)	-	**281.998**	32.245	(34,694)
Plant and other items of property, plant and equipment	**168.370**	**(76,532)**	**-**	**91.838**	**36.656**	**(28,529)**
Plant	3.340	(1,386)	-	**1.954**	15	(979)
Machinery and vehicles	135.888	(62,396)	-	**73.492**	28.081	(22,477)
Other PP&E	29.142	(12,750)	-	**16.392**	8.560	(5,073)
	599,170	**(193,177)**	**(4,533)**	**401,459**	**73,043**	**(66,906)**

Lease liabilities recognised amount to €434,850 thousand at 31 December 2023 (€425,395 thousand at 31 December 2022), of which €76,478 thousand (€78,970 thousand at 31 December 2022) are classified as current in the accompanying consolidated balance sheet, as they mature within the next twelve months (note 19). Lease liabilities have generated an interest charge of €13,303 thousand at 31 December 2023 (€12,315 thousand at 31 December 2022). Lease payments made during the year amount to €93,799 thousand at 31 December 2023 (31 December 2022: €80,525 thousand) and are recognised under "Receivables and (payments) on financial liability instruments" and "Interest payments" in the accompanying consolidated cash flow statement. Details of non-current lease liabilities by maturity at 31 December 2023 are shown below:

	2025	2026	2027	2028	2029 and beyond	Total
Liabilities for non-current leases	44,753	29,410	31,785	31,692	220,733	**358,373**

Certain agreements are excluded from the application of IFRS 16, mainly because they are low value assets or because their term is less than twelve months (note 3.g), and are recognised as an expense under "Other operating income" in the accompanying consolidated income statement, the amount of which is as follows for 2023 and 2022:

	2023	2022
Low value assets	10,100	3,571
Leases with term less than 12 months	46,797	42,308
	56,897	**45,879**

b) Leases in which the Group acts as lessor

All lease agreements in which the Group acts as lessor are classified as operating leases, as substantially all the risks and rewards of ownership of the asset are not transferred.

In its position as lessor, the Group recognises operating income, mainly in the Real Estate business, amounting to €142,328 thousand (€133,713 thousand at 31 December 2022), as follows:

	2023	2022
Revenue from leases	120,803	111,461
Revenue from common pass-through expenses	21,525	22,252
	142,328	**133,713**

Leased assets are mainly recorded under investment property in the accompanying consolidated balance sheet. The typology of investment property is as follows:

	2023	2022
Offices and commercial premises	1,501,937	1,509,154
Banking entities	586,241	611,140
Plots and other investment property	3,150	2,560
	2,091,328	**2,122,854**

In addition, the Group leases tangible fixed assets, mainly machinery in the construction business, the carrying amount of which is not material.

At 31 December 2023, the Group has contracted minimum lease payments of 924,750 thousand euros (875,278 thousand euros at 31 December 2022) with tenants in the Realia Group and Jezzine Uno, S.L.U., in accordance with the current agreements in force, without considering the repercussion of common expenses, future CPI increases or future updates of contractually agreed rents, with the following maturities:

	2023	2022

Less than a year	111,665	109,289
Between two and five years	323,028	289,737
After five years	490,057	476,252
	924,750	**875,278**

10. SERVICE CONCESSION ARRANGEMENTS

This Note presents an overview of all the Group's investments in concession businesses, which are recognised in various headings under "Assets" in the accompanying consolidated balance sheet.

The following table presents the total amount of the assets held under service concession arrangements by the Group companies, which are recognised under "Intangible assets", "Non-current financial assets", "Other current financial assets" and "Investments accounted for using the equity method" (for both joint ventures and associates) in the accompanying consolidated balance sheet at 31 December 2023 and 2022.

	Intangible assets (Note 6)	Financial assets (Note 13)	Joint concessionary businesses	Associated concessionary companies	Total investment
2023					
Water services	1,997,281	247,303	17,343	38,026	2,299,953
Environment	558,823	211,652	6,833	10,457	787,765
Transport infrastructure and other	512,617	149,610	10,434	38,840	711,501
TOTAL	**3,068,721**	**608,565**	**34,610**	**87,323**	**3,799,219**
Depreciation	(1,478,640)	-	-	-	(1,478,640)
Impairment	(46,920)	-	-	-	(46,920)
	1,543,161	**608,565**	**34,610**	**87,323**	**2,273,659**
2022					
Water services	1,877,496	245,074	19,927	41,375	2.183.872
Environment	545.060	218.117	10.150	11.507	784.834
Transport infrastructure and other	485.754	142.145	10.925	37.311	676.135
TOTAL	**2.908.310**	**605.336**	**41.002**	**90.193**	**3.644.841**
Accumulated	(1,343,901)	-	-	-	(1,343,901)
Impairment	(51,765)	-	-	-	(51,765)
	1,512,644	**605,336**	**41,002**	**90,193**	**2,249,175**

The main variation between both years under "Water Services" can mainly be attributed to the new company Aqualia Riohacha, S.A.S. E.S.P. and Aqualia France, which contribute the sums of 26,280 and 20,055 thousand euros, respectively, to intangible fixed and non-current assets.

Below is a breakdown of the main concessions included in the above categories, detailing their main characteristics:

	Net book value as at 31 December 2023			
	Intangible assets	Financial assets	Granting entity	Collection mechanism
Water services	**827,682**	**247,303**		
Contracts in Colombia	103,013	-	Miscellaneous municipalities	User based on consumption
Caltanissetta (Italy)	64,453	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jerez de la Frontera (Cádiz - Spain)	60,623	-	City Council of Jerez de la Frontera.	User based on consumption
Jeddah desalination plant (Saudi Arabia)	33,937	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Acueducto Realito (Mexico)	29,647	65,766	State Water Commission	Mixed model
Lleida (Lleida, Spain)	28,681	-	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	25,120	-	Santander City Council	User based on consumption
Llucmajor (Balearic Islands, Spain)	23,105	-	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	22,052	-	Badajoz City Council	User based on consumption
Contracts in Île de France (France)	20,055	-	Miscellaneous municipalities in the Île de France region	User based on consumption
Oviedo (Asturias, Spain)	18,539	-	Oviedo City Council	User based on consumption
Adeje (Tenerife, Spain)	14,626	-	Adeje City Council	User based on consumption
Vigo (Pontevedra, Spain)	14,251	-	Vigo City Council	User based on consumption
Desaladora de Mostaganem (Argelia)	-	142,575	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant (Mexico)	-	31,762	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	369,579	7,200		
Transport infrastructure and other	**339,543**	**149,609**		
Coatzacoalcos submerged tunnel (Mexico)	236,485	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	33,240	-	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	69,818	149,609	Murcia city council	Fixed amount plus the amount paid by the user
Environment	**375,937**	**211,652**		
Buckinghamshire plant (United Kingdom)	126,764	8,960	Buckinghamshire County Council	Variable per ton with guaranteed minimum
Loeches Plant (Alcalá de Henares, Spain)	105,662	-	Commonwealth of the East	According to tons treated
Campello plant (Alicante, Spain)	45,072	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	28,047	-	Provincial Council of Granada	According to tons treated
Edinburgh plant (United Kingdom)	20,118	86,838	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	17,165	-	City of Houston	According to tons treated
Gipuzkoa II plant	-	27,506	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	26,403	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises plant (Valencia, Spain)	-	17,262	Metropolitan entity for waste treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	16,388	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	14,692	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	33,109	13,604		
FCC Group Total	**1,543,161**	**608,565**		

	Net book value as at 31 December 2022		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Water services	**795.423**	**245.074**		
Jerez de la Frontera (Cádiz, Spain)	64.317	-	City Council of Jerez de la Frontera.	User based on consumption
Caltanissetta (Italy)	53.932	-	Consorzio Ambito Territoriale Ottimale	User based on consumption
Jeddah desalination plant (Saudi Arabia)	40.422	-	General Authority of Civil Aviation (Saudi Arabia)	User based on consumption
Lleida (Spain)	30.730	-	Lleida City Council	User based on consumption
Santander (Cantabria, Spain)	28.585	-	Santander City Council	User based on consumption
Acueducto Realito (Mexico)	26.677	61.466	State Water Commission	Mixed model
Llucmajor (Balearic Islands, Spain)	24.348	-	Llucmajor town council	User based on consumption
Badajoz (Badajoz, Spain)	23.115	-	Badajoz City Council	User based on consumption
Vigo (Pontevedra, Spain)	21.377	-	Vigo City Council	User based on consumption
Adeje (Tenerife, Spain)	21.099	-	Adeje City Council	User based on consumption
Oviedo (Asturias, Spain)	19.389	-	Oviedo City Council	
Mostaganem Desalination Plant (Algeria)	-	147.755	Algerian Energie Company S.p.a.	Cubic meters with guaranteed minimum
Guaymas Desalination Plant, Mexico	-	28.827	State Water Commission	Cubic meters with guaranteed minimum
Other contracts	441.432	7.026		
Transport infrastructure and other	**329.905**	**142.144**		
Coatzacoalcos submerged tunnel (Mexico)	218.842	-	Government of the State of Veracruz	Direct toll paid by the user
Conquense motorway (Spain)	38.489	-	Ministry for Economic Development	Shadow toll
Sociedad Concesionaria Tranvia de Murcia (Spain)	72.574	142.144	Murcia city council	Fixed amount plus the amount paid by the user
Environment	**387.316**	**218.118**		
Buckinghamshire plant (United Kingdom)	126,763	8,851	Buckinghamshire County Council	Variable per ton with guaranteed minimum
Loeches Plant (Alcalá de Henares, Spain)	109,651	-	Commonwealth of the East	According to tons treated
Campello Plant (Alicante, Spain)	49.280	-	Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Granada plant (Granada, Spain)	29.174	-	Provincial council of Granada	According to tons treated
Edinburgh Plant (United Kingdom)	20.681	87,567	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Houston recycling plant (United States)	19.592	-	City of Houston	According to tons treated
Gipuzkoa II plant	-	28.631	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
RE3 plant (United Kingdom)	-	27.620	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Manises Plant (Valencia, Spain)	-	18.717	Metropolitan Entity for Waste Treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)	-	17.457	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)	-	15.267	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Other contracts	32.175	14,008		
FCC Group Total	**1,512,644**	**605,336**		

The water services activity is characterised by a very high number of agreements, the most significant of which are detailed in the table above. The main activity of the agreements is the end-to-end water cycle, from the collection, transport, treatment and distribution to urban centres through the use of distribution networks and complex water treatment facilities for drinking water purification, to the collection and treatment of wastewater. It includes both construction and maintenance of water and sewerage networks, desalination plants, water treatment plants and wastewater treatment plants. Billing is generally based on subscribers' use of the service, so in most cases cash flows depend on water consumption, which is generally constant over time. However, the agreements usually incorporate periodic tariff review clauses to ensure the recoverability of the investment made by the concessionaire, in which future tariffs are set on the basis of consumption in previous periods and other variables such as inflation. In order to carry out their activities, the concessionaires build or receive the right to use the distribution and sewerage networks, as well as the complex installations necessary for drinking water treatment and purification. The concession periods for this type of concession range from different periods, up to a maximum of 75 years, and the facilities revert to the concession grantor at the end of the concession period, without receiving any compensation.

In most of the fully consolidated agreements, the amount of the collections depends on the use made of the service and is therefore variable, as the concession holder bears the demand risk, which is why they are recorded as intangible assets. However, in exceptional cases, mainly in the case of desalination plants, payment is received on the basis of the cubic metres actually desalinated, with the grantor guaranteeing a minimum insured level irrespective of volume, whereby such guaranteed amounts are classified as financial assets as they cover the fair value of the construction services.

The "Environment and Other" activity mainly includes agreements relating to the construction, operation and maintenance of waste management facilities in Spain, the United Kingdom and the United States. The agreements incorporate price revision clauses based on various variables, such as inflation, energy costs or wage costs. For the classification of concessions as intangible or financial assets, the contracts have been analysed to determine which part of the agreement bears the demand risk. In those agreements in which billing is determined solely on the basis of the fixed charge and a variable amount depending on the tonnes treated, given that the latter is residual and the cost of construction services is substantially covered by the fixed charge, the entire concession has been considered as a financial asset, except in the case of the Buckinghamshire and Edinburgh plants (both in the UK), in which the intangible component is significant and are therefore recorded as mixed models.

"Transport infrastructure and Other" activity includes, on the one hand, the toll road and tunnel concessions is the management, promotion, development and operation of land transport infrastructures, mainly toll roads and tunnels. It includes both the construction and the subsequent conservation and maintenance of the aforementioned infrastructures over a long concession period, which can range from 25 to 75 years. Invoicing is usually based on traffic intensity, both through direct vehicle tolls and shadow tolls, so cash flows are variable in relation to the aforementioned traffic intensity, and generally show an increasing trend as the concession period progresses, which is why, as the concessionaire bears the demand risk, they are recorded as intangible assets. The agreements generally comprise both the construction or improvement of the infrastructure over which the concessionaire receives a right of use, and the provision of maintenance services, with the infrastructure reverting at the end of its useful life to the grantor, usually without compensation. In certain cases, compensation mechanisms exist, such as an extension of the concession period or an increase in the toll price, so as to ensure a minimum return to the concessionaire. On the other, it also includes the operation of urban trams and other urban transport systems in which revenue is generated through the collection of fixed or determinable amounts that may be in the form of a subsidy or fee and that usually include financial balance clauses to ensure the recovery of the investment by the concession holder. Alternatively, in some contracts, amounts are received directly from passengers through ticket collecting or using advertising media.

It should also be noted that the concession companies in which the Group has holdings are obliged, in accordance with the concession agreements, to acquire or construct, during the concession period, fixed assets for an amount of 336,510 thousand euros at 31 December 2023 (221,785 thousand euros at 31 December 2022).

Finally, it is worth mentioning that the recoverable value of the main concession assets has been re-estimated in 2023. As a result of the analysis performed, it has been concluded that no impairment should be recorded. In addition, a significant portion of the concessional asset portfolio corresponds to agreements not subject to demand risk, which significantly reduces the risk of impairment.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of investments in companies accounted for using the equity method, as well as non-current loans granted to these companies which, as indicated in note 2.b), is applied to both joint ventures and associates, the breakdown of which is as follows:

	2023	2022
Joint ventures	**145,819**	**158,648**
Investment value	48,724	55,487
Loans	97,095	103,161
Associates	**888,469**	**343,981**
Investment value	670,460	165,768
Loans	218,009	178,213
	1,034,288	**502,629**

a) Joint ventures

The breakdown of this caption by company is shown in Annexe II to these annual accounts, which lists the joint ventures.

The transactions for 2023 and 2022 by items are as follows:

	Balance at 31.12.2022	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2023
As Cancelas Siglo XXI, S.L.	38,622	1,755	(1,562)	-	-	-	-	**38,815**
FCC Environment Group (UK)	19,131	8,518	(10,644)	-	-	1,052	-	**18,057**
Zabalgarbi, S.A.	15,988	711	(3,600)	-	-	-	-	**13,099**
Ibisan Sociedad Concesionaria, S.A.	10,925	1,228	(1,688)	(31)	-	-	-	**10,434**
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	10,880	1,023	-	-	-	(2,432)	-	**9,471**
Atlas Gestión Medioambiental, S.A.	7,547	1,719	(2,708)	-	-	-	-	**6,558**
Construcciones Olabarri, S.L.	5,969	158	-	-	-	-	-	**6,127**
Ecoparc del Besós, S.A.	8,398	3,242	(6,106)	-	-	-	-	**5,534**
Aguas de Langreo, S.L.	3,451	94	-	-	-	53	(366)	**3,232**
Empresa Municipal de Aguas de Benalmádena, S.A.	2,994	138	(19)	-	-	(272)	(782)	**2,059**
Other	34,743	1,679	(3,700)	-	-	4,628	(4,918)	**32,433**
Total joint ventures	**158,648**	**20,266**	**(30,027)**	**(31)**	**-**	**3,029**	**(6,066)**	**145,819**

	Balance at 31.12.2021	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2022
As Cancelas Siglo XXI, S.L.	46.954	2.585	(1,217)	-	-	-	(9,700)	**38.622**
FCC Environment Group (UK)	10.261	11.700	(2,288)	-	-	(542)	-	**19.131**
Zabalgarbi, S.A.	13.834	3.593	(4,500)	3.061	-	-	-	**15.988**
Ibisan Sociedad Concesionaria, S.A.	8.401	1.090	-	1.434	-	-	-	**10.925**
Orasqualia for the Development of the Waste Treatment Plant S.A.E.	14.587	1.786	(378)	-	-	(5,104)	(11)	**10.880**
Ecoparc del Besós, S.A.	7.389	3.164	(2,216)	61	-	-	-	**8.398**
Atlas Gestión Medioambiental, S.A.	8.627	1.591	(2,671)	-	-	-	-	**7.547**
Construcciones Olabarri, S.L.	5.820	149	-	-	-	-	-	**5.969**
Aguas de Langreo, S.L.	3.841	(53)	-	-	-	29	(366)	**3.451**
Empresa Municipal de Aguas de Benalmádena, S.A.	3.984	123	(188)	-	-	(138)	(787)	**2.994**
Sociedad Concesionaria Tranvía de Murcia, S.A.	46.273	2.044	-	-	-	(26,471)	(21,846)	**-**
Other	40.020	3.360	(1,493)	47	-	(5,354)	(1,837)	**34.743**
Total joint ventures	**209.991**	**31,132**	**(14,951)**	**4,603**	**-**	**(37,580)**	**(34,547)**	**158,648**

In 2022, the "Conversion differences and other movements" and "Variation in loans granted" columns include the derecognition of Sociedad Concesionaria Tranvía de Murcia, S.A. following the completion of the takeover (note 4).

The following are the key financial statement aggregates of the joint ventures in proportion to the percentage interest held in the joint ventures at 31 December 2023 and 2022.

	2023	2022
Non-current assets	221,954	355,530
Current assets	169,451	180,421
Non-current liabilities	211,300	316,645
Current liabilities	141,503	158,715
Results		
Revenue	278,110	207,861
Operating profit/(loss)	36,818	51,391
Profit before tax	28,479	41,841
Profit attributable to the Parent Company	20,266	31,132

The main activities carried out by the joint ventures are the operation of concessions, such as motorways, concessions related to the end-to-end water cycle, urban sanitation activities, tunnels and passenger transport and the rental of real estate assets.

In relation to joint ventures with third parties outside the FCC Group, guarantees amounting to €7,032 thousand (€7,564 thousand in 2022) have been provided, mostly to public bodies and private customers to guarantee the successful completion of the agreements for the Group's various activities. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

In general, the joint ventures consolidated by the Group using the equity method take the legal form of public or private limited companies and, therefore, as joint ventures, the distribution of funds to their respective parent companies requires the agreement of the other jointly controlling shareholders.

b) Associates

The breakdown of this caption by company is shown in Annexe III to these annual accounts, which lists the associated companies.

The transactions for 2023 and 2022 by items are as follows:

	Balance at 31.12.2022	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2023
Metrovacesa, S.A.	-	-	-		-	402,120	-	402,120
FCC Environment Group (UK)	-	(1,635)	-		-	45,416	118,261	162,042
Giant Cement Holding	18,202	(13,782)	-	1,418	101,810	(152)	(595)	106,901
Future Valleys Project Co. Limited	59,723	1,742	-	(439)	-	(1,982)	3,203	62,248
Metro de Lima Línea 2, S.A.	37,310	2,888	-	-	-	(1,358)	-	38,840
Suministro de Agua de Querétaro, S.A. de C.V.	11,728	2,214	(1,889)	-	-	1,269	-	13,322
World Trade Center Barcelona, S.A. de S.M.E.	10,399	1,122	-	-	-	-	-	11,521
Aguas del Puerto Empresa Municipal, S.A.	11,469	(442)	-	-	-	395	(1,504)	9,918
Tirme Group	9,714	4,812	(4,709)	-	-	-	-	9,818
Lázaro Echevarría, S.A.	8,011	(54)	-	-	-	(129)	-	7,828
FCC Environment Group (CEE)	7,004	2,266	(1,745)	10	-	224	-	7,759
Aigües del Segarra Garrigues, S.A.	7,036	1,572	(864)	-	-	(182)	-	7,562
Hormigones y Áridos del Pirineo Aragonés, S.A.	6,112	281	(75)	-	-	(0)	-	6,317
Gestión Integral de Residuos Sólidos, S.A.	5,342	184	-	-	-	(0)	-	5,526
Aigües del Vendrell	4,862	(257)	-	-	-	186	(121)	4,670
Codeur, S.A.	6,024	(139)	(93)	-	-	(1,827)	-	3,965
Cafig Constructores, S.A. de C.V.	3,560	(584)	(2,365)	-	-	308	-	919
FCC Group PFI Holdings	109,872	(346)	-	-	-	(32,341)	(77,185)	-
Other	27,611	(5,690)	(1,266)	-	-	8,798	(2,263)	27,191
Total associates	**343,981**	**(5,847)**	**(13,005)**	**989**	**101,810**	**420,745**	**39,796**	**888,469**

	Balance at 31.12.2021	Profit for the year (Note 26.h)	Distributed Dividends	Changes in the fair value of financial instruments allocated to reserves	Committee	Conversion differences and other movements	Change in credits granted	Balance at 31.12.2022
FCC Group PFI Holdings	121.495	(797)	-	-	-	1.151	(11,977)	109.872
Future Valleys Project Co. Limited	30.973	491	-	27.138	-	115	1.006	59.723
Metro de Lima Línea 2, S.A.	31.684	3.714	-	-	-	1.912	-	37.310
Giant Cement Holding	18.327	(10,698)	-	4.500	-	1.322	4.751	18.202
Suministro de Agua de Querétaro, S.A. de C.V.	9.325	1.410	(5)	-	-	998	-	11.728
Aguas del Puerto Empresa Municipal, S.A.	11.948	(330)	-	-	-	371	(520)	11.469
World Trade Center Barcelona, S.A. de S.M.E.	9.904	496	-	-	-	(1)	-	10.399
Tirme Group	8.156	5.138	(3,573)	-	-	(7)	-	9.714
Lázaro Echevarría, S.A.	7.959	7	-	-	-	45	-	8.011
Aigües del Segarra Garrigues, S.A.	7.473	559	(864)	-	-	(132)	-	7.036
FCC Environment Group (CEE)	7.148	1.675	(1,488)	23	-	(354)	-	7.004
Hormigones y Áridos del Pirineo Aragonés, S.A.	6.090	137	(114)	-	-	(1)	-	6.112
Codeur, S.A.	6.503	(194)	-	-	-	(285)	-	6.024
Gestión Integral de Residuos Sólidos, S.A.	5.331	11	-	-	-	-	-	5.342
Aigües del Vendrell	5.268	(203)	-	-	-	19	(222)	4.862
Cafig Constructores, S.A. de C.V.	4.497	298	(1,715)	-	-	480	-	3.560
Other	31.770	(723)	(1,252)	1	-	3.463	(5,646)	27.611
Total associates	**323,851**	**991**	**(9,011)**	**31,662**	**-**	**9,096**	**(12,608)**	**343,981**

In 2023, the column "Conversion differences and other movements" included increases relating to a significant influence being obtained over the company Metrovacesa, S.A. (notes 4, 13, 17 and 30) and the capital increase in Giant Cement Holding Inc. for the sum of 101,810 thousand. It also includes the impact of the transfer of CI III Lostock EFW Limited, Lostock Sustainable Energy and Lostock Power Limited from the FCC PFI Holding Group to the FCC Environment (UK) group for the sum of 33,035 thousand euros.

This transfer is the main effect that included in the "Variation in loans" column for the FCC PFI Holding group for the sum of 78,773 thousand euros.

The assets, liabilities, turnover and profit/(loss) for 2023 and 2022 are presented below, in proportion to the shareholding in the capital of each associate.

	2023	2022
Non-current assets	890,757	660,762
Current assets	778,091	265,136
Non-current liabilities	679,754	556,167
Current liabilities	307,254	189,345
Revenue	479,187	401,879
Operating profit/(loss)	13,461	13,104
Profit before tax	(3,241)	2,426
Profit attributable to the Parent Company	(5,847)	991

Variations compared to the previous year can mainly be attributed to having obtained a significant influence over Metrovacesa, S.A. which is now consolidated under the equity method, as the Group has been represented on its governing bodies since December. This company contributed an investment value of 402,120 thousand euros at year-end (notes 4, 13, 17 and 30).

Below, due to its relevance, the summarised financial information of company Metrovacesa, S.A. can be consulted at 31 December 2023, having recognised its net assets at their fair value to which the equity method was applied:

	Balance Sheet
	2023
Non-current assets	**395,567**
Current assets	**2,417,297**
Inventory	2,106,161
Cash and equivalents	196,298
Other current assets	114,838
TOTAL ASSETS	**2,812,864**
Equity	**1,895,455**
Equity Parent Company	**1,895,455**
Capital	1,092,070
Reserves	803,842
Own shares	(1,668)
Other equity instruments	1,211
Profit/(Loss) Parent Company	-
Valuation adjustments	-
Non-controlling interests	-
Non-current liabilities	**362,006**
Non-current financial liabilities	269,168
Other non-current liabilities	92,838
Current liabilities	**555,403**
Current financial liabilities	204,758
Other current liabilities	350,645
TOTAL LIABILITIES	**2,812,864**

12. JOINT AGREEMENTS. JOINT OPERATIONS

As indicated in note 2.b), section "Joint arrangements", the Group companies carry out part of their activity through participation in contracts that are operated jointly with other non-Group partners, mainly through joint ventures and other entities with similar characteristics, contracts that have been proportionately included in the accompanying financial statements.

Below are the key figures of the jointly operated contracts that are included in the different headings of the accompanying balance sheet and consolidated income statement, in proportion to their participation, as at 31 December 2023 and 2022.

	2023	2022
Non-current assets	210,215	203,796
Current assets	1,646,408	1,459,053
Non-current liabilities	51,413	46,847
Current liabilities	1,724,716	1,572,217
Results		
Revenue	1,508,275	1,013,815
Gross operating profit/(loss)	146,585	143,772
Net operating profit/(loss)	110,130	111,086

Agreements managed through joint ventures, joint ventures and other similar entities imply joint and several liability for the activity carried out by the participating partners.

In relation to contracts managed jointly with third parties outside the Group, guarantees totalling €2,024,073 thousand (€1,914,575 thousand in 2022) were provided, mostly to public bodies and private customers, to guarantee the successful completion of urban sanitation works and contracts.

The joint ventures have no relevant property, plant and equipment acquisition commitments.

13. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

There are no significant "Non-current financial assets" or "Other non-current financial assets" in arrears. The most significant items in the accompanying consolidated balance sheet under the aforementioned headings break down as follows:

a) Non-current financial assets

Non-current financial assets at 31 December 2023 and 2022 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Hedging derivatives	Total
2023				
Equity instruments	-	30,244	-	30,244
Derivatives	-	-	25,193	25,193
Collection rights concession	547,318	-	-	547,318
Deposits and guarantees	76,420	-	-	76,420
Other financial assets	65,461	3,789	-	69,250
	689,199	**34,033**	**25,193**	**748,425**
2022				
Equity instruments	-	162,959	-	162,959
Derivatives	-	-	39,345	39,345
Collection rights concession	551,455	-	-	551,455
Deposits and guarantees	75,269	-	-	75,269
Other financial assets	75,183	6,356	-	81,539
	701,907	**169,315**	**39,345**	**910,567**

The decrease under “Financial assets at fair value charged to reserves” can be attributed to the fact that in December 2023, Metrovacesa, S.A. was consolidated under the equity method having achieved significant influence over the company (notes 4, 11, 17, 26 and 30). At 31 December 2022, the fair value of the investment in this company amounted to 133,471 thousand euros. In turn, the decrease in hedging derivatives mainly reflects the decrease in the fair value of variable interest rate to fixed rate swaps given the expectation of interest rate cuts in the coming years (note 17).

The breakdown of the "Equity instruments" heading at 31 December 2023 and 2022 is detailed below:

	% Effective ownership	Fair value

2023		
Participations equal to or greater than 5%:		
Vertederos de Residuos, S.A.	16.03%	9,187
Shariket Miyeh Djinet, S.p.a	13.01%	8,996
Consorcio Traza, S.A.	16.60%	3,919
Cafasso N.V.	15.00%	2,744
Other		4,112
Participations below 5%:		
Other		1,286
		30,244
2022		
Participations equal to or greater than 5%:		
Metrovacesa, S.A.	13.81%	133,471
Vertederos de Residuos, S.A.	16.03%	10,639
Shariket Miyeh Djinet, S.p.a	13.01%	10,167
Consorcio Traza, S.A.	16.60%	3,628
Cafasso N.V.	15.00%	2,744
Other		1,792
Participations below 5%:		
Other		518
		162,959

The expected maturities of "Deposits and guarantees", "Receivables under concession agreements" and "Other financial assets" are as follows:

	2025	2026	2027	2028	2029 and beyond	Total
Deposits and guarantees	3,906	3,516	961	1,686	66,351	76,420
Collection rights concession agreement (notes 3.a) and 10)	51,951	45,523	50,047	54,372	345,425	547,318
Non-commercial loans and other financial assets	9,590	9,217	18,645	20,975	7,034	65,461
	65,447	**58,256**	**69,653**	**77,033**	**418,810**	**689,199**

Non-commercial loans mainly include the amounts granted to public entities for debt refinancing in the water services activity, that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those made by legal or contractual obligations in the development of the activities of the Group companies, such as deposits for electrical connections, for the guarantee in the execution of works, for rental of real estate, etc.

b) Other current financial assets

This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 10) maturing within less than twelve months, current financial investments made for more than

three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details of "Other Current Financial Assets" at 31 December 2023 and 2022 is as follows:

	Financial assets at amortised cost	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
2023				
Derivatives	-	-	5,252	5,252
Collection rights concession arrangements	61,247	-	-	61,247
Deposits and guarantees	90,754	-	-	90,754
Other financial assets	103,292	-	-	103,292
	255,293	**-**	**5,252**	**260,545**
2022				
Derivatives	-	-	6,984	6,984
Collection rights concession arrangements	53.881	-	-	53.881
Deposits and guarantees	61.377	-	-	61.377
Other financial assets	96,569	2,441	-	99,010
	211,827	**2,441**	**6,984**	**221,252**

Other financial assets mainly include current loans granted and other accounts receivable from joint ventures and associates for the sum of 34,993 thousand euros (49,037 thousand euros in 2022), current loans to third parties for the sum of 38,504 thousand euros (33,525 thousand euros in 2022) and deposits in credit institutions for the sum of 20,507 thousand euros (8,838 thousand euros in 2022).

The average rate of return obtained by these items is in market returns according to the term of each investment.

14. INVENTORIES

The breakdown of “Inventory net of impairment” at 31 December 2023 and 2022 was as follows:

	2023		2022	
Real estate		719,718		763,867
Raw materials and other supplies		354,799		275,387
Construction	156,312		102,435	
Cement	88,526		90,961	
Integrated Water	30,007		28,104	
Environmental Services	78,764		52,618	
Real Estate	12		8	
Concessions	1,178		191	
Corporation	-		1,070	
Finished goods		23,267		20,917
Advances		136,554		83,031
		1,234,338		**1,143,202**

"Real estate" includes plots for property development, mostly for residential use and property developments in the course of production or completed, for which there are sales commitments for a final delivery value to customers of 135,750 thousand euros (119,610 thousand euros in 2022). The advances that some customers have paid on behalf of the aforementioned "Real Estate" are guaranteed by insurance contracts or bank guarantees, in accordance with the requirements established by the regulations in force.

The Group classifies property developments as current on the basis of their production cycle, distinguishing between property developments in progress and completed developments. Property developments in progress are classified as short-cycle when the period to completion is estimated to be less than twelve months, and as long-cycle otherwise. After the development is completed, it is classified as a completed property development.

The composition of the balance of the item "Real estate" at 31 December 2023 and 2022 is as follows:

	Cost	Impairment	Net value
2023			
Land and plots	651,917	(138,376)	513,541
Short-cycle property developments in progress	67,683	(528)	67,155
Long-cycle property developments in progress	155,385	(59,011)	96,374
Finished property developments	49,192	(6,544)	42,648
Total	**924,177**	**(204,459)**	**719,718**
2022			
Land and plots	675,770	(107,526)	568,244
Short-cycle property developments in progress	58.086	(768)	57.318
Long-cycle property developments in progress	142.027	(63,496)	78.531
Finished property developments	67,435	(7,661)	59,774
Total	**943,318**	**(179,451)**	**763,867**

The movements in the various items under the heading "Real estate" in the business years 2023 and

2022 were as follows:

	Land and plots	Short-cycle property developments in progress	Long-cycle property developments in progress	Finished property developments	Impairment
Balance at 31.12.21	**730,234**	**44,181**	**143,819**	**61,694**	**(175,505)**
Additions or allocations	39.230	141.112	108.915	20.254	(15,736)
Derecognitions, disposals or	(79,747)	(152,653)	(76,926)	(33,527)	22.441
Translation differences	2	-	-	-	(2)
Change in scope, transfers and other changes	(13,949)	25.446	(33,781)	19.014	(10,649)
Balance at 31.12.22	**675,770**	**58,086**	**142,027**	**67,435**	**(179,451)**
Additions or allocations	12,736	60,532	12,611	1,859	(38,345)
Derecognitions, disposals or	(5,884)	-	-	(101,220)	13,284
Translation differences	(38)	-	(4)	-	45
Change in scope, transfers and other changes	(30,667)	(50,935)	751	81,118	8
Balance at 31.12.23	**651,917**	**67,683**	**155,385**	**49,192**	**(204,459)**

A breakdown of the main real estate products is shown below:

	2023	2022
Estates and promotions Tres Cantos (Madrid)	201,550	179,472
Estates and Promotions El Molar (Madrid)	58,060	53,064
Estates and promotions Badalona (Barcelona)	54,357	44,739
Estates and promotions Sant Joan Despí (Barcelona)	43,622	35,356
Estates and promotions Arroyo Fresno (Madrid)	38,449	73,231
Estates and Promotions Valdebebas (Madrid)	14,130	10,110
Estates and Developments Alcorcón	13,860	9,354
Estates and Promotions San Gregorio (Zaragoza)	12,750	13,800
Estates and Promotions Esencia Sabadell (Barcelona)	12,460	20,400
Estates and Promotions Marítimo (Valencia)	11,100	10,847
Estates and Promotions Ensanche Vallecas (Madrid)	10,610	11,997
Estates and Promotions Nueva Condomina Golf (Murcia)	10,430	11,642
Estates and Developments Torres del Mar (Las Palmas)	9,380	10,080
Estates and Promotions Las Glorias (Barcelona)	4,370	17,668
Estates and Promotions Arroyo Encomienda (Valladolid)	-	12,823
Other properties and developments	224,590	249,284
	719,718	**763,867**

Property inventories are valued at the lower of acquisition or production cost adjusted, where appropriate, to market value.

In order to determine whether impairment exists, the Group has estimated the fair value of the main assets comprising its real estate inventory portfolio through independent third parties (TINSA, SAVILLS and GESVALT). The appraisals have been performed following the criteria of RICS (Royal Institution of Chartered Surveyors) measured at the closing date of these consolidated financial statements. The Dynamic Residual, comparison and cash flow discount methods were applied as the best approximation of the value. The Dynamic Residual Method is the basic, essential and fundamental method used in the assessment of land and property, and is the most widely accepted method by real estate market participants. However, as it uses different variables in its operating scheme, the data to be used as variables must be extracted directly from the market, through the instrumental use of the benchmarking method.

Through the application of the comparison method, the necessary comparable data are obtained by means of an analysis of the real estate market based on concrete information, which can be used as variables in the dynamic residual method. In the aforementioned selection, the values of those variables that are abnormal have been previously checked in order to identify and eliminate those from transactions and offers that do not meet the conditions required in the definition of fair value, as well as those that could include speculative elements or those that include particular conditions specific to a specific agent and which are far removed from the reality of the market. After defining, determining and specifying the variables to be used in the dynamic residual method, the value of the land, discounted to the closing date of the accompanying consolidated financial statements, is calculated considering the future flows associated with the development and promotion of this land, both collections and payments, based on market price assumptions (basically sale and construction prices) and development, construction and marketing periods in accordance with the circumstances of each specific case.

For the assessments carried out by the independent expert for completed properties, the assessment method used is that of direct comparison with market transactions.

The total value of real estate inventories determined by independent experts amounted to 750,584 thousand euros at 31 December 2023 (813,950 thousand euros as at 31 December 2022).

The key assumptions considered in making the assessments are:

- Temporary deadlines affecting the obtaining of licences and the commencement of urbanisation and/or construction works.

- Sales range: which affect both a range of sales prices, and the percentage and timing of marketing, and the actual and effective sale of the different properties.

- Discounted rates of cash flows generated that reflect risk and time value of money.

In 2023, the total accumulated balance of impairment of property inventories amounts to 204,459 thousand euros (179,451 thousand euros in 2022).

There are no significant commitments to purchase real estate assets at year-end.

The "Raw materials and other supplies" include facilities necessary for the execution of works pending incorporation, building materials and storage elements, spare parts, fuel and other materials necessary in the development of activities.

15. COMMERCIAL DEBTORS, OTHER ACCOUNTS RECEIVABLE AND OTHER CURRENT ASSETS

a) Trade receivables for sales and services

This heading of the accompanying consolidated balance sheet includes the value of the production and services rendered pending collection, valued as indicated in Note 3.s), which provide the various Group activities and which are the basis of the operating profit.

The following is the breakdown of "Receivables external to the Group" at 31 December 2023 and 2022:

	2023	2022
Progress billings receivable and trade receivables for sales	1,292,894	1,160,660
Completed output pending certification	1,036,769	747,603
Warranty retainers	58,254	53,342
Production billed to associated and jointly controlled companies	90,840	59,204
Trade receivables for sales and services	2,478,757	2,020,809
Advances received for orders (Note 21)	(646,686)	(647,029)
Total trade receivables for sales and services	**1,832,071**	**1,373,780**

The total amount corresponds to the net balance of receivables having considered the corrections for insolvency risk amounting to 260,364 thousand euros (248,794 thousand euros as of 31 December 2022) and deducting the item of advances received for orders listed under the heading "Trade payables and other accounts payable" of the liability side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

Below is the breakdown by age of the balance of "Trade receivables for sales and services" at 31 December 2023:

	less than 1 year	between 1 and 2 years	more than 3 years	Total
Trade receivables for sales and services	2,339,214	84,671	54,872	**2,478,757**

The loans for commercial operations in default are as follows:

	2023	2022
Construction	33,430	41,179
Environmental Services	247,268	238,529
Water	165,342	135,486
Concessions	45	-
Corporation	-	45
TOTAL	**446,085**	**415,239**

Balances are considered to be in default when their due date has passed and they have not been paid by the counterpart. However, it must be taken into account that given the different characteristics of the different sectors in which the FCC Group operates, although certain assets are in default, there is no risk of default, since most of its clients are public clients, in which only delays in collections can occur, as it is entitled to claim the corresponding delay payment surcharges.

"Certified production pending collection and trade receivables" mainly includes the amount of the certifications issued to customers for works executed in the Construction segment in the amount of 295,593 thousand euros (242,859 thousand euros at 31 December 2022) and services provided by other segments in the amount of 997,300 thousand euros (917,801 thousand euros as of 31 December 2022), pending collection at the date of the consolidated balance sheet. In general, there are no disputes in relation to the above.

The difference between the amount of production recorded at inception for each of the works and contracts in progress, assessed according to the criteria set out in note 3.s), and the amount certified up to the date of the consolidated financial statements is recorded as "Production executed pending certification". This heading is broken down by activity segments as follows:

	2023	2022
Construction	536,464	318,246
Environmental Services	342,076	284,998
Water	151,514	135,862
Real Estate	6,212	8,111
Other	503	386
TOTAL	**1,036,769**	**747,603**

The previous table mainly includes two concepts: On the one hand, completed work pending certification corresponding to the construction agreements carried out by the Group, mainly in the Construction segment, amounting to 554,475 thousand euros (333,215 thousand euros at 31 December 2022). The aforementioned balance mainly includes the differences between the production executed, valued at selling price, and the certification carried out to date in accordance with the contract in force, amounting to 527,440 thousand euros (286,954 thousand at 31 December 2022), i.e. production recognised according to the degree of progress arising from differences between the time at which the production of the work, covered by the contract signed with the customer and approved by the latter, is executed and the time at which the latter proceeds to its certification.

It also includes services rendered mainly in the Environment and Water activities which are invoiced more frequently than monthly, basically corresponding to work carried out in the normal course of business amounting to 377,866 thousand euros (325,510 thousand euros at 31 December 2022).

The amount of the transfer of customer loans to financial institutions without the possibility of recourse against the Group companies in the event of default amounts to 6,793 thousand euros at year-end (2,094 thousand euros at 31 December 2022). The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales".

b) Other receivables

The breakdown of the "Other receivables" at 31 December 2023 and 2022 was as follows:

	2023	2022
Public Administrations - VAT receivable (Note 23)	143,260	103,972
Public Administrations - Other taxes payable (Note 23)	79,683	63,762
Other loans	97,176	131,930
Advances and credits to staff	3,206	2,271
Total other receivables	**323,325**	**301,935**

c) Other current assets

This heading mainly includes amounts paid by the Group in relation to certain agreements for the provision of services, which have not yet been recognised as expenses in the accompanying income statement as they had not yet been accrued at the end of these financial statements.

16. CASH AND CASH EQUIVALENTS

This item includes the Group's cash and cash equivalents, as well as bank deposits and deposits with an original maturity of three months or less. These balances were remunerated at market interest rates in both 2023 and 2022.

The breakdown by currency of the cash and cash equivalents position for 2023 and 2012 is as follows:

	2023	2022
Euro	732,399	590,950
United States dollar	290,251	276,303
Pound sterling	216,975	245,211
Saudi riyal	111,465	199,037
Romanian leu	61,559	21,734
Canadian dollar	45,395	8,089
Algerian dinar	24,915	14,845
Czech koruna	14,582	20,797
Georgian lari	659	12,635
Other European currencies	39,241	29,722
Latin America (various currencies)	52,298	132,109
Other	19,964	24,106
Total	**1,609,703**	**1,575,538**

Under certain financing agreements, especially project finance, there is an obligation to hold minimum amounts as security for obligations under such agreements amounting to 231,1 million euros (242 million euros in 2022).

17. EQUITY

The accompanying Statement of Changes in Total Equity at 31 December 2023 and 2022 shows the evolution of equity attributed to the shareholders of the Parent and non-controlling interests in the respective years.

The Ordinary General Shareholders' Meeting held on 14 June 2023, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 3.725.383 euros, through the redemption of up to 3,725,383 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2023 after the General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the definitive amount established of 3,521,417 shares, bringing the share capital to 434,823,566 shares with a nominal value of one euro. On June 27, 2023, the public deed of the aforementioned capital reduction was registered in the Barcelona Mercantile Registry.

The capital reduction for the sum of 3,521 thousand euros meant a decrease in the balance of treasury stock in the amount of 34,304 thousand euros, taking the difference for the sum of 30,783 thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 3,521 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

Furthermore, the aforementioned Ordinary General Shareholders Meeting held on 14 June 2023, agreed to the distribution of a flexible dividend (scrip dividend), and the Board of Directors, at its meeting on 28 June 2023, agreed to execute the agreement, for the maximum value of 219,172,491.50 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: the sale of rights to FCC for EUR 0.50, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 19 old shares, with a remuneration mechanism set up for shareholders who chose to receive new shares with a compensatory dividend in cash.

On 17 July 2023, the negotiation period for the allocation rights ended, with the holders of 99.18% of rights opting to receive new shares. Thus, 22,697,739 new shares were issued, corresponding to 5.22% of the share capital prior to the increase. In turn, the compensation mechanism set out above entailed the disbursement of 17,669 thousand euros by the Group. The remaining 0.82% chose to receive the sum in cash, resulting in an additional cash outflow for the Group of EUR 1,783 thousand.

Furthermore, the Extraordinary General Shareholders Meeting held on 19 July 2023 adopted resolutions including but not limited to the following:

- Reduction of the share capital by a nominal amount of 854,234.00 euros through the redemption of a maximum of 854,234 treasury shares with a nominal value of one euro.

  The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal amount established of 854,234 shares, bringing the share capital to 456,667,071 shares with a nominal value of one euro. On 25 July 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

  The capital reduction for the sum of 854 thousand euros meant a decrease in the balance of treasury stock in the amount of 7,282 thousand euros, taking the difference for the sum of 6,428

thousand euros to voluntary reserves as well as making the mandatory provision of a restricted reserve for amortised capital for the sum of 854 thousand euros, equal to the nominal value of the amortised shares, charged to voluntary reserves.

- The reduction in share capital through the acquisition of treasury stock for subsequent amortisation through a takeover bid formulated by the Company and addressed to its shareholders for a maximum of 32,067,600 treasury shares, with a nominal value of one euro each, representing 7.01% of the company's share capital, at a price of 12.50 euros per share.

  The Board of Directors, at its meeting on 19 July 2023 after the Extraordinary General Shareholders' Meeting, decided to proceed with the agreement for the distribution of the reduction of share capital through the redemption of treasury stock for the nominal maximum amount of 30,027,600.00 euros, under the terms agreed thereby. Specifically, the Board of Directors determined that the formulation of the takeover bid would be made after the end of the opposition period of the creditors of the capital reduction, which ended on 21 August 2023, without any of the Company's creditors having opposed this reduction.

  On 25 October 2023, the National Securities Market Commission (CNMV) authorised the takeover bid. The acceptance period was extended from 30 October 2023 to 30 November 2023, both inclusive.

  On 6 December 2023, the result of the takeover bid was announced, accepted by 20,560,154 shares, accounting for 64.20% of the shares to which the bid was aimed and 4.50% of the share capital in the Company. The disbursement made amounted to 257,002 thousand euros. On 19 December 2023, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

  The capital reduction of 20,560 thousand euros led to a decrease in the balance of treasury stock for the sum of 257,002 thousand euros, taking the difference of 237,271 thousand euros to voluntary reserves, net of costs inherent to the operation.

In relation to 2022, the Ordinary General Shareholders' Meeting held on 14 June 2022, agreed to the distribution of a scrip dividend for the maximum value of 170,069,454.40 euros. Shareholders received the corresponding allocation rights and were able to choose between three options: sale of rights to FCC for 0.40 euros, transfer of the rights on the market or to refrain from transferring them and receiving new shares released. The exchange ratio was set at one new share for every 28 old shares. Shareholders who chose this option also received a compensatory cash dividend of 0.493 euros for each new bonus share received, to make this financially equivalent to transferring their rights to the company.

On 4 July 2022, the negotiation period for the allocation rights ended, with the holders of 97.94% of rights opting to receive new shares. As such, 14,871,347 new shares corresponding to 3.50% of the capital stock prior to the increase were issued, resulting in the disbursement of a compensatory dividend, as well as the rights acquired by the Company for the sum of 10,783 thousand euros.

The Ordinary General Shareholders' Meeting held on 14 June 2022, approved the reduction of the share capital of Fomento de Construcciones y Contratas, S.A. by a maximum nominal amount of 1.700.000 euros, through the redemption of up to 1,700,000 treasury shares with a nominal value of one euro.

The Board of Directors, at its meeting on 14 June 2022 after the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A., decided to proceed with the agreement for the reduction of share capital through the redemption of treasury stock for the maximum amount established by the

General Shareholders' Meeting, i.e. 1,700,000 shares, bringing the share capital to 438,344,983 shares with a nominal value of one euro. On 18 July 2022, the public deed for the aforementioned reduction in capital was registered in the Mercantile Registry of Barcelona.

The capital reduction of 1,700 thousand euros led to a decrease in the balance of treasury stock for the sum of 17,910 thousand euros, taking the difference of 16,210 thousand euros to voluntary reserves. Having also constituted the restricted reserve for redeemed capital as required for an amount of 1,700 thousand euros, equal to the nominal value of the redeemed shares, charged to voluntary reserves.

In October, the sale of 24.99% of the capital in FCC Servicios Medio Ambiente Holding, S.A. to Canadian pension fund, CPP Investments was completed for the sum of 965,000 thousand euros (note 4). This sale was considered an equity transaction and as a result, had no impact on the accompanying consolidated statement of profit and loss. This transaction resulted in an increase in consolidation reserves of 693,864 thousand euros, an increase in valuation adjustments of EUR 18,723 thousand and an increase in non-controlling interests of EUR 241,310 thousand.

In December 2023, FCyC, S.A. acquired an additional stake in Realia Business, S.A., for the sum of 105,000 thousand euros (note 4). Given that, before the purchase, the Group already held control over the company, the difference between the purchase price and the book value of the acquired non-controlling interests generated an increase in the consolidation reserves of 33,412 thousand euros, a decrease of in non-controlling interests of 139,047 thousand euros and an increase in valuation adjustments of 635 thousand euros.

Since December 2023, Metrovacesa, S.A., which has previously been considered a financial asset at fair value charged to reserves, is now consolidated under the equity method having achieved significant influence over the company (notes 4, 11, 26, 13 and 30). During 2023, given the change in the fair value of the financial asset, there was an increase in revaluation reserves, which, when consolidated under the equity method, have been transferred to consolidation reserves along with the amount accumulated from 2022, resulting in an increase in consolidation reserves in the FCC Group for the sum of 46,663 thousand euros.

On 2 February 2022, FCC Aqualia, S.A. acquired a 65% stake in the Georgia Global Utilities Group, which, following the spin-off of the energy activity, represented 80% of the public water services business (note 4). FCC Aqualia, S.A. holds a put option and a call option for the 20% stake held by the non-controlling interest in the public water services business. This put option was recognised as a financial liability at fair value (note 19) rather than as an equity instrument, meaning that the non-controlling interests are not recognised for the interest affected by the put option. The difference between the fair value of the put option and the value that the non-controlling interests would hold on the closing date in the absence of the put option, is booked as an equity transaction and is charged to reserves, as at 31 December 2022; this difference came to 1,961 thousand euros. At 31 December 2023, the allocation to reserves in relation to the inclusion in accounts of the put option was worth 913 thousand euros.

The rest of the "Other changes in equity" in the attached Statement of Total Changes in Equity basically includes the distribution of the results obtained by the Group in the previous year.

I. Equity attributable to the Parent

a) Capital

The capital of Fomento de Construcciones y Contratas, S,A. comprises 436,106,917 ordinary shares represented through book entries with a par value of 1 euro each.

All shares are fully subscribed and paid and carry the same rights.

The securities representing the capital stock of Fomento de Construcciones y Contratas, S.A. are admitted to official listing on the four Spanish stock exchanges (Madrid, Barcelona, Bilbao and Valencia) via Spain's Continuous Market.

In relation to the part of the capital held by other companies, directly or through their subsidiaries, when it exceeds 10%, on the reporting date, Control Empresarial de Capitales, S.A. de C.V., controlled by the Slim family, holds directly and indirectly, at the date of preparation of these accounts, 69.58%. Furthermore, Finver Inversiones 2020, S.L.U., 100% owned by Inmobiliaria AEG, S.A. de C.V., which in turn is controlled by Carlos Slim Helú, has a 11.91% holding. Finally, the company Nueva Samede Inversiones 2016, S.L.U. has a direct holding of 3.18% of the capital. Esther Koplowitz Romero de Juseu also holds 151,102 direct shares in Fomento de Construcciones y Contratas, S.A.

b) Accumulated earnings and other reserves

The composition of this heading of the accompanying consolidated balance sheet as at 31 December 2023 and 2022 is as follows:

	2023	2022
Reserves of the Parent	1,628,926	1,899,802
Consolidation reserves	1,833,955	789,659
	3,462,881	**2,689,461**

b.1) Reserves of the Parent Company

This corresponds to the series of reserves set up by Fomento de Construcciones y Contratas, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions.

The breakdown at 31 December 2023 and 2022 is as follows:

	2023	2022
Share premium	1,673,477	1,673,477
Legal reserve	87,669	85,035
Reserve for redeemed capital	12,110	7,734
Voluntary reserves and losses from previous years	(144,330)	133,556
	1,628,926	**1,899,802**

The decrease in voluntary reserves and prior years' losses in 2023 can mainly be attributed to the impact of the reduction in share capital following the acquisition of capital stock as part of a takeover bid discussed above for the sum of 237,271 thousand euros.

Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the issue premium

account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

Legal reserve

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to shareholders except in the event of liquidation.

The legal reserve may be used to increase capital provided that the remaining reserve balance is greater than 10% of the increased capital.

Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

At 31 December 2023, the legal reserve was fully constituted.

Reserve for redeemed capital

This reserve includes the nominal value of the amortised treasury shares in 2002, 2008, 2022 and 2023 charged to available reserves, in accordance with the provisions of article 335.c of the Spanish Corporate Enterprises Act. The reserve for amortised capital is unavailable, other than with the same requirements as for capital reduction.

Voluntary reserves

Reserves for which there is no type of limitation or restriction on their availability, freely constituted through profits and capital gains of the Parent Company once the distribution of dividends has been applied and the provision to legal reserve or other unavailable reserves in accordance with the current legislation.

b.2) Consolidation reserves

This heading of the accompanying consolidated balance sheet includes the consolidated reserves generated in each of the areas of activity. Also, in accordance with IFRS 10 "Consolidated financial statements", those derived from changes in the shareholding of Group companies are included as long as control is maintained, for the difference between the amount of the purchase or additional sale and the book amount of the interest. Meanwhile, in accordance with IAS 19 "Employee benefits", this section includes the actuarial profit and loss of pension plans and other social security benefits. The breakdown of this item as at 31 December 2023 and 2022 is as follows:

	2023	2022
Environment	421,481	438,822
Water	270,729	218,512
Construction	49,765	60,696
Cement	37,591	38,456
Real Estate	363,236	197,546
Concessions	269	(15,891)
Corporation	690,884	(148,482)
	1,833,955	**789,659**

The increase in reserves in the Real Estate activity can mainly be attributed to the distribution of the profit in 2022 (note 27), in addition to the impact of the additional purchase of Realia Business, S.A. for the sum of 33,412 thousand euros and the consolidation of Metrovacesa, S.A. under the equity method for the sum of 46,663 thousand euros, as discussed previously in this note. This is in addition to the increase in Corporation as a result of the sale of 24.99% in FCC Servicios Medio Ambiente Holding, S.A. for the sum of 877,176 thousand euros, as this represents an equity transaction.

c) Shares and equity interests

This heading includes the Parent Company shares owned by this or other Group companies valued at the cost of acquisition.

The Board of Directors and the subsidiaries are authorised by the General Shareholders' Meeting of Fomento de Construcciones y Contratas, S.A. to buy back treasury shares within the limits and pursuant to the requirements set out in Article 144 et seq. of the Capital Companies Law.

The movement and balance of treasury shares at 31 December are set out below:

Balance at 31 December 2021	**(26,674)**
Acquisitions	(18,500)
Accumulated	17,910
Balance at 31 December 2022	**(27,264)**
Acquisitions	(271,734)
Accumulated	298,588
Balance at 31 December 2023	**(410)**

	2023		2022	
	Number of shares	Amount	Number of shares	Amount
Fomento de Construcciones y Contratas, S.A.	44,957	(410)	2,741,524	(27,264)
TOTAL	**44,957**	**(410)**	**2,741,524**	**(27,264)**

As at 31 December 2023, the shares of the Parent Company, owned by it or by subsidiaries, represent 0.01% of the capital stock (0.63% as at 31 December 2022).

d) Valuation adjustments

The breakdown of this accompanying consolidated heading at 31 December 2023 and 2022 was as follows:

	2023	2022
Changes in the fair value of financial instruments	44,630	63,271
Translation differences	(84,129)	(91,113)
	(39,499)	**(27,842)**

d.1) Changes in the fair value of financial instruments:

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (Note 13) and of cash flow hedging derivatives (Note 22) are included in this heading.

The breakdown of the adjustments due to a change in the fair value of the financial instruments as at 31 December 2023 and 2022 is as follows:

	2023		2022	
Financial assets at fair value with changes in other comprehensive income		6,060		13,049
Vertederos de Residuos, S.A.	6,060		9,532	
Metrovacesa, S.A.	-		3,408	
Rest	-		109	
Financial derivatives		38,570		50,222
Future Valleys Project Co. Limited	29,744		32,776	
Green Recovery Group	5,777		10,756	
Grupo Realia Business	2,457		4,590	
Rest	592		2,100	
		44,630		**63,271**

The decrease in Financial derivatives mainly reflects the decrease in the fair value of variable interest rate to fixed rate swaps given the expectation of interest rate cuts in the coming years (note 13).

d.2) Translation differences

The detail of the amounts included under this heading for each of the most significant companies at 31 December 2023 and 2022 is as follows:

	2023		2022	
Pound sterling				
FCC Environment Group (UK)	(32,183)		(44,520)	
Green Recovery Group	(44,415)		(53,934)	
Dragon Alfa Cement Limited	(3,482)		(3,084)	
Rest	(1,724)	(81,804)	(18,935)	(120,473)
US dollar				
FCC Environmental Services (USA) Llc.	4,549		9,269	
FCC Group Construcción de América	5,522		5,756	
Giant Cement Holding, Inc.	(5,492)		(303)	
Rest	5,160	9,739	11,639	26,361
Georgian lari				
Georgia Global Utilities Group	14,282	14,282	39,536	39,536
Egyptian pound				
Orasqualia Devel. Waste T.P. S.A.E.	(9,717)		(8,477)	
Egypt Environmental Services, S.A.E.	(4,069)		(7,105)	
Rest	(1,149)	(14,935)	(851)	(16,433)
Tunisian dinar				
Societé des Ciments d'Enfidha	(27,625)		(26,842)	
Rest	(44)	(27,669)	(45)	(26,887)
Other Currencies				
Rest	16,258	16,258	6,783	6,783
		(84,129)		**(91,113)**

The variation during the year can mainly be attributed to the impact of the sale of 24.99% of Environment activity, with the corresponding 24.99% of the amount at the date of sale having been attributed to non-controlling interests (note 4).

The net investment before deducting non-controlling interests in currencies other than the euro (converted to euros in accordance with note 3.k), grouped by geographic markets is as follows:

	2023	2022
United Kingdom	459,027	470,424
United States of America	364,872	268,675
Georgia	245,333	225,189
Algeria	165,769	175,107
Mexico	162,554	145,712
Czech Republic	107,286	95,585
Rest	367,723	301,439
	1,872,564	**1,682,131**

e) Earnings per share

Basic earnings per share are obtained by dividing the profit attributable to the parent company by the weighted average number of ordinary shares outstanding during the year, with earnings per share of €1.32 in 2023 (€0.73 in 2022).

	2023	2022
Profit/(loss)		
Profit/(loss) attributed to the Parent	590,988	315,182
Outstanding shares		
Weighted average shares	447,956,883	429,496,657
Earnings per share (in euros)	**1.32**	**0.73**

As at 31 December 2023 the Group has not issued any kind of instruments that can be converted to shares, so the diluted earnings per share coincide with the basic earnings per share.

II. Non-controlling interests

The balance of this heading in the accompanying consolidated balance sheet reflects the proportional part of the equity and the profit or loss for the year after tax of those companies in which the Group's non-controlling shareholders have ownership interests.

The breakdown of the balance of non-controlling interests of the main companies at the close of 2023 and 2022 is as follows:

	Equity			
	Capital	Reserves	Results	Total
2023				
FCyC Group (note 4)	11,132	699,005	40,192	750,329
FCC Aqualia Group	71,050	438,212	72,811	582,073
FCC Servicios MA Holding Group (note 4)	2,499	317,954	37,163	357,616
Cementos Portland Valderrivas Group	1,139	11,266	2,748	15,153
Other	6,870	(17,089)	908	(9,311)
	92,690	**1,449,348**	**153,822**	**1,695,860**

	Equity			
	Capital	Reserves	Results	Total
2022				
FCyC Group	11.132	821.788	48.457	881.377
FCC Aqualia Group	71.050	400.939	87.348	559.337
Green Recovery Group	5	58.927	18.129	77.061
Cementos Portland Valderrivas Group	1.162	14.972	(1,009)	15.125
Other	11,898	(3,510)	9,823	18,211
	95,247	**1,293,116**	**162,748**	**1,551,111**

The main variation in this heading is due to the addition of non-controlling interests generated by the sale of 24.99% of Environment activity for the sum of 241,310 thousand euros, partially offset by the decrease in non-controlling interests in Real Estate activity having acquired an additional holding in the Realia Business group, for the sum of 139,047 thousand euros (note 4).

18. NON-CURRENT AND CURRENT PROVISIONS

The detail of the provisions at 31 December 2023 and 2022 is as follows:

	2023		2022	
Non-current		**1,230,595**		**1,141,750**
Liabilities for long-term employee benefits	15,559		15,588	
Dismantling, removal and restoration of fixed assets	111,330		108,804	
Environmental actions	316,677		312,794	
Litigation	40,203		53,906	
Contractual and legal guarantees and obligations	91,874		77,191	
Actions to improve or expand the capacity of concessions	318,436		268,179	
Other provisions for risks and expenses	336,516		305,288	
Current		**159,610**		**148,074**
Close-outs and losses on construction contracts	135,402		125,075	
Other provisions	24,208		22,999	

The changes in the provisions heading in 2023 and 2022 were as follows:

	Non-current provisions	Current provisions
Balance at 31/12/2021	**1,167,340**	**147,874**
Asset withdrawal or dismantling expenses	14.213	-
Change of obligations for employee benefits for actuarial profits and losses	(3,854)	-
Actions to improve or expand the capacity of concessions	45.387	-
Endowments/(Reversals)	34.366	3.575
Applications (payments)	(127,505)	(7,012)
Change of scope, conversion differences and other movements	11,803	3,637
Balance at 31/12/2022	**1,141,750**	**148,074**
Asset withdrawal or dismantling expenses	11,259	-
Change of obligations for employee benefits for actuarial profits and losses	5,423	-
Actions to improve or expand the capacity of concessions	84,127	-
Endowments/(Reversals)	107,263	19,438
Applications (payments)	(138,617)	(9,822)
Change of scope, conversion differences and other movements	19,390	1,920
Balance at 31/12/2023	**1,230,595**	**159,610**

Within the "allocations (reversals)" item, the allocations for environmental actions for 29,101 thousand

euros (52,392 thousand euros as at 31 December 2022) are noteworthy, as well as provisions for contractual or legal guarantees or bonds for 16,541 thousand euros (3,771 thousand euros as at December 2022). This also includes provisions for improvements, replacements, capacity expansions or major repairs at concessions for the sum of 18,891 thousand euros (16,671 thousand euros as at December 2022), as well as provisions of 20,231 thousand euros (reversal of 8,511 thousand euros at December 2022) for risks in works related to Construction activity, mainly internationally. In 2022, there was also a reversal of 17,889 thousand euros for the 2015-2017 tax inspection report (note 23), as well as 16,492 thousand euros for the reversal of provisions for liabilities in the Water activity.

The item "Applications (payments)" includes €3,413 thousand (€13,098 thousand at 31 December 2022) for the application of provisions for risks and expenses related to construction work in the Construction business. Also included are payments of 29,049 thousand euros (22,018 thousand euros at 31 December 2022), and 10,190 thousand euros (16,576 thousand euros at 31 December 2022) for environmental actions, and for replacement and major repair actions on concessions, respectively. The above movements have an impact on the heading "Other adjustments to profit/(loss) (net) in the consolidated cash flow statement. Additionally, €58,114 thousand (€35,697 thousand at 31 December 2022) and €12,220 thousand (€11,201 thousand at 31 December 2022) are included for actions to improve or expand capabilities in concessions, and provisions for decommissioning and retirement of fixed assets, respectively. These amounts have an impact on the consolidated statement of cash flows under "Payments for investment in property, plant and equipment, intangible assets and investment property".

The movement in current provisions is mainly due to construction losses in the Construction business.

The provisions shown in the accompanying consolidated balance sheet are considered to cover the liabilities that may arise in the course of the Group's various activities.

The schedule of expected payments at 31 December 2023, as a result of the obligations covered by non-current provisions, is as follows:

	Up to 5 years	Beyond 5 years	Total
Liabilities for long-term employee benefits	6,299	9,260	15,559
Dismantling, removal and restoration of fixed assets	62,990	48,340	111,330
Environmental actions	61,185	255,492	316,677
Litigation	31,886	8,317	40,203
Contractual and legal guarantees and obligations	66,575	25,299	91,874
Actions to improve or expand the capacity of concessions	174,635	143,801	318,436
Other provisions for risks and expenses	201,588	134,928	336,516
	605,158	**625,437**	**1,230,595**

Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance, as indicated in note 24.

Dismantling, removal and restoration of fixed and non-current assets

The "Expenses for the withdrawal or dismantling of assets" item includes the counterpart of the highest asset value corresponding to the updated value of the expenses that will be incurred at the time the

asset stops being used.

Actions to improve or expand the capacity in concessions

The "Actions to improve or expand the capacity of concessions" item includes both the counterpart of the highest value of fixed and non-current assets corresponding to the updated value of the actions on the infrastructure that the concessionaire will carry out during the concession period for improvements and capacity expansion, as well as the cost of future replacement actions or major repairs in concessions of the intangible model.

Environmental actions

The FCC Group develops an environmental policy based not only on strict compliance with current legislation on the improvement and protection of the environment, but also through the establishment of preventive planning and analysis and minimisation of the environmental impact of the activities the Group carries out.

The Management of the FCC Group considers that the contingencies relating to the protection and improvement of the environment at 31 December 2023, would not have a significant impact on the accompanying consolidated financial statements, which include provisions to cover the probable environmental risks that may arise.

Note 28 to these notes to the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

Provisions for lawsuits

Provisions for litigation cover the contingencies of the FCC Group companies acting as defendants in certain proceedings in relation to the liability inherent to the business activities carried on by them. Any litigation, which may be significant in number according to estimates made on its final outcome, is not expected to have an impact on the Group's equity.

Contractual and legal guarantees and obligations

This heading includes the provisions to cover the expenses arising from contractual and legal obligations of a non-environmental nature.

Provision for settlement and loss of works

This corresponds to budgeted construction losses in accordance with the assessment principles set out in note 3.v), and also to the expenses incurred on construction work after completion until final settlement, systematically determined on the basis of a percentage of the production value throughout the execution of the work in accordance with experience in the construction activity.

Other provisions for risks and expenses

This heading includes the concepts not included in the previous accounts.

The value of Other provisions for risks and expenses include various risks associated with the Group's activity, which, in the normal course of its business, is exposed to claims that mainly entail construction defects or disputes in relation to the services provided for the sum of 158,328 thousand euros (132,145 thousand euros at December 2022). Part of these risks are covered by insurance contracts and the corresponding provision is provided for uninsured amounts.

This item also includes provisions related to Alpine for the sum of €11,010 thousand.

It also includes provisions resulting from recognising additional losses above the initial value of the investment in associates after incurring legal or constructive obligations in relation to the investment in the associate, amounting to €49,215 thousand (December 2022: €45,591 thousand), the remaining provisions being of lesser significance and related to the normal operation of the Group.

In relation to the winding up of the Alpine Group, 2023 saw no significant changes in terms of the amount reported in the Group's 2022 Financial Statements.

In 2006, the FCC Group acquired an absolute majority in Alpine Holding GmbH, hereinafter AH, and thereby, indirectly in its operating subsidiary company, Alpine Bau GmbH, hereinafter AB. Seven years later, on 19 June 2013, AB filed for insolvency before the Commercial Court of Vienna, but after the unfeasibility of the reorganisation proposal was established, the insolvency administrator filed for, and the court decreed, the bankruptcy, closure and liquidation of the company. On 25 June 2013, the liquidation of the company was commenced. As a consequence of the bankruptcy of AB, its parent company, AH filed for bankruptcy before the Commercial Court on 2 July 2013, which declared the bankruptcy and liquidation of AH.

As a result of both bankruptcies, FCC Construcción, S.A. loses control over the Alpine Group, interrupting its consolidation.

As of the date of these consolidated financial statements, the insolvency administrators have reported recognised liabilities of approximately €1,669 million at AB and €550 million at AH in the respective liquidation proceedings. The share of the bankrupt estate in AB currently amounts to 15% whereas for AH's bankruptcy, the bankruptcy administrator has not been able to estimate and determine the share.

Ten years after the bankruptcy of both companies and having definitively closed the criminal proceedings, won proceedings brought by bondholders and settled a backdating action, two proceedings brought by the insolvency administrators against Fomento de Construcciones y Contratas, S.A. and FCC Construcción S.A. are still pending, in addition to other proceedings against auditors, former directors and banks involved in the acquisition of bonds issued by AH in 2010, 2011 and 2012 and admitted to trading on the Luxembourg and Vienna stock exchanges for a combined nominal value of 290 million euros.

During the refinancing of the Alpine Group between October 2012 and June 2013, FCC Construcción, S.A. provided corporate guarantees to enable AB and a selection of its operating subsidiary companies to bid for and/or be awarded construction work. As at 31 December 2023, the provision for this item amounted to 11,010 thousand euros.

Between the bankruptcy of AH and AB and the date on which these financial statements were issued, a number of proceedings were instigated against the Group and directors of AH and AB. At 31 December 2023, and as far as FCC could be directly or indirectly affected, two commercial proceedings and one labour proceeding are still in progress:

- In April 2015, the bankruptcy administrator of Alpine Holding GmbH filed a claim for 186 million euros against FCC Construcción, S.A. and other ex-executive of AB, considering that these parties should compensate Alpine Holding GmbH for the amounts collected through two bond issues in 2011 and 2012 that were presumably provided by this company for its subsidiary, Alpine Bau GmbH, without the necessary guarantees and complying with a "mandate-order" from FCC Construcción S.A. On 31 July 2018, the ruling dismissing the claim was handed down and the claimant ordered to pay the costs. Having filed appeals and cassation appeals for procedural infringement, in April 2020, the Austrian Supreme Court declared the need to return the Orders to the Court of Instance so that the testimonial evidence could be practised in person before the Judge of First Instance. Such testimonial statements took place in June 2021 and, in light of the mandate contained in the Supreme Court Judgment, the judge has yet to decide whether to consider the procedure closed or whether to agree to the practice of the expert evidence requested by the bankruptcy trustee AH. On 7 June 2023, the judge ruled that he was ready to pass sentence.

- In April 2017, a Group company, Asesoría Financiera y de Gestión S.A. was notified of a suit in which an AB bankruptcy administrator made a joint and several claim against the former finance director of Alpine Bau GmbH and against Asesoría Financiera y de Gestión S.A. for the payment of 19 million euros for the alleged violation of corporate and bankruptcy law, considering that Alpine Bau GmbH, on making a deposit at Asesoría Financiera y de Gestión S.A., allegedly made payments charged against equity, considered to be a capital refund, and therefore prohibited by law. The proceedings are still at the evidentiary phase, the court expert having issued his report according to which the deposit and the factoring transactions between subsidiary companies of AB and Asesoría Financiera y de Gestión S.A. would not have caused any loss to AB. Given the multiplicity of allegations made by the bankruptcy administrator, the judge is weighing the request for a complementary expert report. On 16 November 2023, a hearing was held at which the legal expert was questioned about various matters in relation to his report through different instruments submitted by the parties. The same day, the judge declared that no further instruments or proposed evidence would be admitted and that he would adopt a decision to be communicated in writing.

Also in April 2017, a former FCC employee and former executive at AH and AB was notified of a claim filed by the insolvency administrator of Alpine Bau GmbH in the Social Claims Court for 72 million euros. The claimant argues that this amount represents the damage to the bankruptcy estate caused by the alleged delay in initiating insolvency proceedings. In the event that the insolvency administrator's claim is successful and a final judgement is handed down, the subsidiary liability of the FCC Group could be raised in a remote case due to the explanation contained in note 25 on contingent liabilities.

In terms of these disputes, the FCC Group and its legal advisors do not consider it very probable there will be any future outflows of cash prior to the issuance of these financial statements; therefore, no additional provisions have been set aside, as the Group believes that they represent contingent liabilities (note 25).

19. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The general policy of the FCC Group is to provide all companies with the most adequate financing for the normal development of their activity.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (Note 22).

In certain financings, and especially in structured financing without recourse, the funder includes a contractual clause stating that there must be some type of interest rate coverage, studying the best hedging instrument according to the profile of the cash flows presented by the project, as well as the debt repayment schedule.

a) Non-current and current obligations and loans

The breakdown of the issues of current obligations and loans is as follows:

	Non-current	Current	Total
2023			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.	1,096,115	229,044	1,325,159
Green Recovery Group	114,755	7,486	122,241
	1,860,879	**246,221**	**2,107,100**
2022			
FCC Aqualia, S.A.	650,009	9,691	659,700
FCC Servicios Medio Ambiente Holding, S.A.	498,361	733,795	1,232,156
Fomento de Construcciones y Contratas, S.A.	-	23.200	23.200
Green Recovery Group	119,214	6,477	125,691
	1,267,584	**773,163**	**2,040,747**

The details of the non-current and current obligations and loans formalised by the Group are detailed below:

- On 8 June 2017, FCC Aqualia, S.A. successfully completed two simple bond issues. one in the amount of 700 million euros, annual remuneration of 1.413% and maturing in 2022, repaid in advance on 19 April 2022. The second in the amount of 650 million euros with an annual remuneration of 2.629% and maturing in 2027.

  The outstanding issue is subject to the following guarantees:

  - Pledge on 100% of the shares of Tratamiento Industrial de Aguas, S.A., Conservación y Sistemas, S.A., Sociedad Española de Aguas Filtradas, S.A., Depurplan 11, S.A. and Aigues de Vallirana, S.A. Unipersonal, and 97% of the shares of Entemanser, SA.
  - Pledge on 100% of the shareholdings of Infraestructura y Distribución General del Agua, S.L., Empresa Gestora de Aguas Linenses, S.L., Aguas de las Galeras, S.L., Hidrotec Tecnología del Agua, S.L. and on 51% of Aqualia Czech, S.L.

- Pledge on 99.56% of the shares of Acque di Caltanisseta S.p.A. and on 100% of the shares of Aqualia Mexico, S.A. de C.V.
- Pledge on the collection rights over certain accounts.

The issuance and circulation of both bonds took place on 8 June 2017, being admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, and with an investment grade rating from the Fitch and S&P rating agencies. The rating of the outstanding bond was ratified by Fitch on 8 February 2023 as BBB and by S&P on 21 April 2023 as BBB⁻.

The balance at 31 December 2023 shown for this item amounts to €659,700 thousand (€659,700 thousand in 2022), including €9,691 thousand for accrued and unpaid interest (€9,691 thousand in 2022).

At 31 December 2022, the 650 million euro bond was listed at 97.97%.

- On 4 December 2019, FCC Servicios Medioambiente Holding S.A., successfully completed two simple bond issues. One amounting to 600 million euros paying annual interest of 0.815% and maturing in 2023; and the second for the amount of 500 million euros, paying annual interest of 1.661% and maturing in 2026. The latter has the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

  The bond amounting to 600 million euros maturing on 4 December 2023 was repaid on that date using the funds generated from the issuance of a new bond, also for the amount of 600 million euros, paying annual interest of 5.25% and maturing in October 2029.

  Since their issuance, these bonds have been admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on 20 September 2023, with a stable outlook (BBB⁻), together with that of the bond's issuer, the parent company, FCC Servicios Medio Ambiente Holding.

  Both bonds were issued under the classification of Green Bonds in line with the GBP principles, which are reviewed and certified annually by independent organisations (SPOs).

  The balance at 31 December 2023 shown for this item amounts to €1,102,309 thousand (€1,098,656 thousand in 2022), including €6,194 thousand for accrued and unpaid interest (€1,210 thousand in 2022).

  At 31 December 2023, the new 600 million euro bond was listed at 107.49% and the 500 million euros bond was listed at 95.44%.

  Likewise, in July 2020 and renewed annually, FCC Servicios Medioambiente Holding SAU registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market (Euronext Dublin) in the amount of 400 million euros, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

  At 31 December 2023 the outstanding amount was €222,850 thousand distributed with an average maturity of 3.6 months (€133,500 thousand at 31 December 2022).

- Since November 2018, Fomento de Construcciones y Contratas, S.A. has had a Euro Commercial Paper Programme (ECP) registered on the Irish stock exchange (Euronext Dublin) for an amount of 600 million euros, which allows it to issue notes with maturities of between 1 and 364 days from the issue date, in order to meet the financial needs of the Group's parent company.

At 31 December 2023, there was no outstanding balance for this concept (23,200 thousand euros at 31 December 2022).

- In June 2018, FCC Medio Ambiente Reino Unido issued debt in the total amount of 145,000 thousand pounds sterling in two institutional tranches, both structured through the issuance of Private Placement bonds.

  One of the tranches for 135,000 thousand pounds with a fixed rate of 3.98% and the other tranche for 10,000 thousand pounds with a fixed rate of 4.145%, both due on 17 June 2038. 5,425 thousand pounds were repaid in 2023.

  The guarantees of this issue are detailed in section b).2. of this note.

  The balance at 31 December 2023 shown for this item amounts to 122,241 thousand euros (125,691 thousand euros in 2022).

b) Non-current and current bank borrowings

The breakdown at 31 December 2023 and 2022 is as follows:

	Non-current	Current	Total
2023			
Credits and loans	-	73	73
Debts without recourse to the parent	2,023,732	292,999	2,316,731
Debts with limited recourse for project financing:	359,991	33,134	393,125
FCC Medio Ambiente Reino Unido, S.A.U.	154,822	12,267	167,089
Sociedad Concesionaria Tranvía de Murcia, S.A.	97,604	4,073	101,677
Aquajerez, S.L.	39,401	5,341	44,742
Other	68,164	11,453	79,617
	2,383,723	**326,206**	**2,709,929**
2022			
Credits and loans	-	155.837	155.837
Debts without recourse to the parent	2.086.488	122.714	2.209.202
Debts with limited recourse for project financing:	385.330	27.980	413.310
FCC Medio Ambiente Reino Unido, S.A.U.	162.817	10.253	173.070
Sociedad Concesionaria Tranvía de Murcia, S.A.	101.661	3.237	104.898
Aquajerez, S.L.	44.065	5.006	49.071
Other	76.787	9,484	86,271
	2,471,818	**306,531**	**2,778,349**

The previous table shows three different Debt groups:

1. **Credits and loans.**

At 31 December 2023, this section mainly includes the financing facilities of FCC, S.A. in the form of credit facilities and bilateral loans signed for an amount of 215,000 thousand euros (425,000 thousand euros at 31 December 2022) with various financial institutions. At 31 December 2023, no balance was drawn down on these loans (154,564 thousand euros at 31 December 2022).

2. Debts without recourse to the parent.

This item mainly includes financing corresponding to the Real Estate, Water, Cement and Services areas.

- The Real Estate area includes the debt of the Realia group and Jezzine Uno S.L.U. for the sums of 475,082 and 297,759 thousand euros respectively.

  The Realia Group's debt comprises a syndicated loan signed by Realia Patrimonio S.L.U. and several bilateral financings signed by Hermanos Revilla, S.A.

  The syndicated loan was signed by Realia Patrimonio on 27 April 2017, for a total amount of 582,000 thousand euros, with partial maturities and final maturity in April 2024.

  On 27 April 2020, it entered into a non-extinguishing modifying novation of the aforementioned loan, extending the maturity until 27 April 2025 and renegotiating a reduction in the margin applicable to the reference rate for the calculation of interest and ratifying the current guarantees. As a consequence of this novation, the applicable interest rate is Euribor plus a variable margin based on the Loan to Value ratio.

  In addition, the aforementioned company entered into an interest rate swap agreement (IRS) for 70% of the outstanding balance of the loan to reduce the risk of interest rate fluctuations and their impact on cash flows associated with the hedged financing (note 22).

  This financing requires compliance with a series of financial ratios until maturity. At 31 December 2023, the Company is in compliance with the covenants.

  At 31 December 2023, the outstanding balance of this loan stood at 440,494 thousand euros (453,026 thousand at 31 December 2022), with accrued interest amounting to 4,156 thousand euros (2,313 thousand euros at 31 December 2022).

  In turn, Planigesa, S.A. is consolidated within the Realia group (following the absorption of Hermanos Revilla, S.A. in 2023), which at 31 December 2023 had granted credit facilities and loans with a limit of 60,000 thousand euros (61,000 thousand euros in 2022), of which the loans were fully drawn down for the sum of 36,000 thousand euros (46,000 thousand euros in 2022). The maturity of the bilateral loans will occur during 2024.

  Jezzine Uno S.L.U. has a loan agreement, entered into on 19 October 2021, amounting to 335,000 thousand euros, with partial maturities and final maturity on 19 October 2026. The interest rate applicable to this loan is a fixed market rate.

  At 31 December 2023, the outstanding balance of this loan stood at 298,000 thousand euros (316,500 thousand at 31 December 2022), with accrued interest amounting to 722 thousand euros (767 thousand euros at 31 December 2022).

- In the Water Area, the total value of debt in this section came to 1,187,819 thousand euros. Worth particular note is the syndicated loan taken out on 22 June 2022 by FCC Aqualia S.A. as part of the refinancing process undertaken.

  The value of the syndicated loan comes to 1.1 billion euros, originally maturing in three and having been extended for one further year in 2023, as permitted in the loan agreement.

  At 31 December 2023, the loan was fully drawn down and the balance shown for this item amounts to 1,097,458 thousand euros (1,096,839 euros thousand in 2022), including 1,346 thousand euros for accrued and unpaid interest (1,010 thousand euros in 2022).

  Also worth note is the bilateral financing taken out on 28 December 2023 by FCC Aqualia USA Corp. for the sum of 95,000 thousand US dollars, maturing in one year. The funds have been allocated to acquiring control over Municipal District Services, Llc. (note 4).

  This financing has been fully drawn down and its balance at 31 December 2023 amounts to 86,034 thousand euros, of which 61 thousand euros for accrued and unpaid interest.

- In the Cement area, the total value of debts with credit institutions came to 139,263 thousand euros at 31 December 2023 (163,586 thousand at 31 December 2022).

  This balance mainly corresponds to a subordinated financing agreement involving Cementos Portland Valderrivas, S.A. for the original amount of 80,000 thousand euros. This loan was partially repaid, renewed and amended in July 2020, July 2021, as well as in October 2022 and September 2023.

  On 20 October 2022, a new agreement was entered into extending the maturity of the loan to 20 October 2025 and changing the interest rate from a fixed rate to a variable Euribor 6M rate plus a market spread.

  Between January and September 2023, repayments were made for the sum of 35,000 thousand euros.

  On 21 September 2023, a new agreement was entered into increasing the principal by 35,000 thousand euros.

  In the final quarter of 2023, 30,000 thousand euros were repaid. At 31 December 2023, the outstanding balance of this loan amounts to 50,405 thousand euros (70,405 thousand euros at 31 December 2022).

  Cementos Portland Valderrivas, S.A. has also arranged two bilateral financing transactions for the sum of €25,000 thousand and €50,000 thousand, maturing in June 2026 and July 2024 respectively, bear interest at the Euribor rate plus a market spread.

  In 2023, a partial voluntary repayment of 5,000 thousand euros was made in relation to the 50,000-thousand euro financing, and on 3 October 2023, the extension of its maturity to July 2025 was formally arranged.

  At 31 December 2023, the outstanding balance of these loans amounted to 25,000 and 45,000 thousand euros (25,000 and 50,000 thousand euros at 31 December 2022).

In addition, in 2022 two credit facilities were arranged for a total amount of 25,000 thousand euros, the term of which has been extended by one year during 2023. At 31 December 2023, 11,031 thousand euros had been drawn down (11,277 thousand euros at 31 December 2022).

- The remainder of the debt in this section corresponds to debt from the Services area, mainly pertaining to the US subsidiary FCC Environmental Services LLC, from FCC Medio Ambiente S.A.U., from the FCC Environment CEE subgroup and from other investee companies in Spain.

  FCC Medio Ambiente S.A.U. had arranged credit facilities at 31 December 2023 for an amount of 270,000 thousand euros, of which 132,363 thousand euros had been drawn down at 31 December 2023 (from a total of 130,000 thousand euros, 48,645 thousand euros drawn down at 31 December 2022).
  In 2023, two long-term bilateral loans were taken out for a total amount of 150,000 thousand euros, which had not been drawn down as at 31 December 2023.

  The FCC Environment CEE Group has arranged 18,399 thousand euros in credit facilities, of which 1,840 thousand euros had been drawn as at 31 December 2023 (620 thousand euros drawn from the 19,711 thousand euros arranged at 31 December 2022).

3. Debts with limited recourse for project financing.

These include all financing secured solely by the project itself and its cash-generating capabilities, which will support the entire debt service payment, and which, under no circumstances, will be guaranteed by the parent company Fomento de Construcciones y Contratas, S.A. or any other FCC Group company.

- FCC Medio Ambiente Reino Unido. The FCC Environment (UK) Group currently has a revolving credit facility of 30,000 thousand pounds sterling undrawn at 31 December 2023 and maturing in October 2025.

  In 2018, FCC Energy Ltd, whose assets are the Eastcroft and Allington incinerators, issued 207,361 thousand pounds sterling of debt. This debt has a 20-year term (final maturity on 17 June 2038) and three different tranches, two institutional for an initial total amount of 145,000 thousand pounds sterling described in section a) of this note, and a commercial tranche of 62,361 thousand pounds sterling. The interest rate of the commercial tranche is a variable rate hedged with an exchange of interest that makes it fixed plus an upward margin of up to 2.75% during the life of the project.

  In total, 2,327 thousand pounds were repaid from commercial tranche in 2023.

  The FCC Energy Ltd financing, being project finance, includes the standard guarantees for this type of financing, such as the pledge of the company's shares and the rest of its assets, which include the companies that operate the two waste incineration plants.

  In October 2016, FCC (E&M) Ltd signed a 142 million pound contract to design, finance, build and operate the Millerhill Recycling and Energy Recovery Centre (RERC) in Midlothian, located on the outskirts of Edinburgh. The plant initially had two syndicated loans, a 75,713 thousand pounds sterling loan maturing in August 2042 and a 36,900 thousand pound loan maturing in May 2020. The margins on the loan maturing in 2042 range from 3% to 3.5%. Write-downs during 2023 amounting to 2,638 thousand pounds have been made. At the end of 2023 the outstanding debt to be repaid is 65,755 thousand pounds sterling.

  As a result of the foregoing, at 31 December 2023, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., relate to FCC Energy Ltd. and 52,679 thousand euros (54,148

thousand euros at 31 December 2022) relate to FCC E&M&M (Edinburgh), affiliate of FCC Environment Developments Ltd., 73.944 thousand euros (75.360 thousand as at 31 december 2022); (Edinburgh), an investee of FCC Environment Developments Ltd,; the remaining debt with limited recourse for project financing, up to a total amount of 167,089 thousand euros, corresponds to the debt of other companies that make up the FCC Group in the United Kingdom.

- Sociedad Concesionaria Tranvía de Murcia, S.A. As explained in note 4, during 2022, the FCC Group assumed control of this company, incorporating 104,898 thousand euros of debt with credit institutions as at 31 December 2022.

  This financing corresponds to a syndicated loan arranged in February 2018, with six-monthly repayments maturing on 30 June 2037. At 31 December 2023, the sum of this debt came to 101,677 thousand euros.

- The financing of Aquajerez, S.L. was signed in 2016 and amounted to 40,000 thousand, for a term of 15 years with half-yearly repayments from January 2017. During 2019, FCC Aqualia, S.A., which already held 51% of this company, acquired the remaining 49% and proceeded to extend the initial loan to 65,000 thousand euros. At 31 December 2023 the amount of this debt is 44,742 thousand euros (49,071 thousand euros in 2022).

- "Rest of Debts with limited recourse for project financing" includes companies with project financing from the Water areas: Aquos El Realito, S.A. de C.V. with 41,162 thousand and Servicios Medioambientales, Gipuzkoa Ingurumena Bi, S.A. with 21,108 thousand euros.

As at 31 December 2023 there have been no breaches of financial ratios associated with project financing debts, and they are not expected to be defaulted during 2024.

The guarantees granted on these loans are real and are based on the financed assets that repay the debt with own flows, without additional guarantees granted by the Parent to pledge the shares in the vehicle companies that own the aforementioned financial assets that may have been granted.

The breakdown of the debts with credit institutions by currency and amounts available at 31 December 2023 and 2022 is as follows:

	Euros	US dollars	Pounds Sterling	Other	Total
2023					
Credits and loans	73	-	-	-	73
Debt without recourse to the parent	2,150,117	154,629	-	11,985	2,316,731
Debts with limited recourse for project financing	177,388	-	167,089	48,648	393,125
	2,327,578	**154,629**	**167,089**	**60,633**	**2,709,929**
2022					
Credits and loans	155,837	-	-	-	155.837
Debt without recourse to the parent	2.125.463	70.317	-	13.422	2.209.202
Debts with limited recourse for project financing	187.721	-	173.070	52,519	413,310
	2,469,021	**70,317**	**173,070**	**65,941**	**2,778,349**

The credits and loans in US dollars finance assets in the Environmental Services and Water segments; those contracted in pounds sterling correspond to the financing of assets of FCC Environment UK; and those in Other currencies, in 2023, correspond to the financing of Aquos El Realito, S.A. de C.V. in Mexican pesos amounting to 41,162 thousand euros and Qatarat Saquia Desalination in Saudi riyals for the sum of 7,487 thousand euros.

c) Other non-current financial liabilities

	2023	2022
Non-current		
Lease debt (Note 9)	358,372	346,425
Third party financial debts outside the group	100,328	96,418
Derivative financial liabilities (Note 22)	1,700	1,446
Deposits and guarantees received	71,918	68,788
Other concepts	40,114	18,803
	572,432	**531,880**

“Third party financial debts outside the Group” includes the put option on the non-controlling interest in the GGU Group for the amount of 54,333 thousand euros at 31 December 2023 (54,269 thousand euros at 31 December 2022) and the put option on the non-controlling interest in Municipal District Services, Llc., acquired in December 2023, for the sum of 2,443 thousand euros at 31 December 2023 (notes 4 and 17)

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps (note 22).

d) Other current financial liabilities

	2023	2022
Current		
Lease debt (Note 9)	76,478	78,970
Interim dividend payable	29,758	7,496
Third party financial debts outside the group	15,030	25,660
Suppliers of fixed assets and bills payable	168,968	79,697
Debts with associated companies and joint ventures	6,052	6,049
Derivative financial liabilities (Note 22)	19	15
Deposits and guarantees received	57,540	55,004
Other concepts	499	540
	354,344	**253,431**

"Suppliers of fixed and non-current assets and bills payable" includes the amount pending payment for the acquisition from the previous owners of Municipal District Services, Llc. for the sum of 81,433 thousand euros, which was paid out on 2 January 2024 (notes 4 and 17).

"Guarantees and deposits received" includes the advance payment received for the agreement to sell the shareholding in Concesionaria Túnel de Coatzacoalcos, S.A. for 48,396 thousand euros in both years, owned by a company linked to the majority shareholder of the Parent Company. The sale is subject to conditions precedent, not fulfilled at the date of formulation of these consolidated annual accounts.

e) Schedule of expected due dates

The schedule of expected due date of debts with credit institutions, obligations and loans and other non-current financial liabilities, is as follows:

	2025	2026	2027	2028	2029 and beyond	Total
2023						
Debt instruments and other marketable liabilities	7,658	507,384	658,230	7,257	680,350	1,860,879
Non-current bank borrowings	578,772	1,428,068	62,757	38,300	275,826	2,383,723
Other financial liabilities	130,612	36,939	34,442	40,325	330,114	572,432
	717,042	**1,972,391**	**755,429**	**85,882**	**1,286,290**	**4,817,034**

f) Changes in financial liabilities that affect cash flows from financing activities

Below are details of the changes in non-current and current financial liabilities, differentiating those that affected cash flows from financing activities in the Statement of Cash Flows from the remaining changes:

			Without an impact on cash flows				
	Balance at 1 January 2023	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	Balance at 31 December 2023
Non-current	**4,271,282**	**607,448**	**2,905**	**310**	**(2,560)**	**(62,351)**	**4,817,034**
Debt instruments and other marketable securities	1,267,584	597,709	2,453	-	-	(6,867)	1,860,879
Bank borrowings	2,471,818	8,373	4,939	-	-	(101,407)	2,383,723
Other financial liabilities	531,880	1,366	(4,487)	310	(2,560)	45,923	572,432
Current	**1,333,125**	**(891,644)**	**7,638**	**4**	**(380)**	**478,028**	**926,771**
Debt instruments and other marketable securities	773,163	(584,513)	133	-	-	57,438	246,221
Bank borrowings	306,531	(216,689)	792	-	-	235,572	326,206
Other financial liabilities	253,431	(90,442)	6,713	4	(380)	185,018	354,344

			Without an impact on cash flows				
	Balance at 1 January 2022	Cash flows from financing activities	Exchange differences	Change in fair value	Change in the perimeter and changes in consolidation method	Other changes	Balance at 31 December 2022
Non-current	**3.732.997**	**847.926**	**(13,554)**	**(21,333)**	**253.977**	**(528,731)**	**4.271.282**
Debt instruments and other marketable securities	1.878.804	(159,951)	10.537	-	142.829	(604,635)	1.267.584
Bank borrowings	1.284.368	1.050.791	(6,080)	-	109.690	33.049	2.471.818
Other financial liabilities	569.825	(42,914)	(18,011)	(21,333)	1.458	42.855	531.880
Current	**1.820.176**	**(1,302,515)**	**3.569**	**(536)**	**11.819**	**800.612**	**1.333.125**
Debt instruments and other marketable securities	1.152.739	(1,038,597)	2.040	-	-	656.981	773.163
Bank borrowings	458.189	(181,290)	(556)	-	8.183	22.005	306.531
Other financial liabilities	209.248	(82,628)	2,085	(536)	3,636	121,626	253,431

In 2022, "Changes in the scope of consolidation and changes in the consolidation method" included the amounts contributed by the GGU Group for 145,318 thousand euros following its entry into the scope of consolidation in February 2022, although part of the contributed debt has subsequently been repaid (notes 4 and 19), and 107,725 thousand euros contributed by Sociedad Concesionaria del Tranvía de Murcia, S.A. following its integration under the total consolidation method after the company's takeover in November 2022 (note 4).

20. OTHER NON-CURRENT LIABILITIES

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 10) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to 111,022 thousand euros at 31 December 2023 (112,588 thousand euros at 31 December 2022).

21. TRADE AND OTHER ACCOUNTS PAYABLE

The breakdown of the "Trade and other accounts payable" heading in the liability side of the balance sheet as at 31 December 2023 and 2022 is as follows:

	2023	2022
Suppliers	1,252,628	1,232,393
Current tax liabilities (Note 23)	39,254	23,610
Other payables to Public Administrations (Note 23)	314,808	353,372
Customer advances (Note 15)	646,686	647,029
Remuneration payable	96,521	84,485
Other payables	427,151	474,845
	2,777,048	**2,815,734**

With regard to the Spanish Institute of Accounting and Accounts Auditing (ICAC) Resolution of 29 January 2016, issued in compliance with the mandate of the Second Additional Provision of Law 31/2014, of 3 December, which amends the Third Additional Provision of Law 15/2010, of 5 July, establishing measures to combat late payment in commercial transactions, in 2023 the Group operated primarily in Spanish territory with public clients including the central government, regional government, local corporations and other public bodies, which settle their payment obligations in periods exceeding the statutory limit in Public Sector Contract legislation, and in Law 3/2004, of 29 December 2004, establishing measures to combat late payment in commercial transactions.

It should be noted that the provisions of section 5 of article 228 of the current Consolidated Text of the Public Sector Contract Law (CTPSCL) apply to the works and supplies derived from contracts signed by the Group with the different Public Administrations.

Due to such circumstances and in order to adapt the Group's financial policy to reasonable efficiency levels, the Group has been working throughout 2023 to reduce the usual payment periods insofar as possible to suppliers in the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) payments to suppliers under agreements entered into by the Group with the public authorities, pursuant to article 228.5 of the CTPSCL, and b) payments to remaining suppliers under the second transitional provision of Law 15/2010, and, where appropriate, that provided for in article 9 of Law 3/2004, which excludes from the abusive nature the “deferral of the payment for objective reasons” taking into consideration, in both cases a) and b) the usual payment period in the sectors in which the Group operates.

The Group also acknowledges and pays suppliers, always by mutual agreement, any late-payment interest agreed in the contracts, providing negotiable payment methods accompanied by exchange

procedures. Such agreements, aside from being expressly provided for, as mentioned, in the CTPSCL, are admissible under Directive 2011/7/EU of 16 February, of the European Parliament and the Council.

The Group has also entered into confirming line and similar contracts with different financial institutions to facilitate early payment to suppliers. In accordance with these contracts, a supplier may exercise its collection rights against the Group companies or entities and obtain the invoiced amount, less the financial costs for discount and fees applied by those entities and, in some cases, amounts withheld as guarantee. The total amount of contracted lines amounts to 56,423 thousand euros at 31 December 2023 (40,026 thousand euros at 31 December 2022), with a drawn down balance of 10,626 thousand euros at 31 December 2023 (17,909 thousand euros at 31 December 2022). The above-mentioned contracts do not modify the main payment conditions (interest rate, deadline or amount), so they are classified as commercial liabilities.

In compliance with the aforementioned Resolution, a table is set out below with information on the average payment period to suppliers for companies located in Spain, for those commercial operations accrued from the date of entry into force of the aforementioned Law 31/2014, i.e. 24 December 2014.

Additionally, Article 9, Chapter IV of Law 18/2022 of 28 September, on the creation and growth of companies, introduces the obligation to report the following indicators: monetary volume and number of invoices paid in a period less than the maximum established in the late-payment regulations and the percentage that these represent from the total number of invoices and the total monetary value of payments to suppliers.

	2023	2022
	Days	Days
Average payment period to suppliers	76	84
Ratio of paid operations/transactions	77	84
Ratio of operations/transactions pending payment	71	86
	Amount	Amount
Total payments pending	358,684	448,829
	Amount	Amount
Total payments made	2,589,106	2,176,218
Total payments made in a period less than the maximum established in the late-payment regulations	1,053,926	815,302
Ratio (%)	**41**	**37**
	Number	Number
Total number of invoices paid during the period	711,135	618,224
Number of invoices paid in a period less than the maximum established in the late-payment regulations	338,161	212,744
Ratio (%)	**48**	**34**

The Group continues taking the appropriate measures to reduce the average payment period, improving the payment conditions offered to its suppliers and taking action in relation to internal approval processes that may delay the payment of amounts due.

22. DERIVATIVE FINANCIAL INSTRUMENTS

In general, financial derivatives entered into by the FCC Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in note 3.p) of this Report, that is, they are operations that hedge real positions.

At both 31 December 2023 and 31 December 2022, all derivatives arranged by subsidiaries of the Group meet the criteria to be considered hedges.

The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied.

At 31 December 2023, the FCC Group has contracted hedging transactions with derivative instruments in its fully consolidated companies for an aggregate notional amount of 624,395 thousand euros (645,059 thousand euros at 31 December 2022), mainly in the form of interest rate swaps (IRS), where Group companies buy fixed rates and sell floating rates.

Details of the hedges and their fair value for fully consolidated companies are shown below:

	Derived type	Hedging type	% hedge	Notional 31.12.23	Notional 31.12.22	Appreciation at 31.12.23	Appreciation at 31.12.22	Due date
Companies fully consolidated								
FCC Medio Ambiente S.A.U.	IRS	EF	57%	4,965	6,083	12	(11)	02/04/2024
	IRS	EF	22%	3,032	3,205	27	91	02/04/2024
	Option	EF	57%	4,965	6,083	-	-	02/04/2024
RE3 Ltd.	IRS	EF	100%	13,808	15,687	(199)	(204)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	8,668	8,914	979	1,450	17/06/2038
	IRS	EF	100%	54,156	55,680	6,104	9,046	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	14,978	15,429	(643)	(658)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	5,855	6,263	238	473	30/09/2032
	IRS	EF	50%	5,855	6,263	238	469	30/09/2032
FCC (E&M) Ltd.	IRS	EF	50%	37,722	38,449	6,139	8,356	06/05/2042
	IRS	EF	50%	37,722	38,449	6,007	8,282	06/05/2042
Aquajerez	IRS	EF	70%	17,535	19,340	1,259	1,905	15/07/2031
	IRS	EF	30%	13,778	15,243	1,213	1,771	15/07/2031
Gipuzkoa Ingurumena	IRS	EF	38%	8,031	8,493	645	974	30/06/2034
	IRS	EF	38%	8,031	8,493	673	1,012	30/06/2034
Qatarat	IRS	EF	100%	5,873	8,448	90	(419)	07/06/2026
	IRS	EF	100%	1,340	2,753	18	(165)	28/11/2024
Aquos El Realito S.A. de C.V	IRS	EF	100%	33,953	33,576	1,036	988	22/01/2025
Realia	IRS	EF	21%	97,216	102,234	1,575	3,423	27/04/2024
	IRS	EF	21%	97,216	102,234	1,575	3,423	27/04/2024
	IRS	EF	13%	58,361	61,374	946	2,057	27/04/2024
	IRS	EF	9%	42,836	45,047	693	1,499	27/04/2024
	IRS	EF	6%	28,584	30,059	463	1,008	27/04/2024
Total FCC Environment CEE GMBH	FX	EF	100%	19,916	7,260	(361)	99	29/06/2026
Total full consolidation				**624,395**	**645,059**	**28,725**	**44,869**	

It also shows the maturities of the notional amount for the hedging operations entered into as at 31 December 2023 and broken down in the previous table:

	2024	2025	2026	2027	2028 and beyond
Companies fully consolidated	366,864	50,427	27,366	16,971	162,767

At 31 December 2023, the total notional amount of hedges of companies consolidated using the equity method came to 91,425 thousand euros (61,862 thousand euros at 31 December 2022) and their fair value is 29,408 thousand euros (32,542 thousand euros at 31 December 2022). The impact of speculative derivatives arranged at companies consolidated under the equity method was not significant either in the accompanying consolidated income statement or balance sheet in 2023 and 2022.

The following table provides a reconciliation of the change in the valuation of the derivatives, identifying those amounts that have been recorded in the accompanying consolidated income statement and those that have been recorded in "Other comprehensive income" of the consolidated statement of recognised income and expense:

	Balance at 1 January 2023	Profit/ (loss) from valuation of reserves	Profit/ (loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2023
2023							
Hedging	**44,869**	(4,544)	-	(13,216)	-	1,616	**28,725**

	Balance at 1 January 2022	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2022
2022							
Hedging	**(21,846)**	60,182	-	4,148	-	2,385	**44,869**

23. TAX MATTERS

This Note describes the headings in the accompanying consolidated income statement relating to the tax obligations of each of the Group companies, such as deferred tax assets and liabilities, tax receivables and payables and the corporation tax expense.

In accordance with file 18/89, the Parent Company of the Group is subject to the Corporation Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. Likewise, part of the subsidiaries that carry out the Water, Real Estate (with regard to the Realia subgroup), Environmental Services in the United Kingdom and FCC Environment Group in Austria, are also taxed in their own consolidated tax group.

In May 2019, the tax authorities completed a procedure to recover state aid, arising from European Commission Decision 2015/314/EU of 15 October 2014, relating to the tax amortisation of financial goodwill from the indirect acquisition of foreign holdings. This procedure aims to adjust the tax incentives applied by the company and Group in prior years as a result of the acquisition of the Alpine, FCC Environment (formerly the WRG Group) and FCC CEE (formerly the ASA Group) Groups. The Tax Administration filed a claim against the Group for a total amount (instalment and late payment interest) equal to 111 million euros. FCC has settled this tax debt but has also filed an economic-administrative appeal against it, which is pending resolution. The Group, in accordance with the opinion of its legal advisors, considers it probable that the amounts already paid under such recovery procedure will be returned. Within the framework of this procedure, the Tax Administration has recognised a negative tax base generated in previous years in favour of the Group that has generated an activated tax credit for the amount of 63.2 million euros.

In May 2023, the Tax Administration announced the start of corporate tax inspection activities involving the tax group headed by Fomento de Construcciones y Contratas, S.A., for 2018 to 2020, as well as VAT and withholdings/payments on account for employment income and income from professional services corresponding to the period between April 2019 and December 2020 for Fomento de Construcciones y Contratas S.A., FCC Construction S.A., FCC Medio Ambiente S.A., FCC Industrial e Infraestructuras Energéticas S.A. and Cementos Portland Valderrivas S.A.

a) Deferred tax assets and liabilities

Deferred tax assets mainly relate to provisions recognised, non-deductible financial expenses that will be deductible for tax purposes from taxable income in future years, tax credits and tax loss carry forwards/offsets and differences between accounting and tax depreciation and amortisation.

Specifically, the FCC Group has recognised deferred tax assets corresponding to tax loss carryforwards and deductions pending application, as it considers that there are no doubts as to their recoverability, amounting to €395,371 thousand (€449,009 thousand at 31 December 2022).

The Group Management has evaluated the recoverability of deferred tax assets by estimating future tax bases, concluding that there is no doubt surrounding their payment.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. During the period in which these financial statements were prepared, specifically on 20 February 2024, the ruling the Constitutional Court declaring Royal Decree-Law 3/2016 as partially unconstitutional was published in the Official State

Gazette. In particular, the provisions introduced by these to limit the compensation of tax loss carryforwards and to limit the application of deductions for double taxation, as well as the reversal of portfolio tax impairments that took place between 2016 and 2020 were considered unconstitutional. As a result, and to the extent that, at the time of preparing these financial statements, there was no evidence of any law in the pipeline that would reintroduce these limits, with the Group management considering that, in the coming years, only the limits to the compensation of tax loss carryforwards indicated in the current regulations will be applicable, and equivalent to 70% of the tax base prior to compensation. Taking regulatory change into consideration and based on the profit projections made, it is estimated that the tax group headed by Fomento de Construcciones y Contratas, S.A. will be able to substantially absorb the negative taxable amounts and deductions recognised on the balance sheet within an estimated period of 6 years. In relation to the other assets, it is estimated that they may be recovered substantially over a period of 11 years. In the hypothetical case that the limits on the compensation of negative tax bases annulled by our constitutional court were reintroduced, the recoverability period for these tax credits would be extended to 11 years. In addition, as a result of the foregoing, it has activated an additional tax credit resulting from the negative taxable amounts of 6.4 million euros.

As a result of the aforementioned ruling of the Constitutional Court, the Realia subgroup has capitalised a tax credit generated on the tax loss carryforwards for the amount of 15 million euros. Based on the analysis of the impact on the FCC Aqualia tax group, there have been no changes in the value of the negative taxable amounts captalised.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the planning prepared by the Group for the 2024-2026 period. Turnover growth of 10.4% in 2024, 1.5% in 2025 and 2.9% in 2026 is assumed. In turn, the projected Ebitda margin is 11% for 2024 and 12% for 2025 and 2026. During subsequent periods, vegetative growth is projected at the level of pre-tax profit equal to 2%. For the tax group headed by FCC Aqualia, S.A., a vegetative growth of 2% has been applied to the profit before tax for 2023. In the case of the tax group headed by Realia, the taxable income is estimated on the basis of the projected accounting profit up to 2038 adjusted by those temporary and permanent differences that are expected to reverse in each year.

The deferred tax liabilities recognised by the Group mainly arise from the following:

- The differences between the tax and accounting valuation due to the fair value of assets derived from the corporate acquisitions in the different segments of the Group's activity and investment property, as indicated in notes 3.b) and 3.e). In general, these liabilities will not entail any future cash outflows because they revert at the same rate as the amortisation of revalued assets.

- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.

- From the profits of temporary joint ventures that will be included in the tax base of the following year's corporate income tax.

The Group, pursuant to the provisions of IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities, which, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities and will be settled for their net amount based on the corresponding time frames. At 31 December 2023, deferred tax assets and liabilities were offset in the amount of 299,198 thousand euros (297,428 thousand euros at 31 December 2022).

The following table shows the breakdown of the main deferred tax assets and liabilities prior to offset:

ASSETS	2023				2022			
	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Provisions and impairments	93,900	11,046	47,741	**152,687**	102,049	5,859	44,997	**152,905**
Tax loss carryforwards and deductions	307,392	71,857	15,923	**395,172**	360,343	65,682	22,984	**449,009**
Non-deductible financial expense	6,422	25,731	8,325	**40,478**	6,844	26,746	-	**33,590**
Pension plans	677	-	1,496	**2,173**	746	-	1,025	**1,771**
Amortisation/depreciation differences	10,551	237	15,326	**26,114**	10,164	474	12,263	**22,901**
Other	121,077	648	28,996	**150,721**	104,194	564	32,034	**136,792**
Total	**540,019**	**109,519**	**117,807**	**767,345**	**584,340**	**99,325**	**113,303**	**796,968**

LIABILITIES	2023				2022			
	Tax Group Spain	Realia Tax Group	Other	TOTAL	Tax Group Spain	Realia Tax Group	Other	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	51,820	7,362	73,893	**133,075**	52,263	8,017	84,217	**144,497**
Investment property at fair value (IAS 40)	61,366	170,820	78	**232,264**	63,339	172,210	-	**235,549**
Accelerated amortisation/depreciation	7,293	4,419	128,559	**140,271**	1,636	4,408	115,678	**121,722**
Profit/(loss) of Joint Ventures	13,835	-	5,293	**19,128**	15,004	-	2,251	**17,255**
Finance leases	3,013	-	2,436	**5,449**	4,288	-	2,371	**6,659**
Other	27,148	2,684	23,358	**53,190**	30,293	5,066	18,364	**53,723**
Total	**164,475**	**185,285**	**233,617**	**583,377**	**166,823**	**189,701**	**222,881**	**579,405**

Below is the expected enforcement schedule for deferred taxes:

	2024	2025	2026	2027	2028 and beyond	Total
Assets	115,731	90,052	93,751	172,737	295,074	**767,345**
Liabilities	68,516	36,986	36,986	36,986	403,903	**583,377**

The Group has tax credits corresponding to negative tax bases (NTBs), mainly abroad, which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 191,2 million euros. The estimated maturity of non-activated NTBs is shown below:

Maturity time frame	Tax credits (millions of euros)
From 2024 to 2028	38.3
From 2029 to 2033	6.9
From 2034 onwards	16.5
No maturity	129.5
	191.2

Meanwhile, the Group has non-activated tax credits corresponding to tax deductions that have been accredited and are pending application for a total amount of 8.9 million euros.

b) Public administrations

The breakdown at 31 December 2023 and 2022 of the current assets and liabilities included under the "Public administrations" heading is as follows:

Current assets

	2023	2022
Value Added Tax receivable (Note 15)	143,260	103,972
Current tax	84,449	86,518
Other tax items (Note 15)	79,683	63,762
	307,392	**254,252**

Current liabilities

	2023	2022
Value Added Tax payable (Note 21)	92,088	118,431
Current tax (note 21)	39,254	23,610
Social Security payable and other tax items (note 21)	222,720	234,941
Deferrals	39	84
	354,101	**377,066**

c) Corporate income tax expense

The corporation tax expense incurred in the year amounted to 171,120 thousand euros (72.723 thousand euros in 2022), as detailed in the accompanying consolidated income statement. Below is the reconciliation between accounting profit and accrued tax payment:

	2023			2022		
Consolidated accounting profit for the year before taxes from continuing activities			**915,930**			**550,653**
	Additions	**Reductions**		**Additions**	**Reductions**	
Permanent differences	49,367	(220,048)	(170,681)	255,457	(151,663)	103,794
Adjusted consolidated accounting profit on continuing activities			**745,249**			**654,447**
Temporary differences						
-Arising in the year	255,326	(145,598)	109,728	106,830	(135,235)	(28,405)
-Arising in prior years	198,123	(394,422)	(196,299)	120,882	(306,627)	(185,745)
Consolidated tax base of continuing activities (taxable profit)			**658,678**			**440,297**

From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. The final amount payable will be determined in the tax settlement to be carried out in 2024, so the final settlement may vary as explained in note 3.q) of these notes to the consolidated financial statements.

In 2023, permanent differences include, in relation to decreases, the sum of 142,413 thousand euros for the profit resulting from consolidating Metrovacesa using the equity method having achieved significant influence over the company (notes 4, 11, 13, 17 and 26), as well as the profit turned by companies consolidated under the equity method for the sum of 31,616 thousand euros. In addition, worth particular mention in terms of the reductions in temporary differences is the compensation of negative taxable amounts capitalised in previous years for the sum of 284,356 thousand euros.

In 2022, permanent differences, as increases, included the amount of the impairment recorded in Corporación Uniland goodwill (note 6) amounting to 196,288 thousand euros. Decreases include the profit of companies consolidated using the equity method for the sum of €29,614 thousand, the compensation of tax loss carry forwards and non-deductible financial expenses from previous years not recognised on the balance sheet for the sum of €72,579 thousand. Also worth noting in relation to the decreases of temporary differences is the compensation of non-deductible non-financial expenses capitalised in previous years for the amount of €129,840 thousands and the change in fair value of investment property and their tax amortisation for a total sum of €44,970 thousand (notes 8 and 26).

Below is the reconciliation of the expense for corporation tax:

	2023	2022
Adjusted consolidated accounting profit on continuing activities	745,249	654,447
Corporate income tax	(168,731)	(145,967)
Tax credits and tax relief	5,431	4,683
Adjustments for tax rate change	(3,173)	53
Other adjustments	(4,647)	68,508
Corporate income tax	**(171,120)**	**(72,723)**

Other adjustments in 2023 include income of 21,427 thousand euros generated on the capitalisation of additional negative taxable amounts in the Group as a result of the Constitutional Court ruling cited in section a) of this note.

The value of Other adjustments in 2022 mainly included the capitalisation of deferred tax assets for the large part in relation to uncapitalised tax credits for tax bases pending compensation and for deductions pending application for the value of 89,609 thousand euros, which had not previously been recognised and which, this year, were recognised on the balance sheet after determining, as discussed in previous sections, that there are no doubts as to their recovery.

The main components of the corporate income tax, distinguishing between the current tax, i.e, tax corresponding to the current year and the deferred tax, the latter understood as the impact on profit/(loss) of the origination or reversal of temporary differences that affect the amount of deferred tax assets or liabilities recognised in the balance sheet, is as follows:

	2023	2022
Current tax	(172,399)	(65,756)
Deferred taxes	1,279	(6,967)
Corporate income tax	**(171,120)**	**(72,723)**

In turn, the OECD has pursued a project to establish a complementary tax to guarantee a global minimum level of taxation for multinational groups (the so-called “Pillar II” project). Pillar 2 regulations have been enacted, or substantially enacted, in specific jurisdictions in which the Group operates. The legislation will apply to the Group starting on 1 January 2024. The Group is in the process of assessing the potential exposure arising from the Pillar 2 legislation.

The assessment of potential exposure to Pillar 2 taxes is based on the most recent tax returns, country-by-country reports and the financial statements of Group companies.

Based on the assessments performed to date, the Group has identified potential exposure to Pillar 2 taxes on profits in the United Arab Emirates, Ireland, Georgia and Serbia, where the expected effective Pillar 2 tax rate is likely to be lower than 15%. The potential exposure would correspond to companies, mainly operating subsidiaries, in these jurisdictions where the Pillar 2 effective tax rate is less than 15%. However, there may also be an exposure in other jurisdictions where assessments are ongoing.

At present, there is no known quantitative information indicating potential exposure to Pillar 2 taxes. However, the total profit attributable to jurisdictions in which a supplementary tax liability may exist

does not currently represent more than 2% of the Group's total profit. As a result, we believe that the implementation of the regulations resulting from the Pillar II project would not have a material effect on the Group's future taxation.

24. PENSION PLANS AND SIMILAR OBLIGATIONS

The Spanish Group companies have not generally established any pension plans to supplement the social security pension plans. However, under the Consolidated Pension Plans and Pension Funds Law, in those specific cases in which similar obligations exist, the companies externalise pension and similar obligations to its employees.

In accordance with article 38.5 of the Bylaws, Fomento de Construcciones y Contratas, S.A. holds a civil liability insurance that covers Directors and Managers. This is a collective policy covering all the Group's executives, and in 2023 a premium of €1,284 thousand was paid over (€1,483 thousand in 2022).

Fomento de Construcciones y Contratas, S.A. has taken out an accident insurance policy for its directors, encompassing both the exercise of their functions and their private life, comprising coverage in the event of death, total and absolute permanent incapacity and severe disability. The premium paid in the year amounts to 5 thousand euros (5 thousand euros in 2022).

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 18).

The main benefits referred to in the preceding paragraph are the following:

- The companies that form part of the FCC Environment (UK) group, residing in the United Kingdom, contribute to the accompanying consolidated balance sheet at 31 December 2023 the benefits undertaken with their employees, after deducting the assets used to meet these benefits. The actuarial value of the accrued obligations comes to €42,373 thousand (€40,876 thousand at 31 December 2022), while the fair value of the affected assets stands at 44,261 thousand euros (45,678 thousand euros at 31 December 2022). The net difference represents an asset balance of €1,888 thousand euros (€4,802 thousand euros at 31 December 2022), which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. "Personnel expenses" in the accompanying consolidated income statement includes a cost of 83 thousand euros (336 thousand euros at 31 December 2022) for the net difference between the cost of services and the return on plan assets. The average actuarial rate used was 4.75% (4.95% in 2022).

The year's movement of the obligations and assets associated with pension plans and similar obligations is detailed below:

2023:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**40,876**
Cost of services for the current year	112
Interest costs	2,019
Contributions of the participants	20
Actuarial profits/losses	350
Exchange differences	841
Benefits paid during the year	(1,845)
Cost of past services	-
Settlements	-
Balance obligations at end of year	**42,373**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**45,678**
Expected return on assets	2,323
Actuarial profits/losses	(5,314)
Exchange differences	940
Contributions made by the employer	2,568
Contributions made by the participant	20
Benefits paid	(1,954)
Settlements	-
Balance of affected assets at the end of the year	**44,261**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(1,888)

2022:

Actual performance of the current value of the obligation

	FCC Environment Group (UK)
Balances of obligations at the beginning of the year	**70.353**
Cost of services for the current year	221
Interest costs	1,183
Contributions of the participants	18
Actuarial profits/losses	(25,343)
Exchange differences	(3,701)
Benefits paid during the year	(1,855)
Cost of past services	-
Settlements	-
Balance obligations at end of year	**40,876**

Actual performance of the fair value of affected assets

	FCC Environment Group (UK)
Affected active balances at the beginning of the year	**73,815**
Expected return on assets	1,221
Actuarial profits/losses	(25,976)
Exchange differences	(3,883)
Contributions made by the employer	2,491
Contributions made by the participant	18
Benefits paid	(2,008)
Settlements	-
Balance of affected assets at the end of the year	**45,678**

Reconciliation of the actual performance of the obligation less the affected assets

	FCC Environment Group (UK)
Net balance obligations less affected assets at the end of the year	(4,802)

25. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2023, the Group incurred contingent liabilities, mainly guarantees to third parties, mostly before public bodies and private clients, to secure the correct performance of the urban sanitation works and contracts, for 5,041,504 thousand euros (4,697,135 thousand euros at 31 December 2022).

Additionally, the Group has granted letters of indemnity to certain directors with management and administration duties at subsidiaries, without the any risks for which provisions should be set aside identified during the preparation of these financial statements. Such letters of indemnity are a common practice in multinational companies that expatriate employees due to their double status as company employees and executives of the subsidiary, and are of subsidiary execution in the event that the respective directors' policies do not fully cover the contingency. Letters of indemnity were granted to five executives in relation to the businesses that were maintained by the Group in Alpine.

Fomento de Construcciones y Contratas, S.A. and the Group's subsidiaries are defendants in litigation concerning liability for different activities carried out by the Group in the performance of contracts awarded and for which provisions have been set aside (Note 18). These lawsuits, which in number may be significant, are for insignificant amounts when considered on a one-by-one basis. Therefore, give proven experience and existing provisions, the resulting liabilities would not significantly affect the Group's assets.

In relation to the main contingent liabilities arising from the Alpine subgroup's bankruptcy proceedings, it should be noted that the possible financial effects would be the cash outflow of the amount indicated in the respective lawsuits detailed in note 18 of these notes to the consolidated financial statements, plus interest and costs, if any.

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. The aforementioned resolution affects several companies and associations in the waste sector, including companies belonging to the Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, the Judgments issued by the National Court were notified, upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro, S.L. and Betearte, S.A. Unipersonal, both companies owned by FCC Servicios Medioambiente Holding, S.A. Unipersonal, against the CNMC's ruling imposing several sanctions for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld. In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending the processing of the sanctioning file until the National Court ruled on the appeals presented by other sanctioned companies. On 22 March 2023, a ruling was handed down by the CNMC's Competition Chamber agreeing to archive the disciplinary case. The Chamber ruled that it was no longer appropriate to continue with the proceedings and that the case should be archived, for the purposes of all parties.

In 2019, as a result of an internal investigation in May in application of its compliance policy and regulations, the Group became aware of the existence of payments between 2010 and 2014, initially estimated at 82 million dollars, which might not be justified and, may, therefore be illegal. These acts were uncovered as a result of application of the procedures in the Group's compliance rules. The company has informed prosecutors in Spain and Panama about these acts, and has been providing the utmost cooperation since then to clarify what happened, applying the "zero tolerance" principle for corruption that permeates the entire FCC Compliance System.

In the context of this collaboration and following the voluntary declaration made by the Group, on 29 October 2019, the Central Court of Instruction No. 2 of the National Court issued an Order in which it is stated that “based on the documentation corresponding to the proceedings, as stated by the Public Prosecutor's Office, and as reported in the second plea of fact of this resolution, there appear to be rational indications of the participation of FCC Construcción, S.A., FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A. in the alleged facts that, notwithstanding their classification at the corresponding time, could constitute offences of corruption in international transactions, provided for and punished under Art. 286 ter of the Criminal Code and money laundering, provided for and punished under Art. 301 and 302.2 of the Criminal Code” agreeing for FCC Construcción, S.A. to be investigated as part of Preliminary Proceedings 34/2017 as well as two of its subsidiaries, FCC Construcción América, S.A. and Construcciones Hospitalarias, S.A.

The case is still in the investigation period, without us being able to determine at this time what type of charges could be filed, if any. It should be noted that during 2023, the UCO (Central Operational Unit of the Civil Guard) issued a report, referred to in various press articles, in which other amounts differing from than those reported by Fomento de Construcciones y Contratas, S.A. are mentioned, although it must be noted that these reports refer to behaviours conduct and sums of money that cannot all be attributed to the Group. These actions may therefore have a financial impact on these companies, although we do not have the information needed to qualify this impact.

On 6 July 2022, the National Markets and Competition Commission issued a resolution imposing a sanction on several construction companies, including FCC Construcción, S.A. for sharing the costs of technical work to verify objective data in relation to public works tenders. The Group considers that the sanctioned conduct not only fails to infringe any precept (including those contained in the competition law) but that this conduct has also contributed to greater efficiency and cost savings in tenders. For these and other reasons, it filed the corresponding contentious-administrative appeal before the National Court, which is still being heard. Furthermore, it asked said court to grant a precautionary measure for the suspension of the payment of the fine imposed by the CNMC until a final court ruling is handed down on this matter. This request was upheld. Therefore, it has been considered that, although this sanction may result in cash outflows, at present and given the situation we cannot estimate the corresponding amount and payment schedule.

The sale of the 24.99% holding in FCC Servicios Medio Ambiente Holding, S.A. to the Canadian pension fund, CPP Investments (note 4), includes a contingent price clause in relation to the cash flows generated by certain assets included in the scope of the sale. Given that the value of collections or payments cannot be determined with sufficient reliability, the limited value of the estimated possible collections or payments and given the uncertainty of the time at which they may occur, the Group has not recognised any assets or liabilities. In addition, it is estimated that the net value of these collections or payments will not be relevant as its amount could not be determined reliably (note 4).

Additionally, the 2018 agreement for the sale of the 49% FCC Aqualia holding envisages certain variable prices that depend on the resolution of contingent proceedings. The Group, therefore, has not recognised any asset given its contingent nature; likewise, it has not recognised any liability for claims

that may arise against its interests, as it is not considered probable that significant losses will be incurred and given that their value is considered insignificant in relation to the transaction price.

Also, as part of the aforementioned sales transaction, FCC Topco s.a.r.l. and its subsidiary FCC Midco, S.A. were constituted, contributing shares representing 10% of the Group's shares in FCC Aqualia to the latter. These shares have been pledged as a guarantee of certain obligations assumed by the Group before FCC Aqualia, mainly in relation to the repayment of the loan that the latter has granted to the parent company of the Group for the amount of 806,479 thousand euros at 31 December 2023. At the date of authorisation for issue of these financial statements, the Group believes that there is no risk that these guarantees will be enforced.

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through joint ventures, joint ownership, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (note 12).

In relation to the guarantees received, it should be noted, in general, that the Group only receives guarantees in relation to amounts paid as advances for the purchase of highly specialised equipment that has been ordered, mainly in the Construction and Water segments, for a non-significant amount as a whole. The Group has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

26. INCOME AND EXPENDITURE

a) Operating income

The Group records operating income under "Revenue", including interest income from the concession financial model collection rights under IFRIC 12 amounting to €58,006 thousand at 31 December 2023 (31 December 2022: €37,754 thousand), except for work on own property, plant and equipment and other operating income.

Note 27 "Information by activity segments" shows the contribution of the business segments to consolidated Revenue.

Operating income of €20,948 thousand (at 31 December 2022: €29,130 thousand), mainly in the Construction and Environmental Services segments, has been recognised in 2023 from performance obligations satisfied or partially satisfied in prior years.

During 2023, 324,598 thousand euros (297,202 thousand euros at 31 December 2022) previously recognised as customer advances and pre-certified work (notes 15 and 21), which were recognised as revenue under "Trade and other payables", mainly in the Construction segment, have been recognised under liabilities.

The breakdown of the other operating income for 2023 and 2022 is as follows:

	2023	2022
Income from sundry services	113,944	107,554
CO_2 emission rights (Note 26)	-	-
Reimbursement from insurance compensation	4,441	2,796
Grants related to income	43,590	38,449
Other income	95,580	139,681
	257,555	**288,480**

"Income from sundry services" mainly includes additional services derived from construction contracts or provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. "Other income" mainly includes excess provisions and rental income when the Group acts as lessor in operating leases in activities other than real estate.

At year-end 2023, based on outstanding contracts, the Group estimated that it had outstanding performance obligations primarily for services rendered in the Environmental and Water Services segment and arising from construction agreements mainly in the Construction and Water segments amounting to 41,484,908 thousand euros (40,154,255 thousand euros at year-end 2022) which it expects to recognise as revenue in accordance with the following schedule:

	up to 1 year	2 to 5 years	beyond 5 years	Total
Environmental Services	1,957,078	4,868,745	6,502,534	**13,328,357**
Construction	2,549,586	3,876,291	-	**6,425,877**
Integrated Water Management	1,682,438	7,640,454	12,407,782	**21,730,674**
	6,189,102	16,385,490	18,910,316	**41,484,908**

b) Supplies

The breakdown of the balance of supplies and other external expenses as at 31 December 2023 and 2022 is as follows:

	2023	2022
Subcontracting and work performed by other companies	2,105,999	1,541,727
Purchases and procurements	1,594,001	1,462,610
	3,700,000	**3,004,337**

c) Staff costs

Below is a breakdown of staff expenses for 2023 and 2022:

	2023	2022
Wages and salaries	1,875,219	1,687,937
Social security contributions	535,479	491,304
Other staff costs	63,751	59,492
	2,474,449	**2,238,733**

Below, the average number of employees and their distribution by functional level and gender in 2023 and 2022 was as follows:

	2023	2022
Governance and Management	509	510
Supervisors	4,674	4,299
Technical staff	6,722	6,640
Administrative staff	2,946	3,051
Sundry trades	51,541	48,730
	66,392	**63,230**

	2023	2022
Men	51,491	48,978
Women	14,901	14,252
	66,392	**63,230**

The number of employees and their distribution by functional level and gender at 31 December 2023 and 2022 was as follows:

	2023	2022
Governance and Management	507	526
Supervisors	4,812	4,432
Technical staff	7,055	6,813
Administrative staff	2,981	2,959
Sundry trades	51,735	50,069
	67,090	**64,799**

	2023	2022
Men	52,016	50,087
Women	15,074	14,712
	67,090	**64,799**

d) Impairment and gains/(losses) on disposal of fixed assets

The breakdown of the balance of the Impairment and gains/(losses) on disposal of fixed assets in the years 2023 and 2022 is as follows:

	2023	2022
Impairment of the commercial fund (note 6)	-	(200,000)
Changes in fair value of investment property (note 8)	(49,037)	22,294
Result of takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. (Note 4)	-	5,544
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal (notes 6 and 7)	2,906	(8,515)
Profit/(loss) from disposals of other tangible and intangible assets	(982)	4,527
Other concepts	129	1,255
	(46,984)	**(174,895)**

Worth particular note in 2023 were the losses recorded due to the change in the fair value of investment property amounting to minus 49,037 thousand euros as a result of the assessment carried out by independent experts of the investment property (note 8) pertaining to the Realia Group (24,139 thousand euros) and Jezzine Uno, S.L.U. (24,898 thousand euros).

The following results are to be highlighted for 2022:

- as a result of the takeover of Sociedad Concesionaria Tranvía de Murcia, S.A. following the acquisition in November 2022 of an additional 50% stake by FCC Construcción S.A., operating profit of €5,544 thousand was recognised as the consideration paid was lower than the fair value of the assets acquired (note 4).
- the impairment of goodwill in the Cement activity for the sum of €200.000 thousand (note 6).
- gains due to the change in the fair value of investment property amounting to 22,294 thousand euros as a result of the assessment carried out by independent experts of the investment property (note 8) pertaining to the Realia Group for the sum of 11,559 thousand euros and Jezzine Uno, S.L.U. for the sum of 10,735 thousand euros.

The amount of this item is included in the accompanying consolidated cash flow statement under "Impairment and gains/(losses) on disposal of fixed assets" in the consolidated statement of cash flows.

e) Other gains/(losses)

In 2023, worth particular mention were the gains of 24,824 thousand euros as a result of a final ruling in relation to the expropriation of land previously owned by Cementos Portland Valderrivas, S.A. in the province of Madrid.

f) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2023 and 2022 is as follows:

	2023	2022
Financial assets at fair value with changes in other comprehensive income	7,565	3,422
Financial assets at amortised cost	58,185	24,923
Other financial income	10,102	16,803
	75,852	**45,148**

In 2023, the increase in the amount recorded under “Financial assets at amortised cost” was mainly due to financial income from treasury surpluses placed in deposits or current accounts remunerated at rates higher than those in the previous year, mainly in the international activity of the Construction and Environmental Services segments.

The breakdown of financial expenses in 2023 and 2022 is as follows:

	2023	2022
Debt instruments and other marketable securities	50,571	52,345
Credits and loans	104,611	44,557
Debts with limited recourse for project financing	16,131	11,030
Creditors from leases	13,303	12,315
Financial update of provisions and other liabilities	27,944	32,174
Other financial expenses	13,264	11,818
	225,824	**164,240**

The increase in financial expenses in 2023 can mainly be traced to the general increase in the interest rates applied to the Group's financial debt, with the amount contributed by the Integrated Water Management activity segment worth particular mention (note 19).

g) Other financial profit/(loss)

The breakdown of other financial expenses in 2023 and 2022 is as follows:

	2023	2022
Change in fair value of current financial instruments	(119)	4,946
Exchange differences	(20,898)	26,060
Impairment and profits/losses on disposal of financial Instruments	2,640	(1,401)
	(18,377)	**29,605**

In 2022, "Change in fair value of current financial instruments" included a gain of 2,441 thousand euros from the contingent collection arising from the sale of 49% of FCC Aqualia, S.A. in 2022 without loss of control (note 25).

In 2023, negative exchange differences amounting to 20,898 thousand euros were recorded (26,060 thousand euros of positive exchange differences in 2022), which mainly correspond in 2023 to the appreciation of the Mexican peso and the depreciation of the US dollar (appreciation in 2022).

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

h) Profit/(loss) of entities valued using the equity method

The breakdown for this heading is as follows:

	2023		2022	
Profits/(losses) for the year (Note 11)		14,419		32,123
Joint ventures	20,266		31,132	
Associates	(5,847)		991	
Profit/(loss) on disposals and other		159,609		(2,509)
		174,028		**29,614**

During 2023, "Gains/losses on disposals and other" included those from the following transactions:

- since December 2023, following the acquisition of an additional 3.99% holding from Control Empresarial de Capitales, S.A. de C.V., and 1.95% from Soinmob Inmobiliaria Española, S.A.U. taking its total holding to 21.21%, Metrovacesa, S.A., which had previously been accounted for at fair value charged to reserves, is now consolidated using the equity method having achieved significant influence. This transaction resulted in the recognition of profit of 142,413 thousand euros given the difference between the fair value of their net assets and the quoted price of the investment before its inclusion in the scope of consolidation (notes 4, 11, 13, 17 and 30).

- divestment of holding in Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. generating a pre-tax profit of 17,197 thousand euros, including 4,952 thousand euros recognised in profit or loss of the valuation adjustments contributed by said company.

In 2022, "Gains/losses on disposals and other" included the losses from the recognition at fair value of the Group's holding before its takeover of Sociedad Concesionaria Tranvía de Murcia, S.A., for the sum of 2,772 thousand euros (note 4).

i) Profit attributable to non-controlling interests

The breakdown of this heading by activity segments was as follows (note 27):

	2023	2022
Environmental Services	37,163	26,177
Integrated Water Management	72,811	87,349
Construction	329	1,252
Cement	2,748	(1,002)
Real Estate	40,192	48,450
Concessions	579	522
Total Group	**153,822**	**162,748**

The increase in the value of the Environmental Services segment is mainly due to the fact that in October 2023, the sale of 24.99% of the Environmental Services subsidiary, FCC Servicios Medio Ambiente Holding, S.A., to Canadian pension fund CPP Investments was completed (notes 4 and 17).

27. INFORMATION BY ACTIVITY SEGMENTS

a) Activity segments

The activity segments presented coincide with the business areas, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

The "Corporation" column includes the activity of the functional areas that carry out support tasks for operations and the operation of those companies whose management is not assigned to any of the business areas.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for 2023 and 2022:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.

- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.

- The share in the profits/(loss) of companies accounted for using the equity method.

- Corporate income tax payable corresponding to the transactions carried out by each segment.

Consolidated Group

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	*9,026,016*	3,853,241	1,487,402	2,823,090	614,313	253,780	61,592	68,711	(136,113)
External customers	*9,026,016*	*3,847,766*	*1,485,619*	*2,766,413*	*603,928*	*252,902*	*61,592*	*7,796*	-
From transactions with other segments	-	*5,475*	*1,783*	*56,677*	*10,385*	*878*	-	*60,915*	*(136,113)*
Other income	*345,224*	131,441	84,745	88,500	10,052	22,389	8,609	47,149	(47,661)
External customers	*345,224*	*130,370*	*83,057*	*89,016*	*10,034*	*22,049*	*8,608*	*2,090*	-
From transactions with other segments	-	*1,071*	*1,688*	*(516)*	*18*	*340*	*1*	*45,059*	*(47,661)*
Operating expenses	(7,841,614)	(3,338,000)	(1,187,872)	(2,742,167)	(484,854)	(171,240)	(24,546)	(78,296)	185,361
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(587,377)	(302,321)	(165,439)	(51,272)	(34,602)	(194)	(15,161)	(18,960)	572
Other operating income/(losses)	(31,998)	(6,752)	(2,510)	266	24,156	(48,929)	64,544	32	(62,805)
Operating profit/(loss)	**910,251**	**337,609**	**216,326**	**118,417**	**129,065**	**55,806**	**95,038**	**18,636**	**(60,646)**
Percentage of revenue	*10.08%*	*8.76%*	*14.54%*	*4.19%*	*21.01%*	*21.99%*	*154.30%*	*27.12%*	*44.56%*
Financial income	75,852	28,458	39,517	25,001	3,655	2,052	3,968	39,798	(66,597)
Financial expenses	(225,824)	(90,981)	(91,394)	(2,737)	(8,446)	(28,541)	(9,839)	(43,851)	49,965
Other financial profit/(loss)	(18,377)	(441)	6,206	(22,746)	(929)	-	171	1,150,787	(1,151,425)
Profit/(loss) of companies accounted for using the equity method	174,028	22,289	1,584	9,274	(12,536)	144,160	6,980	2,125	152
Profit/(loss) before tax from continuing operations	**915,930**	**296,934**	**172,239**	**127,209**	**110,809**	**173,477**	**96,318**	**1,167,495**	**(1,228,551)**
Corporate income tax	(171,120)	(73,133)	(45,261)	(19,465)	(20,413)	4,303	(12,281)	(15,951)	11,081
Profit/(loss) for the year from continuing operations	**744,810**	**223,801**	**126,978**	**107,744**	**90,396**	**177,780**	**84,037**	**1,151,544**	**(1,217,470)**
Consolidated profit/(loss) for the year	**744,810**	**223,801**	**126,978**	**107,744**	**90,396**	**177,780**	**84,037**	**1,151,544**	**(1,217,470)**
Non-controlling interests	153,822	37,163	72,811	329	2,748	40,192	579	-	-
Profit attributable to the Parent Company	**590,988**	**186,638**	**54,167**	**107,415**	**87,648**	**137,588**	**83,458**	**1,151,544**	**(1,217,470)**

Consolidated Group

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
Revenue	*7.705.687*	3.641.113	1.323.155	1.966.913	516.522	270.752	41.021	67.937	(121,726)
External customers	*7.705.687*	*3.634.489*	*1.322.456*	*1.916.351*	*512.138*	*270.199*	*41.021*	*9.033*	-
From transactions with other segments	-	*6.624*	*699*	*50.562*	*4.384*	*553*	-	*58.904*	*(121,726)*
Other income	*362.617*	98.790	101.377	114.347	7.206	24.466	12.959	49.300	(45,828)
External customers	*362.617*	*97.243*	*100.128*	*112.115*	*7.155*	*24.314*	*12.959*	*8.703*	-
From transactions with other segments	-	*1.547*	*1.249*	*2.232*	*51*	*152*	-	*40.597*	*(45,828)*
Operating expenses	(6,756,953)	(3,146,835)	(1,074,312)	(1,958,480)	(493,424)	(152,599)	(22,914)	(77,139)	168.750
Depreciation of fixed and non-current assets and allocation of grants for non-financial fixed and non-current assets, and other assets	(511,989)	(267,370)	(145,970)	(36,068)	(33,551)	(328)	(10,098)	(18,789)	185
Other operating income/(losses)	(188,836)	(20,969)	(442)	2.641	(200,026)	23.391	6.574	(2)	(3)
Operating profit/(loss)	**610.526**	**304.729**	**203.808**	**89.353**	**(203,273)**	**165.682**	**27.542**	**21.307**	**1.378**
Percentage of revenue	*7.92%*	*8.37%*	*15.40%*	*4.54%*	*(39.35%)*	*61.19%*	*67.14%*	*31.36%*	*(1.13%)*
Financial income	45.148	15.739	39.447	9.542	584	2.734	5.698	29.635	(58,231)
Financial expenses	(164,240)	(81,259)	(59,223)	(2,799)	(3,941)	(20,378)	(4,208)	(37,116)	44.684
Other financial profit/(loss)	29.605	(1,664)	5.206	20.586	(233)	3.943	(490)	(75,694)	77.951
Profit/(loss) of companies accounted for using the equity method	29.614	27.986	2.575	(158)	(9,787)	2.570	5.063	1.286	79
Profit/(loss) before tax from continuing operations	**550.653**	**265.531**	**191.813**	**116.524**	**(216,650)**	**154.551**	**33.605**	**(60,582)**	**65.861**
Corporate income tax	(72,723)	(56,102)	(35,525)	(25,029)	20.911	(27,473)	(3,732)	54.311	(84)
Profit/(loss) for the year from continuing operations	**477.930**	**209.429**	**156.288**	**91.495**	**(195,739)**	**127.078**	**29.873**	**(6,271)**	**65.777**
Consolidated profit/(loss) for the year	**477.930**	**209.429**	**156.288**	**91.495**	**(195,739)**	**127.078**	**29.873**	**(6,271)**	**65.777**
Non-controlling interests	162.748	26.177	87.349	1.252	(1,002)	48.450	522	-	-
Profit attributable to the Parent Company	**315.182**	**183,252**	**68,939**	**90,243**	**(194,737)**	**78,628**	**29,351**	**(6,271)**	**65,777**

The contribution of the "Corporation" segment to the results of the FCC Group mainly includes the billing of the support services provided to the rest of the Group's activities under "Revenue", the impairment of the investments on the parent companies' shares from the other segments, as well as dividends distributed by group companies that are subsidiaries of the Group's parent company, the financial expenses billed by other group companies as a result of intra-group loans granted to the parent company by other subsidiaries and the financial income billed to other group companies as a result of intra-group loans granted by the parent company to other subsidiaries. All these concepts, as transactions with Group companies, are eliminated as shown under "Eliminations". Also included are the financial expenses for debts with credit institutions detailed in note 19.

In 2023, “Other financial profit/(loss)” in Corporation included the profit generated on the sale of the 24.99% holding in FCC Servicios Medio Ambiente Holding, S.A. (note 4) for the amount of 888,779 thousand euros for the difference between the cost of this holding and its sale price net of the expenses inherent to the operation. This profit was removed from the eliminations column as for the Group as a whole, this was booked as an equity transaction taken to reserves (notes 4 and 17).

Balance sheet by segments

Consolidated Group

2023	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**10,655,661**	**3,408,786**	**3,316,253**	**719,482**	**816,330**	**2,566,979**	**654,698**	**4,089,667**	**(4,916,534)**
Intangible assets	2,483,475	926,629	1,022,159	78,683	148,924	74	358,979	4,366	(56,339)
Additions	*75,228*	*19,489*	*34,759*	*709*	*428*	*54*	*18,650*	*1,139*	-
Property, plant and equipment	3,829,799	1,944,256	1,072,682	183,525	477,413	631	3,585	168,768	(21,061)
Additions	*835,265*	*521,964*	*184,426*	*85,355*	*41,691*	*155*	*297*	*3,308*	(1,931)
Investment property	*2,091,328*	-	*3,150*	-	-	*2,088,178*	-	-	-
Additions	*17,778*	-	*832*	-	-	*16,946*	-	-	-
Investments accounted for using the equity method	1,034,288	233,202	47,006	43,328	132,376	441,970	123,044	12,996	366
Non-current financial assets	748,425	245,660	1,127,778	104,736	4,148	14,951	144,669	3,781,563	(4,675,080)
Deferred tax assets	468,346	59,039	43,478	309,210	53,469	21,175	24,421	121,974	(164,420)
Current assets	**6,062,014**	**1,696,939**	**961,866**	**2,395,120**	**231,513**	**822,261**	**65,129**	**627,017**	**(737,831)**
Inventories	1,234,338	87,211	51,838	276,578	103,281	718,209	1,228	275	(4,282)
Trade and other receivables	2,886,531	1,095,822	530,853	1,099,145	110,704	21,394	9,601	60,087	(41,075)
Other current financial assets	260,545	87,489	68,025	340,166	11,270	17,029	28,834	400,206	(692,474)
Other current assets	70,897	29,824	7,636	27,338	1,493	4,174	431	1	-
Cash and cash equivalents	1,609,703	396,593	303,514	651,893	4,765	61,455	25,035	166,448	-
Total assets	**16,717,675**	**5,105,725**	**4,278,119**	**3,114,602**	**1,047,843**	**3,389,240**	**719,827**	**4,716,684**	**(5,654,365)**
LIABILITIES									
Equity	**6,145,927**	**1,102,480**	**1,025,904**	**1,288,677**	**679,274**	**1,981,723**	**267,697**	**3,214,236**	**(3,414,064)**
Non-current liabilities	**6,708,319**	**2,879,179**	**2,395,315**	**243,008**	**244,000**	**894,525**	**381,913**	**1,175,175**	**(1,504,796)**
Grants	226,624	4,285	47,282	-	610	-	174,447	-	-
Non-current provisions	1,230,595	561,787	236,724	193,518	36,817	26,399	54,870	120,480	-
Non-current financial liabilities	4,817,034	2,052,887	2,020,383	23,354	142,214	713,866	146,796	1,053,774	(1,336,240)
Deferred tax liabilities	284,179	128,817	72,442	26,136	64,359	154,260	5,800	921	(168,556)
Other non-current liabilities	149,887	131,403	18,484	-	-	-	-	-	-
Current liabilities	**3,863,429**	**1,124,066**	**856,900**	**1,582,917**	**124,569**	**512,992**	**70,217**	**327,273**	**(735,505)**
Current provisions	159,610	4,992	17,659	127,695	3,357	2,903	1,065	1,939	-
Current financial liabilities	926,771	477,854	279,759	23,898	47,345	419,635	55,498	298,983	(676,201)
Trade and other payables	2,777,048	646,279	559,482	1,431,324	73,867	90,454	13,654	21,066	(59,078)
Internal relations	-	(5,059)	-	-	-	-	-	*5,285*	(226)
Total liabilities	**16,717,675**	**5,105,725**	**4,278,119**	**3,114,602**	**1,047,843**	**3,389,240**	**719,827**	**4,716,684**	**(5,654,365)**

Consolidated Group

2022	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
ASSETS									
Non-current assets	**9,874,542**	**3,164,348**	**3,125,791**	**803,020**	**728,894**	**2,325,704**	**601,856**	**3,904,676**	**(4,779,747)**
Intangible assets	2,342,148	932,535	902,913	78,209	148,608	44	330,686	5,494	(56,341)
Additions	*64,347*	*21,003*	*40,798*	*337*	*854*	*3*	-	*1,352*	-
Property, plant and equipment	3,496,804	1,713,092	993,061	154,497	470,038	924	37	185,430	(20,275)
Additions	*598,412*	*401,831*	*119,901*	*58,784*	*13,978*	*74*	*1*	*3,843*	-
Investment property	*2,122,854*	-	*2,560*	-	-	*2,120,294*	-	-	-
Additions	*21,599*	-	-	-	-	*21,599*	-	-	-
Investments accounted for using the equity method	502,629	194,887	54,353	40,712	42,690	40,006	118,358	11,381	242
Non-current financial assets	910,567	258,395	1,135,874	197,041	3,990	152,699	143,219	3,555,899	(4,536,550)
Deferred tax assets	499,540	65,439	37,030	332,561	63,568	11,737	9,556	146,472	(166,823)
Current assets	**5,407,999**	**1,594,944**	**829,780**	**2,158,697**	**236,746**	**874,862**	**40,446**	**310,239**	**(637,715)**
Inventory	1,143,202	57,346	41,528	179,954	105,207	758,219	198	1,098	(348)
Trade and other receivables	2,409,262	971,826	471,722	796,817	110,741	21,243	9,556	74,411	(47,054)
Other current financial assets	221,252	70,593	64,492	387,888	12,271	41,639	12,450	222,232	(590,313)
Other current assets	58,745	31,641	5,632	15,454	1,215	4,363	180	260	-
Cash and cash equivalents	1,575,538	463,538	246,406	778,584	7,312	49,398	18,062	12,238	-
Total assets	**15,282,541**	**4,759,292**	**3,955,571**	**2,961,717**	**965,640**	**3,200,566**	**642,302**	**4,214,915**	**(5,417,462)**
LIABILITIES									
Equity	**4,938,993**	**909,450**	**977,656**	**1,178,455**	**595,120**	**1,893,734**	**238,034**	**2,354,572**	**(3,208,028)**
Non-current liabilities	**6,046,615**	**2,231,734**	**2,319,042**	**236,140**	**246,352**	**971,668**	**338,826**	**1,273,388**	**(1,570,535)**
Grants	202,864	4,265	37,291	-	610	-	160,700	-	(2)
Non-current provisions	1,141,750	544,299	184,556	194,913	23,371	27,784	47,874	118,953	-
Non-current financial liabilities	4,271,282	1,418,164	2,017,592	10,289	156,788	783,845	130,252	1,153,968	(1,399,616)
Deferred tax liabilities	281,977	130,032	65,835	30,938	65,583	160,039	-	467	(170,917)
Other non-current liabilities	148,742	134,974	13,768	-	-	-	-	-	-
Current liabilities	**4,296,933**	**1,618,108**	**658,873**	**1,547,122**	**124,168**	**335,164**	**65,442**	**586,955**	**(638,899)**
Current provisions	148,074	5,115	14,377	118,276	4,661	2,443	1,133	2,069	-
Current financial liabilities	1,333,125	911,693	68,376	29,827	28,866	249,265	52,820	557,798	(565,520)
Trade and other payables	2,815,734	699,890	576,120	1,399,019	90,641	83,456	11,489	28,264	(73,145)
Internal relations	-	1,410	-	-	-	-	-	(1,176)	(234)
Total liabilities	**15,282,541**	**4,759,292**	**3,955,571**	**2,961,717**	**965,640**	**3,200,566**	**642,302**	**4,214,915**	**(5,417,462)**

Cash flows by segment

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2023									
Operating activities	785,386	400,444	257,296	(262,273)	124,451	155,670	33,916	63,668	12,214
From investing activities	(962,436)	(527,502)	(174,151)	56,068	(100,235)	(81,749)	87,095	(243,123)	21,161
Financing activities	210,258	57,992	(30,285)	83,767	(25,969)	(61,862)	(114,344)	334,334	(33,375)
Other cash flows	957	2,122	4,247	(4,253)	(793)	(2)	305	(669)	-
Cash flows for the year	**34,165**	**(66,944)**	**57,107**	**(126,691)**	**(2,546)**	**12,057**	**6,972**	**154,210**	**-**
2022									
Operating activities	1,545,839	531,644	235,496	506,839	(13,539)	166,584	31,131	105,386	(17,702)
From investing activities	(938,045)	(385,164)	(273,097)	(12,104)	(13,422)	(154,654)	(43,959)	(17,965)	(37,680)
Financing activities	(567,196)	(55,143)	(316,370)	(60,990)	12,824	(29,973)	(18,970)	(153,956)	55,382
Other cash flows	(585)	(8,230)	(1,546)	8,817	(126)	-	501	(1)	-
Cash flows for the year	**40,013**	**83,107**	**(355,517)**	**442,562**	**(14,263)**	**(18,043)**	**(31,297)**	**(66,536)**	**-**

b) Activities and investments by geographic markets

The Group performs approximately 48% of its activity abroad (45% in 2022).

The Revenue realised abroad by the Group companies for the business years 2023 and 2022 is distributed among the following markets:

	Total Group	Environmental Services	Integrated Water Management	Construction	Cement	Real Estate	Concessions	Corporation	Eliminations
2023									
United Kingdom	1,113,996	778,736	-	249,949	89,598	7	-	-	(4,294)
Czech Republic	413,737	265,689	148,048	-	-	-	-	-	-
Georgia	79,240	-	79,240	-	-	-	-	-	-
Rest of Europe and Others	980,987	370,977	115,000	452,661	35,078	-	-	7,271	-
USA and Canada	608,156	351,562	-	237,303	19,291	-	-	-	-
Latin America	697,201	-	91,276	581,846	20,212	-	3,867	-	-
Middle East, Africa and Australia	395,448	-	134,667	193,277	69,189	-	-	-	(1,685)
	4,288,765	**1,766,964**	**568,231**	**1,715,036**	**233,368**	**7**	**3,867**	**7,271**	**(5,979)**
2022									
United Kingdom	1,048,589	794,945	-	178,292	78,158	-	-	-	(2,806)
Czech Republic	385,321	264,954	120,364	3	-	-	-	-	-
Georgia	65,292	-	65,292	-	-	-	-	-	-
Rest of Europe and Others	878,266	358,813	161,974	322,210	26,904	-	-	8,535	(170)
USA and Canada	285,565	247,240	-	23,400	14,925	-	-	-	-
Latin America	474,679	-	48,319	410,845	12,560	-	2,955	-	-
Middle East, Africa and Australia	296,798	-	65,806	162,048	69,382	-	-	-	(438)
	3,434,510	**1,665,952**	**461,755**	**1,096,798**	**201,929**	**-**	**2,955**	**8,535**	**(3,414)**

The following items included in the accompanying financial statements are shown below by geographical areas:

	Total Group	Spain	United Kingdom	Georgia	Czech Republic	Rest of Europe and Others	United States of America and Canada	Latin America	Middle East and Africa
2023									
ASSETS									
Intangible assets	**2,483,475**	1,172,955	455,196	664	2,133	280,323	160,142	378,125	33,937
Property, plant and equipment	**3,829,800**	1,761,439	532,068	463,786	339,984	410,626	260,958	38,484	22,455
Investment property	**2,091,328**	2,088,178	-	3,150		-	-	-	-
Deferred tax assets	**468,346**	409,898	7,919	-	5,551	17,799	-	25,145	2,034
2022									
ASSETS									
Intangible assets	**2,342,148**	1,214,779	453,521	1,770	2,236	254,017	80,321	295,082	40,422
Property, plant and equipment	**3,496,804**	1,512,754	556,861	434,978	342,537	354,623	241,111	34,249	19,691
Investment property	**2,122,854**	2,120,294	-	2,560	-	-	-	-	-
Deferred tax assets	**499,540**	444,666	16,040	-	5,434	17,166	-	13,332	2,902

c) Personnel

The average number of people employed in 2023 and 2022 by business areas is as follows:

	2023	2022
Environmental Services	44,565	42,996
Integrated Water Management	13,186	12,168
Construction	7,014	6,480
Cement	1,073	1,060
Real Estate	101	103
Concessions	157	58
Corporation	296	365
	66,392	**63,230**

28. ENVIRONMENTAL INFORMATION

The Corporate Responsibility Master Plan contains the environmental policy, enhancing the socially responsible commitment as part of the strategy of the FCC Group, which is highly involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the environment and using available resources responsibly, and in line with its vocation to serve through activities with a clear environmental focus, the FCC Group promotes and enhances the following principles, on which its contribution to sustainable development is based, throughout the organisation:

Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the FCC Group's processes, products and services, and enhancing the positive impacts.

Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the FCC Group's environmental performance and compliance with the commitments undertaken.

Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Preventing pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the FCC Group's activities.

Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other things, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the FCC Group.

Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
b) The reduction of environmental impacts through proper planning.
c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

a) The identification of environmental aspects and applicable legislation.
b) Impact evaluation criteria.
c) The measures to be taken.
d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity: (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2023, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,870,885 thousand euros (2,645,627 thousand euros at 31 December 2022). Environmental provisions, mainly for landfill sealing and closing costs, amount to 482,546 thousand euros (476,679 thousand euros as at 31 December 2022).

The activities carried out by Aqualia are directly linked to the protection of the environment, as the guiding thread of its actions, in collaboration with the different Public Administrations, is the efficient management of the end-to-end water cycle and the search for guarantees for the availability of water resources that allow for the sustainable growth of the populations where it provides its services. One of FCC Aqualia's fundamental objectives is continuous improvement through an Integrated Management System, which includes both the quality management of processes, products and services and environmental management. The main actions carried out are: Water quality control in both collection and distribution, 24-hour service 365 days a year making it possible to fix faults in distribution networks in the shortest possible time, with the consequent saving of water, optimisation of electricity consumption, the elimination of environmental impacts caused by wastewater discharges and the management of energy efficiency in order to reduce the carbon footprint.

Cement companies have fixed and non-current assets for filtering gases that are discharged into the atmosphere, in addition to meeting the commitments made in the environmental recovery of depleted quarries and applying technologies that contribute to the efficient environmental management of processes. Additionally, major efforts are being made in terms of production and marketing of cements with a higher percentage of additions that reduce the clinker content while maintaining their performance on site, making it possible to reduce the carbon footprint in its main product, cement. Also worth note is the increase in material recovery with greater use of secondary raw materials, increasing the percentage of energy substitution in clinker kilns.

At year-end the Cementos Portland Valderrivas Group has investments related to environmental activities recorded under intangible assets and property, plant and equipment for a total amount of 139,300 thousand euros (137,960 thousand euros in 2022), with accumulated amortisation of 113,693 thousand euros (108,756 thousand euros in 2022). In 2023, it also incurred expenses of 3,508 thousand euros (2,562 thousand euros in 2022) to ensure the protection and improvement of the environment, which were recognised under "Other operating expenses" in the accompanying consolidated income statement.

For the cement activity, the Group receives free CO_2 emission rights in accordance with the corresponding national allocation plans. During 2023 and 2022, no greenhouse gas rights were sold.

The Construction Area adopts environmental practices in the execution of the works that allow for a respectful action with the environment, minimising its environmental impact by reducing the emission of dust into the atmosphere, controlling the level of noise and vibrations, controlling water discharges with special emphasis on the treatment of fluids generated by the works, the maximum reduction of waste generation, the protection of the biological diversity of animals and plants, protection of the urban environment due to occupation, pollution or loss of soils and the development of specific training programmes for technicians involved in the process of making decisions with an environmental impact, as well as the implementation of an "Environmental performance code" that establishes the requirements for subcontractors and suppliers regarding the protection and defence of the environment.

The Real Estate Area, in carrying out its usual development activities, considers the environmental impact of its projects and investments as a key aspect. However, it has not been necessary to incorporate systems, equipment or installations for the protection and improvement of the environment into tangible fixed assets.

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2023 that may have a significant impact on the accompanying financial statements.

For more information on the provisions of this note, the reader should refer to the Statement of Non-Financial Information the Group publishes annually, among other channels, on the web page www.fcc.es.

29. FINANCIAL AND NON-FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the financial statements. The risk management philosophy of the Group is consistent with their business strategy, and seeks to achieve maximum efficiency and solvency at all times. To this end, strict financial and non-financial risk management and control criteria have been established, identifying, measuring, analysing and controlling the risks incurred in the Group's operations. The risk policy has been integrated into the Group's organisation in the appropriate manner.

In view of the Group's activities and the transactions through which it carries on its business, it is currently exposed to the following risks:

a) Capital risk

To manage capital, the main objective of the Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise shareholder value, not only at Group level, but also at the level of the parent, Fomento de Construcciones y Contratas, S.A.

The Group's basic capital base is equity in the balance sheet which, for management and monitoring purposes, excludes the item "Changes in fair value of financial instruments" and "Translation differences".

The first of these headings is disregarded for management purposes as it is considered as part of interest rate management, since it is mainly the result of the assessment of instruments that transform floating-rate debt into fixed-rate debt. Translation differences, meanwhile, are managed within the exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

The above is reflected in the results of ratios, debt levels and the high percentage classed as Investment grade, mainly in the parent's subsidiaries that account for a large part of the Group's financial debt, such as FCC Aqualia and FCC Servicios Medio Ambiente Holding.

In addition, as more extensively explained in note 19 on Non-current and current financial liabilities, in June 2022 the refinancing in the Water area was completed for the sum of €1,100 million. Moreover, in July 2020, FCC Servicios Medioambiente Holding, S.A. registered, and since then has renewed once a year, a promissory note programme, Euro Commercial Paper Programme (ECP), on the Irish stock exchange, for a maximum amount of 400 million euros and in October 2023 refinanced 600 million euros through a new bond issue. Fomento de Construcciones y Contratas, S.A. has had a promissory note programme - Euro Commercial Paper Program (ECP) - registered in that same market since November 2018, for an amount of 600 million euros. In 2023, new financing facilities were also renewed and taken out in the form of lines of credit and bilateral loans.

These operations have helped to continue to shore up the financial solvency process and the continuation of the policy of diversifying funding sources. These measures have contributed to achieving a much more robust and efficient capital structure, with suitable volumes, terms and financing costs adapted to the nature of the different business areas.

The Economic-Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratios and compliance with financing covenants, together with the capital structure of the subsidiaries.

b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of the Group’s positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is mainly found in debt denominated in foreign currency, except when this entails a natural hedge of the assets financed since they are denominated in the same currency, in investments in international markets, and in collections and payments in currencies other than the euro.

The following shows the composition by currencies of the Group's gross debt at 31 December 2023:

	CONSOLIDATED (thousands of euros)							
	Euro	Dollar	Pound	Czech Koruna	Rest of Europe non-euro	Latin America	Other	TOTAL
Gross debt	4,407,122	168,001	303,179	170	1,954	58,296	26,368	4,965,090
Financial assets	(834,286)	(293,363)	(244,251)	(45,872)	(108,488)	(98,859)	(239,865)	(1,864,984)
Total consolidated Net indebtedness	**3,572,836**	**(125,362)**	**58,928**	**(45,702)**	**(106,534)**	**(40,563)**	**(213,497)**	**3,100,106**
% Net Debt of the total	115.2%	(4.0%)	1.9%	(1.5%)	(3.4%)	(1.3%)	(6.9%)	100.0%

Note 16 of these Financial Statements provides a break down of Cash and Equivalents by currency; in this breakdown, we can see how 45.5% is denominated in euros, 18.0% is denominated in US dollars, 13.5% in sterling and 6.9% in Saudi riyals.

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

A summary table of the sensitivity to exchange rate changes in the translation of foreign currency financial statements in the main currencies in which the Group operates is shown below (note 17):

	10%	
	Profit and Loss	Equity
Pound sterling	6,473	45,903
US dollar	504	36,487
Georgian lari	1,159	16,577
Algerian dinar	2,401	16,255
Czech koruna	3,813	10,729
Total	**14,350**	**125,951**

	-10%	
	Profit and Loss	Equity
Pound sterling	(6,473)	(45,903)
US dollar	(504)	(36,487)
Georgian lari	(1,159)	(16,577)
Algerian dinar	(2,401)	(16,255)
Czech koruna	(3,813)	(10,729)
Total	**(14,350)**	**(125,951)**

The impact on sterling is mainly due to the translation of the net assets corresponding to the investment held in the FCC Environment UK subgroup.

c) The FCC Group is exposed to interest rate risk

The Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, totalling 61.3% of the Group's total gross debt at the end of the year, including hedging on structured project financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Total Group	Construction	Environmental Services	Cement	Integrated Water Management	Concessions	Real Estate	Corporation
Total Gross External Debt	4,965,090	8,150	1,908,765	140,932	2,029,496	101,959	774,296	1,492
Fixed-rate headings and financing at 31.12.23	(3,042,444)	(1,653)	(1,665,034)	(1,196)	(733,313)	-	(641,248)	-
Total variable rate debt	**1,922,646**	**6,497**	**243,731**	**139,736**	**1,296,183**	**101,959**	**133,048**	**1,492**
Ratio: Variable rate debt / Gross External Debt at 31.12.23	**38.7%**	**79.7%**	**12.8%**	**99.2%**	**63.9%**	**100.0%**	**17.2%**	**100.0%**

The following table summarises the effect on the Group's income statement of upward movements in the interest rate curve on gross borrowings, after excluding fixed-rate debt and debt associated with hedging agreements:

	Gross indebtedness		
	+25 pp	+50 pp	+75 pp
Impact on profit or loss	4,807	9,613	14,420

d) Solvency risk

At 31 December 2023, the net financial indebtedness of the Environmental Services Group contained in the accompanying consolidated balance sheet amounted to 3,100,106 thousand euros as shown in the following table (3,192,719 thousand euros at 31 December 2022):

	2023	2022
Bank borrowings	2,709,929	2,778,349
Debt instruments and other loans	2,107,100	2,040,747
Other interest-bearing financial debt	148,061	163,364
Current financial assets	(255,281)	(214,203)
Treasury and cash equivalents	(1,609,703)	(1,575,538)
Net interest-bearing debt	**3,100,106**	**3,192,719**
Net debts with limited recourse	**4,001,840**	**3,869,904**
Net indebtedness with recourse	**(901,734)**	**(677,185)**

In turn, Net Debt with limited recourse increased year on year mainly due to the higher indebtedness of the Environmental Services area (note 19).

e) The FCC Group is exposed to liquidity risk

The Group carries out its operations in sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The Group's ability to obtain financing depends on many factors, many of which are outside its control.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group’s ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it operates. Negative conditions in debt markets could hinder or prevent Group’s capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2023, the Group's schedule of maturities of external gross debt was as follows:

2024	2025	2026	2027 and beyond	TOTAL
605,434	687,989	1,957,205	1,714,462	4,965,090

Almost the entire amount of the gross financial debt, amounting to €4,955,167 thousand, has no recourse to the parent company, of note being the debt of the End-to-end Water Management segment amounting to 2,029,496 thousand euros, and of the Environmental Services segment amounting to 1,908,765 thousand euros at 31 December 2023.

At 31 December 2023, the Group had working capital of 2,198,585 thousand euros (1,111,066 thousand euros at 31 December 2022).

In order to manage liquidity risk, at 31 December 2023, the Group had 591.7 million euros in undrawn bilateral financing lines, and 1,219,996 thousand euros in cash, in addition to the following current financial assets and cash equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	255,281	23,711	18,760	17,029	195,781

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	389,707	189,624	-	200,083

f) Concentration risk

This is risk arising from the concentration of lending transactions with common characteristics, and it is distributed as follows:

- Funding sources: In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.

- Markets/geography (domestic, foreign): The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.

- Products: The Group uses various financial products: loans, credit facilities, promissory notes and obligations, syndicated loans, assignments and discounting, etc.

- Currency: The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent to each line of business, the Group maintains a diversified position among businesses related to the construction and management of infrastructure, provision of environmental services and others. In the area of geographical diversification, in 2023 the weight of the external activity has been 48% of total sales, with special importance in the activities of Environmental Services and Infrastructure Construction.

g) Credit risk

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public-sector customers, the Group does not accept commitments that do not have an assigned budget and financial approval. Offers that exceed a specific payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2023 and 2022 as shown in the following table:

	2023	2022
Financial credits granted (note 13)	1,092,422	1,060,903
Trade and other receivables (note 15)	2,886,530	2,409,262
Derivative financial assets (note 22)	30,445	46,330
Cash and cash equivalents (Note 16)	1,609,703	1,575,538
Guarantees granted (Note 25)	5,041,504	4,697,135
TOTAL	**10,660,604**	**9,789,168**

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial assets or accounts receivable from traffic. Although it should be noted that bonds are requested from subscribers in the case of certain contracts of the Water activity, mostly concessions affecting IFRIC 12, there are also offsetting mechanisms in certain contracts, mostly concessions affecting IFRIC 12 in Water, Environmental Services and Concession activities, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

With respect to credit quality, the Group applies its best judgement to impair financial assets for which lifetime credit losses are expected to be incurred (note 3.i). The Group regularly analyses changes in the public ratings of the entities to which it is exposed..

Risk hedging financial derivatives

The financial derivatives contracted by the Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the Group through derivative instruments relates to changes in the variable interest rates to which the financing of Group companies is linked. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

A simulation was carried out, proposing four bullish scenarios of the basic interest rate curve of the Euro, coming in at around 2.43% in the medium/long term as at 31 December 2023, assuming an increase and reduction of 50 bp and 100 bp.

The amounts in thousands of euros obtained in relation to derivatives outstanding at year-end with an impact on equity (note 22), after applying, where applicable, the percentage of ownership interest, are shown below.

	Hedging derivatives			
	-100 pp	-50 pp	+50 pp	+100pp
Impact on Equity:				
Full consolidation	(11,532)	(5,626)	5,364	10,482
Equity method	(8,512)	(4,072)	3,739	7,176

h) Risks generated by the Russian invasion of Ukraine

The Group does not undertake activities in Russia, Ukraine or Belarus, meaning that the Russian invasion of Ukraine and the subsequent sanctions have not had a direct effect on its activities. However, it has been exposed to indirect effects such as the increase in the cost of raw materials, in particular the cost of energy, disruption to supply chains and, to a certain extent, the increase in reference interest rates.

In view of the above, the Group has reviewed the assumptions used to assess the signs of impairment of its main non-financial assets, considering, among other factors, the increase in reference interest rates, paying special attention to goodwill, and has determined that there is no impairment associated with it (note 6).

Given that the Group does not operate in the aforementioned geographic markets, no significant increase in the credit risk of its financial assets has been seen; therefore, no additional impairments have been recognised beyond those considered inherent to the different activities it performs. Furthermore, no difficulties have been detected in the Group's ability to obtain financing, as reflected by the transactions undertaken over the course of the year (note 19).

The aforementioned invasion has had a limited impact on the Group, meaning that the consolidated financial statements have been prepared applying the going concern principle, considering that the effects described do not jeopardise the continuity of their activities.

i) Climate change risks

The Group's activities may be impacted by adverse weather conditions, such as floods or other natural disasters, and in some cases by decreases in temperature that may make it difficult, or even impossible in extreme cases, to carry out its activities, such as in the case of severe frost in the construction activity.

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 18).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and, due to the very nature of some of the activities it carries out, it promotes the circular economy. In order to achieve these objectives, the Group implements specific policies in its activities.

The Construction area has an Integrated Policy to analyse environmental incidents, the involvement of the interested parties and the establishment of a plan to reduce the significant impacts of the activities of the works, emphasising the mitigation of the generation of waste, the consumption of resources, the generation of noise and vibrations, promoting the use of sustainable and reusable materials and the sustainable use of water. It has environmental certifications in several of the countries in which it operates, as well as environmental certification according to ISO 14001 at the centres located in Spain at some of its main investees.

The very nature of the Environmental Services Area aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

In 2021, the Water Area was the first company in the sector to certify the Strategy for the Contribution of the Sustainable Development Goals, by AENOR. Furthermore, the Area has implemented energy management policies with a view to optimising energy consumption at its facilities; this policy is reflected in the calculation of the company's Carbon Footprint at its plants in Spain. The Area has also implemented policies to reduce greenhouse gas emissions, through the signing of a PPA (Power Purchase Agreement) contract for renewable energies (photovoltaic) and projects to install renewable energy (photovoltaic) at some of its facilities.

The Cement Area takes measures that are specified at each facility, taking into account the current context of each one, its technological, human and economic resources, the applicable legislation and the expectations of the interested parties. The objectives of such measures are to promote the circular economy and to reduce greenhouse gas emissions by increasing material and energy recovery with a greater use of decarbonised raw materials, recoverable waste and biomass fuels, increasing energy efficiency through the optimisation of the fuel mix and the use of expert systems in the manufacturing process and transition to LED lighting and increasing the mix of renewable energies through solar and/or wind energy facility projects and boosting the consumption of biomass in clinker manufacturing.

Pursuant to the reporting requirements set out in the Taxonomy Regulation (EU) 2020/852, the Group has analysed the proportion of its economic activities that are eligible, and where appropriate, aligned and non-aligned, and ineligible under the Environmental Taxonomy, in terms of business volume, CapEx and OpEx relative to 2023. The Statement of Non-Financial Information that forms part of the Management Report provides greater details about the results and methodology followed in the application of the aforementioned Regulation, in particular specifying how the Group has analysed the climate risks affecting all its activities.

As a result of the above, the Group has prepared its financial statements on a going concern basis, as there are no doubts about the Group's continued existence.

30. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

a) Transactions with directors of the Parent Company and senior executives of the Group

The amounts accrued for fixed and variable remuneration received by the Directors of Fomento de Construcciones y Contratas, S.A. in 2023 and 2022, to be paid by the latter or any of the Group companies, jointly managed or associated, are as follows:

	2023	2022
Fixed remuneration	966	893
Other payments	1,879	1,671
	2,845	**2,564**

The senior executives listed below, who are not members of the Board of Directors, received total remuneration of 2,180 thousand euros (5,793 thousand euros in the 2022 business years).

2023		
	Marcos Bada Gutiérrez	General manager of Internal Audit
	Felipe B. García Pérez	General Secretary
	Miguel A. Martínez Parra	Managing Director of Administration and Finance
	Félix Parra Mediavilla	Managing Director of FCC Aqualia
	Jaime Rocha Font	CEO of Cementos Portland Valderrivas

2022		
	Marcos Bada Gutiérrez	General manager of Internal Audit
	Felipe B. García Pérez	General Secretary
	Miguel A. Martínez Parra	Managing Director of Administration and Finance
	Félix Parra Mediavilla	Managing Director of FCC Aqualia

Note 24 "Pension plans and similar obligations" describes the insurance taken out in favour of certain executive directors and directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A. has a direct or indirect ownership interest were as follows:

Name or corporate name of the director	Company name of the Group entity	Position
ALICIA ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	CHAIRWOMAN (ACTING ON BEHALF OF EAC INVERSIONES CORPORATIVAS, S.L.)
	REALIA BUSINESS, S.A.	DIRECTOR
GERARDO KURI KAUFMANN	CEMENTOS PORTLAND VALDERRIVAS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	REALIA BUSINESS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	FCyC, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DIRECTOR
JUAN RODRÍGUEZ TORRES	REALIA BUSINESS, S.A.	NON-EXECUTIVE CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALVARO VÁZQUEZ DE LAPUERTA	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	CHAIRMAN
PABLO COLIO ABRIL	FCC CONSTRUCCIÓN, S.A.	CHAIRMAN
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	DEPUTY CHAIRMAN
	FCC MEDIO AMBIENTE, S.A.	CHAIRMAN
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DEPUTY CHAIRMAN
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AUSTRIA ABFALL SERVICE AG	CHAIRMAN
ESTHER ALCOCER KOPLOWITZ	REALIA BUSINESS, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
CARMEN ALCOCER KOPLOWITZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR

In 2023, no significant transactions were performed entailing a transfer of assets or liabilities between Group companies and their executives and directors.

b) Situations of conflicts of interest

No conflict of interests have been directly or indirectly declared in the interest of Fomento de Construcciones y Contratas, S.A., in accordance with applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the operations of Fomento de Construcciones y Contratas, S.A. with its related parties reflected in this report or, as the case may be, of the agreements related to remuneration or appointment of positions. In this regard, when specific conflicts of interest have taken place with certain directors, they have been resolved in accordance with the procedure stipulated in the Board of Directors' Rules, with the directors involved abstaining from the corresponding debates and votes.

c) Operations between Group companies or entities

There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The turnover of the attached consolidated income statement includes 289,504 thousand euros (133,495 thousand euros in 2022) from Group companies billing associates and joint ventures.

Likewise, purchases made from associates and joint ventures amounting to 19,431 thousand euros (18,501 thousand euros in 2022) are also included in the Group's consolidated financial statements.

d) Transactions with other related parties

During the year, a number of transactions were approved involving companies in which shareholders of Fomento de Construcciones y Contratas, S.A. own equity interests, the most significant of which were as follows:

- Execution of construction and service provision contracts between Group companies, eliminated in the process of consolidation, and investees by other parties related to the controlling shareholder, as follows:

Buyer	Seller	2023	2022
Realia Patrimonio, S.L.U.	FCC Industrial e Infraestructuras Energéticas S.A.U.	1,047	926
	FCC Medio Ambiente, S.A.	180	174
	Servicios Especiales de Limpieza,S.A.	494	508
	Fedemes,S.L.	28	24
	Fomento de Construcciones y Contratas, S.A.	1	2
Realia Business, S.A.	FCC Construcción, S.A.	6,772	6,326
	Fomento de Construcciones y Contratas, S.A.	172	163
	Fedemes,S.L.	142	130
	FCyC, S.A.	348	175
	Residencial Turo del Mar, C.B.	6	9
	Jezzine Uno, S.L.U.	15	1
FCyC, S.A.	FCC Construcción, S.A.	41,050	30,170
	FCC Ambito, S.A.	-	4
	Fomento de Construcciones y Contratas, S.A.	56	50
	Fedemes,S.L.	140	130
	Realia Business, S.A.	3,780	3,560
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	127	134
	Fedemes,S.L.	26	25
Jezzine Uno, S.L.U.	Realia Business, S.A.	104	95
	Fedemes,S.L.	8	6
AS Cancelas Siglo XXI, S.L	Realia Business, S.A.	2,094	1,990
FCC Real Estate UK	FCC Environment Group (UK)	7	-
Cementos Portland Valderrivas, S.A.	Realia Patrimonio, S.L.U.	568	429
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	15	10
Fedemes, S.L.	Realia Patrimonio, S.L.U.	3	5
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	272	87
Giant Cement Company	Uniland Trading B.V.	5,771	-
Coastal Cement Corporation	Uniland Trading B.V.	13,550	9,907
		76,776	**55,040**

In addition, the following balance sheet balances are maintained:

Receivable	Payable	2023	2022
Realia Patrimonio, S.L.U.	Cementos Portland Valderrivas, S.A.	132	132
	Fomento de Construcciones y Contratas, S.A.	27	27
	FCC Industrial e Infraestructuras Energéticas S.A.U.	412	377
	FCC Medio Ambiente, S.A.	82	75
	Servicios Especiales de Limpieza,S.A.	231	273
	Fedemes,S.L.	51	48
Realia Business, S.A.	Fedemes,S.L.	14	13
	Fomento de Construcciones y Contratas, S.A.	99,936	70,122
	FCC Construcción, S.A.	1,891	4,629
	FCC Industrial e Infraestructuras Energéticas S.A.U.	2	52
	FCyC, S.A.	87	211
FCyC, S.A.	Asesoria financiera y de gestión, S.A.	170	257
	Fomento de Construcciones y Contratas, S.A.	227,485	118,474
	FCC Construcción, S.A.	10,109	3,316
	FCC Industrial e Infraestructuras Energéticas S.A.U.	-	7
	Costa Verde Habitat, S.L.	1,993	2,340
	Jezzine Uno, S.L.U.	37,043	17,618
	Realia Business, S.A.	1,440	1,437
	Fedemes,S.L.	14	13
FCC Real Estate (UK) Limited	FCC Environment (UK) Limited	4,005	-
	FCyC, S.A.	207	97
Vela Borovica Koncern d.o.o.	FCyC, S.A.	189	126
Costa Verde Habitat, S.L.	FCyC, S.A.	5	-
Planigesa, S.A.	Servicios Especiales de Limpieza,S.A.	15	-
	Fomento de Construcciones y Contratas, S.A.	1	-
	Fedemes,S.L.	3	-
Valaise, S.L. Unipersonal	FCC Industrial e Infraestructuras Energéticas S.A.U.	4	-
Fomento de Construcciones y Contratas, S.A.	Realia Patrimonio, S.L.U.	2,290	2,409
	Realia Business, S.A.	67	49
	FCyC, S.A.	4,549	32,649
Residencial Turo del Mar, C.B.	Realia Business, S.A.	2	2
Hermanos Revilla, S.A.	Servicios Especiales de Limpieza,S.A.	30	38
	Fedemes,S.L.	-	3
Jezzine Uno, S.L.U.	FCyC, S.A.	3,805	3,044
	Realia Business, S.A.	32	28
	Fedemes,S.L.	1	-
AS Cancelas Siglo XXI, S.L.	Realia Business, S.A.	8,370	10,012
FCC Industrial e Infraestructuras Energéticas S.A.U.	Realia Patrimonio, S.L.U.	25	47
	Realia Business, S.A.	12	13
FCC Construcción, S.A.	FCyC, S.A.	-	105
	Realia Business, S.A.	330	459
FCC Environment (UK) Limited	FCC Real Estate (UK) Limited	98	-
Fedemes,S.L.	Realia Patrimonio, S.L.U.	1,362	186
Realia Business, S.A.	Residencial Turo del Mar, C.B.	-	291
Giant Cement Holding Inc.	Cementos Portland Valderrivas, S.A.	4,692	5,307
Uniland Acquisition Corporation	Uniland International B.V.	10	10
Giant Cement Company	Uniland Trading B.V.	1,628	-
Coastal Cement Corporation	Uniland Trading B.V.	3,341	1,729
		416,192	**276,025**

Additionally, during 2023, the following operations were carried out with related parties:

- Service provision agreement between Fomento de Construcciones y Contratas, S.A. with Vilafulder Corporate Group, S.L.U. for a total annual amount of 355 thousand euros.
- Service provision contract between Cementos Portland Valderrivas, S.A. and Mr Gerardo Kuri Kaufmann, for an amount of 184 thousand euros.
- Contract for the provision of services between Cementos Portland Valderrivas, S.A. and Mr. Jaime Rocha Font, for the amount of 150 thousand euros.
- Agreement for the provision of services between Realia Business, S.A. and Gerardo Kuri Kaufmann for €184 thousand.
- In the framework of the debt refinancing associated with the Spanish activities of the Cementos Portland Valderrivas Group in 2016, a subordinated loan agreement was entered into with Banco Inbursa, S.A., Institución de Banca Múltiple, with carrying amount at 31 December 2023 of 50,405 thousand euros (70,405 thousand euros in 2022). On 20 October 2022, the extension of its maturity until 20 October 2025 was signed off. The financial expenses accrued during the year amounted to 2,703 thousand euros.
- Contract for the provision of IT services by Claro Enterprise Solutions, S.L. to Fomento de Construcciones y Contratas, S.A. in the amount of 15,146 thousand euros (15,662 thousand euros in 2022).
- Commercial operations within the Cement segment with the company Trituradora y procesadora de materiales Santa Anita S.A. de C.V. of the Elementia Group for an amount of 22,606 thousand euros (9,390 thousand euros in 2022), with the debt pending collection as of 31 December 2023 being 713 thousand euros (2,011 thousand euros as of 31 December 2022).
- Acquisition by FCyC, S.A. of a 12.19% stake in Realia Business, S.A. from Soinmob Inmobiliaria Española, S.A.U. for the amount of 105,000 thousand euros (Note 4).
- Acquisition by FCyC, S.A. of 3.99% of Metrovacesa, S.A. from Control Empresarial de Capitales, S.A. de C.V. for an amount of 49,571 thousand euros (notes 4, 11, 13, 17 and 26).
- Acquisition by FCyC, S.A. of 1.95% of Metrovacesa, S.A. from Soinmob Inmobiliaria Española, S.A.U. for an amount of 24,233 thousand euros (note 4, 11, 13, 17 and 26).
- Granting of a loan by FCC, S.A. to Realia Business, S.A. for an amount of 40,000 thousand euros.
- Granting of a loan by FCC, S.A. to FCyC, S.A. for an amount of 178,804 thousand euros.
- Novation of the intragroup loan between FCC, S.A. and Realia Business, S.A. to extend its maturity, the amount of the loan being 65,000 thousand euros.
- Contracts for the provision of cleaning services by Servicios Especiales de Limpieza, S.A. to Realia Patrimony, S.L.U. and Hermanos Revilla, S.A. (now Planigesa, S.A.) for an amount of 511 thousands of euros and a one-year duration.
- Contracts for the provision of cleaning services by FCC Medio Ambiente, S.A. to Realia Patrimony, S.L.U. for an amount of 177 thousands of euros and a one-year duration.
- Contracts for the provision of maintenance services by FCC Industrial e Infraestructuras Energéticas S.A.U. to Realia Estate, S.L.U. for an amount of 755 thousands of euros and a one-year duration.

- Contracts for real-estate development management and marketing services provided by Realia Business, S.A. to FC y C, S.A. for an amount of 12,538 thousands of euros.
- Work execution contract by FCC Construction, S.A. to Realia Business, S.A. for an amount of 19,851 thousand euros.
- Authorisation for the sale of dump sites in the United Kingdom to FCC Real State (UK) Ltd., both those closed and those currently in operation once they are closed. Additionally, a contract has been signed for the operation and maintenance by FCC Recycling (UK) of the landfills once they have been transferred to the aforementioned company.
- Granting of a guarantee by FCC, S.A. for an amount of 30,000 thousands of euros to FCC Real Estate (UK) Ltd. in relation to the risks of the transferred landfills.

In addition, other transactions are carried out on an arm's length basis, mainly telephone and internet access services, with related parties related to the majority shareholder for an insignificant amount.

e) Mechanisms established to detect, determine and resolve possible conflicts of interest between the Parent Company and/or its Group and its directors, executives or significant shareholders.

The FCC Group has established precise mechanisms to detect, determine and resolve possible conflicts of interest between Group companies and their directors, executives and significant shareholders, as indicated in article 20 et seq. of the Board Regulations.

31. FEES PAID TO AUDITORS

The fees for audit services accrued in 2023 and 2022 for audit services and other assurance services, as well as other professional services, provided to the various Group and jointly managed companies comprising the FCC Group by the principal auditor and other auditors participating in the audit of the various Group companies, and also by entities related to them, both in Spain and abroad, are shown in the following table:

	2023			2022		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	4,529	754	5,283	3,880	705	4,585
Other assurance services	526	248	774	333	241	574
Total audit and related services	**5,055**	**1,002**	**6,057**	**4,213**	**946**	**5,159**
Tax advisory services	-	1,141	1,141	-	1,354	1,354
Other services	-	1,917	1,917	-	1,894	1,894
Total professional services	**-**	**3,058**	**3,058**	**-**	**3,248**	**3,248**
TOTAL	**5,055**	**4,060**	**9,115**	**4,213**	**4,194**	**8,407**

32. EVENTS AFTER THE CLOSING DATE

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

ANNEX I

SUBSIDIARIES

SUBSIDIARIES

Company	Address/Registered office	% Effective ownership	Auditor
ENVIRONMENTAL SERVICES			
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Armigesa, S.A.	Paseo de Extremadura s/n – Armilla (Granada)	38.26	Moore
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	75.01	
Corporación Inmobiliaria Ibérica, S.A.	Av. Camino de Santiago, 40 – Madrid	75.01	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	45.01	Vaciero Auditores
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	40.22	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	38.26	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	99.25	Nearshore Middle East
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	49.96	Capital Auditors
Energyloop, S.A.	Av. Camino de Santiago, 40 - Madrid	41.26	Ernst & Young
Enviropower Investments Limited	United Kingdom	75.01	
FCC Ámbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	75.01	Ernst & Young
FCC Environment Services (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Environmental Services CA	USA	75.01	
FCC Environmental Services Florida Llc.	USA	75.01	
FCC Environmental Services Nebraska Llc.	USA	75.01	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Environmental Services Texas Llc.	USA	75.01	
FCC Environmental Services (USA) Llc.	USA	75.01	
FCC Environnement France	France	75.01	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	75.01	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	75.01	Aranda & Hinojosa
FCC Equal CEE Baleares, S.L.U.	Camino Fondo, 27 - Palma (Balearic Islands)	75.01	
FCC Equal CEE Canarias, S.L.U.	Carretera de Guanarteme a Tamaraceite S/n KM5.1 - Las Maja, 35010, (Las Palmas)	75.01	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	75.01	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	75.01	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.Unipersonal	Av. Camino de Santiago, 40 – Madrid	75.01	Ernst & Young
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid	75.01	
FCC Servicios Medio Ambiente Holding, S.A. Unipersonal	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Gamasur Campo de Gibraltar, S.L.	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	75.01	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	71.26	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2. U.I. de Salinetas – Telde (Las Palmas)	75.01	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	60.01	Vaciero Auditores
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5. – Hernani (Gipuzkoa)	69.01	Ernst & Young
Golrib, Soluções de Valorização de Residuos Lda.	Portugal	41.26	Ernst & Young
Houston Waste Services, LLC	USA	75.01	
Houston Waste Solutions, LLC	USA	75.01	
Industria Reciclaje de RAEES, S.L.	Crta. Santander, KM 61.50 - Osorno la Mayor (Palencia)	75.01	

Company	Address/Registered office	% Effective ownership	Auditor
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	67.51	Ernst & Young
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	75.01	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	75.01	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	75.01	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	67.51	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	75.01	Ernst & Young
Premier Waste Services, LLC.	USA	75.01	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	37.51	Ernst & Young
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	60.01	
Resicorreia Gestao Ser Amb Lda	Portugal	41.26	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	56.26	
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena (Granada)	45.01	Capital Auditors
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	75.01	Ernst & Young
Societat Municipal Mediambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	49.44	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	75.01	
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	56.26	Capital Auditors
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	60.01	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	75.01	Vaciero Auditores
FCC Group - CEE			
FCC Hódmezövásárhely Köztisztasági Kft	Hungary	46.38	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Agadax s.r.o.	Czech Republic	75.01	
ASMJ s.r.o.	Czech Republic	38.26	
FCC Abfall Service Betriebs GmbH	Austria	75.01	
FCC Austria Abfall Service AG	Austria	75.01	Ernst & Young
FCC BEC s.r.o.	Czech Republic	75.01	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	75.01	
FCC Centrum Nonprofit Kft.	Hungary	75.01	Ernst & Young
FCC Česká Republika s.r.o.	Czech Republic	75.01	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	56.26	Ernst & Young
FCC Dačice s.r.o.	Czech Republic	45.01	Ernst & Young
FCC Eko d.o.o.	Serbia	75.01	Ernst & Young
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	75.01	
FCC Environment CEE GmbH	Austria	75.01	Ernst & Young
FCC Environment Romania S.R.L.	Romania	75.01	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	75.01	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	75.01	
FCC HP s.r.o.	Czech Republic	75.01	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	75.01	
FCC Inerta Engineering & Consulting GmbH	Austria	75.01	
FCC Kikinda d.o.o.	Serbia	60.01	Ernst & Young
FCC Liberec s.r.o.	Czech Republic	41.26	Ernst & Young
FCC Litovel s.r.o.	Czech Republic	36.75	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Lubliniec sp. z.o.o.	Poland	46.48	
FCC Magyarország Kft	Hungary	75.01	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	75.01	
FCC Neratovice s.r.o.	Czech Republic	75.01	
FCC Neunkirchen Abfall Service GmbH	Austria	75.01	
FCC Podhale sp. z.o.o.	Poland	75.01	Ernst & Young
FCC Polska sp. z.o.o.	Poland	75.01	Ernst & Young
FCC Pro Eko sp. z.o.o.	Poland	75.01	
FCC Prostějov s.r.o.	Czech Republic	56.26	Ernst & Young
FCC Regios a.s.	Czech Republic	75.00	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	75.01	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	44.80	Ernst & Young
FCC Textil2Use GmbH	Austria	75.01	
FCC Trnava s.r.o.	Slovakia	37.51	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	49.51	
FCC Vrbak d.o.o.	Serbia	38.26	
FCC Wiener Neustadt Abfall Service GmbH	Austria	75.01	
FCC Žabčice s.r.o.	Czech Republic	60.01	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	66.76	
FCC Zisterdorf Abfall Service GmbH	Austria	75.01	Ernst & Young
FCC Znojmo s.r.o.	Czech Republic	37.25	Ernst & Young
FCC Zohor.s.r.o.	Slovakia	63.76	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Śląsk Sp. z o.o.	Poland	60.01	Ernst & Young
Obsed a.s.	Czech Republic	75.01	
Quail spol. s.r.o.	Czech Republic	75.01	Ernst & Young
Siewierskie Przedsiebiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	45.01	
FCC Environment Group (UK)			
3C Holding Limited	United Kingdom	75.01	Ernst & Young
3C Waste Limited	United Kingdom	75.01	Ernst & Young
Allington O & M Services Limited	United Kingdom	75.01	Ernst & Young
Allington Waste Company Limited	United Kingdom	75.01	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	75.01	Ernst & Young
Anti-Waste Limited	United Kingdom	75.01	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	75.01	Ernst & Young
BDR Property Limited	United Kingdom	60.01	Ernst & Young
BDR Waste Disposal Limited	United Kingdom	75.01	Ernst & Young
Darrington Quarries Limited	United Kingdom	75.01	Ernst & Young
Derbyshire Waste Limited	United Kingdom	75.01	Ernst & Young
East Waste Limited	United Kingdom	75.01	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	75.01	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Environment Limited	United Kingdom	75.01	Ernst & Young
FCC Environment Lostock Limited	United Kingdom	75.01	
FCC Lostock Holdings Limited	United Kingdom	75.01	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Recycling (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI Holdings Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	75.01	Ernst & Young
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	75.01	Ernst & Young
Finstop Limited	United Kingdom	75.01	
Focsa Services (UK) Limited	United Kingdom	75.01	
Hykeham O&M Services Limited	United Kingdom	75.01	Ernst & Young
Integrated Waste Management Limited	United Kingdom	75.01	Ernst & Young
Landfill Management Limited	United Kingdom	75.01	Ernst & Young
Lincwaste Limited	United Kingdom	75.01	Ernst & Young
Norfolk Waste Limited	United Kingdom	75.01	Ernst & Young
Pennine Waste Management Limited	United Kingdom	75.01	Ernst & Young
RE3 Holding Limited	United Kingdom	75.01	Ernst & Young
RE3 Limited	United Kingdom	75.01	Ernst & Young
T Shooter Limited	United Kingdom	75.01	
Waste Recovery Limited	United Kingdom	75.01	
Waste Recycling Group (Central) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	75.01	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	75.01	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Wastenotts O & M Services Limited	United Kingdom	75.01	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	75.01	Ernst & Young
WRG (Midlands) Limited	United Kingdom	75.01	Ernst & Young
WRG (Northern) Limited	United Kingdom	75.01	Ernst & Young
WRG Acquisitions 2 Limited	United Kingdom	75.01	Ernst & Young
WRG Environmental Limited	United Kingdom	75.01	Ernst & Young
WRG Waste Services Limited	United Kingdom	75.01	
FCC Group - PFI Holdings			
FCC PFI Holdings Limited	United Kingdom	75.01	Ernst & Young
Green Recovery Group			
Allington Energy Networks Ltd.	United Kingdom	38.26	
FCC (E&M) Holdings Ltd.	United Kingdom	38.26	Ernst & Young
FCC (E&M) Ltd.	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	38.26	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	38.26	
FCC Energy Holdings Ltd	United Kingdom	38.26	Ernst & Young
FCC Energy Limited	United Kingdom	38.26	Ernst & Young
FCC Environment (Lincolnshire) Ltd.	United Kingdom	38.26	Ernst & Young
FCC Environment Developments Ltd.	United Kingdom	38.26	Ernst & Young
Green Energy Finance Solutions Ltd	United Kingdom	38.26	Ernst & Young
Green Recovery Projects Ltd	United Kingdom	38.26	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Kent Energy Limited	United Kingdom	38.26	Ernst & Young
Kent Enviropower Limited	United Kingdom	38.26	Ernst & Young
Wastenotts (Reclamation) Limited	United Kingdom	38.26	Ernst & Young
AQUALIA			
Abrantaqua – Serviço de Aguas Residuais Urbanas do Municipio De Abrantes, S.A.	Portugal	30,60	Oliveira, Reis & Asociados
Acque di Caltanissetta, S.p.a.	Italy	50,78	Ernst & Young
Aguas de Albania, S.A. E.S.P.	Colombia	45,90	BDO Auditores
Aguas de Aracataca, S.A.S.	Colombia	48,45	BDO Auditores
Aguas del Sur del Atlántico, S.A. E.S.P.	Colombia	51,00	BDO Auditores
Aguas de la Península, S.A. E.S.P.	Colombia	51,00	BDO Auditores
Aguas de la Sabana de Bogotá, S.A. E.S.P.	Colombia	40,70	BDO Auditores
Aguas de las Galeras, S.L.	Av. Camino de Santiago, 40 – Madrid	51,00	
Aigües de Vallirana, S.A. Unipersonal	Conca de Tremp, 14 – Vallirana (Barcelona)	51,00	
Aqua Campiña, S.A.	Blas Infante, 6 – Écija (Seville)	45,90	Capital Auditors
Aquaelvas – Aguas de Elvas, S.A.	Portugal	51,00	Ernst & Young
Aquafundalia – Agua do Fundäo, S.A.	Portugal	51,00	Ernst & Young
Aquajerez, S.L.	Cristalería, 24 – Cádiz	51,00	Ernst & Young
Aquamag, S.A.S. E.S.P.	Colombia	51,00	BDO Auditores
Aqualia Colombia, S.A.S.	Colombia	51,00	BDO Auditores
Aqualia Czech, S.L.	Av. Camino de Santiago, 40 – Madrid	51,00	Ernst & Young
Aqualia Desalación Guaymas, S.A. de C.V.	Mexico	51,00	Ernst & Young
Aqualia Flandes S.A.S. E.S.P.	Colombia	51,00	Baker & Tilly

Company	Address/Registered office	% Effective ownership	Auditor
Aqualia France	France	51,00	SNR Audit
Aqualia Gestión Los Cabos SACV	Mexico	51,00	Ernst & Young
Aqualia Infraestructuras d.o.o. Beograd-Vracar	Serbia	51,00	
Aqualia Infraestructuras d.o.o. Mostar	Bosnia-Herzegovina	51,00	
Aqualia Infraestructuras Inzenyring, s.r.o.	Czech Republic	51,00	CMC Audit s.r.o.
Aqualia Infraestructuras Montenegro (AIM) d.o.o. Niksic	Montenegro	51,00	
Aqualia Infraestructuras Pristina LLC.	Kosovo	51,00	
Aqualia Intech, S.A.	Av. Camino de Santiago, 40 – Madrid	51,00	Ernst & Young
Aqualia Latinoamérica, SA	Colombia	51,00	BDO Auditores
Aqualia Mace Contracting, Operation & General Maintenance LLC.	United Arab Emirates	26,01	Baker & Tilly
Aqualia Mace Qatar	Qatar	26,01	Mazars
Aqualia México, S.A. de C.V.	Mexico	51,00	Ernst & Young
Aqualia Portugal, S.A.	Portugal	51,00	Ernst & Young
Aqualia Riohacha S.A.S. E.S.P.	Colombia	26,01	BDO Auditores
Aqualia Villa del Rosario, SA	Colombia	51,00	BDO Auditores
Aquamaior – Aguas de Campo Maior, S.A.	Portugal	51,00	Ernst & Young
Aquos El Realito, S.A. de C.V.	Mexico	26,01	Ernst & Young
C.E.G. S.P.A. Simplifiée	France	51,00	SNR Audit
Cartagua, Aguas do Cartaxo, S.A.	Portugal	30,60	Oliveira, Reis & Asociados
Compagnie Armoricaine Des Eaux	France	51,00	SNR Audit
Compañía Onubense de Aguas, S.A.	Av. Martín Alonso Pinzón, 8 – Huelva	30,60	
Conservación y Sistemas, S.A.	Federico Salmón, 13 – Madrid	51,00	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
Depurplan 11, S.A.	Madre Rafols, 2 – Zaragoza	51,00	Capital Auditors
Ecosistema de Morelos S.A. de C.V.	Mexico	51,00	CTS Consultores
Empresa Gestora de Aguas Linenses, S.L.	Federico Salmón, 13 – Madrid	51,00	
Empresa Mixta de Conservación de la Estación Depuradora de Aguas Residuales de Butarque, S.A.	Princesa, 3 – Madrid	35,70	
Entemanser, S.A.	Castillo, 13 – Adeje (Santa Cruz de Tenerife)	49,47	Ernst & Young
FCC Aqualia, S.A.	Av. Camino de Santiago, 40 – Madrid	51,00	Ernst & Young
FCC Aqualia América, S.A. Unipersonal	Uruguay, 11 – Vigo (Pontevedra)	51,00	
FCC Aqualia U.S.A. Corp	USA	51,00	H&CO
Flores, Rebollo y Morales, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30,60	
Genesis Lodos, S.L.	Avda. Kansas City, 9 - Seville	40,80	
Haji Abdullah Ali Reza Integrated Services Ltd (HAA & CO.)	Saudi Arabia	26,01	Ernst & Young
Hidrotec Tecnología del Agua, S.L. Unipersonal	Pincel, 25 – Seville	51,00	Ernst & Young
Infraestructuras y Distribución General de Aguas, S.L.U.	La Presa, 14 – Adeje (Santa Cruz de Tenerife)	51,00	Ernst & Young
Municipal District Services, Llc.	USA	49,47	
Naunet, S.A.S.	Colombia	51,00	BDO Auditores
North Cluster S.P.V. Llc.	Saudi Arabia	26,01	Ernst & Young
Qatarat Saquia Desalination	Saudi Arabia	26,01	Ernst & Young
Servicios Hídricos Agricultura y Ciudad, S.L.U.	Alfonso XIII – Sabadell (Barcelona)	51,00	
Severomoravske Vodovody a Kanalizace Ostrava, a.s.	Czech Republic	51,00	Ernst & Young
Shariket Tahlya Miyah Mostaganem, S.P.A.	Algeria	13,01	Samir Hadj Ali
Sociedad Española de Aguas Filtradas, S.A.	Jacometrezo, 4 – Madrid	51,00	Ernst & Young
Sociedad Ibérica del Agua, S.A. Unipersonal	Federico Salmón, 13 – Madrid	51,00	

Company	Address/Registered office	% Effective ownership	Auditor
Société des Eaux de Fin d'Oise, S.A.S.	France	51,00	SNR Audit
Société Pays de Dreux	France	51,00	
South Cluster SPV Llc	Saudi Arabia	22,95	Ernst & Young
Tratamiento Industrial de Aguas, S.A.	Federico Salmón, 13 – Madrid	51,00	Ernst & Young
Vodotech, spol. s.r.o.	Czech Republic	51,00	CMC Audit s.r.o.
Water Sur, S.L.	Urbanización Las Buganvillas, 4 – Vera (Almería)	30,60	
GGU Group			
Aqualia Georgia Llc.	Georgia	51,00	Ernst & Young
Gardabani Sewage Treatment Plant Llc.	Georgia	40,80	Ernst & Young
Georgia Global Utilities JSC	Georgia	40,80	Ernst & Young
Georgian Energy Trading Company Llc.	Georgia	40,80	Ernst & Young
Georgian Engineering and Management	Georgia	40,80	Ernst & Young
Georgian Water and Power Llc.	Georgia	40,80	Ernst & Young
Rustavi Water Llc.	Georgia	40,80	
Saguramo Energy Llc.	Georgia	40,80	Ernst & Young
CONSTRUCTION			
ACE Scutmadeira Sistemas de Gestao e Controlo de Tràfego	Portugal	100,00	
Agregados y Materiales de Panamá, S.A.	Panama	100,00	Mohsin Hafeji Hajari (CPA)
Áridos de Melo, S.L.	Finca la Barca y el Ballestar, s/n – Barajas de Melo (Cuenca)	100,00	Capital Auditors
Colombiana de Infraestructuras, S.A.S.	Colombia	100,00	ASTAF Auditores y Consultores
Concesiones Viales S. de R.L. de C.V.	Mexico	100,00	
Concretos Estructurales, S.A.	Nicaragua	100,00	

Company	Address/Registered office	% Effective ownership	Auditor
Conservial Infraestructuras, S.L.	Federico Salmón, 13 – Madrid	100,00	
Consorcio FCC Iquique Ltda.	Chile	100,00	
Construcción Infraestructuras y Filiales de México, S.A. de C.V.	Mexico	52,00	
Construcciones Hospitalarias, S.A.	Panama	100,00	Mohsin Hafeji Hajari (CPA)
Constructora Meco-Caabsa, S.A. de C.V.	El Salvador	60,00	
Constructora Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85,60	
Contratas y Ventas, S.A.	Av. de Santander, 3 1º – Oviedo (Asturias)	100,00	Ernst & Young
Corporación M&S de Nicaragua, S.A.	Nicaragua	100,00	
Desarrollo y Construcción DEYCO CRCA, S.A.	Costa Rica	100,00	
Edificadora MSG, S.A. (Panama)	Panama	100,00	
Edificadora MSG, S.A. de C.V. (El Salvador)	El Salvador	100,00	
Edificadora MSG, S.A. de C.V. (Nicaragua)	Nicaragua	100,00	
FCC Américas, S.A. de C.V.	Mexico	50,00	
FCC Américas Panamá, S.A.	Panama	50,00	PH Proaudit Solutions
FCC Colombia, S.A.S.	Colombia	100,00	ASTAF Auditores y Consultores
FCC Construcción, S.A.	Balmes, 36 – Barcelona	100,00	Ernst & Young
FCC Construcción América, S.A.	Costa Rica	100,00	
FCC Construcción Chile, SPA	Chile	100,00	
FCC Construcción Costa Rica, S.A.	Costa Rica	100,00	
FCC Construcción de México, S.A. de C.V.	Mexico	100,00	Ernst & Young
FCC Construcción Perú, S.A.C.	Peru	100,00	
FCC Constructii Romania, S.A.	Romania	100,00	

Company	Address/Registered office	% Effective ownership	Auditor
FCC Construction Australia Pty Ltd	Australia	100,00	
FCC Construction Inc.	USA	100,00	Ernst & Young
FCC Construction International B.V.	Netherlands	100,00	
FCC Construction Ireland DAC	Ireland	100,00	Mazars
FCC Construction Northern Ireland Limited	United Kingdom	100,00	Mazars
FCC Construction Regional Headquarter Llc	Saudi Arabia	100,00	Ernst & Young
FCC Construçoes do Brasil Ltda.	Brazil	100,00	
FCC Electromechanical LLC.	Saudi Arabia	100,00	Ernst & Young
FCC Elliott Construction Limited	Ireland	100,00	Mazars
FCC Industrial de Panamá, S.A.	Panama	100,00	
FCC Industrial Deutschland GmbH	Germany	50,00	
FCC Industrial e Infraestructuras Energéticas, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
FCC Industrial Perú, S.A.	Peru	100,00	
FCC Industrial UK Limited	United Kingdom	100,00	Mazars
FCC Servicios Industriales y Energéticos México, S.A. de C.V.	Mexico	100,00	Ernst & Young
FCC Soluciones de Seguridad y Control, S.L.	Federico Salmón, 13 – Madrid	100,00	
Fomento de Construcciones y Contratas Canadá Ltd.	Canada	100,00	Ernst & Young
Impulsora de Proyectos Proserme, S.A. de C.V.	Mexico	100,00	
Mantenimiento de Infraestructuras, S.A.	Federico Salmón, 13 2a planta – Madrid	100,00	Ernst & Young
Meco Santa Fe Limited	Belize	100,00	
Megaplás, S.A. Unipersonal	Hilanderas, 4-14 – La Poveda – Arganda del Rey (Madrid)	100,00	Ernst & Young
Megaplás Italia, S.p.A.	Italy	100,00	Collegio Sindicale

Company	Address/Registered office	% Effective ownership	Auditor
Participaciones Teide, S.A.	Av. Camino de Santiago, 40 – Madrid	100,00	
Prefabricados Delta, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100,00	Ernst & Young
Servicios Dos Reis, S.A. de C.V.	Mexico	100,00	
CEMENT			
Áridos de Navarra, S.A.	Estella, 6, Pamplona (Navarra)	65,68	
Canteras de Alaiz, S.A.	Dormilatería, 72 – Pamplona (Navarre)	69,68	Ernst & Young
Cementos Alfa, S.A.	María Tubau, 9 – 4 planta – Madrid	87,63	Ernst & Young
Cementos Portland Valderrivas, S.A.	Dormilatería, 72 – Pamplona (Navarre)	99,51	Ernst & Young
Dragon Alfa Cement Limited	United Kingdom	87,63	Ernst & Young
Dragon Portland Limited	United Kingdom	99,51	Ernst & Young
Intermonte Investments, S.A.	Paseo de la Castellana, 216 – Madrid	99,51	Ernst & Young
Prebesec Mallorca, S.A.	Conradors (P.I. Marratxi) - Marratxi (Balearic Islands)	67,99	
Société des Ciments d'Enfidha	Tunisia	87,43	Ernst & Young
Surgyps, S.A.	Paseo de la Castellana, 216 – Madrid	99,51	Ernst & Young
Tratamiento Escombros Almoguera S.L.	Paseo de la Castellana, 216 – Madrid	50,78	
Uniland Acquisition Corporation	USA	99,51	
Uniland International B.V.	Netherlands	99,51	
Uniland Trading B.V.	Netherlands	99,51	
CONCESSIONS			
Autovía Conquense, S.A.	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
Cemark - Mobiliario Urbano e Publicidade, S.A.	Portugal	100,00	Ernst & Young
Concesionaria Túnel de Coatzacoalcos, S.A. de C.V.	Mexico	85,60	Ernst & Young

Company	Address/Registered office	% Effective ownership	Auditor
FCC Concesiones Al Ansar, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100,00	
FCC Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
FCC Versia, S.A.	Av. Camino de Santiago, 40 – Madrid	100,00	Baker & Tilly
PPP Infraestructure Investments B.V.	Netherlands	100,00	
Sociedad Concesionaria Tranvía de Murcia, S.A.	Paseo de la Ladera, 79– Murcia	100,00	Ernst & Young
Vialia Sociedad Gestora de Concesiones de Infraestructuras, S.L.	Av. Camino de Santiago, 40 – Madrid	100,00	Ernst & Young
Fedemes, S.L.	Federico Salmón, 13 – Madrid	100,00	Ernst & Young
REAL ESTATE			
Costa Verde Habitat, S.L.	Av. Camino de Santiago, 40 – Madrid	80,03	
FCyC, S.A.	Federico Salmón, 13 – Madrid	80,03	Ernst & Young
FCC Real Estate (UK) Limited	United Kingdom	80,03	Ernst & Young
Jezzine Uno, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	80,03	SW Auditores España
Realia Group			
Boane 2003, S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	15,80	
Guillena Golf, S.L. Unipersonal	Paseo de la Castellana, 216 – Madrid	53,66	
Hermanos Revilla, S.A.	Av. Camino de Santiago, 40 – Madrid	14,03	
Inversiones Inmobiliarias Rústicas y Urbanas 2000, S.L.	Av. Camino de Santiago, 40 – Madrid	35,79	
Planigesa, S.A.	Av. Camino de Santiago, 40– Madrid	40,78	Ernst & Young
Realia Business, S.A.	Av. Camino de Santiago, 40 – Madrid	53,66	Ernst & Young
Realia Contesti, S.R.L.	Romania	53,66	
Realia Patrimonio, S.L.U.	Av. Camino de Santiago, 40 – Madrid	53,66	Ernst & Young
Servicios Índice, S.A.	Av. Camino de Santiago, 40 – Madrid	48,52	

Company	Address/Registered office	% Effective ownership	Auditor
Valaise, S.L. Unipersonal	Av. Camino de Santiago, 40 – Madrid	53,66	
Vela Borovica Koncern d.o.o.	Croatia	80,03	
OTHER ACTIVITIES			
Asesoría Financiera y de Gestión, S.A.	Federico Salmón, 13 – Madrid	100,00	
FCC Midco, S.A.	Luxembourg	100,00	
FCC Topco, S.A.R.L.	Luxembourg	100,00	

ANNEX II

COMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
ENVIRONMENTAL SERVICES					
Atlas Gestión Medioambiental, S.A.	Viriato, 47 – Barcelona	6.559	7.547	37.51	Ernst & Young
Ecoparc del Besós, S.A.	Av. Torre d'en Mateu. P.I. Can Salvatella s/n – Barcelona	5.534	8.398	36.75	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	167	113	37.51	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	2.048	1.742	25,00	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	342	308	37.51	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Barrio Las Zorreras, 8 – Rincón de la Victoria (Málaga)	246	299	37.51	Audinfor
Fisersa Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	205	217	27,27	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	576	430	37.51	Capital Auditors
Ingeniería Urbana, S.A.	Calle l esquina calle 3, P.I. Pla de la Vallonga – Alicante	3.684	4.251	26,25	Baker & Tilly
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	943	916	37.51	Ernst & Young
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	(3,197)	(3,312)	37.51	Hispanobelga Econo-mistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	209	209	37.51	
Reciclado de Componentes Electrónicos, S.A.	Calle El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	–	–	50,00	Ernst & Young
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	–	1.915	51,00	
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Cataluña, 91 – Barcelona	483	982	25,00	Castellà Auditors Consultors S.L.P.
Zabalgarbi, S.A.	Camino Artigabidea, 10 – Bilbao (Biscay)	13.100	15.988	22,50	KPMG

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
FCC Environment Group (UK)	United Kingdom	**13.988**	**19.131**		
Beacon Waste Limited	United Kingdom	–	–	37.51	Ernst & Young
Mercia Waste Management Ltd.	United Kingdom	–	–	37.51	Ernst & Young
Severn Waste Services Limited	United Kingdom	–	–	37.51	Ernst & Young
AQUALIA					
Aguas de Langreo, S.L.	Alonso del Riesgo, 3 – Langreo (Asturias)	976	829	24,99	Capital Auditors
Aguas de Narixa, S.A.	Málaga, 11 – Nerja (Málaga)	564	531	25,50	Capital Auditors
Aigües de Girona, Salt i Sarrià del Ter, S.A.	Ciutadans, 11 – Gerona	162	162	13,71	
Compañía de Servicios Medioambientales do Atlántico, S.A.	Estrada de Cedeira Km. 1 – Narón (La Coruña)	240	296	24,99	Kreston Iberaudit
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	(2,996)	(2,996)	12,50	Deloitte
Empresa Municipal de Aguas de Benalmádena EMABESA, S.A.	Explanada de Tivoli, s/n – Arroyo de la Miel (Málaga)	1.239	1.393	25,50	Audinfor
Girona, S.A.	Travesía del Carril, 2 – Gerona	1.622	1.614	17,14	Cataudit Auditors Associats, S.L.
HA Proyectos Especiales Hidráulicos S. de R.L. de C.V.	Mexico	1.292	1.160	25,25	Grant Thornton SC
Orasqualia Construction, S.A.E.	Egypt	(52)	(67)	25,50	
Orasqualia for the Development of the Waste Water Treatment Plant S.A.E.	Egypt	9.447	10.856	25,50	Grant Thorton
Orasqualia for Operation and Maintenance S.A.E.	Egypt	1.229	1.306	25,50	Grant Thorton
CONSTRUCTION					
ACS FCC Canada Inc.	Canada	–	(393)	50,00	
Administración y Servicios Grupo Zapotillo, S.A. de C.V.	Mexico	139	126	50,00	
Altos del Javier, S.A.	Panama	(3,852)	–	50,00	
Consorcio Tramo Dos S.A. DE C.V.	Mexico	1.057	–	50,00	Deloitte

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Construcciones Olabarri, S.L.	Ripa, 1 – Bilbao (Vizcaya)	6.127	5.969	49,00	Charman Auditores
Constructora de Infraestructura de Agua de Querétaro, S.A. de C.V.	Mexico	–	–	24,50	Deloitte
Constructora Durango Mazatlán, S.A. de C.V.	Mexico	1.828	1.641	51,00	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V.		–	(9,474)		
Constructores del Zapotillo, S.A. de C.V.	Mexico	1.918	1.722	50,00	Grant Thornton SC
Ctra. Cabo San Lucas San José, S.A. de C.V.	Mexico	–	–	50,00	
OHL Co Canada & FCC Canada Ltd. Individual	Canada	(69,950)	(70,929)	50,00	
Onexpress Transportation Partners INC.	Canada	405	220	25,00	
Operaciones y Servicios para la Industria de la Construcción, S.A. de C.V.	Mexico	–	–	50,00	
Servicios Empresariales Durango-Mazatlán, S.A. de C.V.	Mexico	132	119	51,00	
CEMENT					
Pedrera de l'Ordal, S.L.	Ctra. N 340 km. 1229.5 - Subirats (Barcelona)	2.855	2.292	49,65	Ernst & Young
CONCESSIONS					
Ibisan Sociedad Concesionaria, S.A.	Av. Isidor Macabich, s / n. Sant Rafel de Sa Creu (Balearic Islands)	10.434	10.925	50,00	Deloitte
REAL ESTATE					
Realia Group					
As Cancelas Siglo XXI, S.L.	Av. Camino de Santiago, 40 – Madrid	38.815	38.622	26,83	Ernst & Young
MDM-Teide, S.A.	Panama	176	365	40,02	
Teide-MDM Quadrat, S.A.	Panama	31	64	40,02	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)		**48.724**	**55.487**		

ANNEX III

ASSOCIATES

(CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
ENVIRONMENTAL SERVICES					
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n– Carreño (Asturias)	1.439	1.347	24,13	Menéndez Auditores
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	39	22	9,00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	549	606	24,75	
Betearte, S.A. Unipersonal	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	671	413	25,00	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5.526	5.342	36.75	Grupo de Auditores Públicos
Giref Generación Renovable	Pedro Lafayo, 6 - Ibiza	–	1	15,00	
FCC Group - CEE		**7.759**	**7.004**		
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	–	–	19,13	CMT Audit Kft
ASTV s.r.o.	Czech Republic	–	–	36.75	
FCC + NHSZ Környezetvédelmi HKft	Hungary	–	–	37.51	CMT Audit Kft
FCC Hlohovec s.r.o.	Slovakia	–	–	37.51	
Huber Abfallservice Verwaltungs GmbH	Austria	–	–	36.75	
Huber Entsorgungs GmbH Nfg KG	Austria	–	–	36.75	
Killer GmbH	Austria	–	–	37.51	
Killer GmbH & Co KG	Austria	–	–	37.51	Rittmann
Recopap s.r.o.	Slovakia	–	–	37.51	
Tev-Akva Kft.	Hungary	–	–	6,50	Lazar Eniko

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
FCC Environment Group (UK) (*)		**44.253**	**–**		
CI III Lostock Efw Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Power Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	30,00	Deloitte
FCC Group – PFI Holdings		**–**	**32.687**		
CI III Lostock Efw Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Power Limited	United Kingdom	–	–	30,00	Deloitte
Lostock Sustainable Energy Plant Limited	United Kingdom	–	–	30,00	Deloitte
Tirme Group		**9.818**	**9.714**	15,00	
Circulare, S.L.U.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	–	–	15,00	
Mac Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic islands)	–	–	10,50	Deloitte
Mac Insular Segunda, S.L.	Cr. de Sóller Km. 8,2 – Palma de Mallorca (Balearic islands)	–	–	11,25	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic islands)	–	–	15,00	Deloitte
AQUALIA					
Aguas de Archidona, S.L.	Pz. Ochavada, 1 – Archidona (Málaga)	38	65	24,48	Vaciero Auditores
Aguas de Denia, S.A.	Pedro Esteve, 17– Denia (Alicante)	387	341	16,83	Blazquez Asociados Auditores
Aguas de Guadix, S.A.	Plaza Constitución, 1– Guadix (Granada)	289	245	20,40	Capital Auditors
Aguas del Puerto Empresa Municipal, S.A.	Aurora, 1 – El Puerto de Santa María (Cádiz)	3.918	3.965	24,98	Capital Auditors
Aigües de Blanes, S.A.	Canigó, 5 – Blanes (Gerona)	57	24	8,40	Faura-Casas
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	–	–	0,52	
Aigües del Vendrell, S.A.	Vella, 1 – El Vendrell (Tarragona)	234	287	24,99	GM Auditors

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Codeur, S.A.	Mayor, 22 – Vera (Almería)	3.965	6.024	14,32	Ernst & Young
Concesionaria de Desalación de Ibiza, S.A.	Rotonda de Santa Eulalia, s/n – Ibiza (Balearic Islands)	876	832	25,50	BDO Auditores
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	(5,395)	(5,396)	12,50	
EMANAGUA Empresa Mixta Municipal de Aguas de Nijar, S.A.	Plaza de la Glorieta, 1 – Nijar (Almería)	224	322	24,99	Capital Auditors
Empresa Mixta de Aguas de Ubrique, S.A.	Juzgado, s/n – Ubrique (Cádiz)	32	83	24,99	Vaciero Auditores
Empresa Mixta de Aguas de Jodar, S.A.	Pz. España, 1 – Jodar (Jaén)	(21)	18	24,99	Vaciero Auditores
Empresa Municipal de Aguas de Algeciras, S.A.	Av. Virgen del Carmen – Algeciras (Cádiz)	(165)	165	24,99	Kreston Iberaudit
Empresa Municipal de Aguas de Linares, S.A.	Cid Campeador, 7 – Linares (Jaén)	158	136	24,99	Vaciero Auditores
Empresa Municipal de Aguas de Toxiria, S.A.	Plaza de la Constitución – Torredonjimeno (Jaén)	71	94	24,99	Vaciero Auditores
Nueva Sociedad de Aguas de Ibiza, S.A.	Av. Bartolomé Roselló, 18 - Ibiza (Balearic Islands)	105	95	20,40	
Omán Sustainable Water Services SAOC	Oman	1.666	1.588	24,99	Deloitte
Operadora El Realito, S.A. de C.V.	Mexico	383	343	7,65	Ernst & Young
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	2	1	12,50	
Proveïments d'Aigua, S.A.	Astúries, 13 - Gerona	671	644	7,71	GPM Auditors Associats
Sera Q A Duitama E.S.P., S.A.	Colombia	7	4	15,61	
Suministro de Aguas de Querétaro, S.A. de C.V.	Mexico	13.404	11.728	25,51	Deloitte
CONSTRUCTION					
Agrenic Complejo Industrial Nindiri, S.A.	Nicaragua	2.757	2.302	50,00	BDO Auditores
Agriwater, S.L.U.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	343	136	25,20	Deloitte
Aigües del Segarra Garrigues, S.A.	C/ Mas d'en Colom, 14 – Tárrega (Lleida)	7.562	7.036	24,68	Deloitte
Cafig Constructores, S.A. de C.V.	Mexico	919	3.560	45,00	Deloitte
Construcciones y Pavimentos, S.A.	Panama	5	5	50,00	

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Constructora de Infraestructuras de Aguas de Potosí, S.A. de C.V.	Mexico	–	–	24,50	Deloitte
Constructora San José - Caldera CSJC, S.A.	Costa Rica	–	–	50,00	Ernst & Young
Constructora San José - San Ramón SJSR, S.A.	Costa Rica	–	–	50,00	
Constructora Terminal Valle de México, S.A. de C.V.	Mexico	1.805	1.379	14,28	Deloitte
Desarrollo Cuajimalpa, S.A. de C.V.	Mexico	8	7	25,00	
Efi Túneles Necaxa, S.A. de C.V.	Mexico	69	255	45,00	
Euroconcretos de Nicaragua, S.A.	Nicaragua	–	–	40,00	
FCC Tarrio TX-1 Construçao Ltda	Brazil	–	–	70,00	
M50 (D&C) Limited	Ireland	(3,273)	(3,273)	42,50	Deloitte
N6 (Construction) Limited	Ireland	(38,413)	(38,413)	42,50	Deloitte
OHL-FCC GP Canada Inc.	Canada	–	–	50,00	
Prestadora de Servicios Acueducto El Realito, S.A. de C.V.	Mexico	1	1	24,50	
Promvias XXI, S.A.	Anglesola, 6 - Barcelona	1	1	25,00	
Roadbridge FCC JV Limited	Ireland	–	–	50,00	Mazars
Servicios CTVM, S.A. de C.V.	Mexico	2	2	14,28	
Serv. Terminal Valle de México, S.A. de C.V.	Mexico	28	26	14,28	
CEMENT					
Aplicaciones Minerales, S.A.	Camino Fuente Herrero - Cueva Cardiel (Burgos)	596	540	34,40	
Canteras y Hormigones VRE, S.A.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	(297)	(281)	49,76	
Giant Group		**102.744**	**13.451**		
Coastal Cement Corporation	USA	–	–	44,78	
Dragon Energy LLC.	USA	–	–	44,78	

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Dragon Products Company Inc.	USA	–	–	44,78	
Giant Cement Company	USA	–	–	44,78	
Giant Cement Holding Inc.	USA	–	–	44,78	
Giant Cement NC Inc.	USA	–	–	44,78	
Giant Cement Virginia Inc.	USA	–	–	44,78	
Giant Resource Recovery Inc.	USA	–	–	44,78	
Giant Resource Recovery - Arvonia Inc.	USA	–	–	44,78	
Giant Resource Recovery - Attalla Inc.	USA	–	–	44,78	
Giant Resource Recovery - Harleyville, Inc.	USA	–	–	44,78	
Giant Resource Recovery - Sumter Inc.	USA	–	–	44,78	
Keystone Cement Company	USA	–	–	44,78	
Sechem Inc.	USA	–	–	44,78	
Hormigones Castro, S.A.	Ctra. Nacional 634 - Ambrosero - Barcena de Cicero (Cantabria)	407	446	49,76	
Hormigones de la Jacetania, S.A.	Llano de la Victoria – Jaca (Huesca)	813	782	62,20	KPMG
Hormigones del Baztán, S.L.	Berroa (P.I. La Estrella) - Tanojar (Navarra)	377	396	49,76	
Hormigones Delfín, S.A.	Venta Blanca - Peralta (Navarra)	1.057	911	49,76	
Hormigones en Masa de Valtierra, S.A.	Ctra. Cadreita Km. 1 - Valtierra (Navarra)	2.514	2.419	39,81	
Hormigones Reinares, S.A.	Pintor Murillo, s/n - Calahorra (La Rioja)	1.050	985	49,76	
Hormigones y Áridos del Pirineo Aragonés, S.A.	Ctra. Nacional, 260 Km. 516,5- Sabiñánigo (Huesca)	6.317	6.112	49,76	KPMG
Lázaro Echevarría, S.A.	P.I. Isasia- Alsasua (Navarra)	7.828	8.011	27,87	KPMG
Navarra de Transportes, S.A.	C/Circunvalación Inguraketa s/n - Olazagutia (Navarra)	825	679	33,17	KPMG

Company	Address/Registered office	Net book value of the portfolio		% Effective ownership	Auditor
		2023	2022		
Novhorvi, S.A.	Portal de Gamarra, 25 - Vitoria -Gasteiz (Alava)	86	94	33,17	
Portcemen, S.A.	Muelle Contradique Sur-Puerto Barcelona - Barcelona	979	1.040	33,10	
Terminal Cimentier de Gabes-Gie	Tunisia	32	34	29,14	
Vescem-LID, S.L.	Valencia, 245 - Barcelona	35	29	24,83	
CONCESSIONS					
Future Valleys Project Co Limited	United Kingdom	29.010	29.688	42,50	Goodman Jones
Future Valley Hold Co Limited	United Kingdom	–	–	42,50	Goodman Jones
Metro de Lima Línea 2, S.A.	Peru	38.840	37.310	18,25	Ernst & Young
World Trade Center Barcelona, S.A. de S.M.E.	Moll Barcelona (Ed. Este), s/n – Barcelona	11.521	10.399	24,01	Ernst & Young
REAL ESTATE					
Las Palmeras de Garrucha, S.L.	Mayor, 19 – Garrucha (Almería)	828	955	16,01	
Metrovacesa, S.A.	Calle Quintanavides (PQ. Via Norte), 13 28050 Madrid	402.120	–	16,98	
TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)		**670.460**	**165.768**		

(*) In 2023, CI III Lostock Efw Limited, Lostock Power Limited and Lostock Sustainable Energy Plant Limited were transferred from the FCC Group - PFI Holdings to FCC Environment (UK).

ANNEX IV

CHANGES IN THE SCOPE OF CONSOLIDATION

ADDITIONS

Company	Address/Registered office
GLOBAL CONSOLIDATION	
Allington Energy Networks Ltd.	United Kingdom
Aqualia Riohacha S.A.S. E.S.P.	Colombia
FCC Construction Regional Headquarter Llc	Saudi Arabia
FCC Environnement France	France
FCC Industrial Deutschland GmbH	Germany
Municipal District Services, Llc.	USA
North Cluster S.P.V. Llc.	Saudi Arabia
Resicorreia Gestao Ser Amb Lda	Portugal
Société Pays de Dreux	France
ASSOCIATES	
Metrovacesa, S.A.	Calle Quintanavides (PQ. Via Norte), 13 28050 Madrid

CHANGES IN THE SCOPE OF CONSOLIDATION

DERECOGNITIONS

Company	Address/Registered office
GLOBAL CONSOLIDATION	
FCC Edificadora CR, S.A. (3)	Costa Rica
FCC Environmental Services Limited (1)	United Kingdom
FCC Inmobilien Holding GmbH (4)	Germany
PROPORTIONAL	
Abastament en Alta Costa Brava Empresa Mixta, S.A. (1)	Pz. Josep Pla Casadevall, 4 3º 1ª. Girona
JOINT VENTURES	
Constructora Nuevo Necaxa Tihuatlán, S.A. de C.V. (2)	Mexico
Elaboración de Cajones Pretensados, S.L. (3)	Av. Camino de Santiago, 40 – Madrid
Servicios Urbanos de Málaga, S.A. (1)	Av. Camino de Santiago, 40 – Madrid

(1) Derecognition by liquidation

(2) Derecognition following disposal of the holding

(3) Derecognition by dissolution

(4) Derecognition due to absorption

ANNEX V

TEMPORARY JOINT VENTURES, ECONOMIC INTEREST GROUPS AND OTHER ENTERPRISES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

	Integration percentage at 31 December 2023
ENVIRONMENTAL SERVICES	
A Coruña Limpieza JV	70,00
Agarbi JV	60,00
Agarbi Bi JV	60,00
Agarbi Interiores JV	60,00
Aizmendi JV	60,00
Alcantarillado Melilla JV	50,00
Arazuri 2020 JV	50,00
Arcos JV	51,00
Arcos Limpieza Viaria JV	51,00
Artigas JV	60,00
ARUCAS II JV	70,00
Baix Ebre-Montsià JV	60,00
Berango JV	60,00
Bilketa 2017 JV	60,00
Bio Eraikigarbi JV	60,00
Biocompost de Álava JV	50,00
Bizkaiko Hondartzak JV	50,00

	Integration percentage at 31 December 2023
Bizkaiko Hondartzak 2021 JV	50,00
Boadilla JV	50,00
Cabrera de Mar JV	50,00
Cana Putxa JV	20,00
Carma JV	50,00
Castellana – Po JV	50,00
Chipiona JV	50,00
CMG2 Lanak JV	92,00
CMG2 Kudeaketa JV	92,00
Complejo Ambiental Copero JV	67,00
Compostaje MCP JV	50,00
Contenedores las Palmas JV	30,00
Contenedores Madrid JV	38,25
Contenedores Madrid 2 JV	36,50
CTR – Vallès JV	20,00
Ctr. de l'alt Empordà JV	45,00
CTR Valladolid JV	80,00
Cua JV	50,00
Dependencias Elche JV	80,00
Donostiako Garbiketa JV	70,00
Dos Aguas JV	35,00

	Integration percentage at 31 December 2023
Ecogondomar JV	70,00
Ecomilla Bicipark JV	60,00
Ecoparc 3 BCN JV	50,00
Ecoparque Cáceres JV	50,00
Ecourense JV	50,00
Eco-Tri JV	50,00
Efic. Energ. JV Puerto del Rosario JV	60,00
Elche JV	50,00
Electrificación SAC JV	50,00
Energía Solar Onda JV	25,00
Enllumenat Sabadell JV	50,00
Envases Ligeros Málaga JV	50,00
Epeleko Konposta JV	60,00
Epremasa Provincial JV	55,00
Eretza JV	70,00
Es Vedra JV	25,00
Etxebarri JV	60,00
FCC - Ers Los Palacios JV	50,00
FCC Perica I JV	60,00
FCC - SuFI Majadahonda JV	50,00
FCC-Mcc Santiago del Teide JV	80,00

	Integration percentage at 31 December 2023
F.S.S. JV	99,00
Fuentes las Palmas JV	25,00
Fuerteventura Lote 2 JV	50,00
Gestió Integral de Runes del Papiol JV	40,00
Gestión Instalación III JV	34,99
Giref JV	20,00
Goierri Bilketa JV	60,00
Goierri Garbia JV	60,00
Guipuzkoako Hondartzak 2020 JV	60,00
Guipuzkoako Hondartzak 2022 JV	60,00
Guipuzkoako Portuak 2019 JV	40,00
Industriales Lea Artibai JV	60,00
Bilbao Interiors JV	80,00
Bilbao Interiors II JV	70,00
Jardineras 2019 JV	60,00
Jardines Boadilla JV	70,00
Jardines Pto del Rosario JV	78,00
Jardines UJI JV	50,00
Jard. Universitat Jaume I JV	50,00
Jerez JV	80,00
JJ Gaiketa Sanmarko JV	63,00

	Integration percentage at 31 December 2023
Jundiz II JV	51,00
Kimeketak Bi JV	50,00
la Lloma del Birlet JV	80,00
Lagunas II JV	33,34
Las Caldas Golf JV	50,00
Legio VII JV	50,00
Lekeitioko Mantenimendua JV	60,00
Lezo Garbiketa 2018 JV	55,00
Limpieza Santa Coloma JV	50,00
Limpieza y RSU Lezo JV	55,00
Logroño Limpio JV	50,00
Los Rosales - Zafra JV	45,00
Luze Vigo JV	40,00
LV Coslada JV	50,00
LV Lote IV JV	65,00
LV Ribera JV	90,00
LV RSU Muszik JV	60,00
LV RSU Vitoria-Gasteiz JV	60,00
LV Zumaia JV	60,00
LV Zumarraga JV	60,00
Mant. Build. Diputación Vcia	55,00

	Integration percentage at 31 December 2023
Mant. Edificios Valencia JV	55,00
Manteniment Lot 12 JV	75,00
Mantenimiento Reg Cornellà JV	60,00
Melilla JV	50,00
Muskiz JV	60,00
Neteja Illes Balears JV	50,00
Neteja i Recollida Anglès JV	50,00
Neteja Pintades Barcelona JV	84,20
Netial JV	66,66
Neumática Casco Antiguo JV	65,00
Nivaria JV	29,00
Onda Exploitation JV	33,33
Pájara JV	70,00
Pamplona JV	80,00
PaP La Cellera JV	50,00
Parla JV	50,00
Parques Infantiles LP JV	50,00
Plan Residuos JV	47,50
Planta Materia Orgánica JV	40,00
Planta Rsi Tudela JV	60,00
Planta Transferencia FTV 2 JV	70,00

	Integration percentage at 31 December 2023
Planta Tratamiento Valladolid JV	90,00
Playas Gipuzkoa III JV	55,00
Poniente Almeriense JV	50,00
Portmany JV	50,00
JV PTMR	50,00
Puerto de Pto del Rosario JV	70,00
RBU Els Ports JV	50,00
RBU Villa-Real JV	47,00
Rec. Neum. Valdespartera JV	49,00
Recollida Segrià JV	60,00
Reg Cornellà JV	60,00
Reutiliza JV	70,00
RSU Bilbao II JV	60,00
RSU Chipiona JV	50,00
RSU Donosti JV	70,00
RSU Inca JV	80,00
RSU LV Muskiz JV	60,00
RSU LV S. Bme. Tirajana JV	50,00
RSU y LV Colmenar Viejo JV	50,00
RSU y LV Torrejón de Ardoz JV	60,00
RSU Málaga JV	50,00

	Integration percentage at 31 December 2023
RSU Sestao JV	60,00
RSU Tolosaldea JV	60,00
S.U. Alicante.	33,33
S.U. Benicassim	35,00
S.U. Bilbao	60,00
S.U. Oropesa del Mar	35,00
Saneamiento Urbano Castellón JV	65,00
Saneamiento Vitoria-Gasteiz JV	60,00
Sanejament Cellera de Ter JV	50,00
Sanejament Girona JV	70,00
Sanejament Granollers JV	80,00
San Miguel-Anaka JV	50,00
SAV – FCC Tratamientos JV	35,00
Selectiva Urola Kosta II 2017 JV	60,00
Selectiva las Palmas JV	55,00
Selectiva Sanlucar JV	50,00
Selectiva San Marcos II JV	63,00
Selectiva Urola Kosta JV	60,00
Sellado Vertedero Gardelegui JV	50,00
Son Espases JV	50,00
Tolosako Garbiketa JV	40,00

	Integration percentage at 31 December 2023
Tolosako Garbiketa 2020 JV	40,00
Tolosaldea RSU 2018 JV	60,00
Tolosaldea RSU 2023 JV	60,00
Transp. y Elim. RSU	33,33
Transporte RSU JV	33,33
Txorierri RSU 2023 JV	60,00
Uribe Kosta JV	60,00
Urola Erdia JV	60,00
Urola Kosta 2023 JV	60,00
Urretxu Garbi 2023 JV	60,00
Urretxu Garbiketa JV	60,00
Vertedero Gardelegui III JV	70,00
Vertresa JV	10,00
Vidrio Melilla JV	50,00
Vilomara II JV	33,33
Zamora Limpia JV	30,00
Zaragoza Delicias JV	51,00
Zarautz Garbia JV	60,00
Zarauzko Garbiketa JV	60,00
Zumaia JV	60,00
Zumarraga Garbia JV	60,00

	Integration percentage at 31 December 2023
ZZVV Santa Cruz Tenerife JV	50,00
AQUALIA	
Aguas y Servicios de la Costa Tropical de Granada, A.I.E.	51,00
Empresa Mixta de Aguas y Servicios, S.A.	75,00
Gestión de Servicios Hidráulicos de Ciudad Real, A.I.E.	75,00
Consortium O&M Alamein	65,00
Abastecimiento Picadas Almoguera JV	95,00
Abu Rawash Construccion JV	50,00
Aguas Alcalá JV	50,00
UTE Aguas del Doramás	50,00
JV Alkhorayef-FCC Aqualia	51,00
Ampliación Edam Granadilla JV	60,00
Expansion SWDP Melilla JV	50,00
UTE Badajoz Zona Este	50,00
UTE Badajoz Zona Oeste	50,00
UTE Cap Djinet	50,00
UTE Cons. Gestor Ptar Salitre	30,00
UTE Costa Tropical	51,00
UTE Costa Tropical II	51,00
UTE Costa Tropical III	51,00
Depuración Poniente Almeriense JV	75,00

	Integration percentage at 31 December 2023
Depuradoras Lote 1 JV	95,00
Edar A Guarda 2013 JV	50,00
Edar A Guarda 2022 JV	50,00
Edar Baeza JV	50,00
Edar Galindo JV	50,00
Edar Gijón JV	60,00
Garrucha JV	85,00
JV Gestión Cangas	70,00
UTE Groupement Solidaire Jerba	50,00
Guadiana Pueblonuevo JV	51,00
Hidc - Hidr. – Inv Do Centr. Ace JV	50,00
UTE Ibiza	50,00
SWDP Santa Eulalia JV	50,00
Idam Santa Eulalia II JV	50,00
Idam Santa Eulalia III JV	50,00
Idam Santa Eulalia IV JV	50,00
UTE Idga Saneca	70,00
UTE Louro	65,00
Mantenimiento Red Alc.6 JV	99,01
UTE Mostaganem	50,00
Obra Edar Argamasilla de Calatrava JV	70,00

	Integration percentage at 31 December 2023
OYM CAP Djinet JV	50,00
JV OYM Mostaganem	50,00
Ptar Ambato JV	60,00
Qatar JV	51,00
SEAFSA Lanzarote JV	60,00
Sollano-Zalla JV	50,00
JV TSE Riad	51,00
UTE Zafra	65,00
CONSTRUCTION	
ACE Caet XXI Construçoes	50,00
Consorcio Cobra – FCC Industrial	43,00
Consorcio FCC Construcción-Ferrovial Agroman Ltda.	50,00
Fast Consortium Limited LLC	43,78
Lúcios & FCC Construcción, A.C.E	50,00
ACP du Port de la Condamine	45,00
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 A	49,50
Asoc. Astaldi-FCC-Salcef-Thales, Lot 2 B	49,50
Asoc. FCC Azvi Straco S. Atel-Micasasa	55,00
Asocierea FCC-Astaldi-Convensa, Tronson 3	50,50
Associate FCC Azvi S. Sighisoara - Atel	55,00
Bridging Pennsylvania Constructors JV	50,00

	Integration percentage at 31 December 2023
CJV-UJV	43,78
Consorcio Antioquía al Mar	40,00
Consorcio Centenario de Panamá Sociedad Accidental	50,00
Consorcio Chicago II	60,00
Consorcio CJV Constructor Metro Lima	25,50
Consorcio Epc Metro Lima	18,25
Consorcio FCC-FI	50,00
Consorcio FCC – Corredor de las Playas	51,00
Consorcio FCC – Corredor de las Playas II	51,00
Consorcio FCC-JJC (Puerto Callao)	50,00
Consorcio Ica – FCC – Meco Pac-4	43,00
Consorcio Línea 2	40,00
Consorcio Línea 2 Ramal	40,00
Consorcio Línea Uno	45,00
Consorcio M&S Santa Fe Mca	50,00
Consorcio Nueva Esperanza	63,00
Fast 5 – U.J.V.	34,65
FCC - GMK - CCN CLUJ NAPOCA J.V.	50,00
FCC - Yuksel – Archidoron – Petroserv J.V.	50,00
FCS Tunnels JV	40,00
Groupement FCC - Ingenium	93,00

	Integration percentage at 31 December 2023
J.V. Asocierea Arad-Timisoara FCC-Webuild	50,00
J.V. Astaldi-FCC-UTI-Activ. Magistrala	37,00
J.V. Bypass Constata	50,00
J.V. Centure Otopeni Overpass	40,00
J.V Estension of Line 2 to Antohoupoli	50,01
J.V. SFI Leasing Company	30,00
Merseylink Civil Contractors J.V.	33,33
Metro Bucarest J.V.	47,50
Onexpress Civils Contractors GP	50,00
Scarborough Transit Connect GP	50,00
Shimmick Co. Inc. FCC Co. Impregilo Spa JV	30,00
Sisk FCC Gg Ppp	50,00
Sotra Link Construction JV ANS	35,00
Thv Cafasso Construction	50,00
TJV-UJV	19,70
Webuild – FCC JV (Basarab)	50,00
2nd Phase Sphinx Dam JV	35,00
Accesos a La Estación de La Sagrera JV	37,50
Acceso Norte A Vigo Nueva Estación JV	50,00
Acceso Puerto Seco Monforte JV	50,00
Adecuación Palacio Justicia TSJCV JV	63,00

	Integration percentage at 31 December 2023
Adif Bancada 2018 JV	50,00
Adolfo Suárez Airport JV	50,00
Aguas Madrid 2021 JV	70,00
Alameda de Cervantes en Lorca JV	60,00
Alta Capacidad 2020 JV	50,00
Alumbrado Lugo JV	50,00
Alumbrado Madrid Lote-1 JV	50,00
Am Boadilla JV	25,00
Ampliación Hospital Marina Baixa JV	60,00
Ampliación Materno Infantil JV	80,00
Ampliación Muelle de Naos JV	95,00
Andenes L1-L9 Tram Benidorm JV	65,00
Arquitectura Sagrera JV	37,50
Arroyo del Fresno JV	50,00
Aucosta Conservación JV	50,00
Auditorio de Lugo JV	50,00
Autovía el Batán – Coria JV	50,00
Ave Alcántara-Garrovillas JV	85,00
Ave Eje Sur JV	25,00
Ave Girona JV	40,00
Ave Madrid Noreste Lote 2 JV	25,00

	Integration percentage at 31 December 2023
Ave Maside JV	67,00
Ave Plasencia - Badajoz JV	25,00
Avenoreste1 JV	25,00
Avenoreste2 JV	25,00
Badajoz Sur JV	50,00
Balastro R-3 JV	50,00
Barbados JV	50,00
Barcience JV	50,00
Belltall JV	40,00
Bergara Antzuola JV	71,50
Bobadilla - Ronda JV	45,00
Boetticher Clima JV	50,00
Boetticher Electricidad JV	50,00
Bombeo Fuente Alamo JV	60,00
Bosque de la Herrería JV	40,00
Brazatortas JV	33,34
By Pass Mérida Lote 1 JV	50,00
By Pass Mérida Lote 2 JV	50,00
C&F Jamaica JV	50,00
Cáceres Norte JV	50,00
Calders-Vilaseca JV	20,00

	Integration percentage at 31 December 2023
Campo Gibraltar JV	80,00
Canal de Castilla 2022 JV	70,00
Cárcel Marcos Paz JV	35,00
Carretera Ibiza - San Antonio JV	50,00
Castellón - Vinaroz JV	50,00
Castuera JV	33,34
Catlántico JV	25,00
Cecoex JV	20,00
Cedillo I and II JV	99,00
Chuac JV	50,00
Cierre Anillo Insular Tfe JV	85,00
Circuito JV	70,00
Circunvalación Lucentum JV	50,00
Ciudad Rodrigo JV	99,00
Ciutat de la Justícia JV	30,00
CMS La Llagosta JV	20,00
CMS Ramal Aeropuerto BCN JV	25,00
Coberta Tallers ZF JV	50,00
Conexión Corredor Mediterráneo JV	40,00
Conexión Molinar JV	70,00
Conservacion Ex-A1 JV	50,00

	Integration percentage at 31 December 2023
Conservacion Plasencia JV	50,00
Conservación Telde JV	50,00
Construcción Tranvía Zaragoza JV	50,00
Control JV	80,00
Control Mogán JV	33,33
Club de Mar Mallorca JV	70,00
Creaa JV	50,00
Deancentro JV	60,00
Deansur JV	60,00
Depuración San Roque JV	60,00
Desarrollo Puerto de Avilés Fase I JV	80,00
Dique Este JV	35,00
Dique Torres JV	27,00
Donostialdea 2018 JV	60,00
Donostialdea 2023 JV	60,00
Duplicación R-3 JV	50,00
Elec Lin Castellón Vinaroz JV	50,00
Electrification La Sagrera JV	50,00
ErtMS Rodalíes Bcn JV	22,00
Estación Girona JV	40,00
Estacions Line 9 JV	33,00

	Integration percentage at 31 December 2023
Ezkio Itsaso JV	40,00
Facultad de Filosofía JV	60,00
Fase II Pabellón Reyno de Navarra JV	50,00
FCC Industrial - Aton JV	90,00
FCCi-Orbe JV	70,00
F.I.F. GNL FB 301/2 JV	35,96
Fira P.Zero JV	60,00
Fuente de Cantos JV	50,00
FV Tallers Zona Franca JV	50,00
Galibos Monforte JV	50,00
UTE Galindo-Beurko	60,00
Girona Norte 2014 JV	70,00
Guadalmez - Córdoba JV	25,00
Guadarrama 3 JV	33,33
Guadarrama 4 JV	33,33
Hornachuelos y Antequera Lote 2 JV	25,00
Hospital Alcázar JV	60,00
Hospital Cabueñes Fase I JV	70,00
Hospital Campus de la Salud JV	80,00
Hospital del Sur, Segunda Fase JV	40,00
Hospital FCC - Vvo JV	80,00

	Integration percentage at 31 December 2023
Hospital Son Dureta JV	33,00
Hospital Universitario de Murcia JV	50,00
Lecisa-FCC/Interfonia En Estaciones JV	50,00
Impermeabilización Túnel Pajares Norte JV	50,00
Instalación FV Balsa Alfés JV	50,00
Instalaciones Madrid Este JV	46,25
Instalaciones Urbanas Este JV	50,00
Jabugo JV	50,00
Juan Grande JV	50,00
L1 Sur Lote 1 JV	50,00
Lac la Sagrera JV	50,00
Línea 9 JV	33,00
Lote 1 Centro JV	50,00
Lote 1 Edif. B Son Dureta JV	70,00
Lot 5 Glories JV	37,50
Lote 4 Hospital de Alcañiz JV	55,00
Lote 6 Sur JV	50,00
M-407 JV	50,00
Madrid Sevilla Ave JV	60,00
Mantenimiento Presas de Castellón JV	50,00
Manteniment Rondes 2022 JV	50,00

	Integration percentage at 31 December 2023
Mantenimiento Júcar JV	50,00
Mantenimiento SAIIH Jucar 2023 JV	50,00
Mantenimiento Tdm 2018 JV	50,00
Mantenimiento Tranvía Zaragoza JV	50,00
Mantenimiento Vía Aranjuez JV	50,00
Maquinaria Pesada 2015 JV	50,00
Medina 2023 JV	50,00
Medinaceli JV	22,40
Mej. Viarios Leganés 2022 JV	50,00
Metro Línea 12 JV	95,00
Miv Centro JV	19,00
Miv Centro 2021-2022 JV	25,00
Miv Sur JV	29,50
Miv Sur Lot 6 JV	25,00
Mntto. Antequera Granada JV	20,00
Montcada JV	33,33
Monforte JV	24,00
Montaje Vía Mollet – Girona JV	50,00
Monaje Via Sagrera JV	37,50
Mora - Calatrava JV	39,97
Mto Postr Tajo-Segura JV	60,00

	Integration percentage at 31 December 2023
Muelle de la Química JV	70,00
Murcia JV	40,00
Navalmoral JV	55,00
Nuevo Estadio Vcf JV	49,00
Nuevo Hospital de Cáceres JV	50,00
Nuevo Puerto de Igoumenitza JV	50,00
Obra Cub.Capat.Catarroja JV	55,00
Obras Alumbrado Madrid JV	50,00
Operadora Termosolar Guzmán JV	67,50
Osorno 2019 JV	60,00
Pago de Enmedio JV	75,00
Palacio de Congresos de León JV	50,00
Parque Tecnológico JV	60,00
Pasaia Berri JV	50,00
Pasaia Berri Instalaciones JV	80,00
Pizarro JV	99,00
Pla de Na Tesa JV	70,00
Pont de Candi JV	75,00
Ponts Ronda Litoral JV	50,00
Presa Enciso JV	50,00
Prim Barrio San Anton – Elche JV	80,00

	Integration percentage at 31 December 2023
Psir Castro Urdiales JV	50,00
Puente del Rey JV	33,33
Puente Ribadesella JV	70,00
Puente Río Ozama (Dfc-Cocimar) JV	35,00
Puerto de Granadilla JV	50,00
Puertollano JV	50,00
Quintanaortuño - Montorio JV	75,00
Radiales JV	35,00
Red Arterial Palencia Fase I JV	80,00
Reforma Chuac Fase Cero JV	50,00
Reforma Plaza España JV	80,00
Regadíos Río Flumen JV	60,00
Rehabilitación Dique Botafoc JV	55,00
Rehabilitación Parque la Gavia JV	75,00
Renovación Desvíos Fase 1 JV	25,00
Renovación Linea Girona-Figueres JV	50,00
Rep Pant Brazatortas JV	25,00
RIV GIJÓN-LAVIANA JV	40,00
RIV Orense - Monforte JV	33,33
Ruta Nacional Haití JV	55,00
Sagunto JV	60,00

	Integration percentage at 31 December 2023
Saneamiento Arco Sur JV	56,50
Saneamiento de Villaviciosa JV	80,00
Santa Maria D'oló-Gurb JV	60,00
Serv. Energ. Piscina Cub. S. Caballo JV	50,00
Sevilla Huelva Lote 1 JV	50,00
Sevilla Huelva Lote 2 JV	50,00
Sevilla Huelva Lote 3 JV	50,00
Sica JV	60,00
Sistemas Tunel Plaza de España JV	50,00
Sotiello JV	50,00
Ssaa Ap - 7 JV	50,00
Tagus II IIII y IV JV	99,00
Tanque de Tormentas JV	70,00
TF-5 2ª FASE JV	70,00
Torre Don Jimeno JV	50,00
Toses JV	50,00
Totana - Totana JV	70,00
Tramvia Lot 4 JV	50,00
Tratamientos Selvícolas 2020 JV	60,00
Traviesas Madrid Sevilla JV	25,00
TS Villena JV	88,00

	Integration percentage at 31 December 2023
Túnel Aeroport JV	49,00
Túnel de Folgoso JV	60,00
Túnel de Pajares 1 JV	50,00
Túnel Fira JV	49,00
Túneles Bolaños JV	47,50
Túneles de Guadarrama JV	33,33
Túneles de Sorbes JV	67,00
UBA CYL 2023 JV	25,00
Urb. Fase 3 Mahou-Calderón JV	80,00
Urbanización Parc Sagunt JV	50,00
Urbanizacion Vara del Rey JV	57,50
Urbanización Via Parque Tramo Av. Carb.-P JV	60,00
Vandellós JV	24,00
Velilla Sur JV	99,00
Vertedero Castañeda JV	62,50
Vía Pajares JV	50,00
Viaducto Quisi JV	65,00
Vigo-Das Maceiras JV	50,00
Vilariño (Via izquierda) JV	90,00
Villanueva - Brazatortas JV	45,00
Xarxa Control JV	50,00

	Integration percentage at 31 December 2023
Yeltes JV	75,00
Yesa JV	33,33
Zafra Huelva JV	50,00
Zaramillo - Bilbao JV	35,00
CEMENT	
G.R.C.S.A. - AUSA- OLERDOLA JV	60,00
CONCESSIONS	
Mel 9 JV	49,00
B-25 JV	50,00
REAL ESTATE	
F C y C Harri Iparra JV	50,00
Sagunto Parcela M17-3 JV	50,00

MANAGEMENT REPORT

FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.
AND SUBSIDIARIES
at 31 December 2023

CONTENTS **PAGE**

1. STATUS OF THE ENTITY 1
2. BUSINESS PERFORMANCE AND RESULTS 7
3. LIQUIDITY AND CAPITAL RESOURCES 36
4. MAJOR RISKS AND UNCERTAINTIES 38
5. ACQUISITION AND DISPOSAL OF OWN SHARES 39
6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR 40
7. OUTLOOK 40
8. R&D+I ACTIVITIES 46
9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION 53
10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en) 54
11. ANNUAL CORPORATE GOVERNANCE REPORT 61
12. ANNUAL DIRECTORS' REMUNERATION REPORT 61
13. NON-FINANCIAL INFORMATION STATEMENT 61

1. STATUS OF THE ENTITY

1.1. Status of the entity: Organisational structure and decision-making process in management

The Group's organisational structure is based on a first level consisting of Areas, which are divided into two main groups: operational and functional.

The operating Areas include all those activities related to the productive line. The following operating areas exist within the Group, as discussed in more detail in note 1 of the Notes to the consolidated financial statements, and also in section 1.3 of the Non-Financial Information Statement:

i. **Environmental Services.**
ii. **End-to-end Water Management.**
iii. **Construction.**
iv. **Cement Business.**
v. **Concessions**
vi. **Real Estate.**

Each of these operating Areas is headed by one or more specialised companies which, depending on FCC, encompass the Group's activities.

In addition, there are the functional Areas, which carry out support tasks for the operational ones:

1) **Administration and Finance**: the Administration and Finance Division comprises the Administration, Taxation, Information Technologies, Finance, Communication, Purchasing and Human Resources areas.

   The Administration area directs the administrative management of the Group, and has, among others, the following functions in relation to the Information and Internal Control Systems:

   i. General accounting.
   ii. Accounting standardisation.
   iii. Consolidation.
   iv. Tax advice.
   v. Tax procedures.
   vi. Tax compliance.
   vii. Administrative procedures.

2) **Internal Audit and Risk Management**: Its objective is to provide the Audit and Control Committee and Senior Management with an independent and objective opinion on the Group's ability to achieve its objectives through a systematic and methodological approach for the assessment, management and effectiveness of internal control and risk management processes, assessing the effectiveness and reasonableness of the internal control systems, as well as the functioning of processes according to the procedures, proposing improvements and providing methodological support to the Division in the process of identifying the main risks that affect activities and supervising the actions for their management.

3) **General Secretary**: reporting directly to the Group's CEO, its main duty is to support the management of the Group, as well as management support for the heads of the other areas of the Group, by providing the services detailed in the corresponding sections of the divisions and departments that make up the Group, which are promoted and supervised by the General Secretary.

   It is made up of the following areas: Legal Advice Department, Quality Management, Corporate Security and General Services and Corporate Responsibility.

   The Areas, on a second level, can be divided into Sectors, the operational ones, and Divisions, the functional ones, establishing areas that allow greater specialisation when considered necessary.

   The structure of the main decision-making bodies is set out below:

   - **Board of Directors**: is the body that holds the broadest powers, without any limitation, except those that are expressly reserved, by the Spanish Corporate Enterprises Act or the Articles of Association, for the jurisdiction of the General Shareholders' Meeting.

   - **Audit And Control Committee**: its main function is to support the Board of Directors in its supervisory duties by periodically reviewing the process for preparing economic and financial information, its internal controls and the independence of the external auditor.

   - **Appointments and Remuneration Committee**: supports the Board of Directors in relation to proposals for the appointment, re-election, ratification and removal of Directors, establishes and controls the policy for the remuneration of the company's Directors and senior managers and the fulfilment of their duties by Directors, particularly in relation to situations of conflict of interest and related-party transactions.

   - **Managing Committee**: Each of the business units has a Managing Committee with similar duties.

   Further information on the duties of the Group's decision-making bodies is provided in Section 1 of the Internal Financial Reporting Control System (IFRS) and in Section 1.4 of the Non-Financial Information Statement.

1.2. Status of the entity: Business model and company strategy

The Group is one of the leading European groups specialising in the environment, water, infrastructure development and management, with a presence in over 30 countries worldwide and nearly 47,5% of its turnover generated in international markets, mainly Europe (28,6%), Latin America (7.7%), the United States (4.6%), the Middle East (3%) and North Africa (1.4%).

Environmental Services

FCC Medio Ambiente has a strong presence in Spain, and has maintained a leading position in the provision of urban environmental services for over 120 years.

The Group provides environmental services in more than 3,500 municipalities and organisations in all the Autonomous Communities, serving a population of more than 31 million inhabitants. Waste collection and street cleaning are two of the most important services, representing 63% of revenue. They are followed, in order of importance, by disposal of wastes with 12%, cleaning and maintenance of buildings, parks and gardens and, to a lesser extent, sewage. More than 85% of the activity is carried out with public clients

In turn, the international business is mainly undertaken in the UK, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy, with a growing weight and gradual reduction of disposal in controlled landfills.

In the United Kingdom, the entire municipal waste management chain is operated, with a particular emphasis on the recycling and recovery process, including thermal recovery, of products and by-products, subject to maximum environmental sustainability criteria. It boasts more than 200 recycling facilities throughout the country and more than 100 MW of installed renewable capacity.

In Central Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.4 million inhabitants, 1,415 municipalities and more than 51,400 industrial customers. FCC is one of the main four private operators in Austria, the Czech Republic and Slovakia. In Poland, the rapid growth in the last few years is particularly noteworthy, although there is still some way to go. In Hungary, Romania and Serbia, the Company's presence is more discreet while waiting for legislative and regulatory changes to be introduced that guarantee greater security and stability in operations in these countries.

The range of services provided and the geographic dispersion is very diverse and balanced, including municipal and industrial collection, incineration, mechanical and biological treatment, decontamination of soils, spills, snow collection, street cleaning, classification and management of recycled materials, outsourcing , cleaning of buildings, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing a complex, integrated service to all customers who want it.

The mid-term strategy is inexorably undergoing a change in the business model in the Czech Republic, Poland and Slovakia (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the European Union's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities.

At an international level, the strong growth in the USA is worth particular mention, with the Group now in the Top 15 companies in the sector in the USA, with expectations of moving into the Top 10 in the next 2 years. FCC Environmental Services already serves more than 10 million Americans, it is the largest recycler in Texas, boasts a very important presence in the main cities and counties of Florida as well as significant operations in both the Mid-West and the West coast of the country. Its growth continues to be exponential.

In 2023, several contracts launched in 2022 were consolidated, including some of the largest contracts obtained (one in California and another in Florida), and an additional contract was launched in Palm Coast County, Florida. In total, sales in the USA grew by 46% in 2023, consistent with the average annual growth of 52% during the last 5 years. Additionally, the renewal of the contract in Polk County, FL and the award of the collection service in St. Johns county, FL, are worth special mention, both due in the second half of 2024.

Highlight the consolidation of commercial business in the states of Texas and Florida, which accounts for 20% of the business figure, and whose 40% growth has been organic, which over the past year has grown by 70% in sales y around 350% in gross result.

Finally, the Environmental Services Area also specialises in the end-to-end management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies with an extensive network of management and recovery facilities. This enables proper waste management, ensuring the protection of the environment and people's health. In 2023, this activity represented almost 7% of the area's income (Environment, Spain and Portugal).

Strategically, in Spain, as has been the case for years, actions will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Efforts shall also be made to harness potential opportunities offered by stricter regulations and new services (smart cities), the ultimate objective of which is to replace the straight-line production model with a circular model that reincludes residual materials into the production process, given the high level of technical knowledge that the company has and the development of new machinery and innovative processes, with a presence, either as leaders or collaborators, in a large number of R&D&i projects.

The inclusion of new technologies will make it possible for the company to consolidate itself in the recycling and waste recovery markets in Europe and position itself as a key player in the circular economy, with a change in the business model in the Czech Republic, Slovakia and Poland (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the EU's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities. In the United States, the company will continue to consolidate its presence in the coming years by growing more residential contracts and boosting commercial collection activity.

End-to-end Water Management

FCC Aqualia serves nearly 43,5 million users and provides services in 17 countries, offering the market all the solutions to the needs of public and private entities in all phases of the end-to-end water cycle and for all uses: human, agricultural or industrial.

FCC Aqualia's activity is focused on Concessions and Services, encompassing proprietary integrated cycle infrastructures and concessions, BOT, operation and maintenance services and irrigation; as well as Technology and Networks activities encompassing EPC contracts and industrial water risk management activities.

In 2023, the market in Spain represents 61.8% of revenue. On a like-for-like basis, water consumption has grown in Spain as a whole in 2023 by 1.8%, which reflects the lifting of COVID-19 restrictions, with the amount invoiced increasing by 2,57% compared to 2022. Furthermore, there has been an improvement in Operation and Maintenance (O&M) activities, efficiency improvements in operations and a higher volume of works undertaken in relation to concession agreements. The recovery of economic activity, especially in the services and tourism sector, has been affected by high inflation, which has slowed down over the course of the year and the crisis in the availability of water resources due to the prolonged drought suffered across large areas of Spain.

The central government and some regional governments have approved emergency plans, in particular for the construction of new infrastructures, emergency works involving the construction of new deep catchments, expansion of desalination plants and the improvement of surface water utilisation. Worth particular mention are the new actions in Barcelona, Almería and Málaga in relation to desalination, and reuse in Andalusia and Alicante, valued as a whole at 1,400 million euros, which will be implemented in 2024 and subsequent years. The Spanish government has approved the third cycle of hydrological planning for all national basins, for the period ending in 2027, with a particular focus placed on the maintenance of ecological flows and the maintenance of quality standards set by the European Directives, with a joint budget for the necessary actions of 22.8 billion euros.

The international market reached a turnover of 38,2%. FCC Aqualia focuses its activity in Europe, North Africa, the Middle East and the Americas, with ongoing contracts in 16 countries at present.

At the end of 2023, a 97% holding was acquired in Municipal District Services, Llc. (MDS), a company that manages the integrated water cycle on the outskirts of Houston (Texas). In total, it serves a population of 364,000 inhabitants.

FCC Aqualia seeks to maintain its competitive position in those end-to-end water management markets where it has an established presence (Europe) and to take advantage of the opportunities that arise in this activity. In other expanding markets, it plans to boost growth via BOT and O&M (North Africa, Latin America and the Middle East), along with end-to-end cycle management, while the study of opportunities in others (such as the USA).

In addition, FCC Aqualia will use its extensive experience in end-to-end water cycle management for business opportunities in countries with a stable political and social balance.

Construction

The Construction Area focuses its activity on the design, development and construction of large civil, industrial and building infrastructure projects. The presence in public works of complex elements such as railways, tunnels and bridges stands out, which together with those involving installation and industrial maintenance, form a large part of the activity. It has a selective presence in more than 16 countries across Europe, MENA and America.

Its teams have the experience, technical training and innovation to participate in the entire project value chain, from the definition and design, to its complete execution and subsequent operation.

In 2023, 60.8% of total income came from abroad, with a special emphasis on the performance of large infrastructure works such as lines 4, 5 and 6 of the Riyadh Metro and the Neom tunnels (Saudi Arabia), Mayan Train (Mexico), the A-465 highway (Wales), Lima Metro (Peru), Industrial Bridge (Chile), Toyo Tunnel (Colombia), Sotra Link (Norway), A-9 Badhoevedorp-Holendrecht

Highway (Netherlands), the Gurasada-Simeria railway line (Romania) – Sectors 2a, 2b and 3, Regional Express Rail On-Corridor in Ontario (Canada), Scarborough Subway Extension (Canada) and the construction and rehabilitation project of 9 bridges in Pennsylvania (USA).

Although there were no relevant awards abroad in 2023, it is worth noting that for the first quarter of 2024, new projects are expected to be secured, such as the EPC project for the natural liquefied gas (LNG) storage and regasification terminal in Stade (Hamburg), the construction of the Rubí line of the Porto Metro (Portugal), "Pape Tunnel and the Underground Station" for the Toronto Metro (Canada) and the construction of a nuclear reactor in Petten (Netherlands), to name just a few.

At a national level, worth mention are the awards for the R-2 Underground Construction project as it passes through Montcada i Reixac (Barcelona), the demolition of buildings, renovation of the Auditorium and execution of the New ONCE Headquarters at Paseo de la Habana 208 (Madrid), the new Aranda de Duero Hospital (Burgos), the A-73 Highway Construction project, Aguilar de Campo-Burgos Quintanaortuño-Montorio Section (Burgos), the urban development of phase 3 in Los Berrocales (Madrid) or the EPC projects for the Guillena Reunión photovoltaic plants of 268MWp (Seville) and TAGUS of 380MWp (Cáceres).

Cement

The Group carries out its cement activity through the Cementos Portland Valderrivas Group. Its core business is cement manufacturing, which accounted for 92% of its turnover in 2023. The remaining percentage was contributed by the concrete, mortar and aggregate businesses.

In terms of geographical diversification, by 2023, 38% of income came from international markets. The Cementos Portland Valderrivas Group is present in Spain, Netherlands, Tunisia and via export in the United Kingdom. Exports from these three countries also go to Africa, Europe and America.

It boasts a leading position both in its main market, Spain, and in the Tunisian market.

The main objective of the Cementos Portland Valderrivas Group is to maintain a competitive edge both regarding costs and in the markets in which it operates, seeking to remain a leader in the sector in all the countries in which it is present.

Real Estate

The Area is mainly active in property development and office rental. In 2023, the consolidation of the real estate area of the FCC Group continued with the increase in the holding by FCC Inmobiliaria (FCyC S.A.), a company 80.03% owned by FCCSA, in the listed companies Realia Business S.A. and Metrovacesa S.A., summarised as follows:

- Increase in the holding in Realia Business S.A. by 13.56% to 67.05% at the end of 2023 (53.49% in 2022).

- Increase in the holding in Metrovacesa S.A. by 7.38% to 21.21% at the end of 2023 (13.81% in 2022).

These operations are in addition to those performed over the past two years:

- Contribution to FCC Inmobiliaria of 100% of the shares in Jezzine Uno S.L.U, a property company that operates 405 premises intended for bank offices whose only tenant is Caixabank.

- Increase of 37.11% in the holding in Hermanos Revilla S.A. (now Planigesa, S.A., following the merger) taking the holding to 87.76%, this property company operates assets in prime areas of Madrid.

- Increase in its holding in Realia Business S.A and voluntary tender offer for 24% of the shares in Metrovacesa S.A, obtaining 11.47% of its share capital.

All of this has allowed us to consolidate a solid and large real-estate group, with greater management efficiency resulting from operational and financial synergies that allow us to harness sector growth opportunities, diversify risk and the presence of FCC Inmobiliaria in Spain by expanding its activity to new areas of operation in which it was not present; and finally, significantly increasing the recurring activity of rental assets as a whole. The valuation of equity assets, in December 2023, accounted for more than 60% of the group's total assets.

In December 2023, FCC Inmobiliaria achieved representation on the governing bodies of Metrovacesa, S.A., which entails the consolidation of the company's financial statements applying the equity method, reflecting the holding in the company at fair value and allocating, starting in 2024, 21.21% of future results (notes 4,11, 13, 17 and 30 to the financial statements).

FCC Inmobiliaria considers that the acquisition of this significant interest, although a non-controlling interest, in Metrovacesa, enhances the solidity of the real-estate group, thus benefitting from its cash-flow generation capacity.

2. BUSINESS PERFORMANCE AND RESULTS

2.1. Operating performance

2.1.1. Significant Events.

FCC completes sale of 24.99% of the Environment parent company for €965 million

On 31 October, Canadian pension fund CPP Investment completed its acquisition of capital in the Environment parent company, following the agreement reached on 1 June for it to acquire a minority stake of 24.99% for an amount of €965 million. The entry of the new shareholder will enhance the position and strategic development of the subsidiary, its areas and geographical footprint.

The Real Estate area reinforces its competitive position with new acquisitions

Last December, the real estate area, through its parent company FCyC, consolidated its competitive position by investing €178.8 million in the purchase of shares in Metrovacesa and Realia, maximising the value of all its assets and real-estate opportunities. After these acquisitions, reported to the stock market regulator, its participation amounted to 21.19% in Metrovacesa and 66.29% in Realia.

FCC Medio Ambiente consolidates its presence in the waste treatment sector in the United Kingdom, Spain and the USA

Last December, FCC Medio Ambiente agreed to buy out the Urbaser Group's business in the United Kingdom. The enterprise value (including debt and equity) amounts to £398 million. The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions, customary in this type of transaction. The acquired business in the United Kingdom consists mainly of recycling and waste treatment activities.

In Spain, relevant events included the award to modernise and operate the end-to-end waste management facility in Jerez, serving a population of almost half a million people. The new facilities will increase their recovery capacity and reduce shipment to landfill and are expected to come online in 18 months, with the associated operation contract for a 20-year period and expected revenues of €317 million. Also worth particular mention is street cleaning and municipal solid waste contract for the northern area of the city of Valencia, which was renewed in September for a period of fifteen years, providing a revenue backlog of €486.5 million.

In the United States the strengthening continues, with the award in the county of St. Johns (Florida) of the municipal solid waste collection service for $575 million; with a duration of seven years and two possible five-year extensions, covering a population of 300,000 residents. The planned investments include the acquisition of a fleet of 62 compressed natural gas collection trucks and 13 auxiliary vehicles. Likewise, work continues to expand and modernize the first recycling center in California (Placer County), with an investment of more than 120 million dollars and an operating period of 20 years. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year. Finally, the renewal of the municipal solid waste collection contract in the western part of Polk County (Florida) is also worth particular mention, with a turnover coming in at almost €140 million over a period of five years and three possible one-year extensions.

FCC Aqualia expands its international activity and seals its entry into the US market

Last December FCC Aqualia entered the US market with the purchase of MDS (Municipal District Services), a company based in Texas, for 81.4 million euros. MDS manages the comprehensive water cycle of more than 360,000 local residents, mostly in the outskirts of Houston, with nearly 140 service contracts in place with different district clients.

In relation to new end-to-end management contracts, worth particular mention is one for the design, construction, rehabilitation and operation of hydraulic infrastructure in Riohacha-La Guajira in Colombia, with a backlog worth €292.7 million for a duration of 30 years, in addition to the other relevant contracts secured in France and Saudi Arabia.

As a result of the increase in water cycle management activity, the backlog at the end of the year grew by 7% and international contracts now account for 68.4% of the total in the water management area.

FCC Construcción secures an important industrial contract in Germany

FCC Industrial, a specialist subsidiary of the Group's construction division, has been awarded, in consortium with other companies, the provisional contract for the construction of a regasification terminal in Germany, the second of its kind in the country, for Hanseatic Energy Hub, with a revenue backlog of €270 million. Likewise, FCC Industrial has also been awarded a contract to build solar facilities in Guillena (Spain), with a total capacity of 263 MW and an investment of 140 million euros.

During the final quarter of the year, worth particular mention is the selection of the consortium led by FCC Construcción to perform works on the new Porto metro line, dubbed Rubi (H), worth more than €379 million. The new line will add 6.3 kilometers to the city's metro network. Furthermore, the joint venture in Spain in which FCC Construction has a holding has been awarded the works for the underground construction of line R2 in Montcada i Reixac (Barcelona) as well as the construction of the new station in this town, for an amount attributable to FCC Construcción of €148.9 million.

In December, FCC completed the voluntary takeover bid for the amortization of its own shares

The Board of Directors meeting held on June 28 announced that an Extraordinary General Shareholders' Meeting would be scheduled for the acquisition of own shares for subsequent redemption, as part of a takeover bid to be formulated by the Company and addressed to FCC shareholders for a maximum of 32,027,600 treasury shares, representing approximately 7% of the company's share capital, at a share price of €12.50. The Extraordinary Shareholder's Meeting, held on 19 July, approved its submission. The CNMV authorized the operation on October 25 and the acceptance period ended on November 30. This saw 4.502% of company's share capital, or 20,560,154 shares, being redeemed. As a result of this operation, the company's share capital at the end of December 2023 stood at 436,106,917 shares.

2.1.2. Executive Summary

KEY FIGURES			
(Millions of euros	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Revenue	9,026.0	7,705.7	17.1%
Gross operating profit (EBITDA)	1,529.6	1,311.4	16.6%
EBITDA margin	*16.9%*	*17.0%*	*-0.1 p.p*
Net operating profit (EBIT)	910.3	610.5	49.1%
EBIT Margin	*10.1%*	*7.9%*	*2.2 p.p*
Income attributable to the parent company	591.0	315.2	87.5%
Equity	6,145.9	4,939.0	24.4%
Net financial debt	3,100.1	3,192.7	-2.9%
Backlog	41,620.8	40,273.8	3.3%

The FCC Group saw an increase in its income to €9,026 million, 17.1% up on 2022. The increase in activities in the construction sector (Cement and Construction) had a significant contribution to make to this, followed by the major increase recorded in the Water area. Overall, this evolution does not include any appreciable impact of acquisitions or divestitures carried out in the entire consolidated perimeter of the Group.

Gross operating earnings (Ebitda) were up 16.6% to 1,529.6 million euros. This trend mirrors the increase seen in income, with stability in operating profit, with a margin of 16.9%, similar to the margin seen the previous year. This evolution is explained by a general maintenance of margins in a large part of the areas of activity, together with notable progress in Cement, where there has been a more favourable sales price environment together with lower energy costs. In turn, EBIT increased by 49.1% to €910.3 million, largely thanks to the increase in EBITDA explained above and the favourable performance compared to the previous year, which saw an adjustment of €200 million to the goodwill of the Cement area.

The attributable net result reached 591 million euros, 87.5% higher than the previous year. In addition to the performance seen in relation to EBIT, this increase notably reflects the effect of the consolidation under the equity method of Metrovacesa's holding in the Real Estate area, for an approximate sum of €142.4 million. This change occurs after access to the entity's board and the acquisition of influence in the management of the investee entity.

In turn, net financial debt ended the year at €3,100.1 million, 2.9% down on 2022. This slight reduction reflects many different factors, but worth particular mention on account of their uniqueness, on the one hand, are the large investments made in assets and stakes in companies, for the combined sum of €1,493 million, the collection of €965 million from a minority holding in the environmental division and the €691.4-million increase in working capital, attributable both to cyclical factors and the increase in operating activity seen by the Group.

There was a considerable increase in equity at the end of the year, up by 24.4% year on year, to €6,145.9 million; this can be attributed to the increase in consolidated profit and the positive impact of the sale of a 24.99% stake in FCC Medio Ambiente's parent company on reserves and non-controlling interests.

The FCC Group's revenue backlog stood at €41,620.8 million at 31 December, up by 3.3% compared to the final balance for the previous year, with a notable increase in the Water area and similar volumes in other areas that operate under contract revenues.

2.1.3. Summary by Business area

(Millions of Euros)

Area	Dec. 23	Dec. 22	Chg. (%)	% s/ 23	% s/ 22
REVENUE BY BUSINESS AREA					
Environment	3,853.2	3,641.1	5.8%	42.7%	47.3%
Water	1,487.4	1,323.2	12.4%	16.5%	17.2%
Construction	2,823.1	1,966.9	43.5%	31.3%	25.5%
Cement	614.3	516.5	18.9%	6.8%	6.7%
Real Estate	253.8	270.8	-6.3%	2.8%	3.5%
Corporate serv. and others	(5.8)	(12.8)	-54.7%	-0.1%	-0.2%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	4,737.3	4,271.2	10.9%	52.5%	55.4%
America	1,305.7	760.3	71.7%	14.5%	9.9%
United Kingdom	1,113.8	1,048.4	6.2%	12.3%	13.6%
Rest of Europe and Others	1,052.8	878.2	19.9%	11.7%	11.4%
Czech Republic	413.7	385.4	7.3%	4.6%	5.0%
Middle East, Africa and Australia	402.7	362.2	11.2%	4.5%	4.7%
Total	**9,026.0**	**7,705.7**	**17.1%**	**100.0%**	**100.0%**
EBITDA*					
Environment	646.7	593.1	9.0%	42.3%	45.2%
Water	384.3	350.2	9.7%	25.1%	26.7%
Construction	169.4	122.8	37.9%	11.1%	9.4%
Cement	139.5	30.3	N/A	9.1%	2.3%
Real Estate	104.9	143.8	-27.1%	6.9%	11.0%
Corporate serv. and others	84.8	71.2	19.1%	5.5%	5.4%
Total	**1,529.6**	**1,311.4**	**16.6%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	337.6	304.7	10.8%	37.1%	49.9%
Water	216.3	203.8	6.1%	23.8%	33.4%
Construction	118.4	89.4	32.4%	13.0%	14.6%
Cement	129.1	(203.3)	N/A	14.2%	-33.3%
Real Estate	55.8	165.7	-66.3%	6.1%	27.1%
Corporate serv. and others	53.1	50.2	5.8%	5.8%	8.2%
Total	**910.3**	**610.5**	**49.1%**	**100.0%**	**100.0%**
NET FINANCIAL DEBT*					
Corporate					
With recourse	(1,233.1)	(840.1)	46.8%	-39.8%	-26.3%
Without recourse	74.3	87.1	-14.7%	2.4%	2.7%
Areas					
Environment	1,424.7	1,227.6	16.1%	46.0%	38.5%
Water	1,665.8	1,642.8	1.4%	53.7%	51.5%
Cement	131.4	157.6	-16.6%	4.2%	4.9%
Real Estate	1,037.0	917.7	13.0%	33.5%	28.7%
Total	**3,100.1**	**3,192.7**	**-2.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,328.4	13,255.5	0.5%	32.0%	32.9%
Water	21,730.7	20,312.7	7.0%	52.2%	50.4%
Construction	6,425.9	6,586.0	-2.4%	15.4%	16.4%
Real Estate	135.8	119.6	13.5%	0.3%	0.3%
Total	**41,620.8**	**40,273.8**	**3.3%**	**100.0%**	**100.0%**

** See note 10 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*

Note: Corporate Services and others includes the Concessions activity.

2.1.4. Income Statement

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Revenue	**9,026.0**	**7,705.7**	**17.1%**
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
EBITDA Margin	***16.9%***	***17.0%***	***-0.1 p.p***
Provision for amortisation of fixed and non-current assets	(596.9)	(519.7)	14.9%
Other operating income	(22.5)	(181.1)	-87.6%
Net Operating Profit (EBIT)	**910.3**	**610.5**	**49.1%**
EBIT margin	***10.1%***	***7.9%***	***2.2 p.p***
Financial income	(150.0)	(119.1)	25.9%
Other financial profit/(loss)	(18.4)	29.6	-162.2%
P/L of companies accounted for by the equity method	174.0	29.6	N/A
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**	66.3%
Company tax on profits	(171.1)	(72.7)	135.4%
Income from continuing operations	**744.8**	**477.9**	**55.8%**
Net Income	**744.8**	**477.9**	**55.8%**
Non-controlling interests	(153.8)	(162.7)	-5.5%
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.4.1. Net Revenue

Consolidated revenues grew by 17.1% compared to the previous year, reaching 9,026 million euros. This shift reflects sustained growth during the year, with the increase in the contribution of the Construction and Cement areas worth particular mention, seeing double-digit growth, on account of the expansion of activity in practically all its areas of operation as well as the increase in contracting volumes and sale prices, respectively. The Water area also registered significant growth in all its activities.

For each of the business areas the evolution was as follows:

The Environment Area saw an increase of 5.8%, following the entry into force of new contracts in Spain and the USA, both for waste collection and street cleaning activities as well as in treatment, with Central Europe also making a positive contribution, thus compensating for the decrease in activity in the United Kingdom, which can be entirely attributed to a drop in revenue on account of the landfill tax, resulting from the change in the type of waste being managed.

Revenues in the Water area grew by 12.4%, on account of the strong performance, mainly in end-to-end activity, supported by the inclusion of new contracts in Colombia and France, as well as in Technology and Network activity thanks to work associated, to a large extent, with the operating concessions in Spain, Italy, Colombia, and Mexico.

In Construction, revenues increased by a notable 43.5% due to the sustained good pace of execution in ongoing projects along with new contracts obtained mainly in America and various European countries.

In the Cement area, revenues saw growth of 18.9%, on account of the increase in prices registered in all markets, together with an increase in exports from Spain, which offset the decrease in activity in the Tunisian market.

Finally, in the Real Estate area, revenues dropped by 6.3%, entirely attributable to the fact that no land was sold during the year compared to the sales seen during the previous year, which came to €35 million. This is despite the positive impact of price reviews on rental property activity and the increase in sales of housing development.

Revenue breakdown by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	4,737.3	4,271.2	10.9%
America	1,305.7	760.3	71.7%
United Kingdom	1,113.8	1,048.4	6.2%
Rest of Europe and Others	1,052.8	878.2	19.9%
Czech Republic	413.7	385.4	7.3%
Middle East, Africa and Australia	402.7	362.2	11.2%
Total	**9,026.0**	**7,705.7**	**17.1%**

By geographic area and contribution, Spain saw an increase in its revenues of 10.9%, to €4,737.3 million. The double-digit increase in both the Construction and Cement areas stands out, 27.4% and 21.1% respectively. The increase in the Construction area can be attributed to the strong performance of ongoing projects and the start of new projects, while the increase in Cement can be traced to the sustained rise in sale prices. In the Water and Environment areas there was also an increase in revenues, although more moderately, by 6.7% and 5.6% respectively. The Environmental Area recorded an increase in waste treatment and collection activity as well as street cleaning, while the Water Area saw an increase in rates along with a moderate increase in consumption, although more pronounced in the non-residential sector, in addition to the favourable performance of Technology and Networks operations. Real-Estate activity, performed in its entirety in Spain, saw a drop in its income of 6.3% on account of the lack of land sales explained above, despite the increase in its two main activities: rental property and housing development.

Revenues in America increased significantly, by 71.7%, to €1,305.7 million, thanks to the stronger pace of the implementation of civil engineering projects in the Construction area, particularly in Mexico, combined with the impact of new contracts launched in the US and Canada. In the Environment Area, there was an increase in the contracting and entry into operation of new contracts for the collection and treatment of municipal waste in the USA, and in the Water Area there was greater activity in Colombia in end-to-end water cycle management.

The United Kingdom saw revenue growth of 6.2% to €1,113.8 million, attributable to the increase in activities under transport infrastructure concession contracts, which compensated for the drop

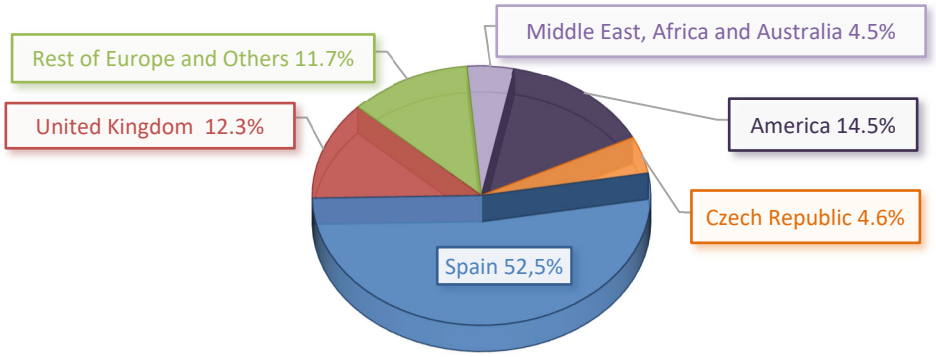
Environmental services activity, exclusively on account of the drop in revenue caused by landfill tax, as there has been an increase in recycling and recovery activities at the revaluation plants.

Rest of Europe and Others, on 1,052.8 million euros, saw growth of 19.9%, largely due to higher revenues from Construction contracts in the Netherlands and the United Kingdom, combined with an increase in activity in the end-to-end water cycle in Georgia and France.

The Czech Republic saw 7.3% growth to €413.7 million, with a greater contribution from the Water Area, on account of the rate review performed, reinforced by the positive impact of the exchange rate for the Czech koruna (+2.3% in the period). The Environment area maintained similar activity to the previous year, tempered by lower sales prices for recycled materials (SRM).

Finally, in the Middle East, Africa and Australia (thanks to the contribution made by a new Construction contract), activity increased by 11.2% to €402.7 million, mainly on account of the increase in the contribution in Saudi Arabia, both attributable to the work performed as part of the Neom project, as well as the increase in concession activity in the Water area.

% revenue by geographical area



2.1.4.2. Gross Operating Profit (EBITDA)

The Gross Operating Result amounted to 1,529.6 million euros, which represents an increase of 16.6% compared to the previous year. This amount represents a margin of 16.9%, practically the same as in 2022. This growth is very similar to the growth seen in revenue, where the increase registered in the Cement area is worth particular mention on account of the differential effect and relief brought about by a drop in energy costs, especially in electricity prices as well as the decrease in the Real Estate area attributable to the adjustment made for a drop in the value recorded for homes unsold.

By business area, the most noteworthy developments have been:

An increase of 9% in the Environmental Area to €646.7 million, higher than the increase seen in revenue, to such an extent that the operating margin increased to 16.8%, up from 16.3% the previous year. This can be traced to the increase in the contribution of activities in the USA, the contribution of treatment and recovery plants in the United Kingdom and the positive impact of the lower collection of the landfill tax, which made no contribution to the Area's operating result.

The Water area recognised €384.3 million, up by 9.7% year-on-year, attributable to the changes in revenue mentioned previously and the impact of last year's reversal of a provision recognised in accounts for the sum of €11.2 million, associated with a final decision in relation to a dispute in Spain.

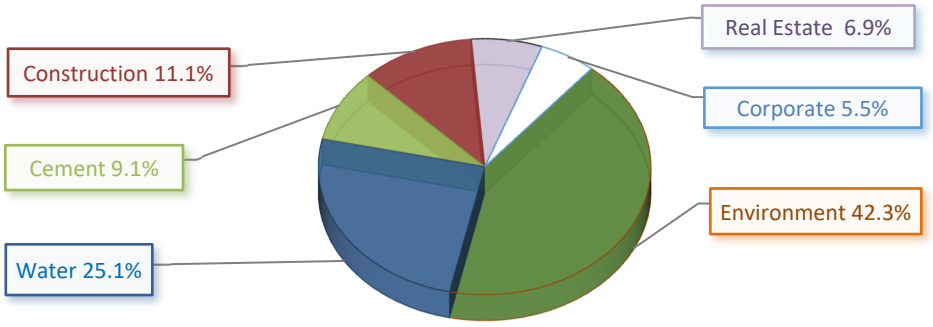
In the Construction area, the gross operating result increased by 37.9% to 169.4 million euros. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period reached 6%, a level very similar to that achieved in the previous year.

In Cement, gross operating profit stood at 139.5 million euros, notably up compared to the 30.3 million euros seen the previous year. This increase can be explained by the combination of the substantial increase in revenues, supported by higher sales prices, together with a reduction in energy costs, with a notable impact in Spain. In this way, the margin rose to 22.7% compared to 5.9% the previous year.

The Real-Estate area saw a 27.1% decrease to €104.9 million, with a margin of 41.3%, on account of the lack of any contribution from land sales this year and the provision set aside for the impairment of housing assets unsold worth €25 million, which was mitigated by the increase in the contribution made by the rental property backlog and the delivery of housing developments.

Finally, it is worth noting that Corporate Services and Others includes the Infrastructure Concessions, which reflects the entry into operation of line 1 of the Murcia Tramway; as a whole, this activity contributed €45.7 million euros during the year, compared to €31.1 million in the previous year.

% EBITDA by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 67.4% during the year. If the recurring activity of Real Estate rental assets and transportation concessions is added, this contribution percentage rises to 77.1% of the total.

2.1.4.3. Net Operating Profit (EBIT)

Net operating profit amounted to 910.3 million euros, 49.1% more than in the previous year. This increase, combined with the performance of gross operating profit indicated above, includes the base effect of the adjustment made the previous year for the sum of €200 million to the value of different fixed assets and goodwill in the Cement area. This aim of this was to reflect their estimated future capacity to generate cash. This year, however, the review of the market value of

the rental property assets in the Real Estate area has had an impact of -€49 million, compared to the positive impact of €22.3 million in 2022.

2.1.4.4. Earnings before Taxes (EBT) from continuing operations

Earnings before taxes from continuing operations stood at €915.9 million euros, up 66.3% year on year from €550.7 million. This increase is attributable, as well as to the positive performance of business operations, to the significant increase in the profit of companies consolidated using the equity method, which has offset the increase in financial expenses.

Thus, the performance was as follows for the various components:

2.1.4.4.1. Financial income

The net financial result reached -150 million euros, compared to -119.1 million euros in the previous year, 25.9% more due to the effect of a higher average financing cost together with a certain increase in the average volume of financial debt recorded during the year compared to the previous one.

2.1.4.4.2. Other financial profit/(loss)

This heading includes the amount of -€18.4 million compared to €29.6 million in 2022. The difference can mainly be attributed to the change in the exchange rate of certain currencies against the euro, which had an impact of -€20.9 million euros during the period, compared to the positive contribution of €26.1 million the previous year.

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

The contribution of investee companies reached 174 million euros, compared to 29.6 million in the previous year. This increase can mainly be attributed to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, having acquired significant influence in the company by joining its Board of Directors at the end of the year. The impact of the adjustment of the 21.19% stake in the entity has been 142.4 million euros. The remaining areas of activity did not experience any noteworthy changes in contribution during this period.

2.1.4.5. Income attributable to the parent company

The attributable net result achieved at the end of the year amounts to 591 million euros, which is 87.5% higher than the previous year. This performance can mainly be attributed to the explanation given under EBT, as well as the regularisation of corporate tax accrued compared to the previous year, which included the registration of nearly €90 million of outstanding deductions and tax losses. Added to this is a reduction in the result attributable to minority shareholders in the Real Estate area, which recorded 5.9 million euros compared to 28.8 million euros the previous year.

2.1.4.6. Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Dec. 23	Dec. 22	Chg. (%)
Revenue	**8,522.7**	**7,306.0**	**16.7%**

Gross Operating Profit (EBITDA)	**1,280.8**	**1,098.6**	**16.6%**
EBITDA Margin	*15.0%*	*15.0%*	*0.0 p.p*
Net Operating Profit (EBIT)	**762.6**	**449.1**	**69.8%**
EBIT margin	*8.9%*	*6.1%*	*2.8 p.p*
Income attributable to the parent company	**591.0**	**315.2**	**87.5%**

2.1.5. Balance sheet

(Millions of euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Intangible fixed and non-current assets	2,483.5	2,342.1	141.4
Property, plant and equipment	3,829.8	3,496.8	333.0
Real Estate investments	2,091.3	2,122.9	(31.6)
Investments accounted for using the equity method	1,034.3	502.6	531.7
Non-current financial assets	748.4	910.6	(162.2)
Deferred tax assets and other non-current assets	468.3	499.5	(31.2)
Non-current assets	**10,655.7**	**9,874.5**	**781.2**
Inventory	1,234.3	1,143.2	91.1
Trade and other receivables	2,957.4	2,468.0	489.4
Other current financial assets	260.5	221.3	39.2
Cash and cash equivalents	1,609.7	1,575.5	34.2
Current assets	**6,062.0**	**5,408.0**	**654.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**	**1,435.2**
Equity attributable to shareholders of the parent company	4,450.1	3,387.9	1,062.2
Non-controlling interests	1,695.9	1,551.1	144.8
Equity	**6,145.9**	**4,939.0**	**1,206.9**
Subsidies	226.6	202.9	23.7
Non-current provisions	1,230.6	1,141.7	88.9
Long-term financial debt	4,361.0	3,860.7	500.3
Other non-current financial liabilities	456.0	410.6	45.4
Deferred tax liabilities and other non-current liabilities	434.1	430.7	3.4
Non-current liabilities	**6,708.3**	**6,046.6**	**661.7**
Current provisions	159.6	148.1	11.5
Short-term financial debt	604.1	1,121.8	(517.7)
Other current financial liabilities	322.7	211.3	111.4
Trade and other payables	2,777.0	2,815.7	(38.7)
Current liabilities	**3,863.4**	**4,296.9**	**(433.5)**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**	**1,435.2**

2.1.5.1. Property, plant and equipment, intangible assets and real estate investments

Operating fixed assets increased by 5.6% to €8,404.6 million year on year, on account of the new assets incorporated following investments made, mainly by the Environment and Water areas in intangible and tangible fixed assets. Real estate investments, adjusted for variations in their estimated market value at the end of the year, remain without appreciable variations compared to last year.

2.1.5.2. Investments accounted for using the equity method

The heading of investments accounted for by the equity method amounts to 1,034.3 million euros at the end of the year, 531.7 million more than at the end of the previous year. This increase can be attributed, firstly, to the accounting reclassification of the holding in Metrovacesa in the Real Estate area from financial investment to investment accounted for by the equity method, given its significant influence, and secondly, to the increase in capital of an associate in the Cement area, which operates in the USA. The breakdown of the most relevant investments at year-end is as follows:

1) 233.2 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).

2) 123.0 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.

3) 67.6 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).

4) 132.4 million euros from the subsidiaries of the parent company in the Cement area.

5) 442.0 million euros from investee companies in the Real Estate area.

6) 36.1 million euros in investees in the Construction area located abroad.

2.1.5.3. Non-current financial assets

The balance of non-current financial assets dropped by €162.2 million compared to year-end of the previous year, coming to €748.4 million, on account of the aforementioned reclassification of Metrovacesa from financial investment to investment accounted for using the equity method.

This heading also includes the collection rights from concession agreements, for the combined sum of 547.3 million euros, mainly from the Environment, Water and Transport Concessions areas, as well as financial credits granted to third parties, and long-term deposits.

2.1.5.4. Cash and cash equivalents

The balance of the heading Cash and other equivalent liquid assets amounts to 1,609.7 million euros as of December 31, with no appreciable variations from the previous year. This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled 818.3 million euros.

2) In the perimeter without recourse, cash and equivalents amounted to 791.4 million euros.s.

2.1.5.5. Equity

Equity at the end of the period came to €6,145.9 million, compared to €4,939 million the previous year. This increase can largely be attributed to the contribution of net income achieved in the period and in particular the increase in reserves and non-controlling interests due to the sale of a non-controlling interest in the Environmental Area for the combined amount of €953.8 million. In the opposite direction, the impact of the reduction in capital following the buyback of own shares for their subsequent redemption for the sum of €257 million is also worth particular mention.

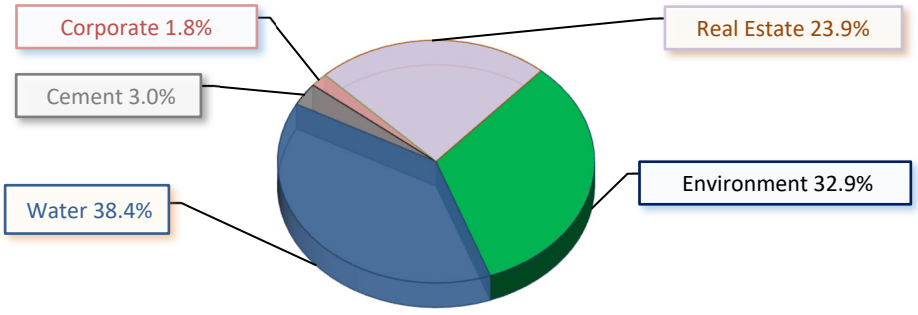
2.1.5.6. Financial debt

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Bank borrowings	2,710.0	2,778.4	(68.4)
Debt instruments and other loans	2,107.0	2,040.8	66.2
Finance lease payables	14.0	24.9	(10.9)
Other financial liabilities	134.1	138.4	(4.3)
Gross Financial Debt	**4,965.1**	**4,982.5**	**(17.4)**
Treasury and other current financial assets	(1,865.0)	(1,789.8)	(75.2)
Net Financial Debt	**3,100.1**	**3,192.7**	**(92.6)**
Net financial debt with recourse	*(901.7)*	*(677.2)*	*(224.5)*
Net financial debt without recourse	*4,001.8*	*3,869.9*	*131.9*

At year-end, the Group's gross financial debt remained practically the same as the previous year, down by €17.4 million to €4,965.1 million. 87.8% has long-term maturity, for an amount of 4,361.0 million euros and a balanced distribution between bank debt and capital markets. The remaining 12.2% matures in the short term, equally distributed between bank borrowings and commercial paper in the Environment Area.

The balance of net financial debt was down compared to the previous December by €92.6 million to €3,100.1 million. Worth particular note was the collection of €965 million from the sale of a non-controlling interest in the parent company of the Environment Area and the investments made both in assets and company shares, as well as the expansion of working capital linked to the increase in the Group's activity.

Breakdown of Net Financial Debt without recourse by Business Area



The entire net financial debt is non-recourse and the vast majority is located in the Water and Environment Utilities areas along with the recurring activity of rental assets in the Real Estate area. As a result, the Group's parent company had a net cash position with recourse of €1,233.1 million at the end of December.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water Area accounts for €1,665.8 million, mainly including a long-term syndicated loan for €1,100 million and a corporate bond in its parent company with a balance of €658.3 million, maturing in June 2027;(ii) the Environment Area accounts for €1,424.7 million, of which the majority corresponds to two bonds issued by the parent company of the area, one for the nominal amount of €500 million maturing in 2026 and another for €600 million maturing in 2029. A further €95 million correspond to activity in the United Kingdom and €73.7 million to activity in the USA (iii) the Real Estate Area accounts for €1,037 million, mostly from the rental property business and (iv) the Cement Area accounts for €131.4 million.

2.1.5.7. Other current and non-current financial liabilities

Other current and non-current financial liabilities comes to €778.7 million at the end of the year. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 420.9 million euros. It also includes other liabilities that are not financial debt, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

2.1.6. Cash Flow

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**	**16.6%**
(Increase)/decrease in working capital	(691.4)	285.3	N/A
Corporation tax (paid)/received	(124.2)	0.7	N/A
Other operating cash flow	71.4	(51.6)	N/A
Operating cash flow	**785.4**	**1,545.8**	**-49.2%**
Investment payments	(1,104.6)	(1,062.1)	4.0%
Divestment receipts	36.2	51.5	-29.7%
Other investment cash flows	106.0	72.6	46.0%
Investment cash flow	**(962.4)**	**(938.0)**	**2.6%**
Interest paid	(172.5)	(123.7)	39.5%
(Payment)/receipt of financial liabilities	(113.8)	(333.9)	-65.9%
Other financing cash flow	496.6	(109.6)	N/A
Financing cash flow	**210.3**	**(567.2)**	**-137.1%**
Exchange differences, change in consolidation scope, etc.	1.0	(0.6)	N/A
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**	**-14.5%**

2.1.6.1. Operating cash flow

The operating cash flow generated in 2023 amounted to €785.4 million euros, 49.2% down on the previous year. This performance was largely attributable to the investment in operating working capital, which entailed the allocation of funds for the sum of €691.4 million, compared to an inflow of €285.3 million the previous year. This investment was concentrated in the Construction Area in projects at different degrees of completion and to a lesser extent, in the Environment Area, which will tend to reverse this trend in the first quarter of 2024. Income tax payments/collections includes an outflow of €124.2 million compared to an almost non-existent amount in the previous year; this shift can be attributed to the receipt during the previous year of €153.7 million in tax refunds owned from 2020 and 2021, well above the receipts seen this year for advance payments made in 2022.

Other operating cash flow includes an inflow of €71.4 million compared to an outflow of €51.6 million the previous year, due to the reduced application of provisions mainly in the Construction area.

2.1.6.2. Investment cash flow

The investment cash flow represents an application of 962.4 million euros compared to 938 million euros in the previous year. The investment payments heading includes 1,104.6 million euros, compared to 1,062.1 million euros the previous year. Investments by the Environment and Water Areas for the sum of €545 million and €247.8 million respectively, are worth particular mention, as is the capital increase performed in a Cement investee for the sum of €105.8 million. Finally, it is worth highlighting the increase in Metrovacesa's participation in the Real Estate area costing €89.4 million. In this fiscal year 2023, no relevant divestments have been recorded.

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

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Environment	(531.8)	(407.5)	(124.3)
Water	(241.6)	(362.9)	121.3
Construction	(47.1)	(21.4)	(25.7)
Cement	(129.7)	(22.2)	(107.5)
Real Estate	(109.7)	(154.4)	44.7
Corporate serv., etc. & adjustments	(8.5)	(42.2)	33.7
Net investments *(Payments - Collections)*	**(1,068.4)**	**(1,010.6)**	**(57.8)**

In turn, Other investment flows increased to 106 million euros in the period compared to 72.6 million euros the previous year, attributable to an increase in the collection of interest up to 46.6 million euros.

2.1.6.3. Financing cash flow

The financing cash flow represents an inflow of 210.3 million euros compared to the outflow of 567.2 million euros in the previous year. The interest payment heading includes an outflow of €172.5 million, mainly in relation to the Water and Environment Areas.

The Proceeds from/(payments on) financial liabilities heading includes an outflow of €113.8 million compared to an outflow of €333.9 million the previous year. The reduction is concentrated at the Group's parent company due to the aforementioned sale of a minority stake in the Environmental area.

The Other financing cash flows heading includes an inflow worth €496.6 million compared to an outflow of €109.6 million the previous year. This increase can be attributed to several factors, including the aforementioned sale of a non-controlling interest in the parent company of the Environment area for the sum of €965 million and the takeover performed by the parent company of the Group for 4.502% of its share capital, resulting in an outflow of €257 million, the purchase of an additional holding in Realia, in the Real Estate area, for €117.3 million and the payment of dividends to shareholders and non-controlling interests for the joint amount of €80.8 million.

2.1.6.4 Change in cash and cash equivalents

As a result of the evolution of the different cash flow components, the FCC Group's treasury position closed the 2023 financial year with an increase of 34.2 million euros, to a balance of 1,609.7 million euros.

2.1.7. Analysis by business area

2.1.7.1. Environment

The Environment area contributed 42.3% of the Group's EBITDA in the 2023 business year. Around 80% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20% corresponded to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain it provides services in more than 3,700 municipalities and serves a population of more than 32 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 16 million people. In central Europe, mainly Austria and the Czech Republic, it is present throughout the entire waste management chain (collection, treatment and disposal). The activity in the US is carried out both in the collection and in the comprehensive recovery of urban waste and serves more than 11 million inhabitants. The Environment activities within the FCC Group have over 120 years of experience and service over 66 million inhabitants over 5,200 municipalities in the world.

2.1.7.1.1. Earnings

(Millions of euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Turnover	3,853.2	3,641.1	5.8%
Waste collection and street cleaning	*1,938.6*	*1,765.0*	*9.8%*
Waste processing	*1,142.6*	*1,130.1*	*1.1%*
Other services	*772.0*	*746.0*	*3.5%*
EBITDA	646.7	593.1	9.0%
EBITDA Margin	16.8%	16.3%	*0.5 p.p*
EBIT	337.6	304.7	10.8%
EBIT margin	8.8%	8.4%	*0.4 p.p*

The revenue figure for the Environment area increased by 5.8% and reached 3,853.2 million euros at the end of the year. Waste collection and street cleaning activity billed €1,938.6 million, recording growth of 9.8% on account of the entry into operation of new contracts, especially in Spain and the USA. The Waste Treatment activity reached 1,142.6 million euros, with a 1.1% increase, due to the good performance in Spain and the US, which compensated for the lower contribution from the United Kingdom. Other services grew by 3.5% to 772 million euros.

Breakdown of revenue by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	2,086.3	1,975.2	5.6%
United Kingdom	778.7	794.9	-2.0%
Central Europe	607.0	592.2	2.5%
United States and other	381.2	278.8	36.7%
Total	**3,853.2**	**3,641.1**	**5.8%**

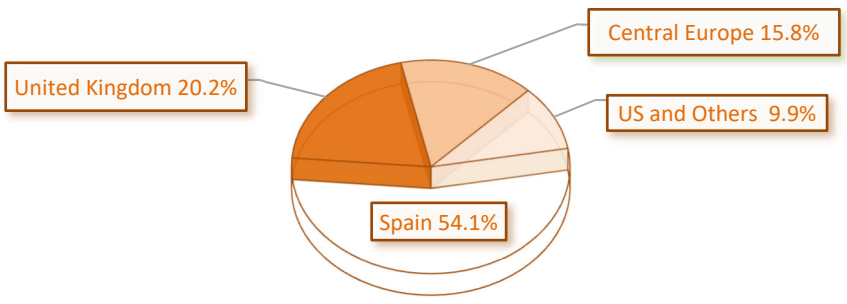
By geographical area, in Spain, revenue increased by 5.6% year on year to €2,086.3 million, on account of the expansion seen in waste collection and street cleaning activity as well as waste management. Other services, such as maintenance of green areas, remained at similar figures to those of the previous year.

In the United Kingdom, revenues fell by 2% to €778.7 million on account of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by recycling and recovery plants. Adjusted for this component, without impact on the operating result, revenues grew by 9.3% in the year.

In Central Europe, revenues increased by 2.5% to €607 million, on account of the favourable performance especially in Austria and Poland, mainly in collection and street cleaning, compensating for the slight decrease in waste treatment, on account of lower international sales prices recorded in relation to secondary raw materials (SRM).

Last but not least, revenue in the United States and other markets was up by an impressive 36.7% to €381.2 million, supported by the contribution of the new contracts secured in collection and treatment activity, mainly in Florida, Texas and California, respectively.

Breakdown of revenue by geographical area



The gross operating result (EBITDA) increased by 9%, with 646.7 million euros, motivated by the evolution described in the income figure. The increased contribution of the treatment and recovery plants in the United Kingdom comfortably offset the drop in SRM sales prices combined with the impact of the planned shutdown of a plant in Austria during the first quarter of the year. The operating margin increased to 16.8% compared to 16.3% the previous year, on account of the aforementioned impact of the drop in income collected on account of the landfill tax paid to the public authorities in the United Kingdom, which made no contribution to operating income.

The net operating result (EBIT) grew by 10.8% compared to the previous year, up to 337.6 million euros, due to the evolution of the different components mentioned in the Ebitda with a lower impact of other non-recurring operating expenses.

Breakdown of backlog by geographical area

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Spain	8,390.6	8,224.1	2.0%
International	4,937.8	5,031.4	-1.9%
Total	**13,328.4**	**13,255.5**	**0.5%**

At year-end 2023, the revenue backlog had not suffered significant changes compared to last December, standing at €13,328.4 million. In Spain, it increased by 2% to €8,390.6 million on account of new contracts, including the urban sanitation contract in northern Valencia or the management of the Las Calandrias Environmental Complex, in Jerez de La Frontera, which compensated for the slight decrease seen in the international area.

2.1.7.1.2. Financial Debt

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (€M)***
Net Financial Debt	1,424.7	1,227.6	197.1

Net financial debt increased by 197.1 million euros compared to December 2022, up to 1,424.7 million euros, due to greater investment activity in new contracts and to a lesser extent due to the absorption of current operating capital, which will reverse in the first quarter of 2024.

2.1.7.2. Water

The Water area contributed 25.1% of FCC Group EBITDA in the period. 90% of its activity is focused on public service concession and asset management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 10% corresponds to Technology and Networks, which is responsible

for the design, engineering and equipment of hydraulic infrastructures, related in the large part 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, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 45 million inhabitants.

2.1.7.2.1. Earnings

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Turnover	1,487.4	1,323.2	12.4%
Cycle Management and Services	*1,343.7*	*1,212.2*	*10.8%*
Technology and Networks	*143.7*	*111.0*	*29.5%*
EBITDA	384.3	350.2	9.7%
EBITDA Margin	25.8%	26.5%	*-0.7 p.p*
EBIT	216.3	203.8	6.1%
EBIT margin	14.5%	15.4%	*-0.9 p.p*

Revenue at the end of the year increased by 12.4% year on year, coming in at €1,487.4 million. This increase was seen in all activities and geographies, supported both by the increase in rates, the increase in new contracts, in the case of Colombia and France, and by the increase in activity in Technology and Networks, for the large part linked to concessions in Spain, Italy, Colombia and Mexico.

Breakdown of revenue by geographical area

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Spain	919.2	861.4	6.7%
Central and Eastern Europe	232.7	190.0	22.5%
Middle East, Africa and Other	134.6	131.1	2.7%
Rest of Europe (France, Portugal and Italy)	109.5	92.3	18.6%
Latin America	91.4	48.4	88.8%
Total	**1,487.4**	**1,323.2**	**12.4%**

By geographical area, revenues in Spain increased by 6.7%, reaching 919.2 million euros, due to the combined increase in consumption and the increase in rates. Technology and Networks also saw favourable performance following the implementation of work under investment plans associated with concession agreements and the execution of water infrastructure.

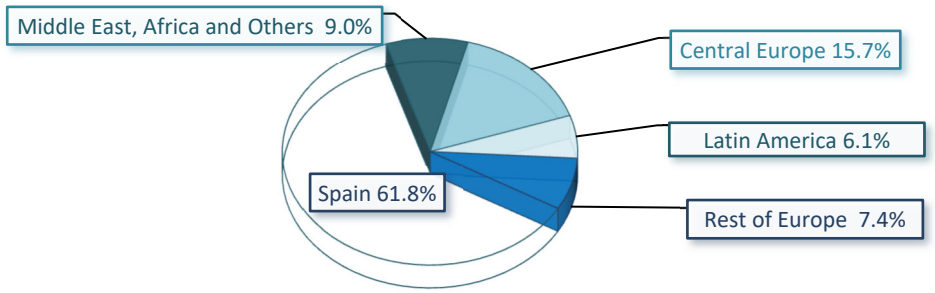
In Central and Eastern Europe it grew by 22.5%, with revenues of 232.7 million euros, due to greater activity in the Czech Republic and Georgia thanks to the favourable behaviour of rates and consumption in the latter. Worth particular mention was the revaluation of the Czech koruna (+2.3%) and the Georgian lari (7.9%).

In the rest of Europe, revenues also increased significantly, by 18.6%, to €109.5 million on account of the increase in concession activity from new contracts in France and infrastructure activity in the end-to-end cycle management in Italy.

In the Middle East, Africa and Others, turnover increased by 2.7%, to €134.6 million, with an increase in concession activity, with the two regional contracts ("Cluster") in Saudi Arabia worth particular mention, in addition to the increased contribution from Algeria. On the contrary, the Technology and Networks activity saw the completion of the construction of projects in Qatar and Egypt, with their entry into the operation phase.

In Latin America, turnover experienced notable growth of 88.8% to €91.4 million, with new concessions of the end-to-end water cycle in Colombia and works associated with its investment plans, as well as the implementation of hydraulic infrastructure in Mexico.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) increased by 9.,7% to €384.3 million. Its progress reflects the increase described above in all geographical areas, together with the base effect of the accounting in the previous year of a reversal of 11.2 million euros corresponding to a provision linked to the resolution of a dispute in Spain. As a result, the operating margin stood at 25.8%.

Net operating profit (EBIT) increased by 6.1% to €216.3 million, on account of the improvement in gross operating profit combined with the increase in provisions made for amortisation, associated with the increase in the volume of assets owned and operated during the period.

Breakdown of backlog by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	6,860.6	7,049.2	-2.7%
International	14,870.1	13,263.5	12.1%
Total	**21,730.7**	**20,312.7**	**7.0%**

The portfolio at the end of December 2023 reached 21,730.7 million euros, 7% more than the previous year. At an international level, there was an increase of 12.1% on account of the addition of new contracts in Saudi Arabia, Colombia and the United States, in addition to the consolidated tariff updates during the year.

2.1.7.2.2. Financial Debt

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (Mn€)*
Net Financial Debt	1,665.8	1,642.8	23.0

Net financial debt remained at very similar levels compared to December last year, coming in at €1,665.8 million. This evolution is a combination of greater containment of investments after the acquisition of GGU in Georgia in 2022, which has compensated for the greater absorption of current capital and financial expenses due to the rise in interest rates.

2.1.7.3. Construction

The Construction Area contributed 11.1% of the FCC Group's EBITDA in 2023. Its activity is structured around the design and construction of large civil, industrial and building works, with a selective presence in specific regions across more than 15 countries. Special mention should go to participation in major works like tunnels, bridges and motorways that constituted a major part of the project backlog.

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Turnover	2,823.1	1,966.9	43.5%
EBITDA	169.4	122.8	37.9%
EBITDA Margin	*6.0%*	*6.2%*	*-0.2 p.p*
EBIT	118.4	89.4	32.4%
EBIT margin	*4.2%*	*4.5%*	*-0.3 p.p*

Revenues from the area increased by an impressive 43.5% to 2,823.1 million euros attributable the continued good pace of ongoing projects combined with new contracts secured mainly in America and several European countries.

Breakdown of revenue by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	1,108.1	870.1	27.4%
America	819.3	434.3	88.6%
Rest of Europe	695.1	500.5	38.9%
Middle East, Africa, Australia and Others	200.6	162.0	23.8%
Total	**2,823.1**	**1,966.9**	**43.5%**

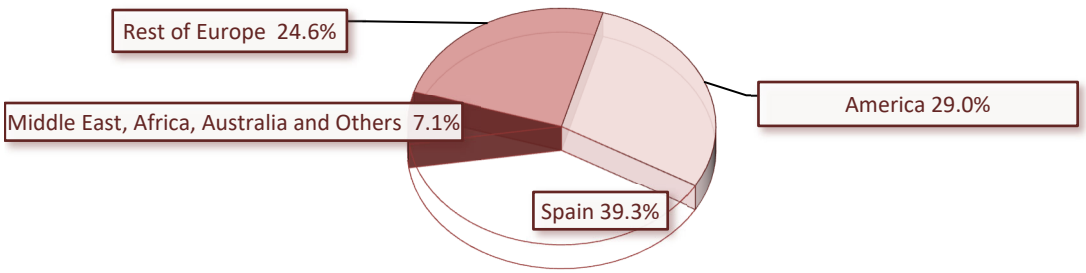
By geographical area, turnover in Spain increased by 27.4% to €1,108.1 million, on account of the faster than expected progress on ongoing projects, mainly in the public sphere.

In America, turnover grew significantly by 88.6% to €819.3 million, on account of the increase in the contribution of the Mayan Train project in Mexico, which is now close to completion, and the start of railway works in Toronto (Canada) and the USA.

Likewise, in the Rest of Europe and other markets, revenue grew by 38.9% year-on-year, coming to 695.1 million euros, mainly on account of the strong progress made with the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which comfortably offset the end of other works.

The Middle East, Africa, Australia and Others increased their contribution to revenue to €200.6 million, 23.8% up year-on-year, mainly due to the increase in the contribution of works as part of the Neom project and Riyadh Metro in Saudi Arabia, which is now close to completion.

Breakdown of revenue by geographical area



Gross operating profit increased by 37.9% to 169.4 million euros compared to 122.8 million euros the previous year. This increase can be traced to the performance of revenue mentioned previously, with the international area making a greater contribution. In this way, the operating margin in the period has reached 6%, a level similar to that achieved in the previous year.

In turn, net operating profit stood at 118.4 million euros, 32.4% up on the previous year, reflecting the performance of gross operating profit explained earlier and including the higher depreciation of machinery compared to the increase in activity.

Breakdown of backlog by geographical area

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	2,386.1	1,817.3	31.3%
International	4,039.8	4,768.7	-15.3%
Total	**6,425.9**	**6,586.0**	**-2.4%**

The revenue backlog at year-end fell by 2.4%, to €6,425.9 million. Spain saw notable growth of 31.3% to €2,386.1 million on account of the award of new works, including the construction of the new ONCE headquarters in Madrid or the undergrounding section of the R-2 line as it passes through Montcada i Reixac (Barcelona). The International Area saw a 15.3% reduction following

the impressive accumulated increase in contract awards the previous year, with the contract for the modernisation of a series of bridges in Pennsylvania (USA) worth particular mention.

Breakdown of the Backlog by Activity Segment			
(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Civil engineering works	5,112.4	5,569.7	-8.2%
Building	656.9	503.9	30.4%
Industrial Projects	656.6	512.4	28.1%
Total	**6,425.9**	**6,586.0**	**-2.4%**

By activity type, civil engineering continues to dominate, accounting for 79.6% of the total, concentrated in large public contracts in certain selective markets in Europe, America and the Middle East.

2.1.7.4. Cement

The Cement area accounted for 9.1% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which owns a number of factories on the east coast of the USA.

2.1.7.4.1. Earnings

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Turnover	614.3	516.5	18.9%
Cement	*563.6*	*474.1*	*18.9%*
Other	*50.7*	*42.4*	*19.6%*
EBITDA	139.5	30.3	N/A
EBITDA Margin	*22.7%*	*5.9%*	*16.8 p.p*
EBIT	129.1	(203.3)	N/A
EBIT margin	*21.0%*	*-39.4%*	*60.4 p.p*

The area's revenue grew by 18.9% year-on-year to €614.3 million, following an increase in prices, mainly in Spain, in addition to an increase in exports from the same region.

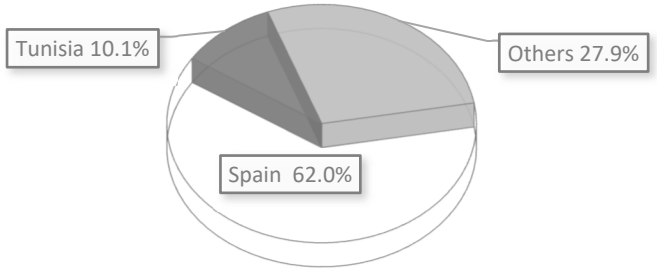
Breakdown of revenue by geographical area			
(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (%)***
Spain	380.9	314.6	21.1%
Tunisia	62.2	62.6	-0.6%
Miscellaneous (exports)	171.2	139.3	22.9%
Total	**614.3**	**516.5**	**18.9%**

By geographical area, in Spain, turnover increased by 21.1% to €380.9 million on account of the significant sustained increase in prices combined with unchanged volumes.

In the local market of Tunisia, the turnover remained at similar levels to the previous year, with 62.2 million euros, since the increase in prices has almost entirely compensated for the drop in demand.

In turn, revenue from exports grew by 22.9%, coming to €171.2 million, on account of the increase in shipments from Spain to certain countries in Europe and America, combined with price increases, offsetting the decreased in shipments from Tunisia.

Breakdown of revenue by geographical area



There was a significant increase in gross operating profit, coming to €139.5 million compared to €30.3 million during the previous year. This increase can be attributed both the increase in sales figures and the significant drop in electricity prices in Spain, which saw the operating margin recover to 22.7% compared to 5.9% the previous year.

Net operating profit stood at €129.1 million compared to losses of €203.3 million in 2022, due to the aforementioned change in gross operating income and the €200 million adjustment in the previous year, corresponding to the lower value of different tangible fixed assets and goodwill, reflecting its estimated future cash generation capacity. Likewise, this year the favourable resolution of a dispute in Spain has also contributed positively, with a recorded amount of 24.5 million euros.

2.1.7.4.2. Financial Debt

(Millions of Euros)	***Dec. 23***	***Dec. 22***	***Chg. (Mn€)***
Net financial debt	131.4	157.6	(26.2)

The financial debt, in its entirety, without any recourse to the Group's parent company, decreased by €26.2 million compared to last December, down to €131.4 million as a consequence of the operating performance explained above and the impact of the investment in the capital increase performed by the subsidiary, Giant Cement (USA), for an attributable amount of €105.8 million.

2.1.7.5. Real Estate

The Real Estate area contributed 6.9% of the FCC Group's EBITDA during the year. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices and shopping centres). This is in addition to the development for sale of properties, which includes the

urban management of its land portfolio, providing development management services for third parties.

2.1.7.5.1. Earnings

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (%)*
Turnover	253.8	270.8	-6.3%
Development and land	*138.0*	*165.0*	*-16.4%*
Rental Property	*115.8*	*105.8*	*9.5%*
EBITDA	104.9	143.8	-27.1%
EBITDA Margin	*41.3%*	*53.1%*	*-11.8 p.p*
EBIT	55.8	165.7	-66.3%
EBIT margin	*22.0%*	*61.2%*	*-39.2 p.p*

The Area's income dropped by 6.3% year on year, to €253.8 million, with price reviews in relation to Rental activity and the increase in sales of housing developments failing to offset the impact of the absence of land sales during the year.

Development and Land recognised €138 million of income, down by 16.4%, on account of the fact that the increase in housing development sales, despite being higher than expected, failing to compensate for the absence of land sales, compared to the €35.93 million recognised the previous year.

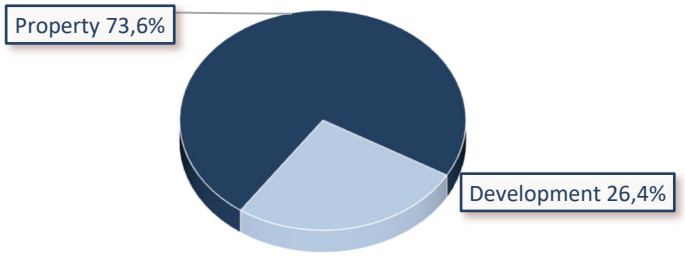
In Rental Property, income reached 115.8 million euros, with an increase of 9.5% compared to the previous year. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for more than 85% of the total, followed by rent generated by the operation of shopping centres. At year-end, the occupancy levels exceeded 93% high in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to bank offices.

EBITDA dropped by 27.1% to €104.9 million, with a contribution margin of 41.3%, on account of the impact of the provision for the impairment in housing development for the sum of €25 million and the aforementioned absence of land sales during the year. These two impacts mean that almost all of the EBITDA for the year was generated by Rental activity.

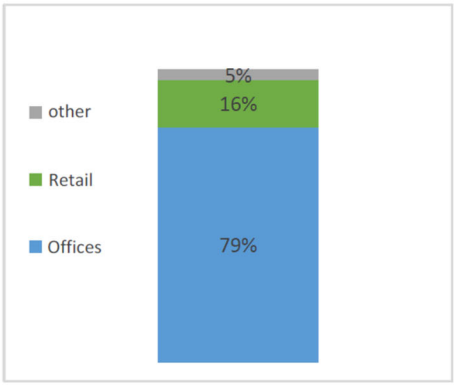
In addition to the explanations provided under EBITDA, EBIT includes the impact of the shift in interest rates on the fair market value of the rental assets, amounting to losses of €49 million, compared to the gains of €22.3 million the previous year.

The market valuation (G.A.V.) of the real estate assets in the area as of December 31, 2023 reaches 2,902.1 million euros, 2.6% lower than the previous year. The majority of the estimated value of assets corresponds to Property, which account for 73.6% of the total, on €2,134.8 million, while Residential Development assets, which include land in the different stages of development as well as housing developments for sale, both in progress and finished, account for 26.4% of the total, on €767.3 million.

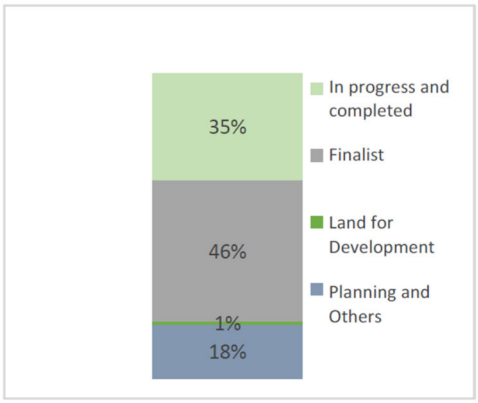
GAV by Activity (not including Metrovacesa)



Property



Residential Development



2.1.7.5.2. Financial Debt

(Millions of Euros)	*Dec. 23*	*Dec. 22*	*Chg. (€M)*
Net financial debt	1,037.0	917.7	119.3

The balance of net financial debt increased by €119.3 million compared to December of the previous year, coming to €1,037 million, mainly on account of the acquisition in December 2023 of two significant packages of holdings in Metrovacesa and Realia for the combined sum of €178.8 million.

2.2. Business performance. Environment

The information relating to the FCC Group's environmental policy is set out in greater detail in note 28 and 29 to the consolidated financial statements and in the Non-Financial Information Statement.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance for the Group of preserving the environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear environmental focus, the Group promotes and encourages the following principles throughout the organisation, on which the contribution to sustainable development is based:

- Continuous improvement: Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Group's processes, products and services, and enhancing the positive impacts on its areas of activity.

- Monitoring and control: establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for monitoring, assessment, decision-making and communication of the Group's environmental performance and compliance with the commitments undertaken.

- Climate change and pollution prevention: Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies. Prevent pollution and protect the environment through responsible management and consumption of natural resources, and also by minimising the impact of emissions, discharges and waste generated and managed by the Group's activities.

- Observation of the environment and innovation: Identify the risks and opportunities of the activities in the face of the changing natural environment in order, among other things, to drive innovation and the application of new technologies, and also to generate synergies between the Group's various activities.

- Life cycle of products and services: enhancing environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

- The necessary participation of all parties: promote the knowledge and application of environmental principles among employees and other stakeholders. Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

2.3. Business performance. Personnel

Attached is a breakdown of the Group's headcount at the end of the year, by business area:

	2023			
AREAS	SPAIN	ABROAD	TOTAL	%s/Total
Environment	36,152	8,279	44,431	66%
Water Management	6,971	6,793	13,764	21%
Construction	4,115	3,150	7,265	11%

Cement	865	212	1,077	2%
Real Estate	96	0	96	0%
Central Services and Others	388	69	457	1%
TOTAL	**48,587**	**18,503**	**67,090**	**100%**

3. LIQUIDITY AND CAPITAL RESOURCES

Liquidity

In order to optimise its financial position, the Group maintains a proactive liquidity management policy with daily cash monitoring and forecasts.

The Group covers its liquidity needs through the cash flows generated by the businesses and through the financial agreements reached.

In order to improve the Group's liquidity position, active collection management is carried out with customers to ensure that they meet their payment commitments.

To ensure liquidity and meet all payment commitments arising from the business, the Group has cash flows as shown in the balance sheet (see note 16 to the consolidated financial statements) and detailed financing (see note 19 to the consolidated financial statements).

Note 29 to the consolidated financial statements sets forth the policy implemented by the Group to manage liquidity risk and the factors mitigating said risk.

Capital resources

The Group manages its capital to ensure that its member companies will be able to continue as profitable and solvent businesses.

As part of its capital management operations, the Group obtains financing through a wide range of financial products.

During 2019, FCC Servicios Medioambiente Holding, S.A.U. completed the issuance of two single bonds in the amount of 1,100 million euros, just as FCC Aqualia, S.A. did in 2017. In December 2023, the bond amounting to 600 million euros from FCC Servicios Medioambiente Holding, S.A. was repaid with funds from the issuance of a new bond for the same amount.

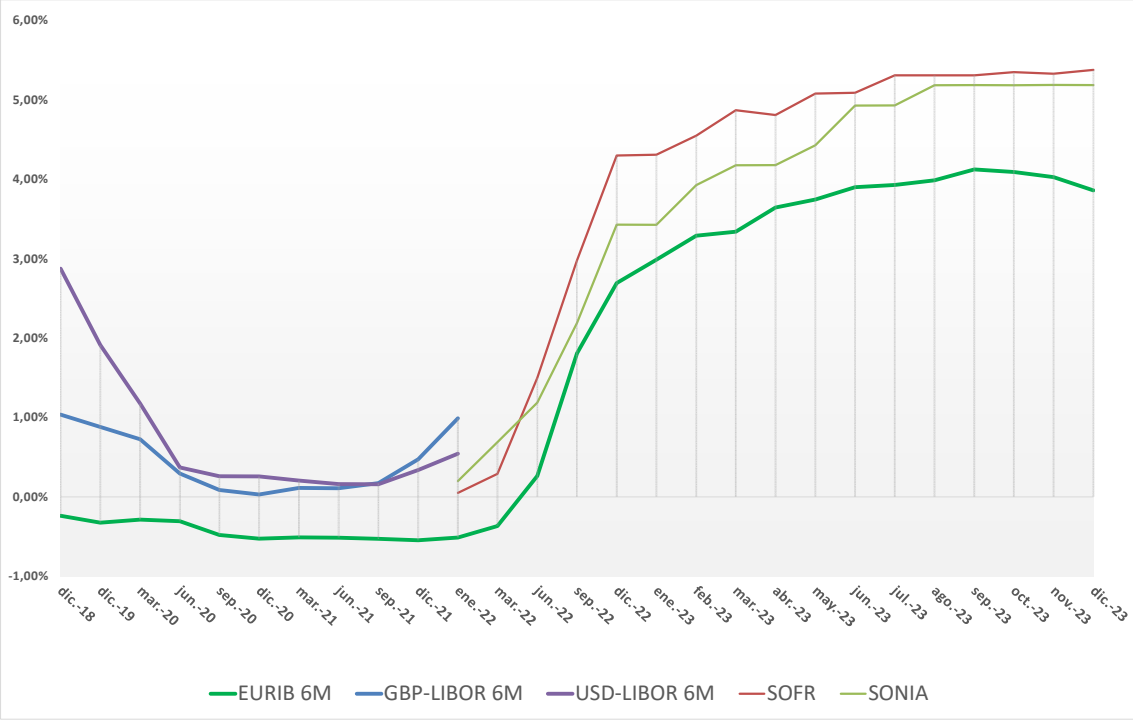
In November 2018, FCC, S.A. registered a 300 million euros promissory notes programme, which was subsequently expanded to 600 million euros in March 2019. Since then, new funding facilities were also arranged in the form of credit facilities. In 2020, FCC Servicios Medioambiente Holding, S.A. registered a promissory note programme which it renewed annually for an amount of up to €400 million; it also has financing facilities in the form of credit facilities and bilateral loans.

Furthermore, in June 2022 FCC Aqualia, S.A. took out a syndicated loan for the amount of €1.1 billion, the main purpose of which was to refinance part of the bonds issued in 2017 maturing in 2022 and the early repayment of the bond that the Georgia Global Utilities Group had on the takeover date (Note 4 to the consolidated financial statements).

These operations have made it possible to complete the process of debt reduction and financial reorganisation initiated five years ago and to continue with the policy of diversifying financing sources; all this contributing to achieving a much more stable and efficient capital structure, with amounts, terms and financing costs suitable according to the nature of the different business areas.

In order to optimise the cost of capital resources, the Group maintains an active policy of interest rate risk management, constantly monitoring the market and taking different positions depending mainly on the assets financed.

The performance of interest rates in recent years is shown below.



As can be seen from the graph above, in 2022, the Secured Overnight Financing Rate (SOFR) and the Sterling Overnight Index Average (SONIA) replaced the LIBOR in dollars and LIBOR in pounds sterling, respectively.

This section is discussed in greater detail in note 29 to the consolidated financial statements.

4. MAJOR RISKS AND UNCERTAINTIES

4.1. Risk Management Policy and System

The FCC Group's Risk Management Model is designed with the aim of identifying, analysing and assessing the potential risks that could affect the different areas of the Group, as well as establishing mechanisms integrated into the organisation's processes that allow risks to be managed within accepted levels, providing the Board of Directors and senior management with reasonable security in relation to the achievement of the main objectives defined. This Model applies to all FCC Group companies, as well as to those affiliates where FCC has effective control,

promoting the development of work frameworks that enable suitable risk control and management in those companies where effective control is not available.

This model is mainly based on the integration of the risk-opportunity vision and the assignment of responsibilities, which, together with the segregation of functions, favour the monitoring and control of risks, consolidating an adequate control environment.

The activities included in the FCC Group's Risk Management Model include the identification and classification of risks depending on their type, their assessment, in terms of impact and probability of occurrence, the application of prevention and control activities to mitigate the effect of these risks and the establishment of reporting flows and communication mechanisms at different levels, which enable decision-making as well as their review and continuous improvement.

The risk management duties and responsibilities at the different levels of the organisation are detailed in section E on the Risk Management and Control System of the Annual Corporate Governance Report.

4.2. Major risks and uncertainties

The FCC Group is exposed to various risk factors inherent to both the nature of its activities and the risks related to environmental, economic, social and geopolitical upgrades in the different countries in which it carries out these activities and to the risks arising from its relations with third parties, including the risks arising from the non-exhaustive application of the principles of ethics and compliance set out in its regulations. Many of these risk factors are strongly interconnected and could potentially affect both the achievement of business objectives and the image and reputation of the FCC Group.

Details of the main strategic, environmental, operational and compliance risks that could affect the Group's activities, as well as a description of the systems used to manage and monitor them, can be found in section E of the Annual Corporate Governance Report, as well as in section 6.1 of the Non-Financial Information Statement.

With regard to financial risks, which are considered to be the changes in the financial instruments arranged by the FCC Group due to political, market and other factors, and their repercussions on the financial statements, the risk management philosophy is consistent with the business strategy, seeking maximum efficiency and solvency at all times. To this end, strict financial risk control and management criteria have been established, consisting of identifying, measuring, analysing and controlling the risks incurred by the Group's operations, with the risk policy being correctly integrated into the Group's organisation. The financial risks to which the Group is exposed are discussed in greater detail in note 29 to the consolidated financial statements, in section E of the Annual Corporate Governance Report and in section 6.1 of the Non-Financial Information Statement.

In addition, the FCC Group is also subject to certain risks relating to environmental and social issues, the management of which is described in greater detail in sections 5.3 and 6 of the Non-Financial Information Statement.

5. ACQUISITION AND DISPOSAL OF OWN SHARES

On 14 June 2023, the redemption of a maximum of 0.85% of the share capital was approved at the General Shareholders' Meeting, ratified by the Board of Directors on 15 June and registered in the Mercantile Registry of Barcelona on 27 June 2023, with a total of 3,521,417 shares

redeemed, taking the company's capital stock to 434,823,566 shares. As a result, the treasury stock position at 30 June 2023 amounted to 854,234 shares, equivalent to 0.19% of the capital stock.

At the Board of Directors meeting held on 28 June 2023, the resolution was approved to additionally redeem the 854,234 treasury shares circulating on that date; this operation was registered in the Mercantile Registry on 25 July.

Then, in the month of August, FCC, S.A. requested authorisation from the CNMV for a takeover bid by means of a capital reduction through the acquisition of a maximum of 32,027,600 own shares, representing 7.01% of its capital stock. On 19 July, the Extraordinary General Meeting agreed, with a vote in favour of 93.58% of the capital in attendance, on the reduction of capital, as well as the determination of the main terms and conditions of the Bid. On 25 October, authorisation was received from the CNMV and on 6 December, it published the results, accounting for 4.502% of share capital. On 19 December, the resulting capital reduction was registered in the Mercantile Registry. The company's share capital at the end of December 2023 was set at 436,106,917 euros, represented by 436,106,917 shares with a nominal value of 1 euro each.

The treasury stock position at 31 December was 44,957 shares.

The acquisition and disposal of treasury shares carried out during the year are disclosed in Note 17 of the Notes to the consolidated financial statements.

6. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE YEAR

After the closing date of these consolidated financial statements, on 20 February 2024, the Official State Gazette published the ruling of the Spanish Constitutional Court, which considers Royal Decree-Law 3/2016 to be partially unconstitutional. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (note 23).

7. OUTLOOK

The outlook for the performance of the Group's main business areas in 2023 is given below.

In the countries where the Environmental Services Area operates, the sector is undergoing a process of transformation, mainly due to the environmental requirements of each country derived from the European Directives (new opportunities based on the ambitious objectives set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

In Spain, moderate growth is expected based on the implementation of new contracts, competing in all tenders that may be of interest due to their strategy and/or attractiveness.

As regards waste collection and street cleaning activity, the current rate of contract renewal is expected to be maintained, at above 90%, and the rate of new contracts at around 20%, with

growth in activity based on obligation to apply the current legislation on waste in towns with smaller populations.

In relation to waste treatment, the opportunities that may be generated by the new Waste Master Plans of the different regional governments will be harnessed.

In relation to industrial waste activity, the aim is to diversify into other types of processing in addition to those currently being developed and expand the portfolio of services to large customers.

2.2.1. Europe

In Portugal, business opportunities related to processing industrial waste and the disposal of municipal waste is worth particular mention.

Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

In the United Kingdom, at a macroeconomic level, as in other Western economies, a moderate slowdown in growth is expected in 2024. In relation to the environment, the government's objectives are, in general, consistent with those of the EU circular economy, with expectations of 65% recycling and a maximum of 10% of waste to landfills in 2025. The recent (2021) Environmental Law, which covers key aspects of environmental policy such as Extended Producer Responsibility ("EPR"), the "Deposit Return Scheme" ("DRS") or recoverable packaging payments (single-use beverage containers), and there will be some delay in the implementation of the principle of consistency across collection systems, as a result of both political and economic factors. In terms of fiscal measures, the "Plastic Tax" was established in 2022 for packaging with less than 30% recycled content and an emissions tax has been announced for 2028, which would affect the sector. Within this scenario of uncertainty caused by this delay, FCC continues to pursue its policy of offering a wide range of waste treatment and recycling services, both at municipal and commercial and industrial levels.

In Central Europe, inflation will remain a critical issue in 2024 as it will mean lower consumption and less waste on the market. For this reason, greater emphasis will be placed on increasing energy efficiency in treatment processes, cost reduction and rapid tariff adjustment with customers. On the other hand, electricity and gas prices are expected to remain at lower levels than those seen towards the end of 2022 and throughout much of 2023.

It is expected that the prices of recycled goods will remain stable or very slightly higher than those seen in 2023, the backlog of soil decontamination projects (solidification and biodegradation) in the Czech Republic and Slovakia will be very similar to the backlog seen the previous year, with greater importance placed on treatment due to legislative changes in several countries where FCC has already made (or has begun to make) the necessary investments to be able to face them and an increase in rates across practically all commercial activities thanks to contractual flexibility or price clauses included in municipal contracts.

2.2.2. USA

FCC has begun to promote mechanical biological treatment plants in the United States, in line with new regulations that are beginning to make it mandatory in some statuses to minimise waste sent

for landfill disposal. The group's significant experience at an international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country. During mid-2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes will be treated per year, pursuant to the new and more restrictive environmental regulations in force in California. Throughout 2023, these operations have been consolidated, while the final handover of the facilities is scheduled for December 2024 and we believe that this will shake-up the market once they are fully operational.

Water

The outlook for 2024 is for the definitive consolidation of the recovery of pre-pandemic activity in relation to non-residential consumption. This situation will be reinforced by the new contracts incorporated into the perimeter during 2023 in Colombia, France and the USA, as well as the improvement in results, reinforced by the continuation of cost optimisation actions.

The high rates of contract renewal that Aqualia has historically recorded on maturity (over 90%) are expected to be maintained.

Electricity rates are expected to standardise and policies maintained to increase the number of contracts that mitigate the potential volatility in prices with a higher volume of consumption closed at a fixed price.

It is also considered that many towns managed by Aqualia will adapt their tariffs or the company's remuneration, to reflect the effect of the CPI increase during 2022-2023.

During 2024, the process for awarding projects eligible for the PERTE programme subsidy mechanism is expected to be streamlined with a view to promoting the digitalisation of the management of the integrated water cycle. We hope that as part of this process, Aqualia will be successful with a number of the bids submitted.

In addition, Aqualia has worked hard to expand its presence in the O&M and facilities market (WWTP, DWTP, desalination and network management). In terms of new procurement, several contracts, currently operated by competitors, are expected to be tendered out.

Looking to Europe, in **Portugal**, the problems caused by the prolonged droughts have sparked an interest amongst the public powers to consider the feasibility of building desalination plants for the first time in mainland Portugal. Aqualia is striving to maintain active communication so that part of these investments can be channelled as part of the robust Portuguese concession framework. Furthermore, a consortium led by Aqualia and FCC Construcción was proposed as the successful candidate for the installation of a green hydrogen production plant, including water supply and treatment facilities, in Setúbal, the first project of its kind in the country.

In **Italy,** work on the Caltanisseta concession (Sicily) is expected to continue, with the improvement and modernisation of the remote control and reading services of the facilities that serve more than 90,000 customers, from which 14 million euros have been obtained as part of the REACT-EU programme, as well as continuing with the work to condition the general supply network.

In **France,** efforts will continue to increase activity by looking for and selecting new business opportunities in towns and cities within the current perimeter of concession activity (Île-de-France, Bretagne) and further afield (Normandie, Alsace, Lorainne, Val de la Loire). The

population served in France comes to 920,000 inhabitants, with the Pays de Dreux contracts and the renewal of Andresy being the most relevant milestones in 2023.

In the Czech Republic, |Czech subsidiary SmVak has designed an ambitious Sustainability Plan, aligned with Aqualia's Sustainability Plan, establishing new investments aimed at improving the energy efficiency of existing infrastructure and reducing the system's carbon footprint. Commercial activity in the country has been intense, with tenders submitted for water contracts in important Bohemian cities where existing private operators are already in place such as Prîbram and Pîsek, despite the trend of changing the management model towards direct management. In the geographical area of coverage, Silesia and Moravia, Aqualia, through its Czech subsidiary, has managed to win the tenders in Opava, Třinec, Žabeň, Doubrava, Háj ve Slezsku and Těrlicko.

In **Georgia,** the trend in terms of results for the current year is expected to continue and the new 2024-2026 regulatory period will begin once the foundations that will regulate the three-year Infrastructure Master Plan and the new tariff framework have been laid.

In **Saudi Arabia**, development work has continued on the management projects for the two clusters awarded to Aqualia from the six tendered by the National Water Company during 2022. An ambitious programme is also under way to modernise and optimise the integrated water cycle services, with a view to preparing them for the future phase of privatisation. The operation of the Jizan desalination plant will also be consolidated with an operating contract starting for three mobile desalination plants on the Saudi coast.

In **Egypt**, following completion of the start-up stage, Aqualia continued operating the Abu Rawash wastewater treatment plant to full satisfaction, with a treatment capacity of 1,600,000 m3/d that serves the western area of the city of Cairo., over a duration of 3 years. During the year, the ambitious Desalination Plan will begin in Egypt associated with photovoltaic energy generation, where Aqualia leads a multidisciplinary and multinational consortium.

In **Algeria** the two desalination plants, Mostaganem and Cap Djinet, continued to operate at full capacity and without significant incidents, providing a critically important service to the population of the country's most important metropolitan areas, Oran and Algiers.

In Latin America, the 20-year operating period of the Guaymas SWDP began in mid-2022 **(Sonora, Mexico)**. In June 2023, the contract for the Comprehensive Improvement of Management Procedures (MIG) in Los Cabos (Baja California Sur) formally began and the operation of the El Realito aqueduct continued. Furthermore, work will be completed on PTAR Salitre **(Colombia)** during the first half of 2024. In both countries, new concessions for desalination hydraulic infrastructure will be tendered in the states of Baja California and Sonora in Mexico and for purification.

In **Peru**, the State is in the process of evaluating the efficiency of its public supply services in order to give way to private initiatives in those areas with the worst management indicators. Aqualia is developing seven co-financed private initiatives corresponding to wastewater treatment plants and desalination plants. Four of these projects are in the advanced structuring phase and are part of the important short term ProInversión *app* project backlog.

Finally, in the **USA**, as a result of the efforts to acquire a platform for business development in the US market, on 31 December 2023, FCC Aqualia USA Corp acquired 97% of Municipal District Services, Llc. (MDS), whose main objective of which is the integrated management of water and sanitation infrastructure in the Municipal Utility District (MUD).

Water scarcity, the obsolescence of the hydraulic infrastructures and the low penetration of private operators in the sector are the source of the main growth opportunities for the company in certain states. The increasingly more demanding legislation on the control and elimination of processing contaminants for the protection of aquifers and surface water is a business opportunity to be explored in the coming years.

Construction

In the international market, FCC focuses on countries and markets with a stable presence and on the execution of projects with guaranteed financing.

The search for contracts in the domestic and international markets is one of the Group's objectives, although this is done through demanding risk management that must provide access to a selective backlog of projects that ensure the company's profitability and cash flow generation.
Taking into account the above, it is estimated that in 2024, the turnover obtained in Spain will remain similar to that obtained in 2023.

In the foreign market, it is estimated that turnover in 2024 will be similar to that obtained in 2023, with the development of large infrastructure works obtained between 2021 and 2023 and the contribution of markets in America (USA, Canada,, Mexico, Chile, Peru), the Middle East (Saudi Arabia) and Europe (Norway, the Netherlands, the United Kingdom, Portugal and Romania).

Cement

The cement sector in Spain has experienced a slowdown in consumption in recent months and since September every month has seen negative growth rates.At the same time, exports continued to decline slightly this year and imports collapsed by more than 40%.

According to estimates from the Association of National Construction Companies (SEOPAN), official tenders up until November 2023 increased by 1.9% compared to the same period in 2022. Civil engineering tenders saw 3.5% growth, while tenders for buildings fell by 1%. Building permits compared to 2022 grew by 2% to 111 thousand homes and by 2024, growth is expected to continue to 116 thousand units. Non-residential building dropped by 20% in 2023 and is expected to stabilise in 2024. In terms of investment in infrastructure in 2024, this could be affected by budgetary restrictions as a result of the reactivation of EU deficit rules.

According to data from the sector's employers' association, OFICEMEN, cement consumption in 2023 decreased by 3% to 14.5 Mt and according to estimates for the month of October, this volume will remain in 2024.

In 2023, sales by the Spanish Business Unit of the Cementos Portland Valderrivas Group totalled 4.3 million tonnes of cement and clinker in the aggregate of domestic sales and exports, the same volume seen in 2022.

In Tunisia in 2023, the domestic market came to 5 million tonnes, 9% down on 2022. According to the Group's estimates for 2024, domestic cement consumption is expected to fall by around 4% compared to 2023. Tunisia has been immersed in an economic, social and political crisis in recent years.

In 2023, sales by the Tunisian Business Unit of the Cementos Portland Valderrivas Group came to 1.2 million tonnes of cement and clinker in the aggregate of domestic sales and exports, down by 12% compared to 2022. The main destinations for exports were Mexico, Libya, Italy and the USA.

In this context, the Cementos Portland Valderrivas Group will continue to develop its cost and investment optimisation policies and to adapt all its organisational structures to the reality of the various markets in which it operates, with the aim of improving the generation of resources and support sustainable development.

Real Estate

FCC Inmobiliaria's actions for 2024 will focus on the development of its three business lines exclusively in Spain:

Office, premises and shopping centre rentals

In the real-estate area and in relation to service-sector assets (offices and shopping centres), where the Company's exceptional real estate portfolio gives it a prominent position, the optimisation of services and their management will continue to meet the new demands of tenants and environmental requirements, with the FCC Group assuming the cost of achieving these objectives.

In 2024, the company will focus on supporting its subsidiary companies, to adapt its buildings and business to the new trends in efficiency and sustainability of the office and shopping centre market, adapting the commercial relationship with tenants by adapting contracts to the demands of the market, such as the flexibility of spaces, duration, etc., increase the backlog of buildings under management certified with the BREEAM sustainability seal and improve the performance of offices, premises and shopping centres in terms of energy consumption, water and waste management through continuous, automated and digital monitoring.

The main notes in this line of business include:

- Business backed by the quality of the assets where most of the offices are located in prime areas, and also the group of shopping centres it owns, which are centres located in the shopping areas of the cities.
- Recurrence of revenues from Jezzine, the lessor of Caixabank's offices, whose lease expires in 2037.

Real-estate development and land management.

During the course of 2024, the real-estate area will keep development activity at similar levels to last year, with the completion of projects in progress, as well as the start of new projects, with special attention to their profitability, and also to the viability of their commercialisation, bearing in mind the evolution of demand and the macro scenario of the Spanish economy, which are vital for development activities.

The land portfolio will continue to be actively managed, allowing it to be consolidated as urban land, with the resulting increase in value and contribution to the maintenance of development activity. It will also be possible to acquire new assets and/or land with a value path, either for their management and/or by the market.

Rental housing

During 2023, the Group completed two Build to Rent (BTR) projects with 195 publicly protected homes (VPPL-VPPB) intended for rent in the town of Tres Cantos (Madrid). The first of these, "Residencial Nao" with 43 homes went on the market and operations started in April, with 100% now rented; the second, "Residencial Provenza", was completed in two phases, the first 50 homes went on the market and operations started in July, with 88% rented, and the second 102 homes went on the market in September, with 27% rented.

In addition, operations have continued at the "Jardín de Tres Cantos" residential building with 85 homes, 100% of which are rented.

The total investment made in the three Build to Rent projects, with a total of 280 homes, amounted to €59.5 M.

In 2024, the Group will continue with the operation of Build to Rent and will analyse opportunities for the acquisition or development of new land with the same aim of residential rental housing, provided that the return on investment is maintained.

8 R&D+I ACTIVITIES

The FCC Group's R&D&I activities in 2023 have resulted in more than 35 projects.

These projects seek to respond to the challenges of each business area while maintaining overall coordination between the different business areas of the FCC Group.

The activities of the different Business Areas and the main projects developed throughout 2023 are detailed below.

SERVICES

In the environmental services activity, we have continued with the development of projects started in previous years, such as:

VISION	**BICISENDAS**	**INSECTUM**	**B-FERTS**
DEEP PURPLE	**SCALIBUR**	**PLASMIX**	**LIFE 4 FILM**
H2TRUCK	**ECO2D4.0**	**LANDFILL BIOFUEL**	**SEALING OF MINING DEPOSITS**
MINETHIC	**ECLOSION**	**IRRIGATION AND WASHING TANK**	**PV4INK**

In addition, new ones have been launched during 2023, which are summarised below:

In the field of waste management we have 5 new projects:

- **ABATE**: consists of the use of compact, high-performance marketable technologies for the reduction of VOCs in EU waste treatment plants, reducing CO2 emissions and energy consumption.

- **BIOPROLOGNO**: this project pursues several objectives, (i) optimising and developing the pyrolysis process of lignocellulosic waste using microwave technology to obtain *Wood Vinegar* and *biochar*, (ii) obtaining and characterising the bio-products by measuring their structural characteristics, (iii) demonstrating the agronomic characteristics of *biochar* as a biofertiliser and soil improver, and finally (iv) assessing the feasibility and effectiveness of using *Wood Vinegar* as a substitute for synthetic herbicides in infrastructure, roads and gardening.

- **LUCRA**: this project aims to demonstrate biotechnical and green processes for the production of: biologically based succinic acid using organic waste, PU polyester polyol dispersions based on the succinic acid of biological origin and polyester polyol resins based on the succinic acid obtained. In short, it aims to demonstrate the sustainable production outside a laboratory of succinic acid of biological origin and its use in the production of innovative products also of biological origin.

- **MPB DEHESAS:** project aimed at investigating the digestion of leachate treatment plants, specifically leachate (i) post bio-methanization, (ii) FORS and (iii) compost.

- **LIFE ZEROLANDFILLING:** the aim of the project is to deploy and demonstrate, in a pioneering way and at a semi-industrial scale, the profitability and sustainability of an innovative advanced and integrated pilot plant to allow the treatment and chemical recycling of non-recyclable MSW that normally reaches the landfill, revaluing it as: (i) a liquid mixture of high quality hydrocarbons known as green naphtha for the chemical and petrochemical industries; (ii) solid charcoal for the construction industry; and (iii) synthesis gas for self-consumption during the pyrolysis process.

In the field of specialised machinery for waste collection activities there is a new project:

- **CNG SIDE LOADING BODY FOR WASHING CONTAINERS:** consists of developing a new side loading body for washing containers with a capacity of between 1,100 and 3,200 litres, with a washing chamber made from aluminium, maximum clean water capacity up to 9,750 litres, with special interior and exterior washing pumps to allow the containers to be washed during an entire day's work.

There is another new project in Industrial Waste activity:

- **COMPLAST project:** the general aim of the project is to obtain new thermoplastic composites for high added value applications in the aeronautical, railway and automotive sectors. These composites will boast improved properties, be recyclable and/or incorporate recycled materials.

END-TO-END WATER MANAGEMENT

Innovation activity at Aqualia is aligned with the European Green Deal policies, which promotes the transition to a circular economy with a zero carbon footprint. The Department of Innovation and Technology (DIT) develops new services and sustainable processes using smart and eco-efficient management tools. Thus, the DIT projects help the company to achieve the UN's Sustainable Development Goals (SDGs), focussing on an affordable and high-quality water and sanitation service (SDG 6), an optimised energy balance (SDG 7) without affecting the climate (SDG 13) as well as responsible production and consumption (SDG 12).

The projects highlighted in 2023 are listed below:

- **UE MSCA – REWATERGY:** focussed on scientific education, within the H2020 Marie Sklodowska Curie programme of European academic networks. It pursues technological development at its purification plants through methods of adsorption of ammonium from wastewater and its conversion into hydrogen; as part of the project, photo and electro-disinfection processes were assessed to eliminate micro-pollutants in drinking water or wastewater.

- **LIFE ULISES:** it aims to transform conventional WWTPs into "energy and biofertiliser production factories", achieve energy self-sufficiency and eliminate its carbon footprint, with anaerobic pretreatment implemented with the PUSH reactor. To improve the energy balance, bio-methane is used for the purposes of vehicle fuel supplied at a gas service station equipped with a refining system.

- **RIS3 EFLUENT-EX:** its aim is to promote clean energy and the use of organic and agro-industrial waste, with Aqualia working to convert WWTPs into bio-factories and renewable energy sources, promoting sustainable mobility based on green biofuels.

- **LIFE INTEXT:** the project optimises low-cost purification technologies in small towns with a view to minimising the energy cost, carbon footprint and waste from the treatment process. It assess sustainable solutions from an ecological and economic perspective for settlements with less than 5,000 residents, supported by specialist SMEs from Germany, Greece and France.

- **LIFE PHOENIX:** the project optimises tertiary risk management to achieve the most ambitious objectives of the new European regulation on water reuse, assessing effluents at several mobile plants. These devices combine physicochemical treatments with advanced filtration and various ultra- and nanofiltration membrane refining skids.

- **LIFE ZERO WASTE WATER:** the project seeks to achieve a purification process with a zero carbon footprint. To this end an anaerobic reactor with AnMBR membranes has been set up, which produces biogas, followed by the ELAN® process in the water line to eliminate nitrogen with low energy consumption. The management of FORSU is assessed with the transport the mixture of organic matter in a single stream in the sewerage system.

- **LIFE INFUSION:** as part of the project, new resource recovery plants have been designed using municipal solid waste and the leachate digestion system has been optimised.

- **LIFE RESEAU:** the RESEAU project aims to increase the capacity and resilience of the existing sanitation water infrastructures to the impact of climate change. The aim is to develop a flexible flow management model.

- **H2020 BBI B-FERST:** project to develop new biofertilisers using urban wastewater and by-products of agri-food industries. The potential of raw materials recovered from municipal waste and effluents in the production of fertilisers in three countries (Spain, Italy and Czech Republic) is analysed.

- **H2020 BBI DEEP PURPLE:** the project implements on a demonstration scale a new biorefinery model that integrates purple and phototrophic bacteria (PPB) in anaerobic carousels. These bacteria use solar energy to treat wastewater without aeration, and transform the organic content of wastewater and municipal wastes into raw materials for biofuels, plastics, cellulose and new base materials in the chemical and cosmetics industry.

- **H2020 SEA4VALUE:** project focussed on recovering resources from concentrated brines in seawater desalination stations (SWDPs). At least eight innovative technological solutions are being developed at a basic scientific level. The aim is to enrich the most valuable components of seawater (lithium, caesium and rubidium) and to recover critical raw materials (magnesium, boron, scandium, gallium, vanadium, indium, molybdenum and cobalt) to a purity that allows them to be exploited on the market.

- **H2020 ULTIMATE:** the project consisted of the installation in the WWTP with a fluidised anaerobic reactor (FBBR/Elsar) on an industrial scale, to recover biomethane and supply a fuel cell. The co-digestion of residual yeast is also being studied.

- **H2020 REWAISE:** the project reinforces Aqualia's strategic lines of technological development, with sustainable desalination and new membranes, the recovery of materials from brine, the reuse of wastewater and its transformation into energy and by-products. To improve the operation and control of the processes, work is under way on the simulation of networks and plants, optimising the efficiency of the service as well as water quality.

- **H2020 NICE:** the generates scientific knowledge using nature based solutions (NBS), such as wetlands or green walls. These elements are involved in the purification and recovery of resources from urban wastewater.

- **ECLOSION MISSIONS:** project co-financed by the CDTI (Centre for Technological Development and Innovation), its main objective is to create new materials, technologies and processes for the generation, storage and transport of renewable and indigenous gases, such as hydrogen and biomethane. These energy vectors will be made using urban waste, agri-food, wastewater and sewage sludge and will be monitored using eco-efficient, flexible and smart optimisation tools.

- **ZEPPELIN MISSIONS:** project co-financed by the CDTI that researches a flexible series of green hydrogen production and storage technologies based on the use of waste and by-products (agri-food, textiles, treatment plants and refineries). The aim is to make this energy vector more efficient, addressing the technological challenges linked to biogas and bioethanol reforming, dark fermentation, microbial electrolysis, gasification and hydrogen storage.

- **HE D4RUNOFF:** develops tools to quantify, avoid and manage diffuse pollution created by urban runoff water.

- **HE CHEERS:** the project aims to revalue by-products that are underused or wasted by the brewing industry, such as bagasse, wastewater, CO2 and methane. Through a biorefinery approach, inspired by the biodiversity of nature (insect and microbe platforms), five innovative bio-products are generated that are competitive at a market level: insect protein, disinfectant, microbial protein, ectoin and caproic acid.

- **HE NINFA:** the project develops groundwater monitoring and protection systems, starting with the measurement, modelling and treatment of different pollutants (nutrients, pesticides, pharmaceuticals, hydrocarbons, heavy metals, micro plastics and salinity). The groundwater management and pollution prevention strategy is structured around early detection systems, a better understanding of the effects to achieve synergies and to control the risks of multiple disturbance factors. These elements are combined with predictive methodologies to increase resilience and implement treatment and mitigation solutions.

- **UMI AQUATIM:** its aim is to respond to current challenges, by studying and implementing new technologies throughout the entire water cycle. Innovation, the development of new circular

economy models and digitalisation are key factors in obtaining new sources of green energy (H2 and biogas), new natural resources and their efficient use (nutrients, metals and water). It also includes the protection of ecosystems and biodiversity through nature-based solutions (NBS), the development of new digital technologies (sensors, traceability, models and predictive systems) and the introduction of improvement actions to ensure the quality of water masses.

- **RESURGENCE:** the project pursues a model of circularity in industrial water consumption from a broad perspective: efficient technologies for the circularity of water, the recovery of energy and raw materials, with a view to contributing to climate neutrality, circularity and the competitiveness of the European Union.

In addition, during 2023, ten families of patents and brands that have continued to grow since 2014 were maintained, with two Aqualia Industrial patents still in force.

CONSTRUCTION

FCC Construcción promotes an active policy of technological development, constantly bringing innovation to its projects, with a strong commitment to research and development, sustainability and contribution to the quality of life of society as competitive factors. This innovation policy is coordinated with all other business areas of the FCC Group.

The development and use of innovative technologies to carry out the works is an important contribution to added value and is a differentiating factor in today's highly competitive and internationalised market.

The three types of projects developed by FCC Construcción and its investee companies are: internal projects, projects with other companies in the FCC Group and projects in collaboration with other companies in the sector or other related sectors, often with technology-based SMEs, which enables open innovation projects to be carried out with the participation of the value chain and occasionally in horizontal cooperation. In addition, the presence of universities and technology centres is essential in almost all projects.

In addition, the presence of universities and technology centres is essential in almost all projects.

A number of the projects are being undertaken in coordination with the public administrations, as is the case of CIEN "**Bicisendas**", as part of which several municipalities across Catalonia have been contacted for the creation of a pilot bicycle lane.

At an **international** level, in 2023 work was undertaken as part of (i) the European R&D&i project "**DigiChecks** ", funded by the EU Research and Innovation Framework Programme, Horizon Europe, as part of which a Digital Environment is being developed to facilitate interoperability and communication between different construction industry platforms, the management of permits and controls accordingly. The project is structured around new technologies (including BIM, GIS, Artificial Intelligence, Blockchain, Digital Twin), using previous international initiatives as a reference, and (ii) the **"EC2"** project financed by EDF-DA (European Defence Fund). The EC2 project consists of the development of software that provides the functional capacity of strategic command and control for a future General Headquarters of the European Union, which will help to achieve the capabilities for planning and conducting military operations, both executive and non-executive. The system will make it possible to centralise all operating capacities in a single point of access.

In relation to the National Projects undertaken during 2023, the development of the following projects is worth particular note:

- **BICISENDAS:** part of the CDTI's CIEN 2018 programme, the objective of which is the development of a new generation of bicycle lanes, which will be modular, produced with sustainable materials and can be custom designed for the integration of various technologies and depending on arising to be covered sycg as helping to increase comfort, safety, environment and communications in the bike lane environment, thus contributing to promoting sustainable transportation.

- **PRACAN:** included in the call for CDTI Cooperation projects, the aim of which is to develop a robotic platform for the identification, control and monitoring of carcinogenic agents in construction environments. This platform will be structured around a series of mobile nodes, one land-based and one airborne, with the ability to detect/estimate carcinogens, in particular asbestos and respirable crystalline silica (RCS) as well as a decision-making and alarm configuration system for occupational risk prevention (ORP) technicians, which will activate action protocols and recommendations

- **ROBUST**: submitted to CDTI Cooperation projects, the aim of which is to develop a georeferenced mapping and automated monitoring system for confined environments, mainly tunnels and ditches. To this end, it is due to use new monitoring technology that will require the development and deployment of autonomous aerial robots (drones), as well as the design and development of control systems and algorithms to communicate with the robots.

- **SAIM**: project developed by Mantenimiento de Infraestructuras, S.A., which consists of developing a new technological solution to aid environmental management of coastal areas that allows the ecological characterisation of the environment automatically and in real time using information from a new sensorised data collection system, a new satellite information processing algorithm and a new computational simulation model

- **DESIRE**: project developed by FCC Industrial and Infraestructuras Energéticas. S.A. and financed by the CDTI, its objective is to develop a prototype of a basic RPAS simulator that, with the use of the software developed and the prototype of mixed reality glasses and the tracking system, complements the information presented to the RPAS pilot and the camera operator.

- **CYBERSEC**: developed by FCC Industrial and Infraestructuras Energéticas, S.A. and financed by the CDTI as part of the CIEN programme, this project entails research into various technologies, techniques, tools, methodologies and knowledge aimed at developing technological solutions for securing against cyber-attacks in highly critical connected environments, such as Industry 4.0, smart cities or critical infrastructures

- **EDIFICTEH**: collaborative project submitted to CDTI that aims to develop a new 4.0 technological solution for the construction sector employing connected and centralised management for the installation of facades

- **SMART CONSTRUCTION MANAGER:** project presented as part of the CDTI national CIEN programme, the objective of which is the development of a new smart and autonomous system for the control and management of works; research into a variety of technologies that allow the main management processes of a project to be digitised and automated, integrating them into a collaborative tool in which the entities involved can share reliable and secure information about the progress made and the materials used, thus promoting transparency.

- **0ACCIDNTES**: project submitted as part of the CDTI's CIEN programme, the objective of which is research into new safety and health in construction technologies with 0 accidents: development

of a comprehensive cognitive ecosystem for real-time monitoring and prediction of dangerous situations for the safety and health of construction workers, carrying out research that facilitates the collection, interpretation, digitization and smart and automatic management of information generated in different construction environments, based on state-of-the-art sensors, autonomous robotic systems, cyber-secure connectivity ecosystems and various elements of artificial intelligence.

- **ESPADIN**: project developed by FCC Industrial e Infraestructuras Energéticas, S.A., included in the CDTI MISSIONS programme, the objective of which is to make collaborative technological developments dedicated to take the sharing and use of the value of data to industrial practice under the paradigm of the so-called shared data spaces.

- **ECOLOGÍA COTORRAS**: project developed by Mantenimiento de Infraestructuras, S.A., within the framework of the industrial doctoral candidates programme organised by the Community of Madrid; its aim is to delve into the ecology of the Argentine parrot and Kramer's parrot (and its ecological and health impacts) to better understand how biological invasion processes work and integrate the scientific knowledge generated into the management plans in place for these species.

- **CLIMPORT**: project submitted to the Public-Private Collaboration programme, as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, the main objective of which is to develop an innovative modular system with new professional methodologies for the design and construction of port infrastructure adapted to climate change

- **BIOPROLIGNO**: project developed by Mantenimiento de Infraestructuras, S.A., submitted to the Public-Private Collaboration programme as part of the 2021-2023 State Plan for Scientific, Technical and Innovation Research, within the framework of the Recovery, Transformation and Resilience Plan, which will investigate the transformation of lignocellulosic waste into bio-products for use in the maintenance of infrastructure and green areas.

- **FOTOVOLPLAS**: project developed by Megaplas, S.A., submitted for one of the electrical self-consumption grants offered by IDEA, the objective of which is the installation of photovoltaic panels on the MEGAPLAS factory roof. The proposed installation consists of 463 LONGI SOLAR bifacial and monocrystalline cell technology modules, specifically, the LR5-72 540 Wp HBD model and 2 HUAWEI Smart PV String-type photovoltaic inverters, model SUN2000-100KTL-M1.

Research, Development and Innovation (R&DI) is expressly contemplated in the Sustainability Management System under procedure PR/FCC-730. The company holds an RD&I Management System Certificate: RD&I Management System requirements based on Spanish-harmonised standard UNE 166002:2021, certified by AENOR, the Spanish Standardisation and Certification Association. MATINSA and FCC Industrial and Infraestructuras Energéticas are also R&D&i Management System certified pursuant to UNE 166002:2021.

CEMENT

In 2023, the project involving the **ASSESSMENT OF THE POTENTIAL FOR GEOLOGICAL CO2 STORAGE**, in collaboration with the Geological and Mining Institute of Spain and the Oficemen Group, was completed.

The main conclusions of the study were the development of scenarios for the potential deployment of CO2 capture, use and storage technologies (CAUC) in the sector, evaluating their possibilities and associated costs.

9. OTHER RELEVANT INFORMATION. SHARE PERFORMANCE AND OTHER INFORMATION

9.1. Share performance

Attached is a table detailing the performance of FCC's shares during the year compared to the previous year.

	Jan. – Dec. 2023	Jan. – Dec. 2022
Closing price (€)*	14.56	8.32
Change in the period	*69.1%*	*-20.4%*
Maximum (€)*	15.40	10.50
Minimum (€)*	8.16	7.08
Average daily trading (no. of shares)	55,044	51,109
Average daily trading (million euros)	0.6	0.5
Capitalisation at end of period (million euros)	6,350	3,866
No. outstanding shares	436,106,917	438,344,983

Prices adjusted for 2022 and 2023 scrip dividends

9.2. Dividends

The Company's Board of Directors, at its meeting held on 28 June 2023, agreed to implement the agreement on the distribution of the scrip dividend adopted for the sum of €0.50/share, at FCC's General Shareholders' Meeting on 14 June 2023, in item 7 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. Subsequently, at the end of the first six months of the year, in July, the holders of 99.18% of the free allocation rights chose to receive new shares, up on previous years. Therefore, the increase in paid-up capital stood at 22,697,739 shares.

10. DEFINITION OF ALTERNATIVE PERFORMANCE MEASURES ACCORDING TO ESMA REGULATIONS (2015/1415en)

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, 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.

	Dec. 2023	Dec. 2022
Operating profit/(loss)	**910.3**	**610.5**
Amortisation of fixed assets and allocation of grants for non-financial and other assets	587.4	512.1
Impairment and gains/(losses) on disposal of fixed and non-current assets	47.0	174.9

Other gains/(losses)	-15.1	13.9
EBITDA	**1,529.6**	**1,311.4**

Its calculation is justified by the wide use of this indicator by the different agents of the financial markets, as it is a measure of the operating profit generated before depreciation and amortisation, which does not imply a cash flow for the company and does not depend on its capital structure.

EBIT

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

Its calculation is justified by the wide use of this indicator in the economic and financial field, as it is a measure of the operating profit obtained after the amortisation and depreciation of assets that allows the comparison of the company's results without taking into account its capital structure.

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.

We do not calculate the Cement area's backlog due to the typically short-term nature of the order cycle.

In the Real Estate area, the real estate portfolio corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by

independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. This indicator is a measure of the expected future income of certain areas of the company.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents. The numerical breakdown is provided in note 29 to these consolidated financial statements.

Helps to determine the situation of a company in terms of its financial debt obligations before third parties from outside the group, less its cash and equivalents. It is often used to assess the solvency of a company and calculate financial indicators.

EBITDA Margin

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

A measure of a company's operating profit compared to its income. Used to determine the efficiency of the operating activities it performs.

EBIT margin

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

A measure of a company's net operating profit compared to its income, before paying taxes and interests.

WORKING CAPITAL

The part of Current Assets financed using long-term funds (Non-Current Liabilities and Net Equity). It is calculated as the sum of Current Assets minus the sum of Current Liabilities.

This is an important when it comes to obtaining an insight into the company's capacity to continue performing its activities and assessing its liquidity to meet short-term obligations.

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 forementioned parent company.

Helps to determine the situation of a company in terms of cash and equivalents less its financial debt obligations before third parties from outside the group. It is often used to assess the solvency of a company and calculate financial indicators.

GROSS FINANCIAL DEBT

Debts 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.

Its calculation provides an overview of a company's financial debt obligations, determining future maturities and its financial situation.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Both indicators are calculated pursuant to GRI 201 (2016). Below is the formula for calculating both indicators, facilitating, as applicable, the reconciliation of the corresponding items of the financial statements (in thousands of euros):

	2023		2022	
Economic value generated		**9,359,423**		**8,039,315**
Turnover		9,026,016		7,705,687
From renewable sources		333,407		333,628
Other operating income	257,555		288,480	
Financial income	75,852		45,148	
Economic value distributed		**8,273,550**		**6,965,466**
Operating costs		5,367,165		4,518,220
Supplies	3,700,000		3,004,337	
Other operating expenses	1,677,916		1,540,539	
Changes in inventory of finished products and products in progress	-10,751		-26,656	
Employees		2,474,449		2,238,733
Staff costs	2,474,449		2,238,733	
Capital suppliers		244,201		134,635
Financial expenses	225,824		164,240	
(-) Other financial profit/(loss)	18,377		-29,605	
Taxes		186,635		72,723
Corporate income tax	186,635		72,723	
Community		1,100		1,155
Economic value retained		**1,085,873**		**1,073,849**

"Community" includes donations to non-profit organisations.

Information on the creation and distribution of economic value reflects the economic profile of an organisation and is useful when it comes to looking at how a company generates wealth, through the direct monetary value added to the economies in which it operates. In relation to the headings on the income statement, balance sheet and statements of cash flows provided in note 2.1 of the management report, the following reflects their reconciliation with the corresponding headings on the financial statements of the FCC Group shown in italics:

INCOME STATEMENT

(Millions of Euros)	*Dec. 23*	*Dec. 22*
Revenue	**9,026.0**	**7,705.7**
Self-constructed assets	*87.7*	*74.1*
Other operating income	*257.5*	*288.5*
Changes in finished goods and work in progress inventories	*10.8*	*26.6*
Procurements	*-3,700.0*	*-3,004.3*
Staff costs	*-2,474.5*	*-2,238.7*
Other operating expenses	*-1,677.9*	*-1,540.5*
Gross operating profit (EBITDA)	**1,529.6**	**1,311.4**
EBITDA Margin	16.9%	17.0%
Provision for amortisation of fixed and non-current assets	-596.9	-519.7
Amortisation of fixed assets and allocation of grants for non-financial and other assets	*-587.4*	*-512.0*
Non-financial and other capital grants taken to income (*)	*-9.5*	*-7.7*
Other operating income/(losses)	-22.4	-181.1
Impairment and gains/(losses) on disposal of fixed assets	*-47.0*	*-174.9*
Other gains/(losses)	*15.0*	*-13.9*
Non-financial and other capital grants taken to income (*)	*9.5*	*7.7*
Net operating profit (EBIT)	**910.3**	**610.5**
EBIT margin	10.1%	7.9%
Financial income	-150.0	-119.1
Financial income	*75.8*	*45.1*
Finance expenses	*-225.8*	*-164.2*
Other financial profit/(loss)	-18.4	29.6
P/L of companies accounted for by the equity method	174.0	29.6
Profit/(loss) before tax from continuing activities	**915.9**	**550.7**
Company tax on profits	-171.1	-72.7
Income tax	-171.1	-72.7
Income from continuing operations	**744.8**	**477.9**
Net Income	**744.8**	**477.9**
Consolidated profit/(loss) for the year	*744.8*	*477.9*
Non-controlling interests	-153.8	-162.7
Profit/(loss) attributable to non-controlling interests	*-153.8*	*-162.7*
Profit attributable to the Parent	**591.0**	**315.2**

(*) In the financial statements, the heading "Amortisation of fixed assets and allocation of grants for non-financial and other assets" includes Apportionment of grants for fixed and non-current assets and others", which in the management report is included under "Other operating profit/(loss)".

BALANCE SHEET

(million euros)	*Dec. 23*	*Dec. 22*
Intangible assets	2,483.5	2,342.1
Property, plant and equipment	3,829.8	3,496.8
Investment property	2,091.3	2,122.9
Investments accounted for using the equity method	1,034.3	502.6
Non-current financial assets	748.4	910.6
Deferred tax assets and other non-current assets	468.3	499.5
Non-current assets	**10,655.7**	**9,874.5**
Inventory	1,234.3	1,143.2
Trade and other receivables	2,957.4	2,468.0
Trade and other receivables	*2,886.5*	*2,409.3*
Other current assets	*70.9*	*58.7*
Other current financial assets	260.5	221.3
Cash and cash equivalents	1,609.7	1,575.5
Current assets	**6,062.0**	**5,408.0**
TOTAL ASSETS	**16,717.7**	**15,282.5**
Equity attributable to shareholders of the parent company	4,450.1	3,387.9
Non-controlling interests	1,695.9	1,551.1
Equity	**6,146.0**	**4,939.0**
Grants	226.6	202.9
Non-current provisions	1,230.6	1,141.7
Long-term financial debt	4,361.0	3,860.7
Non-current financial liabilities	*4,817.0*	*4,271.3*
Other non-current financial assets not included in financial debt (*)	*-456.0*	*-410.6*
Other non-current financial liabilities	456.0	410.6
Other non-current financial assets not included in financial debt (*)	*456.0*	*410.6*
Deferred tax liabilities and other non-current liabilities	434.1	430.7
Deferred tax liabilities	*284.2*	*282.0*
Other non-current liabilities	*149.9*	*148.7*
Non-current liabilities	**6,708.3**	**6,046.6**
Current provisions	159.6	148.1
Short-term financial debt	604.1	1,121.8
Current financial liabilities	*926.8*	*1,333.1*
Other current financial assets not included in financial debt (*)	*-322.7*	*-211.3*
Other current financial liabilities	322.7	211.3
Other current financial assets not included in financial debt (*)	*322.7*	*211.3*
Trade and other payables	2,777.0	2,815.7
Current liabilities	**3,863.4**	**4,296.9**
TOTAL LIABILITIES	**16,717.7**	**15,282.5**

(*) Non-current and current "Other financial liabilities" include amounts that form part of the financial debt and others that do not. Financial debt is included under "Long/short-term financial debt" and non-financial debt are reported under "Other non-current/current financial liabilities" in the management report.

CASH FLOW

(Millions of Euros)	*Dec. 23*	*Dec. 22*
Gross Operating Profit (EBITDA)	**1,529.6**	**1,311.4**
Profit/(loss) before tax from continuing operations	*915.9*	*550.7*
Amortisation and depreciation	*596.9*	*522.2*
Impairment and gains/(losses) on disposal of fixed assets	*47.0*	*174.9*
Other adjustments to profit/(loss) (net) (*)	*-30.2*	*63.6*
(Increase)/decrease in working capital	-691.4	285.3
Changes in working capital	-691.4	285.3
Corporation tax (paid)/received	-124.2	0.7
Other operating cash flow	71.4	-51.6
Dividend collections	*70.2*	*40.2*
Other adjustments to profit/(loss) (net) (*)	*1.2*	*-91.8*
Operating cash flow	**785.4**	**1,545.8**
Investment payments	-1,104.6	-1,062.1
Proceeds from divestments	36.2	51.5
Other investment cash flows	106.0	72.6
Investment cash flow	**-962.4**	**-938.0**
Interest paid	-172.5	-123.7
(Payment)/receipt of financial liabilities	-113.8	-333.9
Other financing cash flow	496.6	-109.6
Issuance/(amortisation) of equity instruments	*-0.4*	*-0.3*
(Acquisition)/disposal of own shares	*575.7*	*-39.1*
Dividends paid and payments on equity instruments	*-80.8*	*-73.2*
Other collections/(payments) from financing activities	*2.1*	*3.0*
Financing cash flow	**210.3**	**-567.2**
Exchange differences, change in consolidation scope, etc.	1.0	-0.6
Increase/(decrease) in cash and cash equivalents	**34.2**	**40.0**

(*) "Other adjustments to net income" on the financial statements is divided into two subheadings on the statement of cash flows in the management report, taking EBITDA as a starting point and not the "Profit/(loss) before tax from continuing operations"

11. ANNUAL CORPORATE GOVERNANCE REPORT

The Annual Corporate Governance Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=1&nif=A-28037224

12. ANNUAL DIRECTORS' REMUNERATION REPORT

The Annual Directors' Remuneration Report is available on the website of the National Securities Market Commission and on the issuer's website.

https://www.cnmv.es/portal/Consultas/EE/InformacionGobCorp.aspx?TipoInforme=6&nif=A-28037224

13. NON-FINANCIAL INFORMATION STATEMENT

Auditor's Report on Information Relating to Internal Control Over Financial Reporting (ICFR) of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. for the year ended December 31, 2023

Ernst & Young, S.L.
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AUDITOR'S REPORT ON "INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)"

(Translation of a report and the information relating to the internal control over financial reporting originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails).

To the Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.:

As requested by the Board of Directors of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. (hereinafter, the Company) and our engagement letter of September 29, 2023, we have applied certain procedures in relation to the accompanying "Information relating to the internal control over financial reporting" (hereinafter, "ICFR disclosures") of FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A. for the year ended December 31, 2023, which summarizes the Company's internal control procedures in respect of its annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance, and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and operability of the internal control system adopted by the Company in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

In the course of our financial statement audit work and in keeping with Spain's Technical Auditing Standards, the sole purpose of our assessment of the Company's internal controls was to enable us to establish the scope, nature, and timing of the Company's financial statement audit procedures. Accordingly, our internal control assessment, performed in connection with the financial statement audit, was not sufficiently broad in scope to enable us to issue a specific opinion on the effectiveness of the internal controls over the annual financial disclosures that the Company is required to present.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditor's Report on Information Relating to The Internal Control Over Financial Reporting of listed companies, published by the Spanish National Securities Market Commission on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit carried out in accordance with generally accepted accounting principles, we have not expressed an opinion regarding its efficacy, design, or operational effectiveness regarding the Entity's 2023 financial data described in the accompanying ICOFR information. As a result, had we performed additional procedures to those stipulated in the abovementioned Guidelines or had we performed an audit or review of the internal controls over the annual financial disclosures that the Company is required to present, other matters might have come to our attention that would have been reported to you.

Domicilio Social: Calle de Raimundo Fernández Villaverde, 65. 28003 Madrid - Inscrita en el Registro Mercantil de Madrid, tomo 9.364 general, 8.130 de la sección 3ª del Libro de Sociedades, folio 68, hoja nº 87.690-1, inscripción 1ª. C.I.F. B-78970506.

A member firm of Ernst & Young Global Limited.

Furthermore, given that this special assignment neither constitutes a financial statement audit nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for in said regulations.

The procedures performed were the following:

1. Read and understand the information prepared by the Company in relation to the ICFR -which is disclosed in the Annual Corporate Governance Report disclosure information included in the Directors' Report-and assess whether such information addresses all the required information which will follow the minimum content detailed in paragraph F, relating to the description of the ICFR, as per the model Annual Corporate Governance Report established by CNMV Circular nº 5/2013 of June 12, 2013 of the CNMV and subsequent amendments, the most recent being CNMV Circular nº 3/2021 of September 28 (hereinafter, the CNMV Circulars).

2. Making inquiries of personnel in charge of preparing the information described in point 1 above in order to: (i) obtain an understanding of the process followed in its preparation; (ii) obtain information which will allow us to assess whether the terminology used is adapted to the definitions provided in the reference framework definitions; (iii) obtain information on whether the control procedures described are implemented and in use by the Company.

3. Reviewing the explanatory documentation supporting the information detailed in item 1 above, including documents directly made available to those responsible for describing ICFR systems. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the audit and control committee.

4. Comparing the information detailed in item 1 above with their knowledge of the Company's ICFR obtained through the external audit procedures applied during the annual audit of the financial statements.

5. Reading of the minutes taken at meetings of the board of directors, audit and control committee, and other committees of the Company to evaluate the consistency between the ICFR businesses transacted and the information detailed in item 1 above.

6. Obtaining a management representation letter in connection with the work performed, signed by those responsible for preparing and authorizing the information detailed in item 1 above.

The specific procedures carried out in respect of the Company's ICFR disclosures did not reveal any inconsistencies or incidents that could affect such disclosures.

This report was prepared exclusively under the scope of the requirements stipulated in article 540 of the Consolidated Text of Spain's Corporate Enterprises Act and the CNMV circulars on ICFR-related descriptions in listed companies' Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

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Fernando González Cuervo

February 29, 2024