# Ortiz Construcciones y Proyectos, S.A. and subsidiaries

Audit report,
Consolidated Annual Accounts and
Consolidated Directors’ Report
at 31 December 2022

***This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation***

# Independent auditor's report on the consolidated annual accounts

To the shareholders of Ortiz Construcciones y Proyectos, S.A.

## Opinion

We have audited the consolidated annual accounts of Ortiz Construcciones y Proyectos, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, and the income statement, statement of changes in equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2022, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 3.1 of the notes to the consolidated annual accounts), and in particular, with the accounting principles and criteria included therein.

## Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated annual accounts* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

## Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These risks were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

| Most relevant aspects of the audit | How our audit addressed the most relevant aspects of the audit |
|---|---|
| Recognition of revenue from construction contracts | |
| Revenue recognition criteria followed by the Group is based on the percentage method, based on the extent of completion in accordance with regulations applicable to Construction Contracts in Spain.<br><br>When applying the percentage method to determine the degree of completion, the Group uses significant estimates through the application of important judgements concerning the total costs that are necessary to execute the contract, as well as regarding the amount of any claims or changes in the scope of the project which is recorded, if appropriate, as an increase in the revenue from the contract.<br><br>The information relating to construction contracts is disclosed in Notes 3.2.3, 4.19 and 26 in the accompanying notes to the consolidated annual accounts.<br><br>The importance of the estimates used when recognizing these revenues and their quantitative importance mean that the recognition of revenue from construction contracts is considered to be the most relevant aspect of the audit. | The scope of our audit took into consideration our understanding of the controls over the process of estimating the margin on construction contracts. Our procedures include, among other things, the performance of tests of the design, implementation and the operating effectiveness of certain relevant controls that mitigate the risks associated with the process of recognizing revenue in these types of contracts.<br><br>To perform substantive tests, we have selected a sample through the application of quantitative criteria based on the amount of income or margins recognized during the year.<br><br>An additional selection was applied to all remaining projects.<br><br>We obtained the contracts relating to the selected projects so that we could read them and understand the most relevant clauses and their implications, as well as the budgets and execution oversight reports for those projects, and we performed the following procedures focusing on the key matters:<br><br>• We performed an analysis on the evolution of margins with respect to changes in both the sale price and the total budgeted costs.<br><br>• We evaluated the consistency of the estimates made by the Group last year by comparing them against the actual data deriving from contracts in progress this year.<br><br>• We recalculated the degree of completion of the projects and compared it against the results obtained from the Group's calculations.<br><br>• We obtained evidence of technical approvals regarding changes to the contract and/or claims made in negotiations.<br><br>• We obtained explanations regarding the reconciliation between the financial information and the follow-up reports for |

the projects provided by project management.

Finally, we took into consideration the sufficiency of the information disclosed in the accompanying consolidated annual accounts in this respect.

As a result of the procedures performed, we consider that the recognized revenue from construction contracts for the year applied by Management is reasonably supported.

## Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2022 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the consolidated management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the consolidated management report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of the consolidated management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described in the previous paragraph, the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2022 financial year, and its content and presentation are in accordance with the applicable regulations.

## Responsibility of the Parent company's directors for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with the financial reporting framework applicable to the Group in Spain, and for such internal control as the aforementioned directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company's directors 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 aforementioned directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor’s responsibilities for the audit of the consolidated annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts 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 legislation governing the audit practice 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 annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, 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 the Parent company's directors.

- Conclude on the appropriateness of the Parent company's 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 annual accounts 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 annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. 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 Parent company's directors 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.

From the significant risks communicated with the directors of the Parent company, we determine those risks that were of most significance in the audit of the consolidated annual accounts of the current period and are, therefore, considered to be the most significant risks.

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

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original signed by

Gonzalo Sanjurjo Pose

8 March 2023

# ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.
# and subsidiaries

Consolidated Financial Statements at 31 December 2022
and Consolidated Directors' Report for 2022
(in thousands of euros)

*Translation of a report issued in Spanish. In the event of a discrepancy, the Spanish language version prevails*

## INDEX OF THE CONSOLIDATED ANNUAL ACCOUNTS OF ORTIZ CONSTRUCCIONES Y PROYECTOS, SA AND SUBSIDIARIES

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022

(Thousands of euros)

| ASSETS | Notes | 2022 | 2021 |
|---|---|---|---|
| **NON-CURRENT ASSETS** | | **342,072** | **287,866** |
| **Intangible assets** | **7** | **33,777** | **36,443** |
| **Property, plant and equipment** | **8** | **14,196** | **14,385** |
| **Investment Property** | **9** | **28,648** | **28,032** |
| **Investments in Group companies and associates** | | **208,950** | **155,060** |
| Equity-consolidated shareholdings | 10, 11 | 124,459 | 114,051 |
| Loans to companies consolidated using the equity method | 11, 13, 33 | 84,491 | 41,009 |
| **Non-current financial investments** | | **4,584** | **5,187** |
| Equity instruments | 11, 12 | 690 | 714 |
| Loans to third parties | 11, 13 | 2,524 | 3,441 |
| Other financial assets | 11, 13 | 1,370 | 1,032 |
| **Non-current trade receivables** | **11, 13** | **26,218** | **26,353** |
| **Deferred tax assets** | **25** | **25,699** | **22,406** |
| **CURRENT ASSETS** | | **522,199** | **477,174** |
| **Inventories** | **15** | **19,945** | **22,059** |
| **Trade and other receivables** | | **422,058** | **380,027** |
| Trade receivables for sales and services rendered | 11, 13 | 392,667 | 352,733 |
| Trade receivables, equity-consolidated companies | 11, 13, 33 | 8,523 | 7,300 |
| Other receivables | 11, 13 | 517 | 934 |
| Personnel | 11, 13 | 724 | 652 |
| Current tax assets | 27 | 546 | 121 |
| Other receivables from public administrations | 27 | 19,081 | 18,287 |
| **Current investments in group companies and associates** | | **11,831** | **12,207** |
| Loans to companies consolidated using the equity method | 11, 13, 33 | 11,831 | 12,207 |
| **Current financial investments** | | **15,665** | **24,305** |
| Equity instruments | 11, 12 | 2,150 | 1,793 |
| Loans to third parties | 11, 13 | 4,577 | 5,731 |
| Derivatives | 11, 14 | 982 | 229 |
| Other financial assets | 11, 13 | 7,956 | 16,552 |
| **Prepayments and accrued income** | **11, 13** | **1,758** | **7,589** |
| **Cash and cash equivalents** | **11, 16** | **50,942** | **30,987** |
| | | **864,271** | **765,040** |

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2022

(Thousands of euros)

| EQUITY AND LIABILITIES | Notes | 2022 | 2021 |
|---|---|---|---|
| **EQUITY** | | **206,592** | **203,224** |
| **Capital and reserves** | | **235,937** | **232,808** |
| Share capital | 17 | 57,492 | 57,492 |
| Share premium | 17 | 9,327 | 9,327 |
| Parent company reserves | 18 | 167,875 | 156,055 |
| Reserves in consolidated companies | 18 | 13,286 | 5,002 |
| Reserves in companies consolidated using the equity method | 18 | (25,562) | (26,789) |
| Profit/(loss) for the year attributable to the parent company | 19 | 13,519 | 31,721 |
| **Measurement adjustments** | | **(30,401)** | **(30,808)** |
| Hedging transactions | 20 | 433 | (5,596) |
| Difference on exchange - Consolidated companies | 20 | (32,347) | (25,402) |
| Difference on exchange - equity consolidated companies | 20 | 1,513 | 190 |
| **Subsidies, donations and bequests received** | **22** | **783** | **993** |
| **Non-controlling interests** | **21** | **273** | **231** |
| **NON-CURRENT LIABILITIES** | | **100,230** | **141,266** |
| **Non-current provisions** | **24** | **7,966** | **7,904** |
| **Non-current borrowings** | | **45,075** | **116,161** |
| Debentures and other marketable securities | 11, 23 | - | 33,633 |
| Bank borrowings | 11, 23 | 41,804 | 76,858 |
| Finance lease payables | 11, 23 | 524 | 1,009 |
| Derivatives | 11,14, 23 | - | 612 |
| Other financial liabilities | 23 | 2,747 | 4,049 |
| **Non-current payables to group companies and associates** | **23, 33** | **6,593** | **5,312** |
| **Deferred tax liabilities** | **23, 25** | **7,771** | **3,478** |
| **Accruals and deferred income** | **11, 23** | **32,825** | **8,411** |
| **CURRENT LIABILITIES** | | **557,449** | **420,550** |
| **Current provisions** | **24** | **496** | **506** |
| **Current borrowings** | | **105,777** | **58,360** |
| Debentures and other marketable securities | 11, 23 | 33,827 | 404 |
| Bank borrowings | 11, 23 | 63,701 | 49,544 |
| Finance lease payables | 11, 23 | 605 | 1,016 |
| Derivatives | 11,14, 23 | 3,614 | 1,559 |
| Other financial liabilities | 23 | 4,030 | 5,837 |
| **Current payables to Group companies and associates** | **11, 23, 23** | **14** | **101** |
| **Trade and other payables** | | **451,162** | **361,522** |
| Trade payables | 11,23 | 395,779 | 294,575 |
| Trade payables to Group companies and associates | 11, 23,33 | 327 | 191 |
| Other payables | 11, 23 | 626 | 1,108 |
| Personnel | 11,23 | 3,662 | 3,437 |
| Current tax liabilities | 27 | 4,431 | 3,549 |
| Other payables to public entities | 27 | 16,430 | 16,872 |
| Prepayments from customers | 11,23 | 29,907 | 41,790 |
| **Accruals and deferred income** | **11, 23** | **-** | **61** |
| **TOTAL EQUITY AND LIABILITIES** | | **864,271** | **765,040** |

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(Thousands of euros)

| CONSOLIDATED INCOME STATEMENT | Notes | 2022 | 2021 |
|---|---|---|---|
| Sales | | **610,387** | **478,094** |
| Services rendered | 26 | 591,427 | 465,837 |
| Financial income, concession arrangements | 26 | 17,565 | 9,900 |
| **Changes in inventories of finished goods and work in progress** | | 1,395 | 2,357 |
| **Own work capitalised** | | **(1,429)** | **(714)** |
| **Supplies** | | **605** | **8,851** |
| Consumption of goods purchased for resale | | **(440,446)** | **(342,347)** |
| Raw materials consumed and other consumables | 26 | (234,759) | (182,473) |
| Subcontracted work | 26 | (205,687) | (159,874) |
| **Other operating income** | | **441** | **422** |
| Sundry and other income | | 266 | 400 |
| Capital grants released to income during the year | 22 | 175 | 22 |
| **Personnel expenses** | | **(90,474)** | **(82,894)** |
| Wages, salaries and similar remuneration | 26 | (71,125) | (65,466) |
| Employee benefit expenses | 26 | (19,349) | (17,428) |
| **Other operating expenses** | | **(42,633)** | **(34,617)** |
| External services | 26 | (38,759) | (31,953) |
| Taxes | 26 | (2,038) | (2,018) |
| Losses, impairment and changes in trade provisions | 13,26 | (1,836) | (646) |
| **Asset amortization/depreciation** | **7, 8** | **(5,623)** | **(4,738)** |
| **Attribution of subsidies for non-financial assets** | **22** | **3** | **80** |
| **Impairment and profit/(loss) on disposals of assets** | **7, 8** | **44** | **147** |
| **Results due to the loss of control over consolidated companies** | **10** | **-** | **20,818** |
| **Other results** | | **(701)** | **(1,056)** |
| **OPERATING PROFIT/(LOSS)** | | **30,174** | **42,046** |
| **Financial income** | **28** | **7,383** | **5,626** |
| **Financial expenses** | **28** | **(15,704)** | **(15,783)** |
| **Change in the fair value of financial instruments** | **12,28** | **356** | **3,129** |
| **Differences on exchange** | **28** | **(1,841)** | **593** |
| **Impairment and gain/(loss) on disposal of financial instruments** | **28** | **(14)** | **10** |
| **Other financial income/losses** | **-** | **-** | **22** |
| **FINANCIAL INCOME** | | **(9,820)** | **(6,403)** |
| **Share in profits/(losses) at companies consolidated using the equity method** | **10** | **2,168** | **3,010** |
| **EBIT** | | **22,522** | **38,653** |
| **Corporate income tax** | **27** | **(8,805)** | **(7,267)** |
| **Profit/(loss) for year from continuing operations** | | **13,717** | **31,386** |
| **CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR** | | **13,717** | **31,386** |
| Profit attributed to parent company | | 13,519 | 31,721 |
| Profit/(loss) attributable to non-controlling interests | | 198 | (335) |

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

(Thousands of euros)

### A) STATEMENT OF CONSOLIDATED INCOME AND EXPENSE

| STATEMENT OF CONSOLIDATED INCOME AND EXPENSE | Notes | 2022 | 2021 |
|---|---|---|---|
| **Consolidated profit/(loss) for the year** | | **13,717** | **31,386** |
| **Income and expense attributed directly in equity** | | | |
| Cash flow hedges | | 2,051 | (5,410) |
| *Subsidiaries* | *14* | *(2,480)* | *(1,563)* |
| *Equity consolidated companies* | *10* | *4,531* | *(3,847)* |
| Differences on exchange | *10* | (7,458) | (6,176) |
| Tax effect | | 1,148 | 3,403 |
| **Total income and expenses taken directly to consolidated equity** | | **(4,259)** | **(8,183)** |
| **Transfers to the consolidated income statement** | | | |
| Cash flow hedges | | 6,492 | 7,190 |
| *Subsidiaries* | *14* | *1,792* | *1,902* |
| *Equity consolidated companies* | | *4,700* | *5,288* |
| Subsidies, donations and bequests received | 22 | (280) | (154) |
| Tax effect | | (1,912) | (2,119) |
| **Total transfers to the consolidated income statement** | | **4,300** | **4,917** |
| **TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE** | | **13,758** | **28,120** |
| Total income and expenses attributable to the parent company | | 13,716 | 28,278 |
| Total income and expenses attributable to non-controlling interests | | 42 | (158) |

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

GRUPORTIZ

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

(Thousands of euros)

### B) STATEMENT OF TOTAL CHANGES IN CONSOLIDATED EQUITY

| | Authorised capital (Note 17) | Share premium (Note 17) | Prior-year reserves and profit/(loss) (Note 18) | Shares and participations from the parent company | Parent company profit/(loss) for the year (Note 19) | Measurement adjustments (Note 20) | Subsidies (Note 22) | Non-controlling interests (Note 21) | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **A) Ending balance 2020** | **57,492** | **9,327** | **165,169** | **(2,111)** | **5,355** | **(27,480)** | **1,108** | **894** | **209,754** |
| **Impact PGC RD 1/2021** | **-** | **-** | **(30,136)** | **-** | **-** | **-** | **-** | **-** | **(30,136)** |
| **B)Beginning balance 2021** | **57,492** | **9,327** | **135,033** | **(2,111)** | **5,355** | **(27,480)** | **1,108** | **894** | **179,618** |
| **I. Total recognised income and expense** | **-** | **-** | **-** | **-** | **31,721** | **(3,328)** | **(115)** | **(158)** | **28,120** |
| **II. Transactions with shareholders or owners** | **-** | **-** | **(2,111)** | **2,111** | **(5,063)** | **-** | **-** | **-** | **(5,063)** |
| *Dividend distribution* | *-* | *-* | *(2,111)* | *2,111* | *(5,063)* | *-* | *-* | *-* | *(5,063)* |
| **III. Other changes in equity** | **-** | **-** | **1,346** | **-** | **(292)** | **-** | **-** | **(505)** | **549** |
| **C) Ending balance2021** | **57,492** | **9,327** | **134,268** | **-** | **31,721** | **(30,808)** | **993** | **231** | **203,224** |
| **I. Total recognised income and expense** | **-** | **-** | **-** | **-** | **13,519** | **407** | **(210)** | **42** | **13,758** |
| **II. Transactions with shareholders or owners** | **-** | **-** | **-** | **-** | **(5,063)** | **-** | **-** | **-** | **(5,063)** |
| *Dividend distribution* | *-* | *-* | *-* | *-* | *(5,063)* | *-* | *-* | *-* | *(5,063)* |
| **III. Other changes in equity** | **-** | **-** | **21,331** | **-** | **(26,658)** | **-** | **-** | **-** | **(5,327)** |
| *Distribución de resultado ejercicio anterior* | *-* | *-* | *26,658* | *-* | *(26,658)* | *-* | *-* | *-* | *-* |
| *Other changes* | *-* | *-* | *(5,327)* | *-* | *-* | *-* | *-* | *-* | *(5,327)* |
| **D) Ending balance 2022** | **57,492** | **9,327** | **155,599** | **-** | **13,519** | **(30,401)** | **783** | **273** | **206,592** |

Notes 1 and 37and Appendices I, II and III form part of these consolidated financial statements.

### ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

(Thousands of euros)

| CASH FLOW STATEMENT | Notes | 2022 | 2021 |
|---|---|---|---|
| **A) Cash flows from operating activities** | | | |
| **1. Profit/ (loss) for the year before taxes** | | **22,522** | **38,653** |
| **2. Adjustments** | | **14,284** | **(21,096)** |
| Asset amortization/depreciation | 7, 8 | 5,623 | 4,738 |
| Change in provisions | 26 | 1,836 | 646 |
| Application of grants | 22 | (178) | (80) |
| Own work capitalised | 7, 8, 9 | (605) | (8,851) |
| Profit/(loss) on write-off and disposal of assets | 7, 8, 9 | (44) | (147) |
| Profit/loss on write-offs and disposals of financial instruments | 28 | 14 | (9) |
| Results due to the loss of control over consolidated companies | 6 | - | (20,818) |
| Financial income | 28 | (7,383) | (5,626) |
| Financial expenses | 28 | 15,704 | 15,783 |
| Change in the fair value of financial instruments | 28 | (356) | (3,129) |
| Differences on exchange | 28 | 1,841 | (593) |
| Share in profit of companies consolidated using equity method | 10 | (2,168) | (3,010) |
| **3. Changes in working capital** | | **52,322** | **19,588** |
| Inventories | | (1,665) | 3,996 |
| Trade and other receivables | | (62,157) | (80,776) |
| Trade and other payables | | 116,153 | 94,175 |
| Other current liabilities | | (71) | 2,191 |
| Other non-current assets and liabilities | | 62 | 2 |
| **4. Other cash flows from operating activities** | | **(13,520)** | **(14,267)** |
| Interest paid | | (15,403) | (14,567) |
| Dividends received | | 1,387 | 853 |
| Interest received | | 937 | 2,060 |
| Corporate income tax income/(expense) | | (441) | (2,613) |
| **5. Cash flows from operating activities** | | **75,608** | **22,878** |
| **B) Cash flows from investing activities** | | | |
| **6. Payments for investments** | | **(45,749)** | **(28,421)** |
| Group companies and associates | | (42,842) | (18,753) |
| Intangible assets | 7 | (28) | (1,363) |
| Property, plant and equipment | 8 | (2,193) | (3,605) |
| Investment Property | 9 | (686) | - |
| Other financial assets | | - | (4,700) |
| **7. Charges for divestments** | | **18,572** | **23,134** |
| Inventories | 15 | 1,779 | 831 |
| Group companies and associates | | 6,265 | 18,487 |
| Property, plant and equipment | 8 | 31 | - |
| Investment Property | 9 | 88 | - |
| Loans to third parties | | 2,071 | 794 |
| Other financial assets | | 8,338 | 3,022 |
| **8. Cash flows from investing activities** | | **(27,177)** | **(5,287)** |
| **C) Cash flows from financing activities** | | | |
| **9. Payments made and received for financial equity instruments** | | **(23,413)** | **(11,158)** |
| Acquisition of own equity instruments | | **19,507** | **22,361** |
| **10. Payments made and received for financial liability instruments** | 23 | 16,810 | 411 |
| **a) Issue** | 23 | 2,697 | 21,950 |
| **b) Return and repayment of** | | **(42,920)** | **(33,519)** |
| Debentures and other marketable securities | 23 | (17,100) | (1,673) |
| Bank borrowings | 23 | (24,580) | (29,570) |
| Other payables | | (1,240) | (2,276) |
| **11. Dividend payments** | | **(5,063)** | **(5,063)** |
| Dividends | 19 | (5,063) | (5,063) |
| **12. Cash flows from financing activities** | | **(28,476)** | **(16,221)** |
| **D) Cash flows from discontinued operations** | | **19,955** | **1,370** |
| Cash and cash equivalents at the beginning of the year | 16 | 30,987 | 29,617 |
| Cash and cash equivalents at the end of the year | 16 | 50,942 | 30,987 |

Notes 1 and 37 and Appendices I, II and III form part of these consolidated financial statements.

# ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

## 1. GROUP COMPANIES

### 1.1. Parent Company

Ortiz y Compañía, S.L. is a Limited Liability Company incorporated in Spain on 31 January 1961. Subsequently, on 12 February 1971, it became a Corporation.

On 20 November 1995, the Parent Company changed its corporate name to the current one, Ortiz Construcciones y Proyectos, S.A. Shareholders at a general meeting held on 24 June 2010 moved its registered address from Calle Santa María Magdalena 14 to Avenida Ensanche de Vallecas, 44.

Its corporate purpose is described in its Article of Association Company's and consists of:

- The procurement, management and execution of all kinds of works and construction, both public and private.
- Execution of any kind of construction, installation and works aimed at buildings, roads, railways, road networks, tracks, ports, hydraulic works and any other special installation or project.
- Real estate and urban development activities, purchase and sale of real estate property and property development.
- Acquisition, possession and enjoyment of all types of securities on its own account and incorporation of and shareholdings in other companies with a similar corporate purpose.
- Performance of legal, economic, accounting and financial studies for all types of companies.
- Promotion and development of commercial, industrial and service companies.
- Administration, management, organization and control of any type of equity and business.
- Promotion of newly created industrial, agricultural, commercial and service companies and acquisition interests in existing companies, or which are created either the management body, either through the subscription of shares equity stakes or at the time of incorporation or leader share capital increase, or the acquisition of those companies by any means. Such transactions may be carried out by the company directly or indirectly.
- The performance of any construction, installation and work, whether public or private, intended for tunnels.
- Operation, design, engineering, construction, management, operation, administration, integral maintenance and conservation, rehabilitation and adaptation of all types of concessions and infrastructures and/or real estate assets through public-private collaboration formulas.
- Construction and operation of hospitals and health centres granted under concessions by any public or private entity.
- Acquisition and sale of any type of medical team, subcontracting of medical services and contracting and subcontracting of non-medical services.
- Rendering of integral health care and social and health assistance services using qualified personnel.
- Cleaning work in general, sterilization, disinfection, insect and rodent control at hospitals and any health centre.
- Subcontracting of the services necessary to comply with its corporate purposes.
- The handling, packaging and distribution of food or other products, the preparation, seasoning and distribution of food for self-consumption or supply to third parties.
- Integral as best as removal service, including all labour and activities that are required, identification of materials with asbestos in facilities, risk assessment, with removal of asbestos materials from any type of facility or property.
- Management of hazardous waste
- The exploration, exploitation, benefit, commercialization, sale and mining transformation of all kinds of minerals and other materials used as raw material for the manufacture of concrete elements, cement and asphalt materials, among others, for the execution of engineering and/or construction works.
- Production, marketing and sale of all types of concrete and concrete for the execution of civil, structural, industrial, hydraulic, mechanical works, among others.
- Transportation of all kinds of aggregates and construction materials and materials related to the corporate purpose of the company.

Grupo Ortiz is diversified in five lines of business: construction, energy, services, concessions and real estate, among which the following operating segments:

- **Construction and Services**: Construction of civil works infrastructure, buildings, railway, water, environment, renovations, engineering and Indagsa industrialised construction system. Maintenance of infrastructure, roads, railways, comprehensive maintenance of buildings, urban and environmental services.

- **Energy**: Construction of photovoltaic, wind, thermal-solar and hydraulic power generation plants, high and middle voltage lines, electric substations, as well as maintenance of electro-mechanic installations and energy services.

- **Concessions**: Concession operator with broad experience in investment financing, design, execution, operation and maintenance.

- **Real estate-Holding company:** Asset holding area Promotion and exploitation of home for rental and tertiary level products (offices and business premises).

The Group companies whose activities involve environmental matters have taken the measures that are necessary in order to comply with current legislation. Since those requirements are not considered to be material in comparison to the Company's equity, its financial situation and its results, they are not specifically disclosed in these notes to the consolidated financial statements.

The financial statements for the Parent Company Ortiz Construcciones y Proyectos, S.A. used for the consolidation are those that were closed and audited at 31 December 2022. The consolidated financial statements for 2021 were drawn up by the Board of Directors on 17 March 2022 and were approved by the Shareholders' General Meeting on 26 May 2022. These financial statements were filed with the Mercantile Registry of Madrid.

The consolidated financial statements have been prepared by the directors of the Parent Company within the same period established for the preparation of the individual financial statements for that Parent Company.

For the purposes of preparing the consolidated financial statements, a group is understood to exist when the Parent Company has one or more subsidiaries, understood as those entities which the Parent Company controls directly or indirectly. The principles applied to the preparation of the Group's consolidated financial statements and the consolidation scope are described in Note 1.2.

Appendix I to these Notes contains the identification details of the fully-consolidated subsidiaries.

Appendix II hereto set outs the identification details of the associates and jointly-controlled companies consolidated using the equity method.

Both the Parent Company and certain subsidiaries participate in joint ventures and consortia, and the respective companies record the figures relating to these JV and consortia on a proportional basis in accordance with the asset, liability, income and expense balances. Appendix III includes details of the JVs and consortia in which Group companies participate.

The main changes in the scope of consolidation during 2022 were as follows:

- Constitution of the company Autopista Magdalena Medio S.A.S., with a 50% share.
- Constitution of the company Autopista Rio Grande, S.A.S., with a 50% share.
- Increase of 4% in Grupo Ortiz Properties SOCIMI, S.A. and subsidiaries.

The main changes in the scope of consolidation during 2021 were as follows:

- Constitution of the company Autopistas del Caribe, SAS
- Constitution of the company Ortiz USA, LLC.
- Constitution of the company La Gavia Factory, SL. Acquisition after the incorporation of an additional 25% of shares.
- Decrease of 4% in the multi-group companies Grupo Ortiz Properties SOCIMI, SA, Aldigavia Oficinas, SLU, Aldigavia, SAU, Ortega y Gasset Park, SLU, El Arce de Villalba, SAU and Ortiz Sport Factory, SLU
- Loss of control of Promotora Hospital de Bosa, SAS Acquisition of 20% and subsequent sale of 45%.
- Loss of control of Energía de Colombia, SAS Acquisition of 12% and subsequent sale of 20%. o Liquidation of the company Ortiz Brasil Contruçoes, Limitada and its subsidiary SPC 20 Infra e Saneamento Marabá.

### 1.2. Subsidiaries

The full consolidation method has been applied to subsidiaries. Subsidiaries are those entities in which the Parent Company controls a majority of voting rights or, if not the case, directly or indirectly holds sufficient power to control financial and operating policies in order to profit from its activities. Potential voting rights that may be exercised at the year-end are taken into account when determining control.

Appendix I contains a list of subsidiaries.

These companies are consolidated when the situations established in Article 2 NOFCAC are met, as follows:

a) When the parent company is in one of the following situations with respect to the other company (subsidiary):
-. The parent Company holds a majority of the voting rights.
-. The parent Company is empowered to appoint or remove the majority of the administrative body's members.
-. The parent Company may cast, by virtue of the agreements concluded with other shareholders, the majority of the voting rights.
-. The parent Company has appointed with its votes the majority of the administrative body's members, who hold their positions at the time the consolidated accounts are drawn up and for the two immediately preceding years. This circumstance is presumed when the majority of the members of the subsidiary's administrative body are members of the administrative body or senior managers of the parent company or any other company controlled by the latter.

b) When a parent Company possesses one half or less of the voting rights, even when it has a small or no stake in another company, or when management authority has not been explicitly expressed (special purpose vehicles) but it participates in the company's risks and profits, or has the capacity to participate in the company's operating and financial decisions.

All the subsidiaries close their financial year on 31 December.

## 2. ASSOCIATES AND JOINTLY-CONTROLLED COMPANIES

### 2.1. Associates

Associates are those companies in which one of the companies included in consolidation has significant influence. Significant influence is understood to exist when the Group has a shareholding in the company and intervenes in its financial and operating decisions without exercising control.

There are no significant restrictions on the capacity of associates to transfer funds to the Parent Company in the form of dividends, debt repayments or advance payments, besides restrictions that may arise from financing contracts entered into by associates or from their own financial situation, and there are no contingent liabilities related to associates that might eventually be assumed by the Group. There are no significant companies not applying the equity method when more than a 20% interest is held.

In compliance with Article 155 of the Spanish Companies Act 2010, the Parent Company has notified all of these companies that it holds more than a 10% interest either directly or indirectly.

All the associates close their financial year on 31 December.

### 2.2 Jointly-controlled companies

Jointly-controlled companies are those that are managed by the Group together with other outside companies.

All the jointly-controlled companies close their financial year on 31 December.

The details of the affiliates and multigroup companies are broken down in Appendix II.

## 3. BASIS OF PRESENTATION

### 3.1. True and fair view

The consolidated financial statements have been prepared on the basis of the accounting records of Ortiz Construcciones y Proyectos, S.A. and subsidiaries and include all adjustments and reclassifications required for consistency with the Group's accounting policies.

These consolidated financial statements are presented in accordance with applicable commercial legislation as established by the Commercial Code, as amended by Law 16/2007 (4 July) which reforms and adapts accounting legislation for international harmonisation based on European Union legislation, Royal Decree 1514/2007 (20 November), which approves the General Accounting Plan and the corresponding modifications by means of the new Royal Decree 1/2021 (12 January) and Royal Decree 1159/2010 (17 September) which approves the rules for preparing consolidated financial statements and Royal Decree 602/2016, in all areas not amended by subsequent legislation, in order to present a true and fair view of the Group's financial situation and results, as well as a reliable presentation of cash flows reflected in the consolidated cash flow statement.

### 3.2. Key aspects of the measurement and estimation of uncertainty

The preparation of financial statements requires the Group to use certain estimates and judgments relating to the future that are evaluated on a continuous basis and are supported by past experience and other factors, including expectations of future successes that are deemed to be reasonable given the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### 3.2.1. Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not listed on an active market (for example, derivatives not listed on an official market) is calculated using measurement techniques. The Group uses judgments to select a variety of methods and to develop assumptions that are primarily based on the market conditions existing at each balance sheet date. The Company has used a discounted cash flow analysis for several exchange rate contracts that are not traded on active markets.

#### 3.2.2. Estimated impairment of goodwill

The Group verifies annually whether there is an impairment loss in respect of goodwill, in accordance with the accounting policy in Note 4.7. The amounts recoverable from cash generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7).

#### 3.2.3. Revenue Recognition

The Group follows, within the general degree of completion revenue recognition category established by the industry adaptation of the Spanish General Chart of Accounts for construction companies, the method called “schedule of values” which consists of the measurement of work units executed at the prices established in the contract.

#### 3.2.4. Useful lives of property, plant and equipment and intangible assets

Group management estimates the useful lives and relevant depreciation and amortization charges for its property, plant and equipment and intangible assets, respectively. The useful lives of assets are estimated in accordance with the period over which the asset concerned will generate financial benefits. At each closing the Group reviews the useful lives of assets and, if the estimates differ from those made previously, the effect of the change is recorded on a prospective basis as from the year in which the change is made.

#### 3.2.5. Income tax

The Group is subject to income taxes in numerous jurisdictions. A significant level of judgment is required to determine the worldwide provision for income tax. There are many transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business. The Group recognises liabilities for potential tax claims based on an estimation of whether or not additional taxes will be necessary. When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which they are deemed to arise.

The calculation of income tax requires interpretation of the tax legislation applicable to the Company. There are also several factors mainly, but not exclusively, linked to changes in tax laws and changes in the interpretation of tax laws already in force, which require the application of estimates by Company management.

When the final tax result differs from the amounts which were initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year in which the determination is made. There are no significant items that are subject to estimates and which could have a relevant impact on the Company's financial position.

Group management evaluates the recovery of deferred tax assets based on estimates of future taxable income by analysing whether or not this income will be sufficient during the periods in which the deferred tax assets are deductible. Deferred tax assets are recorded when their future recovery is probable. The recognition and recovery of deferred tax assets is evaluated at the time they are generated and subsequently at each balance sheet date, in accordance with the development of the profits projected in the Group’s business plan. Management considers that deferred tax assets recorded by the Group are likely to be recovered. However, the estimates may change in the future as a result of changes in tax legislation or due to the impact of future transactions on tax balances.

Although these estimates were prepared by management based on the best information available at the end of each year, and through the application of their best estimates and knowledge of the market, it is possible that future events may require the group to change these estimates in the coming years.

#### 3.2.6. Fair value of investment properties and inventory

The best evidence of the fair value of investment properties and inventory in an active market are the prices for similar assets. In the absence of such information given the current market situation, the Group determines fair value through a range of fair values. When implementing this judgment, the Group uses a series of sources, including:

- Current prices in an active market for properties of a different nature, condition or location, adjusted to reflect the differences with the assets owned by the Group.
- Recent property prices in other less active markets, adjusted to reflect changes in financial situations since the transaction date.
- Cash flow discounts based on estimates deriving from current and projected lease agreement conditions and, if possible, on estimates to market prices for similar properties in the same location, using the discount rate that reflects the time factor uncertainty.

There are no significant uncertainties or risks that could give rise to major changes in the current future value of assets and liabilities.

#### 3.2.7. Provisions

Provisions are recognised when it is probable that a present obligation, resulting from past events, will require the application of resources and when the amount of the obligation may be reliably estimated. Significant estimates are necessary to comply with the requirements of accounting rules. Group management makes estimates, evaluating all relevant information and events, of the probability of a contingency and the amount of the liability to be settled in the future.

No significant change was made this year to accounting estimates that give rise to any modification of the amounts or nature of the figures presented for the year.

### 3.3. Grouping of items

For the purposes of facilitating the understanding of the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the cash flow statement, these financial statements are presented in a group format and all necessary analysis is set out in the Notes to the financial statements.

### 3.4. The going concern principle.

These consolidated Annual Financial Statements have been prepared on the basis of the going concern principle, which assumes that the Group will realize its assets and discharge its liabilities in the normal course of business.

As a result of the contractual maturities of the financial debt corresponding to the syndicated loan and bonds (Note 23), projected for July and October 2023, respectively, at 31 December 2022 the current liabilities of the consolidated annual financial statements are €35,250 thousand more than the current assets.

At the date of preparing these Consolidated Annual Financial Statements a process of refinancing the syndicated loan is well under way, with the approval of the Agent, Sole Bookrunner and Coordinator of the new structure. The loan is expected to be executed in March 2023, thus re-establishing the long-term maturity.

Moreover, the bond is expected to mature in October 2023 and there is no need to issue a new one, as it is not necessary for the Group's new corporate financial structure, because of the issuance schedule of promissory notes already on the market (Note 23).

At the same time, the Group has analysed a number of scenarios and therefore has the capacity to take alternative cash and liquidity management measures, allowing them to meet current liabilities with available resources.

As at 31 December 2022, the Group has a strong treasury position of €50,942 thousand, an increase of €19,955 thousand on the previous year. Gross debt has declined by €23,482 thousand (Note 5), leaving the Group's leverage ratio at 17% (2021: 22%).

Despite the situation generated by COVID-19 in recent years, in 2022 operating flows generated by the Group stood at €75,608 thousand.

### 3.5. Changes in accounting policies

In accordance with the conceptual framework of accounting established by the Spanish General Chart of Accounts, the Group maintains a generally accepted accounting policy uniform over time provided that the underlying circumstances that originally led to the application of that policy do not change and taking into account that any change in the policy applies the basic true and fair view principle.

### 3.6. Comparison of information

For purposes of comparison, the consolidated Balance Sheet, the consolidated Income Statement, the consolidated Statement of Cash Flows, and the Notes corresponding to the financial year ended 31 December 2022 are presented for purposes of comparison with information for the financial year ended 31 December 2021.

## 4. ACCOUNTING PRINCIPLES

### 4.1. Subsidiaries

#### 4.1.1. Acquisition of control

The acquisition by the Parent Company or other group company) of control in a subsidiary constitutes a business combination that is recognised using the acquisition method.

This method requires the acquiring company to record, at the acquisition date, identifiable assets acquired, and liabilities assumed in a business combination and any goodwill or negative difference. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition cost is calculated as the sum of the fair values at the acquisition date of the delivered assets, liabilities incurred or assumed and the equity instruments issued by the buyer and the fair value of any contingent compensation that depends on future events or compliance with certain conditions, which must be recognised as an asset, liability or equity in accordance with their nature.

The expenses relating to the issue of equity instruments or financial liabilities delivered do not form part of the business combination cost recognised in accordance with the rules applicable to the financial instruments (Note 11). The fees paid to legal or other professional advisors involved with the business combination are recorded as an expense as they are incurred. The combination costs also exclude the expenses generated internally and any that are incurred by the target company.

The amount at the acquisition date of the cost of the business combination that exceeds the proportional part of the value of the identifiable assets acquired less the liabilities assumed representing the shareholding in the target company's capital is recognised as goodwill. In the exceptional case that this amount is higher than the cost of the business combination, the excess will be recorded as revenue in the consolidated income statement.

#### 4.1.2. Consolidation method

The assets, liabilities, revenues, expenses, cash flows and other items in the Group companies’ financial statements are included in the Group's consolidated accounts using the full consolidation method. This method requires the following:

a) Uniformity in terms of timing. The consolidated financial statements are prepared at the dame date and for the same period as the financial statements for the consolidated company. Companies that have a different closing date are included using interim accounts prepared at the same date and for the same period as the consolidated accounts.

b) Uniformity in terms of measurement Assets and liabilities, revenues and expenses, and other items in the Group companies' financial statements have been measured through the application of uniform methods. Those assets or liabilities, or those revenue or expense items that have been measured using criteria that are not uniform with respect to those applied to the consolidation have been re-measured and all necessary adjustments have been made solely for the purposes of consolidation

c) Aggregation. The different headings in the individual financial statements previously made uniform are aggregated in accordance with their nature.

d) Divestment – equity. The book values representing subsidiaries' equity instrument held directly or indirectly held by the Parent Company are offset by the proportional part of the equity headings recorded by the subsidiary concerned that is attributable to the shares, generally based on the values resulting from the application of the aforementioned acquisition method. In consolidations in years after the year in which control is obtained, the excess or shortfall in equity generated by the subsidiary since the acquisition date that is attributable to the Parent Company is presented in the consolidated balance sheet under reserves or adjustments due to changes in value, based on their nature. The portion attributable to non-controlling shareholders is recorded under "Non-controlling interests"

e) Minority shareholdings. The measurement of external shareholders is based on their effective stake in the subsidiary's equity, once the above adjustments have been made. Goodwill on consolidation is not attributed to non-controlling interests. The excess between the losses attributable to non-controlling interests of a subsidiary and the equity that proportionally relates to them is attributed to them, even if this gives rise to a receivable under that heading.

f) Elimination of intra-group items Loans payable and receivable, revenues and expenses and cash flows between Group companies are completely eliminated. All of the results deriving from internal transactions are also eliminated and deferred until the amounts are realised with respect to third parties outside the Group.

#### 4.1.3. Loss of control

When control over a subsidiary is lost the following rules are applied:

a) The recognised profit or loss in the individual financial statements is adjusted for consolidation purposes.

b) If the subsidiary is reclassified as a jointly-controlled entity or associate the equity method is initially applied, taking into account the fair value of the shareholding retained at that date for the purposes of initial measurement.

c) The stake in the equity of the subsidiary that is retained after the loss of control, and which does not fall within the scope of consolidation, will be measured in accordance with the criteria applicable to the financial assets (Note 4.9), taking into consideration the fair value at the date the stake is excluded from consolidation as the initial value.

d) An adjustment is made to the consolidated income statement to record non-controlling shareholders' stake in the revenues and expenses generated by the subsidiary during the year up until the loss of control, and revenues and expenses recorded directly under equity are transferred to the profit and loss account.

### 4.2. Associates and jointly-controlled companies

#### 4.2.1. Equity method

Associates are included in the consolidated financial statements by applying the equity method.

When the equity method is first applied, the Company's stake is measured at the amount of equity that the percentage investment represents, after any adjustment of net assets to fair value at the date the significant influence was acquired.

The difference between the carrying amount of the shareholding in the individual accounts and the amount mentioned in the preceding paragraph constitutes goodwill that is recorded under the heading “equity consolidated shareholdings”. In the exceptional case in which the difference between the amount at which the investment is recognised in the individual accounts and the proportional part of the fair value of the Company's net assets is negative, in which case that difference is recorded in the income statement after having evaluated again the assignment of fair value to the associate's assets and liabilities.

Unless a negative difference arises on the acquisition of significant influence, in general investments are initially recognised at cost.

The profit/(loss) generated by equity-consolidated companies is recognised as from the date on which the significant influence is acquired.

The carrying amount of the shareholding is modified (increased or decreased) in the appropriate proportion for the Group’s companies as a result of the changes in the investee company’s equity since initial recognition, after having eliminated the portion of unrealised profit/(loss) generated in transactions between that company and Group companies.

The higher value attributed to the shareholding as a result of the application of the acquisition method is reduced in subsequent years by charging consolidated results or the equity concerned and to the extent that the relevant equity items are depreciated, eliminated or sold. Consolidated results are also charged when there are impairment losses affecting the investee company's equity items, up to the limit of the capital gain assigned to those items at the date of first consolidation using the equity method.

Changes in the value of the shareholding as a result of the investee company's profit/(loss) form part of consolidated profit/(loss), recognised in the heading "Share in profit/(loss) of equity consolidated companies". However, if the associate incurs losses, the reduction of the account representing the investment will have the limit of the carrying amount of the shareholding calculated using the equity method. If the interest had been reduced to zero, additional losses and the relevant liability would have been recognised of legal, contractual, constructive or tacit obligations were incurred, or if the Group had made payments on behalf of the investee company.

Change in the value of the shareholding relating to other changes in equity are shown in the relevant equity headings based on their nature.

Value and timing uniformity is applied to investments in associates in the same way as for subsidiaries.

#### 4.2.2. Change in the shareholding

The cost of each individual transaction is used to determine the cost of an investment in a jointly-controlled company.

The additional investment and new goodwill or negative difference on consolidation arising in a new acquisition of shares in an equity-consolidated company is calculated in the same manner as the first investment. However, if goodwill arises and a negative difference on consolidation arises with respect to the same investee company, the latter is reduced to the limit of the embedded goodwill.

When an investment is reduced giving rise to a decline in the interest held but significant influence is not lost, the new investment is measured at the amounts relating to the retained interest.

### 4.3. Intangible assets

#### 4.3.1. Concession agreement

***Concession agreements, regulated assets***

The public infrastructure concession company industry plan (in force since 1 January 2011), regulates the treatment of service concession agreements, which are defined as an agreement under which the granting entity requires a concessionaire company to construct, including improvements and the operation, or only the operation, of infrastructure intended to render public services of a financial nature during the period of time established under the agreement, in exchange for the right to receive compensation. All concession agreements must meet the following requirements:

- The grantor controls or regulates which public services must be provided by the concession operator using the infrastructure, to whom they must be provided, and at what price; and
- The granting entity controls any significant residual interest in the infrastructure at the end of the term of the agreement.

In such concession agreements the concession company acts as a service provider, specifically infrastructure construction or improvement services and, in addition, operating and maintenance services during the term of the agreement. The compensation received by the concession holder with respect to the construction or improvement of the infrastructure is recognised at the fair value of the service concerned, as an intangible asset in those cases in which the right to charge a price to users for the public service and when it is not unconditional and users must actually make use of the service. Compensation for the construction or improvement is recognised as an intangible asset under "Concession agreement, regulated asset" in "Intangible assets" as a result of the application of the intangible model, where the demand risk is assumed by the concession holder. The Company calculates the depreciation of a concession asset systematically over the term of the concession using the straight-line method.

***Concession agreement, financial capitalisation***

When the consideration for the construction or improvement services insists of an intangible asset, the financial expenses financing the infrastructure that arise as from the moment at which the infrastructure is available for use are capitalised, provided that there is reasonable evidence that they will be recovered through future revenue. Capitalised financial expenses are recognised in the heading "Concession agreement, financial capitalisation", and they are taken to the income statement in proportion to the revenue projected in the Company's Financial Plan, with the understanding that the future revenue forecast by the plan will allow those expenses to be recovered. Revenue as a percentage of the total occupation amount is determined for each year. That percentage is applied to total financial expenses projected over the concession term to determine the amount of annual financial expense to be attributed to each financial year. In the event that actual revenue for that year exceeds projections the percentage will be calculated based on actual revenue and the total amount of projected occupation revenue.

#### 4.3.2. Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the amount at the acquisition date of the cost of the business combination that exceeds the proportional part of the fair value of the identifiable assets acquired less the liabilities assumed representing the shareholding in the target company's capital.

At the date of initial recognition, goodwill is measured in accordance with the policy described in Note 4.1.1. Goodwill is measured at cost less any accumulated impairment after initial recognition.

At the acquisition date, goodwill is assigned to each cash generating unit (CGU) or groups of cash generating units that are expected to benefit from the synergies within the business combination from which the goodwill arose.

Separately recognized goodwill is amortized on a straight-line basis over its estimated useful life, valued at its acquisition price less accumulated amortization and, if applicable, the accumulated amount of recognized valuation corrections for impairment. The useful life is determined separately for each of the CGUs to which it has been assigned and is estimated to be 10 years (unless proven otherwise).

Cash generating units (or groups of cash generating units) to which Goodwill has been assigned will be subjected, at least on an annual basis, to impairment loss verification and, should any be revealed, the relevant impairment adjustment will be recorded in the income statement.

Impairment losses recognised in goodwill are not reversed in subsequent years.

#### 4.3.3. Research and development expenses

Research expenses are recognised as an expense when incurred, whereas development expenses incurred for a project are recognised as an intangible asset if the development is viable from a technical and commercial point of view, sufficient technical and financial resources are available to complete the project, the costs incurred may be reliably determined and the generation of profits is probable.

Other development costs are recognised as an expense when incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs that have a finite useful life are amortized on a straight-line basis over the estimated useful life of each project, up to a maximum of 5 years.

If an asset’s carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 4.7).

If the circumstances which permitted the capitalisation of the development expenses change, the unamortized portion is expensed in the year the circumstances change.

#### 4.3.4. Licenses and trademarks

At 31 December 2022 and 2021 the Group’s intangible assets include manufacturing licences and trademarks that are measured at acquisition cost, without any amortization having been applied. An intangible asset is considered to have an indefinite useful life when an analysis of all relevant factors reveals that there is no foreseeable limit to the period over which the asset is expected to generate the entry of net cash flows for the Group.

#### 4.3.5. Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized over the assets’ estimated useful lives (4 years).

Costs associated with maintaining computer software programs are recognised as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Software development costs recognized as assets are amortized over their estimated useful lives (which do not exceed 4 years).

(Thousands of euros)

### 4.4. Property, Plant and Equipment

Property, plant and equipment is stated at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognised.

Own work capitalised is measured as calculated by adding the direct or indirect costs attributable to the assets to the price of the consumable materials used.

Costs incurred to extend, modernise or improve property, plant and equipment are only recorded as an increase in the value of the asset when the capacity, productivity or useful life of the asset is extended, and it is possible to ascertain or estimate the carrying amount of the assets that have been replaced in inventories.

The cost of major repairs is capitalised and depreciated over the estimated useful life of the asset, while recurring maintenance costs are charged to the consolidated income statement in the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically using the straight-line method over the assets' estimated useful lives based on the actual decline in value brought about by operation, use and enjoyment.

The depreciation rates applied to property, plant and equipment in 2022 and 2021 are as follows:

| Estimated useful life: Buildings | |
|---|---|
| Buildings | 50 |
| Plant | 4-10 |
| Machinery and tooling | 7-8 |
| Furnishings | 10 |
| Data processing equipment | 5 |
| Vehicles | 6 |

The residual values and useful lives of assets are reviewed and adjusted, if necessary, at each balance sheet date. If an asset's carrying amount is greater than its estimated recoverable amount, its carrying amount is written down immediately to its recoverable amount (Note 4.7).

Profits and losses deriving from the sale of property, plant and equipment is calculated by comparing revenues obtained from the sale against the asset's book value and recorded in the consolidated income statement.

### 4.5. Investment Properties

Investment properties consist almost entirely, of owned land and office buildings that are maintained to obtain long-term income and are not occupied by the Group.

The items included under this heading are stated at acquisition cost less accumulated depreciation and any impairment losses.

Depreciation is applied to real estate investments on a straight-line basis in accordance with the estimated useful lives of the assets concerned, which is 50 years

### 4.6. Interest Costs

Financial expenses directly attributed to the acquisition or construction of property, plant and equipment that requires more than one year to be prepared for use is stated at cost until it is in a state of operation.

### 4.7. Losses due to the impairment of non-financial assets

Assets that have an indefinite useful life, such as Goodwill for example, are not subject to amortization and are tested annually for impairment. Assets subject to amortization/depreciation are subjected to in impairment tests provided that some event or a change in circumstances indicates that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, understood as the asset's fair value less the higher of costs to sell and value-in-use. For the purposes of assessing impairment losses, assets are grouped together at the lowest level for which there are separately identifiable cash flows (Cash

Generating Units). Non-financial assets, other than goodwill, that present an impairment loss are reviewed at each balance sheet date to determine whether or not the loss has reversed.

### 4.8. Swaps

When property, plant and equipment, intangible assets or investment properties are acquired through swaps of a commercial nature, they are measured at the fair value of the asset delivered plus any monetary compensation paid in exchange, unless there is clearer evidence regarding the asset received and any applicable limits. For these purposes, the Group considers that a swap is of a commercial nature when the configuration of the cash flows relating to the asset received differs from the configuration of the cash flows relating to the asset delivered, or the present value of the cash flow after taxes relating to the activities affected by this swap are modified. Furthermore, any of the above differences must be significant with respect to the fair value of the exchanged assets.

If the swap is not of a commercial nature, or the fair value of the assets involved in the transaction cannot be determined, the asset received is measured at the carrying value of the delivered asset plus any monetary compensation provided, up to the limit of the fair value of the received asset, if less, and only if it is available.

### 4.9. Financial Assets

#### 4.9.1. Financial assets at fair value with changes in the profit and loss account

This category includes equity instruments that are not held for trading, or that must be valued at cost, and on which the irrevocable election has been made in the time of initial recognition to present subsequent changes in fair value directly in equity.

Additionally, those financial assets irrevocably designated at the time of initial recognition as measured at fair value with changes in the consolidated profit and loss account are included, and that otherwise would have been included in another category, to eliminate or reduce significantly a valuation inconsistency or accounting mismatch that would otherwise arise from measuring the assets or liabilities on different bases.

Initial valuation
The financial assets included in this category will be initially valued at their fair value, which, unless there is evidence to the contrary, will be the transaction price, which will be equal to the fair value of the consideration given. The transaction costs that are directly attributable to them will be recognized in the consolidated profit and loss account for the year.

Subsequent valuation
After initial recognition, the company will value the financial assets included in this category at fair value with changes in the consolidated profit and loss account.

#### 4.9.2. Financial assets at amortized cost

This category includes financial assets, including those admitted to trading on an organised market, in which the Group holds the investment with the objective of receiving cash flows from the performance of the contract, and the contractual terms of the financial asset give rise, at specified dates, to cash flows that are solely collections of principal and interest on the principal amount outstanding.

Contractual cash flows that are solely collections of principal and interest on the principal amount outstanding are inherent in an arrangement that is in the nature of a regular or ordinary loan, regardless of whether the transaction is arranged at a zero or below-market interest rate.

This category includes trade receivables and non-trade receivables:

a) Trade receivables are the financial assets arising from the sale of goods and provision of services in relation to the Company's operating activities and that have deferred payment.

b) Non-trade receivables are financial assets that are not equity instruments or derivatives, are not of commercial origin and whose collections are of a determined or determinable amount arising from loans or credits granted by the company.

Initial recognition:
The financial assets classified in this category are initially recognised at fair value, which, in the absence of evidence to the contrary, will be the transaction price and is equal to the fair value of the consideration paid plus any directly attributable transaction costs.

However, trade receivables maturing within one year that do not have an explicit contractual interest rate, and advances and loans to employees, dividends receivable and capital calls expected to be collected in the short term, are measured at nominal value to the extent that the effect of not discounting cash flows is deemed not to be material.

Subsequent appraisal:
The financial liabilities included in this category will be measured at their amortized cost. The interest accrued will be recognised in the income statement using the effective interest method.

However, receivables maturing within one year which, in accordance with that stated in the previous section, are initially measured at their nominal value, continue to be measured at this amount, unless there was a decline in their value.

When the contractual cash flows of a financial asset change due to the issuer's financial difficulties, the company assesses whether an impairment loss should be recognised.

Impairment losses:
The necessary valuation adjustments are made at least at the balance sheet date and whenever there is objective evidence that a financial asset, or a group of financial assets with similar risk characteristics measured collectively, is impaired as a result of one or more events that occurred after its initial recognition and that lead to a reduction or delay in the estimated future cash flows, which may be caused by the insolvency of the debtor.

In general, the impairment loss on these financial assets is the difference between their carrying amount and the present value of future cash flows, including, where applicable, those from the enforcement of collateral and personal guarantees, estimated to be generated, discounted at the effective interest rate calculated at the time of initial recognition. For the financial assets subject to a variable interest rate, the effective interest rate at the closing date of the financial statements is used in accordance with the contractual conditions.

The value adjustments for impairment, and their reversal when the amount of this loss diminishes as a result of a subsequent event, are recognised as income or expense, respectively, in the income statement. The reversal of impairment will be limited to the carrying amount of the asset recognised at the reversal date had the impairment of the amount not been recognized.

#### 4.9.3. Financial assets at cost

In any case, these measurement categories include:

a) Equity investments in group companies, jointly controlled entities and associates.
b) Other investments in equity instruments whose fair value cannot be determined by reference to a quoted price in an active market for an identical instrument, or cannot be reliably estimated, and the derivatives underlying these investments.
c) Hybrid financial assets whose fair value cannot be reliably estimated, unless they qualify for recognition at amortized cost.
d) Contributions made as a result of a joint venture and similar agreements.
e) Participating loans whose interest is contingent either because a fixed or variable interest rate is agreed to be payable on the achievement of a milestone in the borrower's business (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrower's business.
f) Any other financial asset that is initially classified in the fair value through profit or loss portfolio when it is not possible to obtain a reliable estimate of its fair value.

Initial recognition:
Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, and the latter is not included in the cost of investments in group companies.

However, in cases where an investment exists prior to its classification as a group company, jointly controlled entity or associate, the cost of this investment is considered to be the carrying amount that it should have had immediately before the company was classified as such.

The amount of any pre-emption and similar rights that, if applicable, have been acquired will form part of the initial measurement.

Subsequent appraisal:
After they have been initially recognised, the equity instruments included in this category are valued at their cost less, where appropriate, the accumulated amount of the valuation adjustments for impairment.

When a value must be assigned to these assets due to de-recognition from the balance sheet or for another reason, the average weighted cost by homogeneous group is applied, deemed to be the securities which have equal rights.

In the case of the sale of preferential subscription rights and similar, or the segregation thereof to exercise them, the amount of the cost of the rights will reduce the carrying amount of the respective assets.

The contributions made as a result of a joint accounts agreement and similar agreements will be measured at cost, increased or reduced by the profit or loss respectively, corresponding to the Company as non-managing participant, and less, as applicable, the cumulative amount of the impairment losses.

The same criterion is applied for participating loans whose interest is contingent either because a fixed or variable interest rate is agreed to be payable on the achievement of a milestone in the borrower's business (e.g. the achievement of profits) or because it is calculated solely by reference to the performance of the borrower's business. If, in addition to contingent interest, irrevocable fixed interest is agreed, the latter is recognised as financial income on an accrual basis. Transaction costs are allocated to the income statement on a straight-line basis over the life of the participating loan.

Impairment losses:
The necessary valuation adjustments are made at least at the reporting date, provided there is objective evidence that the carrying amount of an investment will not recoverable. The impairment losses are calculated as the difference between the carrying amount of the investments and their recoverable amount. Recoverable amount is the higher of fair value less costs to sell and the present value of the future cash flows from the investment calculated, in the case of equity instruments, either by estimating the cash flows expected to be received as a result of the dividends distributed by the investee and of the disposal or derecognition of the investment or by estimating the share of the cash flows expected to be generated by the investee arising both in the course of its ordinary activities and as a result of the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this type of asset is calculated on the basis of the equity of the investee and the unrealised gains existing at the valuation date, net of the tax effect. In determining this value, and provided that the investee has in turn invested in another investee, the equity included in the consolidated annual accounts prepared using the criteria Commercial Code and its implementing regulations is taken into account.

Recognition of valuation adjustments for impairment and, where appropriate, their reversal, is recognised as income or expense, respectively, in the income statement. The reversal of impairment will be limited to the carrying amount of the investment recognised at the reversal date had the impairment of the amount not been recognised.

However, if an investment in the company was made prior to its classification as a group company, jointly controlled entity or associate and, prior to that classification, valuation adjustments were made and recognised directly in equity in respect of that investment, those adjustments are retained after classification until the investment is disposed of or derecognised, at which time they are recognised in the income statement, or until the following circumstances occur:

a) In the case of previous valuation adjustments for increases in value, impairment allowances will be recorded against the equity item reflecting the previously made valuation adjustments up to the amount of the adjustments, and any excess is recorded on the income statement. The impairment loss recognised directly in equity is not reversed.

b) In the case of previous impairment adjustments, when the recoverable amount subsequently exceeds the carrying amount of the investments, the latter is increased, up to the limit of the impairment, against the item that recorded the previous impairment adjustments, and after that the new amount arising is treated as the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, the accumulated losses are recognised directly in equity on the income statement.

#### 4.9.4. Financial assets at fair value with changes in equity

This category includes financial assets whose contractual conditions give rise to cash flows, on unspecified dates, that consist solely of the collection of principal and interest on the principal amount outstanding, are not held for trading and when it is not appropriate to classify them in the category “Financial assets at amortized cost”. This category also includes investments in equity instruments for which the irrevocable option has been exercised to classify them as “Financial assets at fair value through profit and loss”.

Initial measurement
The financial assets included in this category are initially measured at their fair value which, in general, is the transaction price, e.g. the fair value of the consideration paid, plus directly attributable transaction costs, including any amount for preferred subscription and similar rights that may have been acquired.

Subsequent measurement
The financial assets included in this category are measured at fair value without deducting any transaction costs that could be incurred on disposal. Changes in fair value are recorded directly under equity until the financial asset is written-off the balance sheet, or becomes impaired, at which time the amount recognized in this manner is taken to the income statement.

However, impairment adjustments and gains or losses deriving from differences on exchange affecting monetary financial assets denominated in foreign currency are recorded in the income statement. Interest calculated in accordance with the effective interest rate method and accrued dividends are also recorded in the income statement.

When a value must be assigned to these assets upon derecognition from the balance sheet, or any other reason, the average weighted value method is applied to homogeneous groups. In the exceptional event that the fair value of an equity instrument ceases to be reliable, previous adjustments directly recognized under equity will be treated in the same manner as the impairment of financial assets at cost.

In the event of the sale of preferred subscription and similar rights, or their segregation so they can be exercised, the amount of the rights decreases the carrying amount of the assets concerned. This amount is the fair value or the cost of the rights, in line with the measurement of the associated financial assets.

Impairment
All necessary measurement adjustments are made at least at the year-end provided that there is objective evidence that the value of a financial asset, or a group of financial assets, in this category with similar risk characteristics measured collectively has become impaired as a result of one or more events taking place after initial recognition and which cause:

a) In the event of acquired debt instruments, a reduction or delay in estimated future cash flows that are caused by the insolvency of the debtor; or

b) In the case of investment in equity instruments, there is an inability to recover the carrying amount of the asset as proven by a prolonged or significant decline in its fair value. Considering, in general, that the instrument has become impaired if its value falls for one and a half years or 40% of the listed price, without its value having been recovered and notwithstanding the fact that it may be necessary to recognize an impairment loss before the end of the aforementioned period or if the percentage decline in the listed price is reached.

The adjustment for the impairment of the value of these financial assets will be the difference between their cost or amortized cost less, if appropriate, any impairment adjustment previously recognized in the income statement, and the fair value at the time at which measurement takes place.

Accumulated losses recognized under equity due to a decline in fair value, provided that there is objective evidence of the impairment of the value of the asset, are recognized in the income statement.

Increases in the fair value in subsequent years is recorded by crediting the income statement for the year in order to reverse the measurement adjustment recognized in prior years. An exception is made for increases in the fair value of an equity instrument, which is recognized directly in equity.

Assets designated as hedged items are subject to hedge accounting principles requirements (Note 4.10).

### 4.10. Financial derivative and hedge accounting

Financial derivatives are measured, both initially and subsequently, at fair value. The method for recognising the resulting gain or loss depends on whether the derivative has been designated to be a hedge instrument or not, and, if appropriate, the type of hedge. The Group designates certain derivatives as either:

#### 4.10.1. Fair value hedge

Changes in the fair value of derivatives that are designated and classified as hedges of fair value are recorded in the income statement together with any change in the fair value affecting the hedged asset or liability that is attributable to the hedged risk.

When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in the consolidated income statement.

Modifications to the carrying amount of the hedged items measured at amortized cost give rise to the correction of the instrument's effective interest rate either from the time of the modification or, subsequently, when hedge accounting ceases.

#### 4.10.2. Cash Flow hedge

The loss or gain on a hedge instrument is recognized directly in equity to the extent that it constitutes an effective hedge. Accordingly, the consolidated equity component that arises as a result of the hedge is adjusted so that it is equal, in absolute terms, to the lower of the two following values:

1) The cumulative gain or loss on the hedge instrument from inception of the hedge.
2) The cumulative change in fair value of the hedged item (i.e., the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

Any remaining gain or loss on the hedging instrument (or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with the preceding paragraph represents the ineffectiveness of the hedge, which is recognized in the consolidated profit or loss account for the year.

If a hedged transaction expected to be highly likely subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged planned transaction involving a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity will remove that amount from the cash flow hedge adjustment and include it directly in the initial cost or other carrying amount of the asset or the liability. This same policy is applied to hedges of exchange rate risk on the acquisition of an investment in a group company, jointly-controlled entity or associate.

In all other cases the adjustment recognized in equity is transferred to the income statement to the extent that the hedged expected future cash flows affect profit or loss for the year.

However, if the adjustment recognized in equity is a loss and the expectation is that all or part of the loss will not be recovered in one or more future years, the amount that is not expected to be recovered is immediately reclassified to profit or loss for the year.

#### 4.10.3. Hedges of net investments in foreign operations

In hedging operations covering net investments in combined businesses that do not have an independent legal personality and branch offices abroad, changes in the value of derivatives attributable to the hedged risk will be recognised temporarily under equity and taken to the income statement in the years in which the net investment in the business abroad is sold.

Hedge instruments are measured and recognised in accordance with their nature to the extent that they are not, or do not cease to be efficient hedges.

In the case of derivatives that do not qualify for hedge accounting, gains or losses in their fair value are immediately recognised in the consolidated income statement.

### 4.11. Inventory

Inventories are carried at the lower of cost and net realisable value. When the net realisable value of inventories is less than cost, the appropriate value adjustments are made and recognised as an expense in the income statement. If the circumstances that caused the value adjustment cease to exist, the adjustment is reversed, and income is recognised in the income statement.

Cost is determined through the average cost method. The cost of finished products and work in progress includes design costs, raw materials, direct labour, other direct costs and manufacturing overheads (based on normal operating capacity). The net realisable value is the estimated selling price in the ordinary course of business, less estimated selling expenses and, in the case of raw materials and work in progress, the estimated production costs.

Inventories that require a period exceeding one year to be ready to be sold, financial expense is included in the cost in the same terms established for assets (Note 4.6).

The initial expenses, projects and facilities are measured at acquisition or production cost. They are taken to the cost of the works based on the degree of completion.

### 4.12. Equity

Share capital consists of ordinary shares.

The costs of issuing new shares or options are recognised directly in equity as a reduction in reserves.

In the event that the any group company acquires treasury shares in the Parent Company the compensation paid including any incremental cost that is directly attributable, is deducted from equity until the shares are eliminated, issued again or otherwise disposed of. When these shares are subsequently sold or reissued, any amount received is taken to equity net of directly attributable incremental costs.

### 4.13. Financial liabilities

#### 4.13.1. Financial liabilities at amortized cost

In general, this category includes trade payables and non-trade payables:

a) Trade payables are financial liabilities arising from the purchase of goods and services in the ordinary course of the company's business with deferred payment; and
b) Non-trade payables are financial liabilities that are not derivative instruments, did not arise from trade transactions, and arose from loans or credits received by the company.

Participating loans that have the characteristics of an ordinary or common loan are also included in this category without prejudice to the agreed interest rate (zero or below market).

Initial recognition:
Financial liabilities included in this category are initially measured at fair value, which is the transaction price, which is the fair value of the consideration received adjusted for directly attributable transaction costs.

However, trade payables maturing within one year where there is no contractual interest rate, and capital calls receivable from third parties on holdings that are expected to be paid in the short term, are measured at their nominal value when the effect of not discounting cash flows is not material.

Subsequent appraisal:
The financial liabilities included in this category are subsequently measured at their amortized cost. The interest accrued is recognised in the income statement using the effective interest method.

Nevertheless, debits maturing within one year that are initially measured at their nominal value continue to be measured at this amount.

#### 4.13.2. Financial liabilities at fair value with changes in the profit and loss account

This category includes financial liabilities that meet any of the following conditions:

a) Liabilities held for trading.

b) Those irrevocably designated from the moment of initial recognition to be accounted for at fair value with changes in the profit and loss account, given that:

- An inconsistency or "accounting mismatch" with other instruments at fair value is eliminated or significantly reduced. with changes in profit and loss; or
- A group of financial liabilities or financial assets and liabilities is managed, and its performance is assessed on the basis of its fair value in accordance with a documented investment or risk management strategy and group information is also provided on the basis of fair value to key management personnel

c) Non-segregable hybrid financial liabilities included optionally and irrevocably.

Initial and subsequent valuation

The financial liabilities included in this category are initially valued at their fair value, this being the transaction price, which is equivalent to the fair value of the consideration received. The transaction costs that are directly attributable to them are recognized in the consolidated profit and loss account for the year.

After initial recognition, financial liabilities included in this category are valued at fair value with changes in the consolidated profit and loss account.

In the case of convertible bonds, the fair value of the liability component is determined by applying the interest rate for similar non-convertible bonds. This amount is recorded as a liability on the basis of the amortized cost until its liquidation at the time of its conversion or maturity. The rest of the income obtained is assigned to the conversion option that is recognized in consolidated equity.

### 4.14. Grants received

Repayable grants are recognised under liabilities until the conditions are fulfilled for the grants to be treated as non-repayable. Non-repayable grants are recognised directly in equity and are taken to income on a systematic and rational basis in line with grant costs. Non-repayable subsidies received from shareholders are recorded directly in capital and reserves.

A grant is deemed to be non-repayable when it is awarded under a specific agreement, all stipulated grant conditions have been fulfilled and there are no reasonable doubts that it will be collected.

Monetary subsidies are stated at the fair value of the amount granted and non-monetary subsidies are stated at the fair value of the asset received. Both values refer to the moment of recognition.

Non-repayable subsidies relating to the acquisition of property, plant and equipment, intangible assets and investment properties are recorded as income in the year in proportion to the depreciation/amortization of the assets concerned or, if appropriate, when the assets are sold, restated due to impairment losses or written off from the balance sheet. Non-repayable subsidies relating to specific expenses are recognised in the consolidated income statement in the same year in which the relevant expenses accrue together with those granted to offset operating deficits during the year granted, except when they are used to offset operating deficits in future years in which case they are attributed to those years.

### 4.15. Current and deferred taxes

Income tax expense (income) is that amount of income tax that accrues during the period. It includes both current and deferred tax expense (income).

Both current and deferred tax expenses (income) are recognised in the income statement. However, the tax effect of items recorded directly in equity is recognised in equity.

Current tax assets and liabilities are carried at the amounts that are expected to be payable to or recoverable from the tax authorities, in accordance with prevailing legislation or regulations that have been approved and are pending publication at the year end.

Deferred taxes are calculated in accordance with the liability method on the temporary differences between the tax bases of assets and liabilities and their carrying values.

However, if the deferred taxes arise from the initial recognition of a liability or an asset on a transaction other than a business combination that at the time of the transaction has no effect on the tax or accounting gain or loss, they are not recognised. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised insofar as future tax profits will probably arise against which to offset the temporary differences.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and combined businesses except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### 4.16. Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is likely that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Provisions associated with sales with the right to return are recorded when there is an estimated reimbursement liability based on the amount of expected returns and the valuation of the reimbursement liability is updated at the end of each year due to changes in expectations regarding the amount of returns and recognizes the corresponding adjustments as a higher or lower amount of the consolidated turnover.

Provisions are carried at the present value of the payments that are expected to be necessary to settle the obligation at the end of the year, using a rate before taxes that reflects the current market's assessment of the temporary value of money and the specific risks relating to the obligation. Adjustments made to update the provision are recognised as a financial expense as they accrue.

Provisions maturing in one year or less are not discounted when the financial effect is immaterial.
Where a part of the outflow necessary to settle the obligation is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset, provided collection is virtually assured.

Contingent liabilities are considered to be potential liabilities deriving from past events, the existence of which are subject to the occurrence of one or more future events that lie outside the control of the Group. These contingent liabilities are not recorded in the accounts but are described in the notes presenting the financial statements (Note 29).

### 4.17. Business Combinations

Merger, spinoff and non-monetary contributions of a business among group companies are recorded in accordance with the provisions for transactions between related parties (Note 4.24).

Merger or spin-off transactions other than those indicated above and business combinations arising from the acquisition of all of the equity of a company or a portion of that equity that constitutes one or more businesses, are recorded in accordance with the acquisition method (Note 4.1).

### 4.18. Joint Venture

The Group participates in several joint arrangements that are managed through jointly controlled entities or joint operations and assets, including joint ventures (UTEs)

Those that involve the incorporation of an independent legal person or jointly-controlled entities are recognised in accordance with the policy established in Note 4.2.

Within joint operations and assets, which involve the use of assets and other resources owned by participants, the Group recognises its proportion of jointly controlled assets and jointly incurred liabilities in accordance with the stake held as well as assets associated with joint operations and incurred liabilities resulting from the combined business.

Furthermore, the income statement recognises the proportional stake in the income generated and expenses incurred by the joint arrangement. The expenses incurred in relation to the interest held in the joint arrangement are also reflected.

Unrealised gains/ losses on reciprocal transactions and the reciprocal amounts of assets, liabilities, revenues, expenses and cash flows are eliminated in proportion to the interest held.

### 4.19. Revenue recognition

Revenue includes the fair value of the considerations received or to be received for the sale of goods and services in the ordinary course of the Company's business activities. Revenue is presented net of value added tax, returns, rebates and discounts, and after having excluded sales within the Company. The Company recognises revenue when the amount thereof can be reliably measured, when it is probable that the future economic benefits will flow to the Company and when the specific conditions for each of the activities are met, as detailed below. In relation to inventories, the Company recognises sales and profit or loss when ownership is transferred to the buyer. The amount of revenue cannot be reliably determined until all contingencies related to the sale have been resolved.

In cases where there is an amount of variable consideration in the price set in contracts with customers, the best estimate of the variable consideration is included in the price to be recognized to the extent that it is highly probable that a significant reversal will not occur. of the amount of income recognized when the uncertainty associated with the variable consideration is subsequently resolved. The Group bases its estimates considering historical information, taking into account the type of customer, the type of transaction and the specific terms of each agreement.

The policy followed for revenue recognition in each of the Group's areas is as follows:

**Construction and engineering activities**

When the results of a construction contract may be reliably estimated, revenues and associated costs of the contract are recognised as such in the income statement, stating percentage of completion at the balance sheet date.

In projects for which losses are estimated, when an updated budget is prepared the relevant provisions are recorded to cover those projected losses in full.

To determine the status of a contract, the Group normally follows the criterion of percentage of completion. This method can be used because all contracts generally have:

- A definition of each project unit that must be executed to complete the whole project;
- The measurement of each of these project units; and
- The price at which each unit is certified.

Construction execution costs are recognised in the accounts on an accrual basis, recognising expenses actually incurred on the execution of the completed work units (including expenses accrued but for which no supplier invoice has yet been received, in which case the liability is recorded based on the invoice receivable).

The application of this revenue recognition method is combined with the preparation of a budget made for each construction contract by project unit. This budget is used as a key management tool in order to maintain detailed monitoring, project unit by project unit, of fluctuations between actual and budgeted figures.

In exceptional cases, where it is not possible to estimate the margin for the entire contract, the total costs incurred are recognised and sales that are reasonably assured with respect to the completed work are recognised as contract revenue, subject to the limit of the total contract costs.

During the execution of construction work, unforeseen events not envisaged in the primary contract may occur that increase the volume of work to be executed. Changes to the initial contract require the customer's technical approval and subsequent financial approval. This approval permits, from that moment, the issue and collection of certificates for this additional work. The Company follows the policy of not recognising the revenue from this additional work until customer approval is reasonably assured. The costs incurred to perform this work is recognised at time they are incurred, regardless of the degree of approval from customers for the work performed.

In the event that the original cost of the work executed is higher than the figure certified at the balance sheet date, the difference between both amounts is recognised under "Trade and other receivables" in the consolidated balance sheet. If the original cost of a project is lower that the certified amount, the difference is recorded under "Suppliers" in the consolidated balance sheet.

Provision is made for the estimated cost of withdrawing from works when they are completed based on the estimated costs yet to be incurred in this respect. Costs that arise between the end of the construction work until the relevant amount is definitively settled are charged against that provision.

When at the year-end there are construction contracts that are expected to give rise to a loss, that estimated loss is recognised when it is not likely that it can be offset against additional revenue.

When there are claims against the customer due to construction cost overruns, the Group only recognises the relevant revenue when negotiations are at an advanced stage and the likelihood that the customer will accept the claim is high and the amount concerned can be reliably measured.

Late-payment interest arises from delays in the collection of certificates from public administrations and are recognised when it is likely it will be received and, in addition, when the amount may be reliably measured.

The costs related to the presentation of bids for construction contracts are expensed in the profit and loss account at the time incurred when it is not likely, or not known, at that date that the contract will be obtained. The costs for presenting bids are included in the cost of the contract when it is likely or known that the contract will be obtained, or when it is known that these costs will be reimbursed or included in the revenues originating from the contract.

**Concession and services activities**

**Contracts with multiple elements**

Public service concessions consist of contracts between a private operator and the Administration, under which the latter grants the private operator the right to supply public services such as, for example, the supply of water and energy, or the operation of roadways, airports or prisons. Control over the asset remains in public hands but the private operator is responsible for the construction of the asset and the operation and maintenance of the infrastructure. According to the terms of the contract, concessions are treated as intangible assets (when the predominating element is that the concession company has the right to receive fees directly from the user or the level of future cash flows is not guaranteed by the grantor) or a financial asset (in cases in which the granting party guarantees a level of future cash flows).

The Group offer certain agreements under which it builds infrastructure in exchange for a concession covering the operation of that infrastructure over a certain period. When these multi-element agreements are reached, the amount recognised as revenue is defined as the fair value of each of the stages of the contract. The revenue relating to infrastructure construction and engineering is recognised based on the standards indicated in the preceding paragraphs. The operating revenue from an intangible asset is recognised on an accruals basis as operating income, while revenue in cases in which a financial asset has been recognised constitute the return of the principal amount with interest. The following rules have been established based on the characteristics of the Group's primary activities:

**Parkings**

The car park business may be divided into:

- Off-street Parkings:

In this case, revenues arise from the use of parking spaces owned by the Group or held under an administrative concession. Off-street car park revenues are recorded when the hourly parking rate is paid and, in the case of season ticket holders, on an accrual basis.

- Parkings for visitors and residents:

Mixed Parkings (with visitor and resident spaces) record revenues as follows: in the case of visitor spaces, in the manner described in the preceding paragraph; and, in the case of resident spaces, the amount received is recorded as deferred revenues and recognised in income on a straight-line basis over the concession period, to the extent that distributable costs cannot be reasonably segregated. During the accounting period in which the revenues are recognised, the necessary provisions are posted to cover costs to be incurred following handover. These provisions are calculated using best estimates of costs to be incurred and may only be decreased as a result of a payment made in relation to the costs provisioned or a reduction in the risk. Once the risk has disappeared or the payments have been made, the surplus provision is reversed. Capitalised costs are classified under intangible assets.

### 4.20. Interest income

Interest income is recognised using the effective interest method. When a loan or a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, which is calculated based on the estimated future cash flow discounted at the original effective interest rate of the instrument and continues to unwind the discount as interest income. Income from loan interest that has suffered impairment losses are recognised using the original effective interest rate.

### 4.21. Dividend income

Dividend income is recognized as income in the consolidated profit and loss account when the right to receive payment is established, provided that, since the acquisition date, the investee or any group company owned by the latter has generated profits. for an amount greater than the own funds that are distributed. Notwithstanding the foregoing, if the distributed dividends unequivocally come from results generated prior to the date of because amounts greater than the profits generated by the investee since the acquisition have been distributed, they are not recognized as income, and reduce the book value of the investee. Investment.

### 4.22. Leases

#### 4.22.1. Financial leases – lessee

The Group leases certain property, plant and equipment. When, in accordance with a lease covering property, plant and equipment, the Group has substantially all the rights and benefits of ownership, it is classified as a finance lease. Finance leases are capitalised at the start of the lease at the lower of the fair value of the leased property or the present value of the minimum rental payments to be made. To calculate present value the implicit interest rate for the agreement will be used, or the interest rate for the lessee in a similar transaction, if the first rate cannot be determined.

Each lease payment is made up of the liability and financial charges. The total financial charge is distributed over the term of the lease and is taken to the income statement in the year in which it accrues, applying the effective interest rate method. Contingent instalments are expenses for the year incurred. The relevant lease obligations, net of financial charges, are included under “Finance leases payable”. Assets acquired under finance leases are amortized over the lower of their useful life or the term of the lease.

#### 4.22.2. Operating leases - lessee

Leases under which the lessor maintains a significant portion of the risks and benefits of ownership are classified as operating leases. Operating lease payments (net of any incentive received by the lessor) are charged against the consolidated income statement for the year in which they accrue on a straight-line basis over the lease period.

#### 4.22.3. Lessor

When assets are leased under finance lease, the present value of the lease payments, discounted at the implicit contract interest rate, is recognised as a receivable (Note 4.9). The difference between the gross amount receivable and the present value of that amount him up and please no phone, which relates to unaccrued interest, is taken to the consolidated income statement for the year in which such interest accrues, in accordance with the effective interest rate method.

When assets are leased under an operating lease, the asset is included in the consolidated balance sheet in accordance with its nature. Lease revenues are recognised on a straight-line basis over the lease period.

### 4.23. Transaction denominated in foreign currency

#### 4.23.1. Functional and presentation currency

The Group’s consolidated financial statements are presented in euro, which is the Group’s functional and presentation currency.

#### 4.23.2. Translation of the financial statements to euro

The conversion of the annual accounts of a Group company whose functional currency is other than the euro is carried out in accordance with the following rules:

The translation of the financial statements of a Group company whose functional currency is not the euro takes place in accordance with the following rules:

- Assets and liabilities are translated at the year-end exchange-rate, which is the average spot rate at that date;
- Equity items, including profit/(loss) for the year, are translated at the historic exchange rate;
- The difference between the net amount of assets and liabilities and equity items is recognised in the equity heading “Differences on exchange”, net of any tax effect and after deducting the portion of the difference that corresponds to non-controlling interests, and
- Cash flows are translated at the exchange rate on the transaction date or using an average weighted exchange rate for the month, provided that there have not been significant fluctuations.

The difference on exchange recognised in the consolidated income statement is stated in consolidated profit and loss for the period in which the investment is sold or otherwise disposed of by the consolidated company.

The historic exchange rate is:

- For equity items existing on the date the shares being consolidated were acquired: the exchange rate on the transaction date;
- For income and expenses, including those recognised directly in equity: the exchange rate on the transaction date. If exchange rates have not fluctuated significantly, the average weighted rate for the month is used, and
- Reserves generated after the transaction dates as a result of retained earnings: the effective exchange rate resulting from the translation of the income and expenses that gave rise to those reserves.

Goodwill on consolidation and adjustments to the fair values of assets and liabilities deriving from the application of the acquisition method are considered to be target company elements and are translated using the year-end exchange rate.

The translation to euro of the financial statements expressed in a different functional currency in a hyper-inflationary economy takes place by applying the following rules:

- Prior to translation to euro the balances in the financial statements are adjusted in accordance with the matters indicated in the following section;

- Assets, liabilities, equity items, expenses and income are translated to euro at the closing exchange-rate applicable to the most recent balance sheet date;
- Comparative figures are those that are presented as current amounts in each year, except those relating to the first year in which a restatement must be made, and therefore they are not adjusted by any subsequent changes affecting price levels or exchange rates.

None of the Group's companies operated in the functional currency of a hyperinflationary economy at 31 December 2022 and 2021.

#### 4.23.3. Transactions and balances in foreign currency

Transactions in foreign currency are translated to the functional currency using the exchange rates in force on the transaction date. Foreign currency gains and losses resulting from the settlement of transactions and conversion at the year-end exchange rates of monetary assets and liabilities denominated in foreign currency, are recognised in the income statement, unless they are deferred in equity as qualified cash flow hedges and qualified net investment hedges.

Translation differences on non-monetary items such as equity instruments held at fair value through profit or loss are presented as part of the fair value gain or loss. Translation differences on non-monetary items, such as equity instruments classified as available-for-sale financial assets, are included in equity.

### 4.24. Related-partiy transactions

In general, transactions between Group companies are initially recognised at fair value. If applicable, where the agreed price differs from fair value the difference is recognised based on the financial reality of the transaction. The later measurement is made in line with the respective accounting standards.

Notwithstanding the above, in transactions involving a business, including shareholdings in equity that grant control over a company that constitutes a business, the Group applies the following criteria:

#### 4.24.1. In-kind contribution

Non-monetary contributions made to a Group company give rise to both the granting and receiving companies valuing the investment at the carrying amount of the delivered equity items in the consolidated financial statements at the transaction date. For these purposes, the Group's, or the largest sub-group's consolidated financial statements that include the equity item, provided the Parent Company is Spanish, are used.

#### 4.24.2. Merger and spin-off

In transactions between group companies involving the Parent Company (or the parent of a sub-group) and a direct or indirect subsidiary, the items constituting the acquired business are measured at their carrying value in the consolidated financial statements for the group or sub-group. Any difference that is revealed is recognised in a reserve account.

In the case of transactions between other Group companies, the equity items acquired are measured based on their carrying amounts in the Group's or the largest sub-group's consolidated financial statements including these items, provided that the parent Company is Spanish.

The accounting effective date for mergers and spin-offs carried out between Group companies is the start of the year in which the transaction is approved, provided that it is after the date on which they enter into the Group. If one of the companies involved with the transaction joined the Group in the year in which the merger or spin-off takes place, the accounting effective date will be the acquisition date.

Comparative information for the preceding year is not re-expressed for the purposes of the merger or spin-off, even when the companies involved in the transaction would have formed part of the Group in that year.

#### 4.24.3. Share capital reductions, distribution of dividends and winding up

In those cases in which the business that is affected by the share capital reduction adopts a resolution to pay a dividend or the settlement amount for the shareholder remaining in the Group is cancelled, the assigning company will account for the difference between the amount payable to the shareholder and the carrying amount of the business by creating a reserve item. The recipient records the business in accordance with the rules for mergers and spin-offs as described in Note 4.24.2.

### 4.25. Segmented reporting

#### 4.25.1. Segmenting policy

The policies applied when presenting the Group's segment information in the notes to the consolidated financial statements were as follows:

Segmentation has taken place on the basis of the business units, separating the operating activities of construction, services, energy, real estate and concessions (Note 34).

#### 4.25.2. Basis and methodology of segment information

The income and expenses assigned to each of the segments are those directly attributable to the segment and therefore exclude financial income and expense and all other non-operating results. Segment assets and liabilities are those that are directly related to the operation of the segment or the shareholding in companies engaging in that activity.

They are identified by segmenting those identifiable components of the Group characterised by being subject to similar risks and offering similar yields.

### 4.26. Environmental assets and liabilities

The Group has no liabilities, expenses, assets provisions or contingencies relating to the environment that could be considered significant compared with its equity, financial situation and the results of its operations. For this reason, no specific breakdowns are provided in these notes to the consolidated financial statements regarding environmental information.

### 4.27. Employee benefits

**Termination benefits**

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits when it has demonstrably undertaken to terminate employees' employment in accordance with a formal detailed plan that cannot be withdrawn, or to provide severance indemnities as a result of an offer made to encourage voluntary redundancy. Benefits which are not going to be paid within 12 months of the balance sheet date are discounted to present value.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1. Financial risk factors

The Group's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk, liquidity risk and other associated risks. The Group's risk management program focuses on uncertainty in financial markets and seeks to minimise the potential adverse impact on its financial profitability. The Group uses derivative financial instruments to hedge certain risk exposures.

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

Risk management is controlled by the Financial director who identifies, evaluates and hedges against financial risks in accordance with the policies approved by the Board of Directors. The Board provides written policies for overall risk management, as well as for specific areas such as interest rate risk and liquidity risk, use of derivatives and non-derivatives and the investment of excess liquidity.

**a) Market risk**

**Exchange rate risk**

The Group operates internationally in more than 10 countries and is therefore exposed to foreign exchange risk arising from currency transactions. As a result of its activities and operations, the Company incurs exchange rate risks that are managed on a centralised basis.

The Group's policy consists of hedging all exchange-rate risk of the infrastructure and energy projects. Exchange-rate risk occurs mainly in commercial operations related to EPC energy contracts, when the client collects in one currency and has to pay the suppliers in a different currency during the project. To hedge this risk, the Group uses exchange-rate forwards (Note 14) to hedge its exposure to the exchange rate.

**Exposure to changes in interest rates**

The Company's interest rate risk arises from borrowings. Loans issued at variable rates expose the Company to interest rate risk on cash flows, which is partially offset by cash deposits bearing variable interest rates. Fixed interest rate borrowings expose the Company to fair value interest rate risks. The interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The Group's policy consists of using interest rate swaps to convert non-current bank borrowings to fixed rates, which can also be applied to debts related to concession projects developed through jointly-controlled entities and associates.

The exposure to variable interest rate risk at the end of 2022 and 2021 is as follows:

| | Thousands of euros | |
|---|---|---|
| **Referenced to Euribor** | **2022** | **2021** |
| Variable rate borrowings not hedged by financial derivatives (A) | 32,257 | 33,784 |
| Fixed rate borrowings or hedged by financial derivatives | 110,930 | 132,885 |
| Group borrowings (B) | 143,187 | 166,669 |
| **Borrowings exposed to interest rate risk (%) (A)/(B)** | **23%** | **20%** |

"Group Debt" includes "Debentures and other marketable liabilities", "Bank borrowings", "Finance leases", and CDTI loans and the balances in factoring arrangements being returned to financial institutions that form part of "Other financial liabilities" and which at 31 December 2022 totalled €44 thousand (31 December 2021: €0 thousand).

The Group manages the interest-rate risk of the cash flows by using swaps from variable to fixed rates of interest (Note 4.10) wherever possible (non-current debt with a fixed structure repayment schedule). The Group cannot hedge this risk in a variable risk structure such as revolving credit policies. The exposure to interest-rate risk is analysed dynamically, taking into account long-term finance, renewal of current positions and alternative financing and hedging. This risk is not significant, given the long-term finance amounts.

Interest-rate swaps have the financial effect of converting loans with variable interest rates into loans with fixed rates. Generally, the Group borrows long-term at a variable interest and swaps them for fixed-interest rates, which are much lower than those that would be available if the Group had borrowed directly at fixed interest rates. With the system of interest-rate swaps, the Group undertakes to third parties to exchange with a certain frequency (generally, quarterly) the difference between fixed interest and variable interest, calculated according to the notional principal amounts contracted.

Note 11 presents an analysis of the maturity dates of the Group's bank borrowings.

**b) Price risk**

The company does not have significant exposure to commodity price risks, given that generally any changes in value are passed on efficiently through the sale price by all the similar contractors which operate in the same sector. The company reduces and mitigates price risk with policies established by Management, ensuring that certain commodities are produced or obtained at a fixed price.

Commodity prices increased sharply in 2021, to a large extent triggered by the vigorous economic recovery at global level following COVID-19, and the subsequent increase in demand. Moreover, the shortage of commodities in countries such as China, with a relevant role in the global economic movements, together with the energy crisis fanned by the conflict in Ukraine, have also generated an increase in prices in response to rising demand.

This situation has led to cost increases which were unpredictable at the time of the tender and exceed those which could be included in the risks the contractor has to assume in any public tender.

In March 2022, with the entry into force of Royal Decree-Law 3/2022, the contractors have been allowed the chance to make exceptional price revisions when the increase in costs have had a significant impact on the contract in 2021 of more than 5% of the certified total that year. The amount of the exceptional revision may not be greater than 20% of the price at which the contract was awarded.

**c) Credit risk**

The Group's credit risk of the Group mainly relates to trade receivables. Once contracts are being executed the credit quality of amounts pending receipt are assessed regularly and the estimated recoverable amounts of those considered to be questionable are revised through write-downs applied to results for the year.

Transactions with financial institutions included as cash and cash equivalents and other financial assets relating to current deposits and credit institutions are contracted with financial institutions of recognised prestige.

A high proportion of the balances under the heading 'Trade and other accounts receivable' refers to transactions with national and international public entities and the Group therefore considers that credit risk is very limited. A significant portion of the balances relating to private sector customers involve companies with high credit ratings with which there is no history of delinquency. The overall position of Trade receivables is monitored, and an individual analysis is performed for the most significant exposures.

**d) Liquidity risk**

The Group carries out a prudent management of liquidity risk, based on sufficient cash maintenance, the availability of finance through a sufficient amount of committed credit facilities and sufficient capacity to settle market positions, including the multi-group factoring and reverse factoring lines and the Ortiz 2022-MARF Promissory Note issuance schedule (see Note 23).

To manage liquidity risk and meet the different needs for funds, the Group uses an annual treasury budget and a monthly treasury forecast, the latter with daily details and updates. In these estimates, the Group has taken into account the current financial commitments derived from the contractual maturities of the syndicated loan and bonds (see note 3.4). It is also important to mention that at the date of preparing these Annual Financial Statements the process of refinancing the syndicated loan is at an advanced stage, with the approval of the Agent, Sole Bookrunner and Coordinator of the new structure. The deal, expected to be signed in March 2023, will re-establish the long-term maturity.

As at 31 December 2022, the Group had a leverage ratio of 17%, 5 basis points better than the figure for the previous year:

| | Thousands of euros | |
|---|---|---|
| **Leverage ratio** | **2022** | **2021** |
| Group non-current debt | 43,836 | 114,226 |
| Group current debt | 99,351 | 52,443 |
| Total current and non-current assets | 864,271 | 765,040 |
| **Leverage ratio** | **17%** | **22%** |

The treasury balance at the close of the year, 31 December 2022, was €50,942 thousand (2021: €30,987 thousand) (see Note 16).

Taking into account the above, at the date of drafting the consolidated annual financial statements, the Group covered all the funding needs to meet its liabilities with suppliers, employees and administrations in full, in accordance with the forecast Cash Flow for 2023.

**e) Other risks**

The Directors and Management of the Company have used the information available to assess the main impacts derived from the risks which could materialise in the current global situation, mainly as a result of the high rates of inflation and problems in the supply chain.

With a progressively more globalised and connected world economy, the current situation of worldwide uncertainty and instability caused by the matters indicated above has given rise to a change in the Group's risk map.

This situation has revealed to need to analyse the following risks:

- Interruption of the supply chain:

The interruption of habitual operations globally due to COVID-19, which have now been exacerbated by the armed conflict in Ukraine, have given rise to a need for resilience and exhaustive planning of supply chains.

The main external risks that threaten the supply chain are:

- Loss or delay of goods during marine, air or land transport, particularly of materials considered to be critical, such as solar panels for the EPC contracts in the Energy business area.
- Political instability in the geographic areas of origin/manufacture of the materials and their destinations, as well as natural disasters in those areas. Wars or armed conflicts that interrupt or complicate the supply chain.
- Customs: The logistics risks caused by customs must be assessed. Foresee and measure times that are required by control systems applied by customs based on the countries in which projects are being developed.
- Reputation risk for the buyer if our suppliers do not comply with human rights protection or environmental matters, or if they do not comply with the laws in their countries.

- Economic volatility:

The very significant increase in energy prices (fuel, electricity and gas), as well as the volatility of economic cycles generates uncertainty with respect to commodity prices. Economic cycles generate uncertainty about commodity prices.

The Group attempts to anticipate purchases in order to minimise this risk by obtaining fixed prices before increases in commodity prices and, wherever possible, to pass on changes to customers. In addition, the use of derivative hedge contracts in the future to limit price volatility cannot be ruled out.

- Cybersecurity:

This risk has increased with the growing and progressively more sophisticated cyberattacks, driven by digitalisation and the current geopolitical conflicts. The Group analyses vulnerabilities, reinforces protocols and systems and promotes cybersecurity awareness campaigns among its employees.

Lastly, it should be noted that the Group's Directors and Management carry out constant supervision of the evolution of the situations described above, in order to successfully deal with any eventual impacts, both financial and non-financial, that may arise.

### 5.2. Estimate of fair value

This section explains the judgments and estimates made to determine the fair values of financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication of the reliability of the variables used to determine the fair value, the Group has classified its financial instruments at the three levels provided for in accounting standards. An explanation of each level is included below the table.

| | | | | Thousands of euros |
|---|---|---|---|---|
| **At 31 December 2022** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **<u>Assets</u>** | | | | |
| **Financial assets at fair value with changes in profit and loss** | | | | |
| Equity securities traded in Spain | 2,840 | - | - | 2,840 |
| **Long-term investments** | | | | |
| - Hedging derivatives - Interest | - | 168 | - | 168 |
| - Hedging derivatives - Exchange rate | - | 814 | - | 814 |
| **Total Assets** | **2,840** | **982** | | **3,822** |

| | | | | Thousands of euros |
|---|---|---|---|---|
| **<u>Liabilities</u>** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Long-term debt** | | | | |
| - Hedging derivatives - Interest | - | 4 | - | **4** |
| - Hedging derivatives - Exchange rate | - | 3,610 | - | **3,610** |
| **Total Liabilities** | **-** | **3,614** | **-** | **3,614** |

| At 31 December 2021 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | | | Thousands of euros |
| **Assets** | | | | |
| **Financial assets at fair value with changes in profit and loss** | | | | |
| Equity securities traded in Spain | 2,507 | - | - | 2,507 |
| **Long-term investments** | | | | |
| - Hedging derivatives - Interest | - | - | - | - |
| - Hedging derivatives - Exchange rate | - | 229 | - | 229 |
| **Total Assets** | **2,507** | **229** | **-** | **2,736** |

| Liabilities | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| | | | | Thousands of euros |
| **Long-term debt** | | | | |
| - Hedging derivatives - Interest | | **511** | - | - |
| - Hedging derivatives - Exchange rate | - | 1,660 | - | - |
| **Total Liabilities** | **-** | **2,171** | **-** | **-** |

- Level 1: The fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. A market is considered to be active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Company is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not listed on an active market (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant variables are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group's policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period. There have been no transfers of levels in the years 2022 and 2021.

<u>Valuation techniques used for the fair value determination:</u>

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on estimated interest rate curves.
- The current value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to their present value.
- For foreign exchange options – option pricing models (e.g. Black-Scholes model).
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

All resulting fair value estimates are included in level 2, except for unlisted equity securities, contingent consideration receivable, and certain derivative contracts, where fair values have been determined based on current values and interest rates. Used discounts were adjusted for own or counterparty credit risk.

## 6. LOSS OF CONTROL OVER SUBSIDIARIES

***<u>Year 2022</u>***

In 2022 there was no loss of control of any subsidiary.

***Year 2021***

Hospital de Bosa, S.A.S.

On 17 September 2021, the company Ortiz Construcciones y Proyectos, S.A. signed a purchase agreement with the companies Compañía Española de Financiación del Desarrollo COFIDES, S.A. and Fondo de Inversiones en el Exterior (FIDEX), under which it sold 45% of the shares in the company Hospital de Bosa, S.A.S. The price of the transaction was €2,364 thousand, which was paid when the agreement was signed.

As a result of that transaction, the Group lost control over that company and at 31 December 2021 it held a 55% interest and it is now consolidated using the equity method since joint control is maintained among the shareholders. This transaction gave rise to the loss of control over a subsidiary in the Group’s income statement totalling €1,577 thousand.

Furthermore, as is established by the Rules on the Preparation of Consolidated Annual Accounts, the Group has recognised the retained interest at fair value calculated based on the estimated fair value of the shares. In this case the measurement of the retained shares is in line with the appraised price before the transaction.

Energía de Colombia STR, S.A. E.S.P.

On 29 September 2021, the company Ortiz Construcciones y Proyectos, S.A. signed a purchase agreement with the companies Compañía Española de Financiación del Desarrollo COFIDES, S.A. and Fondo de Inversiones en el Exterior (FIDEX), under which it sold 20% of the shares in the company Energy de Colombia STR S.A.S.E.S.P. The price of the transaction was €8,958 thousand, which was paid when the agreement was signed.

As a result of the transaction, the Group lost control over that company and at 31 December 2021 it held an 80% interest and it is now consolidated using the equity method. This transaction gave rise to the loss of control over a subsidiary in the Group’s income statement totalling €7,337 thousand.

Furthermore, as is established by the Rules on the Preparation of Consolidated Annual Accounts, the Group has recognised the retained interest at fair value calculated based on the estimated fair value of the shares, which gave rise to an additional book result on the loss of control over subsidiaries in the Group’s income statement totalling €11,560 thousand.

These transactions gave rise to a total profit of €20,474 thousand, which has been recorded under the heading “Profit/(loss) on the loss of control over consolidated shareholdings” in the consolidated balance sheet at 31 December 2021.

Other corporate transactions

In 2021, Ortiz Group liquidated the companies Brasil Contruçoes, Limitada and SPC 20 Infra e Saneamento Marabá, which resulted in €344 thousand being recorded under that same heading.

## 7. INTANGIBLE ASSETS

The breakdown and movements in the items included under “intangible assets” are as follows:

GRUP ORTIZ

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

Thousands of euros

| 2022 | Administrative concessions | Patents, licenses and trademarks | Goodwill | Software | Other intangible assets | Prepayments, concession arrangements | Concession arrangements, regulated asset | Concession arrangements, financial capitalisation | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2021** | | | | | | | | | |
| Cost | 4,888 | 43 | 23,300 | 2,695 | 2,310 | 4,635 | 25,267 | 591 | **63,729** |
| Impairment | (298) | - | (2,956) | - | - | - | (1,000) | - | **(4,254)** |
| Accumulated amortization | (1,991) | - | (12,715) | (427) | (46) | - | (7,853) | - | **(23,032)** |
| **Carrying amount at 31.12.2021** | **2,599** | **43** | **7,629** | **2,268** | **2,264** | **4,635** | **16,414** | **591** | **36,443** |
| **Cost** | | | | | | | | | |
| Additions | - | - | - | 605 | - | - | - | 28 | **633** |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| Differences on exchange | - | - | - | (12) | - | - | - | - | **(12)** |
| **31 December 2022** | **-** | **-** | **-** | **593** | **-** | **-** | **-** | **28** | **621** |
| **Accumulated Amortization:** | | | | | | | | | |
| Additions | (225) | - | (1,907) | (501) | (6) | - | (644) | - | **(3,283)** |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| Differences on exchange | - | - | - | (4) | - | - | - | - | **(4)** |
| **31 December 2022** | **(225)** | **-** | **(1,907)** | **(505)** | **(6)** | **-** | **(644)** | **-** | **(3,287)** |
| **Impairment:** | | | | | | | | | |
| Additions | - | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| Differences on exchange | - | - | - | - | - | - | - | - | - |
| **31 December 2022** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Cost | 4,888 | 43 | 23,300 | 3,288 | 2,310 | 4,635 | 25,267 | 619 | **64,350** |
| Impairment | (298) | - | (2,956) | - | - | - | (1,000) | - | **(4,254)** |
| Accumulated Amortization | (2,216) | - | (14,622) | (932) | (52) | - | (8,497) | - | **(26,319)** |
| **Carrying amount at 31.12.2022** | **2,374** | **43** | **5,722** | **2,356** | **2,258** | **4,635** | **15,770** | **619** | **33,777** |

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

**Thousands of euros**

| 2021 | Administrative concessions | Patents, licenses and trademarks | Goodwill | Software | Other intangible assets | Prepayments, concession arrangements | Concession arrangements, regulated asset | Concession arrangements, financial capitalisation | Total |
|---|---|---|---|---|---|---|---|---|---|
| **31 December 2020** | | | | | | | | | |
| Cost | 4,888 | 43 | 23,300 | 350 | 3,314 | 4,635 | 25,267 | 591 | 62,388 |
| Impairment | (298) | - | (2,956) | - | - | | (1,000) | - | (4,254) |
| Accumulated amortization | (1,767) | - | (10,806) | (293) | (39) | - | (7,209) | - | (20,114) |
| **Carrying amount at 31.12.2020** | **2,823** | **43** | **9,538** | **57** | **3,275** | **4,635** | **17,058** | **591** | **38,020** |
| **Cost** | | | | | | | | | |
| Additions | - | - | - | 1,363 | | - | - | - | **1,363** |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| Transfers | - | - | - | 1,004 | (1,004) | - | - | - | **-** |
| Differences on Exchange | - | - | - | (22) | - | - | - | - | **(22)** |
| **31 December 2021** | **-** | **-** | **-** | **2,345** | **(1,004)** | **-** | **-** | **-** | **1,341** |
| **Accumulated Amortization:** | | | | | | | | | |
| Additions | (224) | - | (1,909) | (130) | (7) | - | (644) | - | **(2,914)** |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| Differences on exchange | - | - | - | (4) | - | - | - | - | **(4)** |
| **31 December 2021** | **(224)** | **-** | **(1,909)** | **(134)** | **(7)** | **-** | **(644)** | **-** | **(2,918)** |
| **Impairment:** | | | | | | | | | |
| Additions | - | - | - | - | - | - | - | - | **-** |
| Disposals | - | - | - | - | - | - | - | - | **-** |
| **31 December 2021** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Cost | 4,888 | 43 | 23,300 | 2,695 | 2,310 | 4,635 | 25,267 | 591 | 63,729 |
| Impairment | (298) | - | (2,956) | - | - | - | (1,000) | - | (4,254) |
| Accumulated Amortization | (1,991) | - | (12,715) | (427) | (46) | - | (7,853) | - | (23,032) |
| **Carrying amount at 31.12.2021** | **2,599** | **43** | **7,629** | **2,268** | **2,264** | **4,635** | **16,414** | **591** | **36,443** |

As at 31 December 2022, the additions recorded for €605 thousand correspond to the activation of costs in the development of improvements in the ERP app Microsoft Dynamics Navision.

At 31 December 2021 the additions recorded in the amount of €1,326 thousand relate to the capitalisation of the costs for the development of the implementation of the new ERP Microsoft Dynamics Navision and the Oracle FCCs tool, which were launched during the year.

**Administrative concessions**

The breakdown and movements in the items included under "intangible assets" are as follows:

Thousands of euros

| 2022 | Maturity date | Operating period | Amortization for the year | Cost | Accumulated amortization | Impairment losses | Carrying amount |
|---|---|---|---|---|---|---|---|
| Ayto. Valle del Zalabí | 22/05/2037 | 25 years | (8) | 175 | (72) | - | 103 |
| Ayto. Humanes de Madrid | 08/11/2028 | 16 years | (86) | 1,189 | (684) | - | 505 |
| Ayto. Baza (Moclin) | 01/03/2034 | 20 years | (17) | 329 | (145) | - | 184 |
| Fotovoltaico Universidad Málaga | 10/11/2036 | 25 years | (114) | 3,195 | (1,315) | (298) | 1,582 |
| **Total** | | | **(225)** | **4,888** | **(2,216)** | **(298)** | **2,374** |

Thousands of euros

| 2021 | Maturity date | Operating period | Amortization for the year | Cost | Accumulated amortization | Impairment losses | Carrying amount |
|---|---|---|---|---|---|---|---|
| Ayto. Valle del Zalabí | 22/05/2037 | 25 years | (7) | 175 | (64) | - | 111 |
| Ayto. Humanes de Madrid | 08/11/2028 | 16 years | (87) | 1,189 | (598) | - | 591 |
| Ayto. Baza (Moclin) | 01/03/2034 | 20 years | (16) | 329 | (128) | - | 201 |
| Fotovoltaico Universidad Málaga | 10/11/2036 | 25 years | (114) | 3,195 | (1,201) | (298) | 1,696 |
| **Total** | | | **(224)** | **4,888** | **(1,991)** | **(298)** | **2,599** |

**Goodwill on consolidation**

The goodwill was assigned to the Group's cash generating units (CGUs). A summary of the assignment of goodwill at the CGU level is set out below:

| | Thousands of euros | |
|---|---|---|
| CGU | 2022 | 2021 |
| Asteisa Tratamiento de Aguas, S.A.U. | 8 | 10 |
| Contratas y Servicios Ferroviarios, S.A.U. | 3,887 | 5,183 |
| Energy Area | 1,815 | 2,420 |
| Impulsa Grup Ortiz, S.L. | 4 | 5 |
| Grupo Ortiz Construcciones Mexico, S.A. | 8 | 11 |
| **Total** | **5,722** | **7,629** |

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on five-year financial budgets approved by management. Budgets and projections have been prepared based on a sales growth assumption ranging between -5% and 15% (2021: between -5% and 15%), which are margins that are coherent with the reality observed over the past few years and a 5,5% discount rate (2021: 5,5%), and a residual value growth rate of 0% (2021: 0%).

Sensitivity analyzes are also performed on that goodwill, particularly with respect to the gross operating margin and the discount rate, so as to ensure that potential changes in the estimated rates have no impact on the possible recovery of goodwill recognised. Specifically, a pessimistic scenario has been prepared using a 100 basis point reduction in gross operating margin, from which no impairment is revealed.

Goodwill recognised in the financial statements for the years commencing on or after 1 January 2016 will be amortized and its useful life will be presumed to be 10-years unless there is evidence to the contrary, due to the amendment of Article 39.4 of the Commercial Code as a result of the approval of Law 22/2015 (20 July).

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

The amortization expense for goodwill on consolidation in 2022 amounted to €1,907 thousand (2021: €1,909 thousand), as recorded in the consolidated income statement under the heading “Asset depreciation/amortization”.

**Advances, concession agreements, concession agreements, regulated assets and concession agreements, financial activation**

The most significant items that are included under these headings are as follows at 31 December 2022 and 2021:

**Thousands of euros**

| 2022 | Maturity date | Operating period | Amortization for the year | Cost | Accumulated amortization | Impairment losses | Carrying amount |
|---|---|---|---|---|---|---|---|
| Aparcamiento Reyes Católicos | 25/07/2048 | 40 years | (181) | 8,448 | (2,195) | (1,000) | 5,253 |
| Aparcamiento Iliada | 22/08/2046 | 40 years | (106) | 3,957 | (1,457) | - | 2,500 |
| Aparcamiento Juan R. Jiménez | 02/02/2046 | 40 years | (160) | 6,026 | (2,158) | - | 3,868 |
| Aparcamiento Pamplona | 29/01/2047 | 40 years | (106) | 3,999 | (1,455) | - | 2,545 |
| Aparcamiento Andorra II | 16/07/2047 | 40 years | (91) | 3,455 | (1,231) | - | 2,223 |
| Pabellón “Andrés Torrejón” Móstoles | 11/02/2045 | 30 years | - | 4,635 | - | - | 4,635 |
| | | | **(644)** | **30,520** | **(8,496)** | **(1,000)** | **21,024** |

**Thousands of euros**

| 2021 | Maturity date | Operating period | Amortization for the year | Cost | Accumulated amortization | Impairmen t losses | Carrying amount |
|---|---|---|---|---|---|---|---|
| Aparcamiento Reyes Católicos | 25/07/2048 | 40 years | (181) | 8,420 | (2,013) | (1,000) | 5,407 |
| Aparcamiento Iliada | 22/08/2046 | 40 years | (105) | 3,957 | (1,348) | - | 2,609 |
| Aparcamiento Juan R. Jiménez | 02/02/2046 | 40 years | (161) | 6,026 | (1,998) | - | 4,028 |
| Aparcamiento Pamplona | 29/01/2047 | 40 years | (106) | 3,999 | (1,349) | - | 2,650 |
| Aparcamiento Andorra II | 16/07/2047 | 40 years | (91) | 3,454 | (1,141) | - | 2,313 |
| Pabellón “Andrés Torrejón” Móstoles | 11/02/2045 | 30 years | - | 4,635 | - | - | 4,635 |
| | | | **(562)** | **30,491** | **(7,851)** | **(1,000)** | **21,640** |

**Impairment losses affecting individual intangible assets**

In 2022 and 2021 the Group did not recognise or reverse any impairment intangible assets.

**Intangible assets located abroad**

At 31 December 2022 and 2021 the Group recorded the following investments in intangible assets located abroad:

**Thousands of euros**

| 2022 | Carrying amount | Accumulated amortization | Impairment loss |
|---|---|---|---|
| Software | 85 | (84) | - |
| | **85** | **(84)** | **-** |

**Thousands of euros**

| 2021 | Carrying amount | Accumulated amortization | Impairment loss |
|---|---|---|---|
| Software | 98 | (46) | - |
| | **98** | **(46)** | **-** |

**Revenue from intangible fixed assets**

The main uses and revenues generated by the concessions operated by the Group are as follows:

| | | | | Thousands of euros |
|---|---|---|---|---|
| **Description and use** | **Purpose** | **Type of remuneration** | **Revenues 2022** | **Revenues 2021** |
| City Council Valle del Zalabí | Energy Efficiency | Payment for services | 5 | 21 |
| City Council Humanes de Madrid | Energy Efficiency | Payment for services | 320 | 321 |
| City Council Baza (Moclin) | Energy Efficiency | Payment for services | 37 | 37 |
| Photovoltaic, University of Malaga | Photovoltaic plant | Sale of electricity | 332 | 259 |
| **Total concessions:** | | | **694** | **638** |
| Reyes Católicos parking lot | Construction, maintenance and operation of parking lot | Revenue from assignment of use and monthly season tickets | 190 | 168 |
| Iliada parking lot | Operation of parking lot | Revenue from assignment of use and monthly season tickets | 105 | 180 |
| Juan R. Jiménez parking lot | Operation of parking lot | Revenue from assignment of use and monthly season tickets | 536 | 432 |
| Pamplona parking lot | Operation of parking lot | Revenue from assignment of use and monthly season tickets | 225 | 214 |
| Andorra II parking lot. | Operation of parking lot | Revenue from assignment of use and monthly season tickets | 87 | 84 |
| **Total concessions (regulated assets)** | | | **1,143** | **1,078** |

**Capitalised financial expenses**

The Group capitalises the financial expenses incurred during the year by the financing for development of current fixed assets, provided that they are related to the fixed assets which have a production cycle of more than one year. In 2022, a total of €28 thousand was capitalised (2021: €0 thousand).

**Intangible assets not used in operations**

At 31 December 2022 and 2021 there were no intangible assets that were not used in operations.

**Fully amortized intangible assets**

The cost of fully-amortized intangible assets still in use at 31 December 2021 amounts to €320 thousand (€294 thousand in 2021).

**Intangible assets pledged to guarantees**

At 31 December 2022 intangible assets with a value of €4,636 thousand (€4,817 thousand in 2021) secured bank borrowings in the amount of €3.718 thousand. (€3,973 thousand in 2021).

**Intangible assets subject to reversal**

Intangible assets subject to reversal at 31 December 2022 and 2021 are those indicated in the section "Administrative concessions, Concession arrangements, Patents, licences and trademarks".

**Insurance**

The Group has taken out insurance policies to cover risks relating to intangible assets. The coverage provided by these policies is considered to be sufficient.

## 8. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment and movements in 2022 and 2021 are as follows:

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

Thousands of euros

| 2022 | Land | Buildings | Machinery | Plant | Other installations | Furnishings | Tooling and auxiliary resources | Computer equipment | Vehicles | Other Property, plant and equipment | Work in progress and prepayments | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost | 1,559 | 5,223 | 38,904 | 10 | 1,425 | 626 | 38 | 301 | 2,261 | 578 | 832 | 51,757 |
| Accumulated Depreciation | - | (1,014) | (33,013) | (3) | (162) | (600) | (36) | (274) | (1,987) | (283) | - | (37,372) |
| **Carrying amount at 31.12.2021** | **1,559** | **4,209** | **5,891** | **7** | **1,263** | **26** | **2** | **27** | **274** | **295** | **832** | **14,385** |
| **Cost:** | | | | | | | | | | | | |
| Additions | - | - | 1,003 | 1 | 295 | 12 | 28 | 67 | 178 | 133 | 674 | 2,391 |
| Disposals | - | - | (668) | - | (30) | (120) | (12) | (87) | (246) | (148) | - | (1,311) |
| Differences on exchange | - | - | (113) | - | - | (1) | | (4) | (8) | 7 | - | (119) |
| **31 December 2022** | **-** | **-** | **222** | **1** | **301** | **(109)** | **16** | **(24)** | **(76)** | **(8)** | **638** | **961** |
| **Accumulated Depreciation:** | | | | | | | | | | | | |
| Additions | - | (141) | (1,852) | (1) | (147) | (28) | (3) | (10) | (84) | (74) | - | (2,340) |
| Disposals | - | - | 609 | - | 29 | 118 | 12 | 28 | 242 | 128 | - | 1,166 |
| Differences on exchange | - | - | 31 | - | - | (1) | - | 1 | 2 | (9) | - | 24 |
| **31 December 2022** | **-** | **(141)** | **(1,212)** | **(1)** | **(118)** | **89** | **9** | **19** | **160** | **45** | **-** | **(1,150)** |
| **Impairment:** | | | | | | | | | | | | |
| Additions | - | - | - | - | - | (1) | - | - | - | - | - | (1) |
| Disposals | - | - | - | - | - | 1 | - | - | - | - | - | 1 |
| **31 December 2022** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Cost | 1,559 | 5,223 | 39,126 | 11 | 1,726 | 517 | 54 | 277 | 2,185 | 570 | 1,470 | 52,718 |
| Accumulated Depreciation | - | (1,155) | (34,225) | (4) | (280) | (511) | (27) | (255) | (1,827) | (238) | - | (38,522) |
| Impairment | - | - | - | - | - | - | - | - | - | - | - | - |
| **Carrying amount at 31.12.2022** | **1,559** | **4,068** | **4,901** | **7** | **1,446** | **6** | **27** | **22** | **358** | **332** | **1,470** | **14,196** |

GRUP ORTIZ

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

Thousands of euros

| 2021 | Land | Buildings | Machinery | Plant | Other installations | Furnishings | Tooling and auxiliary resources | Computer equipment | Vehicles | Other Property, plant and equipment | Work in progress and prepayments | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost | 1,509 | 5,378 | 37,103 | 10 | 108 | 690 | 36 | 336 | 2,480 | 494 | 396 | 48,540 |
| Accumulated Depreciation | - | (875) | (31,528) | (3) | (87) | (574) | (35) | (234) | (2,278) | (230) | - | (35,844) |
| **Carrying amount at 31.12.2020** | **1,509** | **4,503** | **5,575** | **7** | **21** | **116** | **1** | **102** | **202** | **264** | **396** | **12,696** |
| **Cost:** | | | | | | | | | | | | |
| Additions | - | 7 | 1,724 | - | 7,600 | - | 2 | - | 231 | 84 | 436 | 10,084 |
| Disposals | (112) | - | - | - | - | (64) | - | (35) | (453) | - | - | (664) |
| Transfers | 162 | (162) | - | - | - | - | - | - | - | - | - | - |
| Variations in the perimeter | - | - | - | - | (6,283) | - | - | - | - | - | - | (6,283) |
| Differences on exchange | - | - | 77 | - | - | - | - | - | 3 | - | - | 80 |
| **31 December 2021** | **50** | **(155)** | **1,801** | **-** | **1,317** | **(64)** | **2** | **(35)** | **(219)** | **84** | **436** | **3,217** |
| **Accumulated Depreciation:** | | | | | | | | | | | | |
| Additions | - | (139) | (1,331) | - | (75) | (44) | (1) | (38) | (143) | (53) | - | (1,824) |
| Disposals | - | - | - | - | - | 20 | - | - | 448 | - | - | 468 |
| Differences on exchange | - | - | (154) | - | - | (2) | - | (2) | (14) | - | - | (172) |
| **31 December 2021** | **-** | **(139)** | **(1,485)** | **-** | **(75)** | **(26)** | **(1)** | **(40)** | **291** | **(53)** | **-** | **(1,528)** |
| Cost | 1,559 | 5,223 | 38,904 | 10 | 1,425 | 626 | 38 | 301 | 2,261 | 578 | 832 | 51,757 |
| Accumulated Depreciation | - | (1,014) | (33,013) | (3) | (162) | (600) | (36) | (274) | (1,987) | (283) | - | (37,372) |
| **Carrying amount at 31.12.2021** | **1,559** | **4,209** | **5,891** | **7** | **1,263** | **26** | **2** | **27** | **274** | **295** | **832** | **14,385** |

The new assets in 2022 correspond to activations of the costs of machinery being assembled for a total €674 thousand, as well as investment in specialist machinery for the execution of works located mainly in Peru and Colombia, for €379 thousand. Also, in 2022 the Group has invested in the acquisition of a crane for the warehouse of Indag S.A.U., whose amount was €347 thousand. Moreover, during the year costs incurred in the gym La Gavia Factory, S.L. for €224 thousand were activated.

**Impairment of individual items of property, plant and equipment**

During 2022 and 2021, no impairment adjustments to individual property, plant and equipment were recognised or reversed.

**Property, plant and equipment located abroad**

At 31 December 2022 and 2021 the Group recorded the following investments in property, plant and equipment located abroad:

| | Thousands of euros | |
|---|---|---|
| **2022** | **Carrying amount** | **Accumulated depreciation** |
| Machinery | 488 | (1,459) |
| Furnishings | 11 | (14) |
| Tools | - | (5) |
| Computer processing equipment | - | (162) |
| Vehicles | 55 | (110) |
| Other property, plant and equipment | 214 | (73) |
| | **768** | **(1,823)** |

| | Thousands of euros | |
|---|---|---|
| **2021** | **Carrying amount** | **Accumulated depreciation** |
| Machinery | 724 | (1,512) |
| Furnishings | 14 | (49) |
| Tools | - | (5) |
| Computer processing equipment | 108 | (58) |
| Vehicles | 103 | (48) |
| Other property, plant and equipment | 178 | (123) |
| | **1,127** | **(1,795)** |

**Capitalised financial expense**

The Group capitalises the financial expenses incurred during the year relating to the financing to develop assets under construction, provided that the expenses concern assets that take more than one year to be in a state of use. In 2022 and 2021 no interest was capitalised.

**Property, plant and equipment not used in operations**

At 31 December 2022 and 2021 there is no property, plant and equipment not used in operations.

**Fully depreciated property, plant and equipment**

The heading buildings does not record any fully-depreciated assets. The cost of other fully-depreciated property, plant and equipment still in use amounts to €26,888 thousand (€26,438 thousand at 31 December 2021).

**Property, plant and equipment pledged to guarantees**

At 31 December 2022 and 2021 there is no property, plant and equipment pledged to guarantees.

**Property, plant or equipment subject to reversal**

At 31 December 2022 and 2021 there were no property, plant and equipment items subject to reversal.

**Insurance**

The Group has taken out insurance policies to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient

**Finance leases - lessee**
"Machinery" and "Vehicles" include assets under finance lease arrangements under which the Group is the lessee, the amounts of which are as follows:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Cost - capitalised finance leases | 5,561 | 4,408 |
| Accumulated depreciation | (3,109) | (1,782) |
| **Carrying amount** | **2,452** | **2,626** |

The Group maintains vehicles and machinery under irrevocable finance leases. These leases end in between 1 and 4 years and the assets are owned by the Group.

**Assets under operating leases**

The consolidated income statement includes €17,272 thousand for operating lease expenses relating to the rental of machinery and buildings (2021: €12,598 thousand).

## 9. INVESTMENT PROPERTIES

Investment properties consist of owned land, office buildings, business premises and garages that are maintained to obtain long-term income and are not occupied by the Group.

| | Thousands of euros | | |
|---|---|---|---|
| | Land | Construction | Total |
| **Balance at 31.12.2022** | | | |
| Cost | 28,032 | 16 | **28,048** |
| Accumulated depreciation | - | (16) | **(16)** |
| Impairment | - | - | **-** |
| **Carrying amount at 31.12.2021** | **28,032** | **-** | **28,032** |
| **Cost:** | | | |
| Additions | 686 | - | **686** |
| Disposals | (70) | - | **(70)** |
| **31 December 2022** | **616** | **-** | **616** |
| **Accumulated depreciation:** | | | |
| Additions | - | - | - |
| Disposals | - | - | - |
| **31 December 2022** | **-** | **-** | **-** |
| Cost | 28,648 | 16 | **28,664** |
| Accumulated depreciation | - | (16) | **(16)** |
| Impairment | - | - | **-** |
| **Carrying amount at 31.12.2022** | **28,648** | **-** | **28,648** |

| | Thousands of euros | | |
|---|---|---|---|
| | Land | Construction | Total |
| **Balance at 31.12.2021** | | | |
| Cost | 28,824 | 16 | **28,840** |
| Accumulated depreciation | - | (8) | **(8)** |
| Impairment | - | - | **-** |
| **Carrying amount at 31.12.2020** | **28,824** | **8** | **28,832** |
| **Cost:** | | | |
| Additions | 20 | - | **20** |
| Disposals | (812) | - | **(812)** |
| **31 December 2021** | **(792)** | **-** | **(792)** |
| **Accumulated depreciation:** | | | |
| Additions | - | (8) | **(8)** |
| Disposals | - | - | **-** |
| **31 December 2021** | **-** | **(8)** | **(8)** |
| Cost | 28,032 | 16 | **28,048** |
| Accumulated depreciation | - | (16) | **(16)** |
| Impairment | - | - | **-** |
| **Carrying amount at 31.12.2021** | **28,032** | **-** | **28,032** |

Disposals for the 2022 and 2021 financial years correspond to the sale of various plots for industrial use and residential use in El Casar (Guadalajara).

The additions in 2022 correspond mainly to payment to the compensation board for the development to the east of some land in “Los Cerros”.

**Impairment losses on investment properties**

In 2022 and 2021 the Group did not recognise or reverse any impairment adjustments with respect to investment properties.

**Investment properties located abroad**

At 31 December 2022 and 2021 the Group did not have foreign investment properties.

**Investment properties not used in operations**

At 31 December 2022 and 2021 the Group did not record any investment properties not used in operations.

**Fully depreciated investment properties.**

There are no fully depreciated investment properties at 31 December 2022 and 2021.

**Investment properties pledged to guarantees**

At 31 December 2022 and 2021 there are no real estate investments securing bank borrowings.

In addition, there are €8,641 thousand in investment properties securing the contingent liabilities described in Note 29 at 31 December 2022 (2021: €8,641 thousand)

**Investment properties subject to reversal**

At 31 December 2022 and 2021 the Group did not record any investment properties subject to reversal.

**Insurance**

The Group has taken out a number of insurance policies to cover risks relating to investment properties. The coverage provided by these policies is considered to be sufficient.

**Income and expense relating to investment properties**

The consolidated income statement recognises the following income and expense deriving from investment properties:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| Lease revenues | 24 | 18 |
| Direct operating expenses | (20) | - |
| **Total** | **4** | **18** |

## 10. SHAREHOLDING IN EQUITY-CONSOLIDATED COMPANIES

Equity consolidated shareholdings mainly relate to the Group's interest in the special-purpose vehicles created to develop the infrastructure and energy concession projects.

Details of shareholdings in companies consolidated using the equity method are as follows:

| | | | Thousands of euros | |
|---|---|---|---|---|
| **Company name** | **Activity** | **Location** | **2022** | **2021** |
| Accesos de Ibiza S.A. | Concessions | Spain | 6,905 | 7,206 |
| Promotora Hospitalaria de Bosa, S.A.S. | Concessions | Colombia | 555 | - |
| Alten El Casar S.L. | Energy | Spain | 1,389 | 240 |
| MedSolar SPV10 S.R.L. | Energy | Italy | 32 | 27 |
| Energía de Colombia, STR S.A.S. E.S.P. | Energy | Colombia | 19,165 | 18,315 |
| Inmuebles Gade S.L. | Real estate | Spain | 15,194 | 15,186 |
| Urbanizadora Gade S.A | Real estate | Spain | - | - |
| Autopista Magdalena Medio, S.A.S. | Concessions | Colombia | 120 | - |
| Autopista Del Rio Grande, S.A.S. | Concessions | Colombia | - | - |
| Construcciones Inca-Ortiz S.A. | Infrastructures | Chile | - | - |
| Ola Ortiz Construccion SPA | Infrastructures | Argelia | - | - |
| Ortizcocomex S.A.P.I. de C.V. | Infrastructures | Mexico | - | - |
| Viario A-31S.A. | Concessions | Spain | 2,537 | 2,53 |
| Bulevar del Arte y la Cultura S.A. | Concessions | Spain | 593 | 503 |
| Vending La Gavia S.L. | Concessions | Spain | 12 | 16 |
| Móstoles Factory 2019 S.L. | Concessions | Spain | - | - |
| Superficie Cartera de Inversiones S.A.U. | Concessions | Spain | 38 | 29 |
| Autopistas del Nordeste S.A.S. | Concessions | Colombia | 3,213 | - |
| Concesión Transversal del Sisga S.A.S. | Concessions | Colombia | - | 1,712 |
| Autopistas del Caribe, S.A.S. | Concessions | Colombia | 6,931 | 6,735 |
| Promotora Hospitalaria Tepic S.A.P.I. DE C.V. | Concessions | Mexico | 7,1 | 6,539 |
| Operadora Hospitalaria Tepic, S.A.P.I. DE C.V. | Concessions | Mexico | 1,005 | 886 |
| Subgroup Alten | Energy | - | 13,893 | 13,831 |
| Subgroup Grupo Ortiz Properties SOCIMI | Real estate | Spain | 45,705 | 40,227 |
| Fortem Integral S.L. | Other | Spain | 72 | 69 |
| **Total** | | | **124** | **114,051** |

The movements in this item during the year are as follows:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| **Balance at 1 January** | **114,051** | **88,610** |
| Share of results | 2,168 | 3,010 |
| Additions due to loss of control | - | 19,277 |
| Compra-venta de participaciones | 3,546 | (4,214) |
| Additions due to capital increases | - | 6,887 |
| Derivatives | 6,545 | 1,052 |
| Difference on exchange | 1,321 | 650 |
| Subsidies, donations and bequests received | (208) | - |
| Disposals due to capital reductions | (960) | (10) |
| Disposals due to distributed dividends | (1,387) | (781) |
| Other movements in equity | (617) | (430) |
| **Closing balance 31 December** | **124,459** | **114,051** |

The additions in 2021 came mainly from the loss of control of the companies Energía de Colombia STR, S.A. E.S.P. and Hospital de Bosa, S.A.S. (Note 6), which have been consolidated by the equity method. In addition, in 2021 there were contributions of €6,887 thousand in the company Autopistas del Caribe S.A.S.

The balance of “Purchase and sale of shares” corresponds to the purchase and sale from a number of shareholders, both private and institutional, of shares in the sub-group Grupo Ortiz Properties SOCIMI. In 2022, a total of 35,365 shares were sold (388,083 shares in 2021), and 272,299 shares were bought (103,688 shares in 2021), giving rise to an increase in the value by the equity method of accounting of €3,546 thousand (a fall of €4,214 thousand in 2021).

As at 31 December 2022, following the transactions described above, the company owned 2,909,158 shares with a carrying amount of €45,703 thousand euros, its total shareholding being 47.02%.

In 2021 control was lost over the companies Energía de Colombia STR, S.A. E.S.P. and Hospital de Bosa, S.A.S. (Note 6), giving rise to a change in the method of their consolidation, after which they became accounted for by the equity method. In addition, in 2021 there were contributions of €6,887 thousand in the company Autopistas del Caribe S.A.S.

The capital reductions of -€960 thousand (2021: -€10 thousand) correspond mainly to the reduction in share capital of €3,000 thousand in the sub-group Alten.

In 2022 and 2021 the following dividends in associates were distributed:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Subgrupo Grupo Ortiz Properties SOCIMI | (364) | (90) |
| Operadora Hospitalaria Tepic | (1,023) | (621) |
| Subgrupo Alten | - | (52) |
| Others | - | (18) |
| **Total** | **(1,387)** | **(781)** |

The effect of conversion differences and derivatives broken down by company are as follows (thousands of euros):

| | | | | Thousands of euros |
|---|---|---|---|---|
| | Derivatives | | Difference on exchange | |
| | 2022 | 2021 | 2022 | 2021 |
| Energía de Colombia, STR S.A.S. E.S.P. | 1,775 | - | (816) | - |
| Promotora Hospitalaria de Bosa, S.A.S. | - | - | 555 | (44) |
| Autopistas del Nordeste S.A.S. | 3,209 | 212 | 1,247 | 268 |
| Autopista Magdalena Medio, S.A.S. | - | - | (13) | - |
| Autopista Del Rio Grande, S.A.S. | - | - | 9 | - |
| Concesión Transversal del Sisga S.A.S. | - | - | 93 | (88) |
| Autopistas del Caribe, S.A.S. | - | - | (675) | (197) |
| Promotora Hospitalaria Tepic S.A.P.I. DE C.V. | - | - | 609 | 255 |
| Operadora Hospitalaria Tepic, S.A.P.I. DE C.V. | - | - | (15) | 39 |
| Subgrupo Alten | 377 | 308 | 327 | 380 |
| Subgrupo Grupo Ortiz Properties SOCIMI | 1,184 | 72 | - | - |
| Accesos de Ibiza, S,A, | - | 391 | - | - |
| Construcciones INCA-Ortiz, S,A, | - | - | - | 37 |
| Bulevar del Arte y la Cultura, S,A, | - | 69 | - | - |
| **Total** | **6,545** | **1,052** | **1,321** | **650** |

Assets, liabilities, revenues and profit/(loss) for the year, as appearing in the individual financial statements for the equity-consolidated companies are as follows at 31 December 2022 and 2021, in thousands of euros:

| | | | | Thousands of euros |
|---|---|---|---|---|
| **2022** | **Assets** | **Liabilities** | **Operating income** | **Profit/(loss)** |
| Accesos de Ibiza, S.A. | 53,232 | 39,423 | 8,180 | 956 |
| Aldigavia oficinas, S.L.U. (1) | 71,377 | 55,288 | 3,468 | (364) |
| Aldigavia, S.A.U. (1) | 35,037 | 29,450 | 2,540 | 631 |
| Alten El Casar, S.L. | 11,749 | 9,896 | 3,762 | 1,861 |
| Alten Energias Renovables, S.L. (2) | 5,528 | 40 | - | 11 |
| Alten Gestion de Proyectos, S.L. (2) | 2,050 | 3,432 | 163 | (1,508) |
| Alten Kenya Solarfarms, B.V. (2) | 21,225 | 287 | - | (1) |
| Alten Kenya Solarfarms 2, B.V. (2) | - | 10 | - | - |
| Alten RE Developments Iberia, S.A. (2) | 9,065 | 2,675 | - | 223 |
| Alten Energias Renovables México 7 (Puebla),S.A.DE C.V. (2) | 2,334 | 2,841 | - | (165) |
| Alten Management Africa,S.L. (2) | 81 | 493 | - | (855) |
| Alten Renewable Energy Developments (2) | 48,643 | 7,483 | 523 | 2,867 |
| Alten Renewable Energy Developments Africa, B.V. (2) | 43,138 | 30,675 | - | (1,235) |
| Alten Renewable Energy Developments America (2) | 32,443 | 1,056 | - | 1,069 |
| Alten Renewable Energy Developments America 3 (2) | 12 | 18 | - | (2) |
| Alten Renewable Energy Investments (2) | 3,314 | 1,509 | - | 57 |
| Alten Solar Power (Hardap) (pty) Ltd (2) | 53,492 | 61,630 | 3,727 | (2,648) |
| Autopistas del Nordeste, S.A.S. | 519,357 | 556,180 | 99,858 | (39,705) |
| Bulevar del Arte y la Cultura, S.A. | 10,186 | 8,459 | 2,552 | 273 |
| Concesión del Sisga, S.A.S. | 273,819 | 275,242 | 37,902 | (6,577) |
| Construcciones INCA-Ortiz, S.A. | 780 | 1,930 | - | - |
| Cubico Alten Aguascalientes Uno (2) | 166,704 | 156,942 | 13,259 | 1,998 |
| Cubico Alten Aguascalientes Dos (2) | 148,061 | 136,108 | 11,551 | 1,742 |
| Dumar Ingenieros, S.L. (2) | 576 | 840 | - | - |

| | | | | Thousands of euros |
|---|---|---|---|---|
| **2022** | **Assets** | **Liabilities** | **Operating income** | **Profit/(loss)** |
| El Arce de Villalba, S.L.U. (1) | 23,777 | 11,120 | 917 | 265 |
| Fortem Integral, S.L. | 380 | 240 | 1,065 | 5 |
| Grupo Ortiz Properties SOCIMI, S.A. (1) | 108,401 | 30,583 | 1,508 | 2,533 |
| Inmuebles Gade, S.L. | 33,437 | 14,255 | - | (19) |
| MedSolar SPV10, S.R.L. | 1,735 | 1,671 | 271 | 10 |
| Móstoles Factory 2019, S.L. | 283 | 564 | 1,323 | (124) |
| Ola Ortiz Construcción SPA | 637 | 1,013 | - | - |
| Operadora Hospitalaria TEPIC, S.A.P.I. de C.V. | 5,176 | 3,061 | 8,154 | 2,435 |
| Ortega y Gasset Park, S.A.U. (1) | 6,771 | 5,317 | 1,216 | 339 |
| Ortiz Sport Factory, S.L.U. (1) | 4,072 | 4,196 | 259 | (75) |
| Promotora Hospitalaria Tepic, S.A.P.I. DE C.V. | 85,970 | 71,023 | 20,421 | (100) |
| Superficie Cartera de Inversiones, S.A.U. | 6,219 | 2,526 | 5,524 | 2,651 |
| Urbanizadora Gade S.A | 7,428 | 25,749 | - | (58) |
| Vending La Gavia S.L. | 66 | 42 | 42 | (8) |
| Viario A-31,S.A. | 79,375 | 69,617 | 17,357 | 285 |
| Autopistas del Caribe S.A.S | 65,907 | 42,804 | 21,390 | 2,902 |
| Promotora Hospitalaria de Bosa, S.A.S | 35,021 | 43,376 | 24,611 | (7,908) |
| Energía de Colombia STR, S.A.S E.S.P | 87,424 | 82,399 | - | (419) |
| Autopista del Rio Grande, S.A.S | 55,532 | 55,698 | 9,428 | (206) |
| Autopista Magdelena Medio, S.A.S | 36,957 | 36,716 | 8,296 | 244 |
| **Total** | **2,156,771** | **1,883,877** | **309,267** | **(38,620)** |

*(1) Subgroup Grupo Ortiz Properties SOCIMI*
*(2) Subgroup Alten*

| | | | | Miles de euros |
|---|---|---|---|---|
| **2021** | **Assets** | **Liabilities** | **Operating income** | **Profit/(loss)** |
| Accesos de Ibiza, S.A. | 54,160 | 39,747 | 7,519 | 2,103 |
| Aldigavia oficinas, S.L.U. (1) | 72,412 | 56,295 | 3,133 | 429 |
| Aldigavia, S.A.U. (1) | 34,102 | 29,757 | 2,011 | 408 |
| Alten El Casar, S.L. | 11,452 | 11,460 | 2,430 | 1,003 |
| Alten Energías Renovables, S.L. (2) | 5,583 | 103 | - | 17 |
| Alten Gestión de Proyectos, S.L. (2) | 4,529 | 4,095 | 4,014 | 348 |
| Alten Kenya Solarfarms, B.V. (2) | 20,007 | 1 | - | (2) |
| Alten Kenya Solarfarms 2, B.V. (2) | - | 10 | - | (1) |
| Alten RE Developments Iberia, S.A. (2) | 10,193 | 2,711 | 282 | 1,241 |
| Alten Management Africa ,S.L. (2) | 2,216 | 2,582 | - | (142) |
| Alten Energías Renovables México 7 (Puebla),S.A.de C.V. (2) | 1,092 | 600 | 1,432 | 106 |
| Alten Renewable Energy Developments (2) | 45,021 | 6,807 | 577 | (271) |
| Alten Renewable Energy Developments Africa, B.V. (2) | 41,587 | 28,660 | - | (460) |
| Alten Renewable Energy Developments America (2) | 29,367 | 495 | - | 1,414 |
| Alten Renewable Energy Developments America 3 (2) | 12 | 17 | - | (3) |
| Alten Renewable Energy Investments (2) | 3,470 | 1,722 | - | (239) |
| Alten Solar Power (Hardap) (pty) Ltd (2) | 58,566 | 64,301 | 5,844 | (1,973) |
| Autopistas del Caribe S.A.S | 34,413 | 12,178 | 1,820 | 153 |
| Autopistas del Nordeste, S.A.S. | 551,631 | 566,589 | 111,242 | (14,870) |
| Bulevar del Arte y la Cultura, S.A. | 10,610 | 9,152 | 2,365 | 87 |
| Concesión del Sisga, S.A.S. | 296,070 | 289,312 | 53,248 | 5,962 |
| Construcciones INCA-Ortiz, S.A. | 747 | 1,864 | - | (3) |

Miles de euros

| 2021 | Assets | Liabilities | Operating income | Profit/(loss) |
|---|---|---|---|---|
| Cubico Alten Aguascalientes Dos (2) | 144,883 | 149,391 | 13,374 | (6,999) |
| Cubico Alten Aguascalientes Uno (2) | 126,923 | 124,754 | 10,768 | (6,074) |
| Dumar Ingenieros, S.L. (2) | 562 | 826 | - | (1) |
| El Arce de Villalba, S.L.U. (1) | 23,568 | 11,241 | 801 | 284 |
| Energía de Colombia STR, S.A.S E.S.P | 81,765 | 75,073 | - | (732) |
| Fortem Integral, S.L. | 298 | 163 | 574 | 177 |
| Grupo Ortiz Properties SOCIMI, S.A. (1) | 111,238 | 31,374 | 1,375 | 919 |
| Inmuebles Gade, S.L. | 33,417 | 14,245 | - | (121) |
| MedSolar SPV10, S.R.L. | 1,720 | 1,666 | 435 | 7 |
| Móstoles Factory 2019, S.L. | 98 | 254 | 950 | (110) |
| Ola Ortiz Construction SPA | 637 | 1,013 | - | - |
| Operadora Hospitalaria TEPIC, S.A.P.I. de C.V. | 3,541 | 1,676 | 7,339 | 1,782 |
| Ortega y Gasset Park, S.A.U. (1) | 6,974 | 5,864 | 906 | 10 |
| Ortiz Sport Factory, S.L.U. (1) | 4,345 | 4,393 | 224 | (110) |
| Promotora Hospitalaria de Bosa, S.A.S | 16,718 | 18,013 | 7,472 | (3,124) |
| Promotora Hospitalaria Tepic, S.A.P.I. DE C.V. | 76,218 | 62,453 | 16,199 | (103) |
| Superficie Cartera de Inversiones, S.A.U. | 7,454 | 4,645 | 6,443 | 897 |
| Urbanizadora Gade S.A | 7,548 | 25,744 | - | - |
| Vending La Gavia S.L. | 87 | 55 | 31 | (12) |
| Viario A-31,S.A. | 76,868 | 67,138 | 16,214 | 785 |
| **Total** | **2,012,102** | **1,728,439** | **279,022** | **(17,218)** |

*(1) Subgroup Grupo Ortiz Properties SOCIMI*
*(2) Subgroup Alten*

None of the associates or jointly-controlled entities are listed on a stock market, except for Grupo Ortiz Properties SOCIMI, S.A. whose shares are listed on the BME Growth market (formerly called the alternative stock exchange (MAB)), within the SOCIMI segment.
The Group did not incur any contingencies relating to associates or jointly-controlled companies, except for the contingent liabilities described in Note 29.

Differences between the value of shareholdings and equity are covered by tacit capital gains.

The Group has not recognized losses from equity-consolidated companies during the year amounting to €14,378 thousand (2021: €3,063 thousand) that are expected to be recovered through future profits. In 2022 the Group recognized previously unrecognized accumulated losses totalling €168 thousand (2021: €518 thousand. Unrecognized accumulated losses from associates total €19,874 thousand at 31 December 2022 (2021: €5,664 thousand).

**Investment commitment**

The Group acquired investment commitments in 2015 in relation to its holdings in the associates Autopistas del Nordeste, S.A.S. and Concesión del Sisga, S.A.S. to develop concession projects in Colombia. Apart from the investment commitments to date, as at 31 December 2022, there are no imminent investment commitments to be executed next year (2021: €3.000 thousand). In 2022 the project of the associate Concesión del Sisga, S.A.S. has entered its operational phase. Furthermore, the project of the company Autopista del Nordeste, S.A.S. is also expected to enter the operational phase in 2023 (Functional Unit 2 (FU2) of the highway which has been in operation since this year 2022, and Functional Unit 1 (FU1) will be completed in the first half of 2023).

In 2020 the Group was awarded two concessions in Colombia which will be executed by the multigroup companies Hospital de Bosa, S.A.S. and Energía de Colombia S.A.S. In all, the Group has acquired investment commitments of €12,300 thousand over next year (2021: €23,500 thousand).

The Group acquired new investment commitments in 2022 in relation to its holdings in the associate Ruta Caribe to develop concession projects in Colombia. Following the investments carried out so far, as at 31 December 2022 the investment commitments amounted to €15,000 thousand to be implemented next year and €31,300 thousand to be implemented over the following four years (€40,000 thousand in 2021).

In June 2022 the Group was awarded two new concession projects in Colombia: the Troncal Magdalena I and Troncal Magdalena II Motorways, which will be executed by the multigroup companies Autopista Magdalena Medio, S.A.S. and Autopista Rio Grande, S.A.S., respectively. As a result, the Group has acquired investment commitments which amount to €19,500 thousand to be implemented next year and €66,800 thousand in the following four years.

## 11. ANALYSIS OF FIANANCIAL INSTRUMENTS

### 11.1. Analysis by category

The carrying amount for each of the categories established in the financial instrument recognition and measurement rules is as follows:

**Non-current financial assets**

| | Equity-consolidated shareholdings | | Equity Instruments | | Other derivative credits | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Assets at cost (Note 10)** | 124,459 | 114,051 | - | - | - | - | **124,459** | **114,051** |
| **Assets at fair value with changes in profit and loss (Note 12)** | - | - | 690 | 714 | - | - | **690** | **714** |
| **Financial assets at amortized cost (Note 13)** | - | - | - | - | 114,603 | 71,835 | **114,603** | **71,835** |
| **TOTAL** | **124,459** | **114,051** | **690** | **714** | **114,603** | **71,835** | **239,752** | **186,600** |

**Current financial assets**

| | Equity Instruments | | Other derivative credits | | Total | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Assets at fair value through profit or loss: (Note 12)** | 2,150 | 1,793 | - | - | **2,150** | **1,793** |
| **Financial Assets at amortized cost (Note 13)** | - | - | 428,553 | 403,698 | **428,553** | **403,698** |
| **Activos financieros a valor razonable con cambios en patrimonio neto - Derivados de cobertura (Nota 14)** | - | - | 982 | 229 | **982** | **229** |
| **Cash and cash equivalents (Note 16)** | - | - | 50,942 | 30,987 | **50,942** | **30,987** |
| **TOTAL** | **2,150** | **1,793** | **480,477** | **434,914** | **482,627** | **436,707** |

**Non-current financial liabilities**

**Thousands of euros**

| | Bank borrowings | | Debentures and other marketable securities | | Derivatives and other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| **Financial liabilities at amortized cost (Note 23)** | 42,328 | 77,867 | - | 33,633 | 42,165 | 17,772 | **84,493** | **129,272** |
| **Derivatives (Note 14)** | - | - | - | - | - | 612 | **-** | **612** |
| **TOTAL** | **42,328** | **77,867** | **-** | **33,633** | **42,165** | **29,503** | **84,493** | **129,884** |

**Non-current financial liabilities**

| | Bank borrowings | | Debentures and other marketable securities | | Derivatives and other | | Total | |
|---|---|---|---|---|---|---|---|---|
| | | | | | | | Thousands of euros | |
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| **Borrowings and payables (Note 23)** | 64,306 | 50,560 | 33,827 | 404 | 434,345 | 347,100 | **532,478** | **398,064** |
| **Derivative financial instruments (Note 14)** | - | - | - | - | 3,614 | 1,559 | **3,614** | **1,559** |
| TOTAL | 64,306 | 50,560 | 33,827 | 404 | 437,959 | 348,659 | 536,092 | 399,623 |

### 11.2. Classification by maturity

At 31 December 2022 and 2021 the amounts of financial instruments with a maturity date that is certain or can be determined classified by year of maturity are as follows:

**Financial assets**

**2022** — **Thousands of euros**

| | 2023 | 2024 | 2025 | 2026 | 2027 | Subsequent Years | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets at amortized costs** | | | | | | | |
| **Investments in Group companies and associates:** | | | | | | | |
| - Loans to companies | 11,831 | 605 | - | 2,397 | - | 81,489 | **96,322** |
| **Financial investments:** | | | | | | | |
| - Loans to companies | 4,577 | 2,524 | - | - | - | - | **7,101** |
| - Other financial assets | 7,956 | - | - | - | - | 1,370 | **9,326** |
| **Trade and other receivables:** | | | | | | | |
| **-** Trade receivables for sales and services rendered | 392,667 | 230 | 283 | 339 | 399 | 24,967 | **418,885** |
| - Trade receivables from group companies and associates | 8,523 | - | - | - | - | - | **8,523** |
| - Sundry receivables | 517 | - | - | - | - | - | **517** |
| - Personnel | 724 | - | - | - | - | - | **724** |
| **Prepayments and accrued income** | **1,758** | - | - | - | - | - | **1,758** |
| **Assets at fair value through profit or loss** | | | | | | | |
| Equity Instruments | 2,150 | - | - | - | - | - | **2,150** |
| **Derivatives** | | | | | | | |
| Hedging derivatives | 982 | - | - | - | - | - | **982** |
| **TOTAL** | **431,685** | **3,359** | **283** | **2,736** | **399** | **107,826** | **546,288** |

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

**2021** — **Thousands of euros**

| | 2022 | 2023 | 2024 | 2025 | 2026 | Subsequent Years | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets at amortized costs** | | | | | | | |
| **Investments in Group companies and associates:** | | | | | | | |
| - Loans to companies | 12,207 | 4,684 | - | - | - | 36,325 | **53,216** |
| **Financial investments:** | | | | | | | |
| - Loans to companies | 5,731 | 1,720 | 1,721 | - | - | - | **9,172** |
| - Other financial assets | 16,552 | - | - | - | - | 1,032 | **17,584** |
| **Trade and other receivables:** | | | | | | | |
| - Trade receivables for sales and services rendered | 352,733 | 181 | 230 | 283 | 339 | 25,320 | **379,086** |
| - Trade receivables from group companies and associates | 7,300 | - | - | - | - | - | **7,300** |
| - Sundry receivables | 934 | - | - | - | - | - | **934** |
| - Personnel | 652 | - | - | - | - | - | **652** |
| **Prepayments and accrued income** | **7,589** | - | - | - | - | - | **7,589** |
| **Assets at fair value through profit or loss** | | | | | | | |
| Equity Instruments | 1,793 | - | - | - | - | - | **1,793** |
| **Derivatives** | | | | | | | |
| Hedging derivatives | 229 | - | - | - | - | - | **229** |
| **TOTAL** | **405,720** | **6,585** | **1,951** | **283** | **399** | **62,577** | **477,555** |

GRUPORTIZ

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

**Financial liabilities**

| 2022 | | | | | | | Thousands of euros |
|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | Subsequent Years | Total |
| <u>**Financial Assets at amortized costs**</u> | | | | | | | |
| **Payables:** | | | | | | | |
| - Debentures and other marketable securities | 33,827 | - | - | - | - | - | **33,827** |
| - Bank borrowings | 63,701 | 16,788 | 14,479 | 7,447 | 408 | 2,683 | **105,505** |
| - Finance leases | 605 | 413 | 83 | 28 | - | - | **1,129** |
| - Other financial liabilities | 4,030 | 508 | 326 | 283 | 206 | 1,424 | **6,777** |
| **Accruals** | **-** | **332** | **332** | **332** | **332** | **31,497** | **32,825** |
| **Intercompany accounts** | **14** | **-** | **-** | **-** | **-** | **6,593** | **6,607** |
| **Payables to group companies and associates** | | | | | | | **-** |
| **Trade and other payables:** | | | | | | | |
| - Suppliers | 395,779 | - | - | - | - | - | **395,779** |
| - Trade payables, Group and associated companies | 327 | - | - | - | - | - | **327** |
| - Sundry Payables | 626 | - | - | - | - | - | **626** |
| - Personnel | 3,662 | - | - | - | - | - | **3,662** |
| - Prepayments from customers | 29,907 | | - | - | - | - | **29,907** |
| <u>**Derivatives**</u> | | | | | | | |
| Hedging derivatives | **3,614** | **-** | **-** | **-** | **-** | **-** | **3,614** |
| **TOTAL** | **536,092** | **18,040** | **15,220** | **8,090** | **946** | **42,197** | **620,585** |

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

| **2021** | | | | | | | **Thousands of euros** |
|---|---|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2025** | **2026** | **Subsequent Years** | **Total** |
| **Financial Assets at amortized costs** | | | | | | | |
| **Payables:** | | | | | | | |
| - Debentures and other marketable securities | 404 | 33,633 | - | - | - | - | **34,037** |
| - Bank borrowings | 49,544 | 37,208 | 14,171 | 14,502 | 7,492 | 3,485 | **126,402** |
| - Finance leases | 1,016 | 694 | 261 | 43 | 12 | - | **2,025** |
| - Other financial liabilities | 5,837 | 1,277 | 508 | 326 | 283 | 1,654 | **9,886** |
| **Accruals** | **61** | **332** | **332** | **332** | **332** | **7,083** | **8,472** |
| **Intercompany accounts** | **101** | **-** | **-** | **-** | **-** | **5,312** | **5,413** |
| **Payables to group companies and associates** | | | | | | | **-** |
| **Trade and other payables:** | | | | | | | |
| - Suppliers | 294,575 | - | - | - | - | - | **294,575** |
| - Trade payables, Group and associated companies | 191 | - | - | - | - | - | **191** |
| - Sundry Payables | 1,108 | - | - | - | - | - | **1,108** |
| - Personnel | 3,437 | - | - | - | - | - | **3,437** |
| - Prepayments from customers | 41,790 | | - | - | - | - | **41,790** |
| **Derivatives** | | | | | | | |
| Hedging derivatives | 1,559 | 511 | 101 | - | - | - | **2,171** |
| **TOTAL** | **399,623** | **73,655** | **15,373** | **15,203** | **8,119** | **17,534** | **529,507** |

### 12. ASSETS AT FAIR VALUE THORUGH PROFIT OR LOSS

This heading includes the following items and amounts:

| | Thousands of euros | | |
|---|---|---|---|
| **2022** | **Non Current** | **Current** | **Total** |
| Equities | 690 | 2,150 | **2,840** |
| **Total** | **690** | **2,150** | **2,840** |

| | Thousands of euros | | |
|---|---|---|---|
| **2021** | **Non Current** | **Current** | **Total** |
| Equities | 714 | 1,793 | **2,507** |
| **Total** | **714** | **1,793** | **2,507** |

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Listed securities:** | | |
| - Equities – Euro zone | 2,150 | 1,793 |
| **Unlisted securities:** | | |
| - Equities – Euro zone | 690 | 714 |
| **Total** | **2,840** | **2,507** |

The fair value of equities is based on current ask prices on an active market.

Changes during the year in the fair value of assets carried at fair value through profit or loss are reflected in “Changes in fair value of financial instruments” in the consolidated income statement and amount to €356 thousand (2020: €-347 thousand (Note 28).

In 2022 and 2021, the Group has not obtained free shares by distribution.

The maximum exposure to credit risk at the reporting date is the fair value of the assets.

### 13. FINANCIAL ASSETS AT AMORTIZED COST

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| **Non-current loans and receivables:** | | |
| - Loans to associates (Note 33) | 84,491 | 41,009 |
| - Loans to third parties | 2,524 | 3,441 |
| - Other financial assets | 1,370 | 1,032 |
| - Non-current trade receivables: concession agreement, right of collection | 26,218 | 26,353 |
| **Total** | **114,603** | **71,835** |
| **Current loans and receivables:** | | |
| - Completed work pending certification | 209,011 | 218,789 |
| - Works certification and invoices | 160,737 | 112,425 |
| - Trade bills receivable | 11,829 | 11,285 |
| - Warranty withholdings | 11,090 | 10,234 |
| - Trade receivables, associates (Note 33) | 8,523 | 7,300 |
| - Sundry receivables | 517 | 934 |
| - Personnel | 724 | 652 |
| - Current loans to associates | 11,831 | 12,207 |
| - Loans to third parties | 4,577 | 5,731 |
| - Other financial assets | 7,956 | 16,552 |
| - Accruals | 1,758 | 7,589 |
| **Total** | **428,553** | **403,698** |
| | | |
| **Total loans and receivables** | **543,156** | **475,533** |

Loans and receivables are measured at their nominal value, which does not significantly differ from their fair value, since the discounting of future cash flows is not significant.

At 31 December 2022 the amount of invoices discounted through factoring facilities amounted to €29,179 thousand (2020: €33,573 thousand).

**Impairment of receivables and foreign currency**

The movement in the provision for impairment losses on trade receivables is as follows:

| | Thousands of euros |
|---|---|
| Impairment adjustments | 2,430 |
| Impairment reversals | (1,772) |
| **Impairment of loans at 31.12.2021** | **10,474** |
| Impairment adjustments | 1,827 |
| Impairment reversals | (179) |
| **Impairment of loans at 31.12.2022** | **12,122** |

The carrying value of loans and receivables is denominated in the following currencies:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Euro | 281,551 | 267,001 |
| Bolivianos- Bolivia | 485 | 1,278 |
| Colon - El Salvador | 2 | 42 |
| Dollar- Chile, Mexico, Panama | 122,606 | 73,643 |
| Lempira - Honduras | 74 | 1,331 |
| Leu - Romania | 129 | 1,472 |
| Nuevo Sol - Peru | 33,347 | 25,491 |
| Peso - Colombia | 79,117 | 75,680 |
| Peso - Mexico | 2,299 | 165 |
| Quetzal - Guatemala | - | 236 |
| Yen - Japan | 21,074 | 26,849 |
| Zloty - Poland | 2,472 | 2,345 |
| **Non-current loans and receivables** | **543,156** | **475,533** |

**Other financial assets**

This heading records €7,956 thousand (2021: €16,552) relating to:

- €320 thousand in bank deposits (2021: €5,021 thousand).
- €438 thousand in prepayments made to professionals (2020: €473)
- €3,553 thousand in guarantees and deposits (2021: €7,341).
- €3,095 thousand in loans with other related parties.
- Dividend pending payment in the amount of €494 thousand (2021: €532 thousand).

**Non-current trade receivables: concession arrangement, debt claim**

The entire heading relates to the unconditional debt claim associated with the parking facility concession called Honorio Lozano, in the municipality of Collado Villalba.

## 14. DERIVATIVE FINANCIAL INSTRUMENTS

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Interest rate swaps – cash flow hedges | 814 | - |
| Exchange rate swaps – cash flow hedges | 168 | 229 |
| **Total Derivatives - Assets** | **982** | **229** |
| Exchange rate swaps – cash flow hedges | - | - |
| **Non current portion - Asset** | **-** | **-** |
| **Current portion - Asset** | **982** | **229** |

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Interest rate swaps – cash flow hedges | 4 | 511 |
| Exchange rate swaps – cash flow hedges | 3,610 | 1,660 |
| **Total Derivatives - Liabilities** | **3,614** | **2,171** |
| Interest rate swaps – cash flow hedges | - | 511 |
| Exchange rate swaps – cash flow hedges | - | 101 |
| **Non-current portion - Liabilities** | **-** | **612** |
| Interest rate swaps – cash flow hedges | 4 | - |
| Exchange rate swaps – cash flow hedges | 3,610 | 1,559 |
| **Current portion - Liabilities** | **3,614** | **1,559** |

The Group maintains interest-rate hedge contracts with several financial institutions covering loans from credit institutions that ensure an interest rate of between 0.375% and 3.665% (2021: between 0.375% and 3.665%).

The notional principal on interest rate hedges at 31 December 2022 amounted to €26,466 thousand (€39,914 thousand at 31 December 2021).

The Group maintains exchange rate hedge contracts covering the euro rate for several currencies in which the Group operates.

The notional principal on Euro-dollar interest rate hedge contracts at 31 December 2022 totals €75,485 thousand (2021: €148,708 thousand), to €2,797 thousand (2021: €1,933 thousand) with respect to the Euro-yen exchange rate hedge.

The effective portion of cash flow hedges recognised in equity in 2022 due to cash flow hedges totals €-2,480 thousand (2021: €-1.563 thousand) and generates a tax effect totalling €620 thousand that is also taken to equity (2021: €391 thousand) recorded as deferred taxes. The settlement of these derivatives gave rise to a negative gross effect of €1,792 thousand during the year (2021: €1,902 thousand).

## 15. INVENTORIES

The breakdown of this heading by uniform groups of operations and degree of completion is as follows:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Goods purchased for resale | 281 | 97 |
| Raw materials and other supplies | 1,518 | 807 |
| Work in progress | 85 | 64 |
| Finished goods: Tres Cantos parking lot | 115 | 115 |
| Finished goods: Móstoles parking lot | 47 | 47 |
| Finished goods: Apartments Ojén | 949 | 2,344 |
| Finished goods: Colegio Sol y Nieve | 7,977 | 9,849 |
| Prepayments to suppliers | 8,973 | 8,736 |
| **Total** | **19,945** | **22,059** |

The balance of "Finished goods: Colegio Sol y Nieve" corresponds to the value recognised of the right to the construction area of the Sol y Nieve school in Madrid, for €7,977 thousand (€9,849 thousand in 2021). In 2021, once the Court of First Instance of Madrid handed down a final judgment on the award of the surface right to the Group, the costs claimed in the legal proceedings pending collection, for the works and services provided under the heading of finished goods, were reclassified. There is a mortgage on these surface rights for an outstanding capital of €161 thousand. In 2022 the company recognised valuation adjustments in the securities previously recognised at €2,000 thousand (2021: €0 thousand).

The heading "Finished goods: Apartments Ojén" primarily records a housing development in Ojén (Malaga), which includes provisions for impairment total of €486 thousand at 31 December 2022 ( 2021: 1,200 thousand)

In 2022, the company sold 5 homes in the Ojén development located in Malaga, for a purchase value of €1,397 thousand, generating an accounting result of €343 thousand.

During 2021 the Group sold three homes in this development whose acquisition cost was €1,217 thousand and gave rise to a profit of €115 thousand in the consolidated income statement. Furthermore, the group has sold three parking lots and gave rise to a profit of €20 thousand in the consolidated income statement.

### Losses due to inventory impairment

In 2022, the Group derecognised value adjustments for impairment amounting to €715 thousand (2021: €412 thousand).

In 2022 and 2021, the Group did not recognise value adjustments for impairment.

### Inventories located abroad

At 31 December 2021 and 2020 the Group does not have any inventories located abroad.

### Capitalised financial expense

In 2022 and 2021 no interest was capitalised.

### Inventories pledged as security

Loans from credit institutions are secured by inventories valued at €9,088 thousand (2021: €10,609 thousand).

### Insurance

The Group has taken out a number of insurance policies to cover risks relating to inventories. The coverage provided by these policies is considered to be sufficient.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

### 16. CASH AND CASH EQUIVALENTS

The detail of the balance of this heading as of December 31, 2022 and 2021 is as follows:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Cash | 50,942 | 30,987 |
| **Total** | **50,942** | **30,987** |

At 31 December 2022 and 2021 there was no restricted cash.

### 17. CAPITAL AND ISSUE PREMIUM

**Share capital**

The authorised share capital of Ortiz Construcciones y Proyectos, S.A. consists of 1,913,226 fully paid ordinary bearer shares (registered, represented by book entries) with a par value of €30.05 each.

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Authorised Capital | 57,492 | 57,492 |
| **Total** | **57,492** | **57,492** |

As of December 31, 2022 and 2021, the companies that participate in the share capital in a percentage equal to or greater than 10% are the following:

**2022**

| Company | Number of shares | % shareholding |
|---|---|---|
| Participaciones La Cartuja, S.L. | 935,176 | 48.88% |
| Carpingran Sociedad Participada, S.L. | 191,279 | 10.00% |
| Castlewood, S.L. | 225,333 | 11.78% |

**2021**

| Company | Number of shares | % shareholding |
|---|---|---|
| Participaciones La Cartuja S.L. | 935,176 | 48.88% |

**Share premium**

This reserve is freely available.

**Treasury shares**

Movements in treasury shares during the year were as follows:

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | Number of Treasury Share | Thousands of euros | Number of Treasury Share | Thousands of euros |
| **At the beginning of the year** | - | - | 38,682 | 2,111 |
| Increases/purchases | - | - | - | - |
| Disposals/sales | - | - | (38,682) | (2,111) |
| **At the end of the year** | - | - | - | |

As at 31 December 2022 and 2021, the parent company did not have treasury shares registered, reducing the value of shareholders' equity.

The Parent Company distributed treasury shares in 2021 to its shareholders as a dividend in addition to that approved by shareholders at a general meeting held on 27 May 2021.

### 18. RESERVES AND RESULTS OF PREVIOUS YEARS

**Reserves**

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| **Reserves in consolidated companies** | | |
| - Legal reserve | 11,934 | 11,934 |
| - Other reserves | 155,941 | 144,121 |
| - Reserves in fully consolidated companies | 13,256 | 5,002 |
| - Reserves in equity consolidated companies | (25,562) | (26,789) |
| **Reserves in consolidated companies** | **155,599** | **134,268** |

**Legal reserves**

Appropriations to the legal reserve are made in compliance with Article 274 of the Spanish Companies Act, which stipulates that 10% of the profits for each year must be transferred to this reserve until it represents at least 20% of share capital.

Until the legal reserve exceeds the indicated amount, it may only be used to offset losses if no other reserves are available for this purpose, and it must be replenished using future profits.

The legal reserve is fully endowed as of December 31, 2022 and 2021.

### 19. PROFITS FOR THE YEAR IN THE PARENT COMPANY

The proposal for distributing 2022 results and reserves to be presented to shareholders at a general meeting, and that for 2021 which was approved on 26 May 2022, are as follows:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Available for Distribution** | | |
| Profit/loss for the year | 13,899 | 7,924 |
| **Total** | **13,899** | **7,924** |

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Application of profit/(loss)** | | |
| To dividends | 5,063 | 5,063 |
| To voluntary reserve | 8,836 | 2,861 |
| **Total** | **13,899** | **7,924** |

## 20. MEASUREMENT DIFFERENCES

### Differences on exchange

Movements in the heading “Differences on exchange” is as follows for the years ended 31 December 2022 and 2021:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Beginning balance** | **(25,212)** | **(20,574)** |
| - At consolidated companies | (6,566) | (5,718) |
| - At equity-consolidated companies | 944 | 1,080 |
| **Ending balance** | **(30,834)** | **(25,212)** |

In 2022, there was a significant change in exchange differences, derived mainly from the depreciation of the Colombian peso, the Peruvian sol and the dollar against the euro, which has affected the valuation of the Company’s investments in Colombia, Peru and Panama.

### Hedging transaction

A breakdown of “Hedging transactions” is set out below:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| - Parent company | (1,968) | (1,419) |
| - Consolidated companies | (4) | (37) |
| - Equity-consolidated companies | 2,405 | (4,140) |
| **Total hedging transactions** | **433** | **(5,596)** |

Movements in this heading during 2022 and 2021 are set out below:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Beginning balance** | **(5,596)** | **(6,906)** |
| **Movement in hedging transactions:** | **6,029** | **1,310** |
| - Parent company | (549) | 183 |
| - Fully and equity consolidated companies | 6,578 | 1,127 |
| **Ending balance** | **433** | **(5,596)** |

## 21. NON-CONTROLLING INTERESTS

The breakdown of this item by company for the years 2022 and 2021 is detailed below:

| | | | Thousands of euros |
|---|---|---|---|
| **2022** | **Profit/(loss) non-controlling interests** | **Profit/(loss) non-controlling interests** | **Total non-controlling interests** |
| Impulsa Grup Ortiz, S.L. | (50) | (4) | (54) |
| Arquitectura Industrializada Andaluza, S.L. | 267 | - | 267 |
| Constructora Hospitalaria Tepic, S.A.P.I. DE C.V. | (134) | 148 | 14 |
| La Gavia Factory, S.L. | (10) | 56 | 46 |
| **Total** | **73** | **200** | **243** |

| | | | Thousands of euros |
|---|---|---|---|
| **2021** | **Reserves for non-controlling interests** | **Profit/(loss) non-controlling interests** | **Total non-controlling interests** |
| Impulsa Grup Ortiz, S.L. | (49) | (4) | (53) |
| Arquitectura Industrializada Andaluza, S.L. | 269 | (2) | 267 |
| Constructora Hospitalaria Tepic, S.A.P.I. DE C.V. | 256 | (229) | 27 |
| Energía de Colombia STR S.A.S. E.S.P. | 88 | (88) | - |
| La Gavia Factory, S.L. | 2 | (12) | (10) |
| **Total** | **566** | **(335)** | **231** |

## 22. SUBSIDIES

Movements in these subsidies are as follows:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Beginning balance** | **993** | **1,108** |
| Received during the year | 175 | 102 |
| Disposals during the year | (207) | (115) |
| Taken to profit/(loss) | (178) | (102) |
| Tax effect | 45 | 26 |
| **Ending balance** | **783** | **993** |

The breakdown of grants by origin is as follows:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **-**Parent Company | - | - |
| **-**Consolidated companies | 26 | 29 |
| - Equity consolidated companies | 757 | 964 |
| **Ending balance** | **783** | **993** |

## 23. FINANCIAL LIABILITIES

### Financial liabilities at amortized cost

Financial liabilities at amortized cost include :

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| **Non-current:** | | |
| Debentures and other marketable securities | - | 33,633 |
| Bank borrowings | 41,804 | 76,858 |
| Finance leases | 524 | 1,009 |
| Other financial liabilities | 2,747 | 4,049 |
| Payables to related parties | 6,593 | 5,312 |
| **Non-current accruals and deferred income** | **32,825** | **8,411** |
| **Total** | **84,493** | **129,272** |
| **Current:** | | |
| Debentures and other marketable securities | 33,827 | 404 |
| Bank borrowings | 63,701 | 49,544 |
| Finance leases | 605 | 1,016 |
| Other financial liabilities | 4,030 | 5,837 |
| Payables to related parties | 14 | 101 |
| Trade payables | 395,779 | 294,575 |
| Trade payables to related parties | 327 | 191 |
| Sundry payables | 626 | 1,108 |
| Personnel | 3,662 | 3,437 |
| Prepayments from customers | 29,907 | 41,790 |
| **Current accruals and deferred income** | **-** | **61** |
| **Total** | **532,478** | **398,064** |
| | | |
| **Total financial liabilities** | **616,971** | **527,336** |

The carrying amount of non-current borrowings approximates their fair value given that the effect of the discount is not significant.

The amount of supply-chain factoring paid to suppliers of the multigroup lines managed by the company as at 31 December 2022 was €152 million (2021: €87 million).

### 23.1. Borrowings and payables in foreign currency

The carrying amount of Group's borrowings and payables is denominated in the following currencies:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Euro | 230,899 | 374,663 |
| Bolivianos- Bolivia | 1,707 | 2,031 |
| Colón- El Savador | 359 | 131 |
| US Dollar - USA | 129,690 | 39,685 |
| Lempiras-Honduras | 2,494 | 818 |
| Leu - Rumania | 2,038 | 794 |
| Nuevo Sol - Peru | 61,109 | (727) |
| Peso - Colombia | 115,313 | 67,995 |
| Peso - Mexico | 30,104 | 1,778 |
| Quetzal-Guatemala | 4,036 | 114 |
| Yen-Japan | 36,588 | 40,053 |
| Zloty - Poland | 2,694 | 1 |
| **Total** | **616,971** | **527,336** |

### 23.2. Available lines of credit

The Group has the following unused credit lines

| | Thousands of euros | |
|---|---|---|
| | 2021 | 2021 |
| **Variable rate:** | | |
| - maturing in less than one year(*) | 58,200 | - |
| - maturing in more tan one year (*) | - | 62,692 |
| **Fixed rate:** | | |
| - maturing in less than one year | 16,840 | 15,587 |
| **Total** | **75,040** | **78,279** |

*(*) Includes Tranche B of the syndicated financing described in Note 23.4*

### 23.3. Bonds

The liabilities heading "Debentures and other marketable securities" includes the issue of fixed-interest bonds by the company in 2018 for €50,000 thousand.

The details of the debt of debentures issued as at 31 December is as follows:

| | Thousands of euros | |
|---|---|---|
| | 31/12/2022 | 31/12/2021 |
| Debentures and bonds (nominal value). | 50,000 | 50.000 |
| Amortised cost effect (by activated fees) | (73) | (167) |
| Own debentures and bonds. | (16,500) | (16,200) |
| Interest accrued and not paid on debentures and bonds. | 400 | 404 |
| **Total debentures and bonds:** | **33.827** | **34,037** |
| | | |
| **Total non-current debentures and bonds:** | **-** | **33,633** |
| | | |
| **Total current debentures and bonds:** | **33,827** | **404** |

The financial cost for interest corresponding to bonds in the year 2022 is €1,835 thousand (2021: €1,796 thousand).

**Year 2022**

In 2022 the company carried out bond purchase transactions from third parties for a total of three bonds, for €300 thousand. There were no sale transactions during the year.

**Year 2021**

In 2021 the company carried out purchase and sale transactions of bonds from third parties for a total of 12 bonds, which as at 31 December 2020 were owned by the company, for €1,200 thousand, generating a profit of €9 thousand under the heading "Impairment and gain/(loss) on disposal of financial instruments" of the income statement for 2021.

**2018 Bond**

The main characteristics of both issues are set out below:

- Debt issued: The nominal amount of the issue was €50,000,000 and consisted of 500 bonds with a value of €100,000.00 each, grouped into a single class or series. The issue price was 100% of their face value.
- Original date of issue and redemption 9 July 2018
- Maturity date: 9 October 2023
- Financial rights of bondholders: Annual 5.25% interest payable annually based on the face value of the bonds at that time. The interest accrues daily and is payable yearly in arrears as from the issue and purchase date.

As is normal market practice, the issuer (the parent company) has limitations with respect to:

- Additional debt
- Certain acquisitions and sales
- Distribution of dividends to shareholders
- Related-party transactions.
- Corporate agreements and structural changes
- Certain information and calculation of the ratio
- Change of control
- Guarantees in rem

The first three limitations only occur if the financial ratios whose compliance is established in the information document are not complied with. The following should be noted as additional information to the issuance:

- The issuance is guaranteed by the companies Cía. Internacional de Construcción y Diseño, S.A.U., Indag, S.A.U., Asteisa Tratamientos de Agua, S.A.U., Contratas y Servicios Ferroviarios, S.A.U., Agrícola El Casar, S.L.U., Concesionaria Collado Villalba, S.A.U., Ortiz Energía Japan, K.K, which account for more than 85% of EBITDA; there is the obligation that the guarantors must always account for at least 85% of EBITDA.

- The issuance does not have security interests.

As at 29 April 2022, the rating agency Ethifinance Ratings (formerly Axesor Ratings) maintained in its latest revision the rating of Ortiz Construcciones y Proyectos, S.A. at BB+ with stable outlook.

All the additional information and the contractual nature related to the issue may be consulted in the Issue Prospectus with the ISIN code mentioned above on the Bolsa y Mercados Españoles website www.bmerf.es.

Own debentures and bonds

In the process of issuance and during the year debentures were purchased for a total nominal value of €300 thousand. At the close of the year the total value of own bonds was €16,500 thousand (2021: €16,200 thousand), which are registered reducing the value of the issued debt.

(Thousands of euros)

Maturity and interest

The details of the par value and interest at maturity of the debentures and bonds issued is as follows, in thousands of euros:

| | 2023 | Total |
|---|---|---|
| **2018 bond:** | | |
| Nominal value | 50,000 | **50,000** |
| Interest | 2,625 | **2,625** |
| **Total** | **52,635** | **52,635** |

The company determines the fair value of debentures applying the interest rate for similar non-convertible bonds.

This amount is accounted for as a liability based on the amortised cost until its settlement at the time of conversion or maturity.

The rest of the income obtained is assigned to the conversion option which is recognised in equity.

The fair value of the liability component, included in "Debentures and other marketable securities" was calculated at the market interest rate corresponding to an equivalent non-convertible bond.

The company concludes that the fair value of the liability component of the debenture as at 31 December 2022 and 2021 does not differ from its carrying amount.

**Ortiz 2022-MARF promissory note issuance schedule**

As at 31 May 2022 the company (as issuer) has subscribed a promissory note issuance schedule in the MARF, for a maximum of €75,000 thousand. The issuance schedule is for 1 year and is renewable periodically. The promissory notes are denominated in euros and do not have security interest.

In 2022 there was a number of issuances and renewals for a total amount of €16,800 thousand euros, with an annual interest rate of between 1.15% and 2.18%. The financial cost for the year was €225 thousand (Note 28).

As at 31 December 2022, all the issues in 2022 were already mature and therefore there is no outstanding balance at the close of the year.

### 23.4. Bank borrowings

Bank borrowings are as follows in 2022 and 2021:

**Thousands of euros**

| | | 2022 | | | |
|---|---|---|---|---|---|
| **Instrument** | **Interest Rate Range** | **Drawn down at 31.12.2022** | **Maturing in 1 year** | **Maturing in 2-5 years** | **Maturity - other** |
| Syndicated loan | 2,75% | 20,807 | 20,807 | - | - |
| ICO-COVID 2020 loans | 1,65%-3,05% | 55,698 | 18,547 | 37,151 | - |
| Loan facilities | 0,80%-3,50% | 23,117 | 23,117 | - | - |
| Mortgage loans | 0,55% - 2% | 4,787 | 889 | 1,213 | 2,682 |
| Receivables for discounted bills | | 778 | 20 | 758 | - |
| Accrued unpaid interest | | 321 | 321 | - | - |
| **Total** | | **105,505** | **63,701** | **39,172** | **2,682** |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

**Thousands of euros**

| 2021 | | | | | |
|---|---|---|---|---|---|
| **Instrument** | **Interest Rate Range** | **Drawn down at 31.12.2021** | **Maturing in 1 year** | **Maturing in 2-5 years** | **Maturity - other** |
| Syndicated loan | 2,75% | 34,405 | 14,421 | 19,984 | - |
| ICO-COVID 2020 loans | 1,65%-3,05% | 62,855 | 12,142 | 50,713 | - |
| Loan facilities | 0,80%-3,50% | 20,500 | 20,500 | - | - |
| Mortgage loans | 0,55% - 2% | 7,985 | 1,824 | 3,146 | 3,015 |
| Receivables for discounted bills | | - | - | - | - |
| Accrued unpaid interest | | 657 | 657 | - | - |
| **Total** | | **126,402** | **49,544** | **73,843** | **3,015** |

Royal Decree-Law 8/220 (17 March) on extraordinary urgent measures to combat the economic and social impact of COVID-19, established a series of measures to preserve normal flows of funding and working capital and liquidity levels for the companies to maintain the businesses. Among those measures, Article 29 of that Law establishes a line of guarantees that would be provided bythe Ministry of Economic Affairs and Digital Transformation to cover the funding granted by financial institutions to companies and self-employed persons.

During 2020, and within the framework of the measures described by the Royal Decree, the Parent Company signed various financing agreements with 13 entities for a total of €61,725 thousand, which was fully drawn down at the end of 2020. The loans are guaranteed by ICO up to 70% of the amount. They accrue a fixed rate of interest between 1.65% and 3.05% and in some cases they are indexed to the Euribor plus a variable spread of between 1.80% and 2.90%.

The Group has continued to sign financing agreements in 2021 within the framework of the measures described by the Royal Decree for a total of €9,000 thousand. Of that amount, €4,000 had been drawn down at the year-end. In January 2022, €5,000 thousand were drawn, leaving the loan fully disposed at the close of 2022.

The Royal Decree-Law 34/2020 (17 November) also establishes an extension of the term and/or grace period for transactions secured by the Liquidity Guarantee Line.In accordance with the provisions of the aforementioned Royal Decree, the Company has requested the extension of the term of each of the ICO secured loans up to the maximum allowed 6 years

On 17 July 2018, the Group signed a non-current syndicated loan agreement for an initial maximum amount of €134,250 thousand, structured into Tranche A for €67,125 thousand and a revolving credit Tranche B in the amount of €67,125 thousand (the latter was also intended to finance the Group’s general cash requirements).

The funds obtained through this credit facility were partially used fully repay and cancel the syndicated loan obtained in 2015 by the Group, which 31 December 2017 totalled €44,590 thousand, as well as the cancellation of loans and credit facilities in the amount of €35,980 thousand.

The amounts drawn down from this loan accrue interest at Euribor plus a variable spread between 2% and 3.25%, based on the value of certain ratios. The initial rate applied up until 16 July 2019 for Tranche A and 27 May 2019 for Tranche B was 2.75%, falling to 2% in both cases after those dates.

Tranche A was drawn down by €21,003 thousand at 31 December 2022 (2021: €24,962 thousand) and falls due on 17 July 2023. Tranche B has not been drawn down at 31 December 2021 or December 2020 which falls due on 17 October 2022.

The loan is subject to compliance with ratios, as is habitual in these types of transactions.

The Group obtained a compliance waiver for two of the required ratios at 31 December 2022 and met all of the rest.

The nominal maturity dates by year for Tranche A are as follows:

| Maturity date | Thousands of euros |
|---|---|
| 17-January-23 | 13,425 |
| 15- February-23 | 218 |
| 17-July-23 | 7,360 |
| **Total** | **21,003** |

Available lines of credit and factoring facilities at 31 December 2022 amount to €111,224 thousand (2020: €104,976 thousand).

### 23.5. Finance leases

Total future minimum lease payments are reconciled with their present value as follows

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Total amount of the minimum future payments at the year-end**: | | |
| - Up to one year | 605 | 1,016 |
| - Between 1 and 5 years | 524 | 1,009 |
| - More than 5 years | - | - |
| Non-accrued financial expenses | - | - |
| **Present value at the year end** | **1,129** | **2,025** |

Total future minimum lease payments are reconciled with their present value as follows

The present value of finance lease liabilities is as follows:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| - Up to one year | 605 | 1,016 |
| - Between 1 and 5 years | 524 | 1,009 |
| - More than 5 years | - | - |
| **Total** | **1,129** | **2,025** |

### 23.6. Average payment period to suppliers

The disclosures required by Final Provision Two of Law 31/2014 (3 December), which have been prepared in accordance with the Resolution issued by the Accounting and Audit Institute on 29 January 2016, are as follows:

| | 2022 | 2021 |
|---|---|---|
| Average deferral of payments to suppliers (*) | 30 | 46 |
| Ratio of transactions paid | 30 | 45 |
| Ratio of payments pending | 34 | 53 |

| | Amount (Thousands of euros) | Amount (Thousands of euros) |
|---|---|---|
| Total payments made | 225,671 | 175,030 |
| Total payments pending | 14,106 | 11,156 |

*(*) The effect of confirmings has been taken into account for the calculation*

In addition to the above information, in accordance with the new regulations implemented under article 9 of Law 18/2022, of 28 September, we add the following information:

| **Number (units)** | | |
|---|---|---|
| Invoices paid before the legal deadline for payment to suppliers | 27.126 | 17.281 |
| Percentage of the total supplier invoices | 84% | 77% |

| **Volume (thousands of euros)** | | |
|---|---|---|
| Invoices paid before the legal deadline for payment to suppliers | 174.583 | 99.800 |
| Percentage of the total supplier invoices | 75% | 60% |

The “Average period for payments to suppliers” is understood to be the time that elapses between the invoice date and the date effective payment is made, as defined in the aforementioned resolution issued by the Accounting and Audit Institute.

The ratio of transactions paid is calculated as a quotient in which the numerator contains the sum of the payments made divided by the number of payment days (calendar days elapsing since the calculation started until effective payment for the transaction is made) and the denominator contains the total amount of payments made.

The “Average payment period for suppliers” is calculated as a quotient in which the numerator contains the sum of the ratio of transactions paid divided by the total amount of the payments made plus the ratio of transactions pending payment divided by the total amount of pending payments and the denominator contains the total amount of payments made and total outstanding payments.

The ratio of pending payments is a quotient in which the numerator contains the sum of amounts pending payment divided by the number of days payment has been pending (calendar days elapsing since the calculation started and the date on which the financial statements were closed) and the denominator contains the total number of pending payments.

In accordance with the provisions of Article 3 of the resolution issued by the Accounting and Audit Institute on 29 January 2016, the amount of the transactions occurring prior to the date on which Law 31/2014 (3 December) entered into force have not been taken into consideration.

According to Law 11/2013 (26 July), the maximum payment deadline applicable to the Company is 30 days, unless there is an agreement between the parties, in which case the maximum deadline is 60 days.

### 23.7. Non-current prepayments and accrued income

Within the non-current accruals of non-current liabilities is included:

- The amount pending recognition in the accounting result with respect to the assignment of the use of the parking spaces for €8,170 thousand as at 31 December 2022 (2021: €8,411 thousand).

- Client advances charged, pending amortization starting in 2024, for €24,655 thousand as at 31 December 2022 (2021: €0 thousand), from projects in Peru and Colombia.

### 23.8. Other financial liabilities

This heading mainly includes loans obtained from the CDTI and other government entities to finance R&D projects, as well as amounts collected from factored clients without recourse in the process of being returned to banking entities. Also at 31 December 2021, this heading includes the amount pending payment of €1,869 thousand, corresponding to the purchase of shares in Energía de Colombia, S.A.S., which in 2022 were paid out in full.

## 24. OTHER PROVISIONS

The movements in short-term provisions recognized in the consolidated balance sheet were as follows:

Thousands of euros

| Current | Provision for works settlements | Provision for other liabilities | Provision for taxes | Other provisions | Total |
|---|---|---|---|---|---|
| **Balance at 01.01.2021** | **172** | **-** | **-** | **507** | **679** |
| Allocations | - | - | - | - | - |
| Applications | (13) | - | - | - | (13) |
| Excesses | - | - | - | - | - |
| Other adjustments | - | - | - | (160) | (160) |
| **Ending balance at 31.12.2021** | **159** | **-** | **-** | **347** | **506** |
| Allocations | 71 | - | - | - | 71 |
| Applications | - | - | - | - | - |
| Excesses | - | - | - | - | - |
| Other adjustments | - | - | - | (81) | (81) |
| **Ending balance at 31.12.2022** | **230** | **-** | **-** | **266** | **496** |

Thousands of euros

| Non-current | Provision for works settlements | Provision for other liabilities | Provision for taxes | Other provisions | Total |
|---|---|---|---|---|---|
| **Balance at 01.01.2021** | **-** | **-** | **7,937** | **-** | **7,937** |
| Allocations | - | - | - | - | **-** |
| Applications | - | - | - | - | **-** |
| Excesses | - | - | - | - | **-** |
| Other adjustments | - | - | (33) | - | **(33)** |
| **Ending balance at 31.12.2021** | **-** | **-** | **7,904** | **-** | **7,904** |
| Allocations | - | - | - | - | **-** |
| Applications | - | - | - | - | **-** |
| Excesses | - | - | - | - | **-** |
| Other adjustments | - | - | (62) | - | **(62)** |
| **Ending balance at 31.12.2022** | **-** | **-** | **7,966** | **-** | **7,966** |

The Provision for tax corresponds to the recording of contingent liabilities described in Note 29.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

### 25. DEFERRED TAXES

The details of the deferred taxes are as follows:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Tax effect of differences on exchange | 14,914 | 10,317 |
| Derivatives | 904 | 525 |
| Non-deductible depreciation/amortization | 85 | 128 |
| Deductions and credits pending application | 893 | 1,722 |
| Tax-loss carryforwards for the year | 5,708 | 7,100 |
| Provision for Impairment of Investments and Loans | 3,915 | 2,615 |
| Total deferred tax assets | 25,699 | 22,406 |

The increase under the heading "Loans to Offset Losses in the Year" is due mainly to the negative taxable bases generated by the Group this year.

Changes in deferred tax assets and liabilities during 2022 and 2021 were as follows:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Tax effect of differences on exchange | 4,153 | - |
| Derivatives | 242 | 39 |
| Unrestricted depreciation | 2,840 | 2,959 |
| Finance lease | 521 | 474 |
| Deferral of the result of intra-group transactions | 6 | 6 |
| Subsidies | 9 | 6 |
| **Total deferred tax liabilities** | **7,771** | **3,478** |

Changes in deferred tax assets and liabilities during 2022 and 2021 were as follows:

| | Thousands of euros | | | | |
|---|---|---|---|---|---|
| **Deferred tax assets:** | **Tax credits** | **Derivatives** | **Differences on exchange** | **Other** | **Total** |
| **Balance at 1 January 2022** | **8,822** | **525** | **10,317** | **2,742** | **22,406** |
| Charged against/(credited to) profit or loss | (2,221) | - | - | 538 | (1,683) |
| Charged against/(credited to) equity | - | 379 | 4,597 | - | 4,976 |
| **Balance at 31 December 2022** | **6,601** | **904** | **14,914** | **3,280** | **25,699** |

| | Thousands of euros | | | | |
|---|---|---|---|---|---|
| **Deferred tax assets:** | **Tax credits** | **Derivatives** | **Differences on exchange** | **Other** | **Total** |
| **Balance at 1 January 2021** | **5,352** | **661** | **7,905** | **215** | **14,133** |
| Charged against/(credited to) profit or loss | 3,470 | (523) | - | 2,527 | 5,474 |
| Charged against/(credited to) equity | - | 347 | 2,412 | - | 2,799 |
| **Balance at 31 December 2021** | **8,822** | **525** | **10,317** | **2,742** | **22,406** |

(Thousands of euros)

| Deferred tax liabilities: | Unrestricted depreciation | Differences on exchange | Derivatives | Other | Total |
|---|---|---|---|---|---|
| | | | | | Thousands of euros |
| **Balance at 1 January 2022** | **2,959** | **-** | **39** | **480** | **3,478** |
| Charged against/(credited to) profit or loss | (118) | - | - | 47 | (72) |
| Charged against/(credited to) equity | - | 4,153 | 203 | 9 | 4,365 |
| **Balance at 31 December 2022** | **2,840** | **4,153** | **242** | **536** | **7,771** |

| Deferred tax liabilities: | Unrestricted depreciation | Differences on exchange | Derivatives | Other | Total |
|---|---|---|---|---|---|
| | | | | | Thousands of euros |
| **Balance at 1 January 2021** | **3,077** | **1,445** | **91** | **395** | **5,008** |
| Charged against/(credited to) profit or loss | (118) | - | (52) | 85 | (85) |
| Charged against/(credited to) equity | - | (1,445) | - | - | (1,445) |
| **Balance at 31 December 2021** | **2,959** | **-** | **39** | **480** | **3,478** |

Deferred tax assets for deductions pending application and negative tax bases pending compensation are recognized to the extent that it is probable that future taxable profits will be obtained that allow their application. In this regard, the Group companies have negative tax bases, in addition to the capitalized ones, amounting to approximately 21 million euros in base (2021: 19 million euros) corresponding mainly to the activity carried out by the Group in:

| Country | NOL | Year Generated |
|---|---|---|
| | | Thousands of euros |
| Mexico | 1,982 | 2014-2022 |
| Peru | 7,923 | 2016-2022 |
| Chile | 5,351 | 2021-2022 |
| Colombia | 45 | 2021-2022 |
| France | 1,468 | 2021-2022 |
| Italy | 87 | 2021-2022 |
| Poland | 83 | 2013-2022 |
| Romania | 2,424 | 2017-2022 |
| Panama | 1,744 | 2015-2022 |
| **TOTAL** | **21,107** | |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

### 26. INCOME AND EXPENSE

**Transactions denominated in foreign currency**

Transactions carried out in foreign currency are as follows:

| | Thousands of euros | | | |
|---|---|---|---|---|
| | Income | | Expense | |
| | 2022 | 2021 | 2022 | 2021 |
| Peso - Colombia | 91,830 | 70,182 | (70,035) | (34,450) |
| Peso - Mexico | 8,776 | 38 | (7,038) | (980) |
| Nuevo Sol - Peru | 8,970 | 2,200 | (13,116) | (1,410) |
| Peso - Chile | 447 | - | (3,244) | - |
| Zloty - Poland | - | - | (120) | (9) |
| Leu - Romania | - | - | (1,170) | (199) |
| US-Dollar- USA | 147,363 | 46,021 | (131,765) | (33,650) |
| Yen - Japan | 10,036 | 44,323 | (12,027) | (40,310) |
| Lempiras - Honduras | 1,138 | 941 | (884) | (952) |
| Colon - El Salvador | 138 | 117 | (63) | (120) |
| Quetzal-Guatemala | - | 159 | (74) | (256) |
| Peso- Bolivia | 4,609 | 3,731 | (1,862) | (3,566) |
| **Total** | **273,307** | **167,712** | **(241,398)** | **(115,902)** |

**Revenues**

Revenues from the Group's ordinary activities may be analyzed geographically as follows:

| | Thousands of euros | | | |
|---|---|---|---|---|
| **Markets** | 2022 | % | 2021 | % |
| National | 337,080 | 71% | 307,476 | 64% |
| International | 273,307 | 57% | 170,618 | 36% |
| **Total** | **610,387** | | **478,094** | |

Revenue can also be analyzed by business category as follows:

| | Thousands of euros | | | |
|---|---|---|---|---|
| **Business** | 2022 | % | 2021 | % |
| Construction and Services | 241,638 | 40% | 232,715 | 38% |
| Energy | 350,784 | 57% | 228,790 | 37% |
| Concessions | 15,716 | 3% | 14,895 | 2% |
| Real Estate | 2,249 | 0% | 1,694 | 0% |
| **Total** | **610,387** | | **478,094** | |

**Raw materials, goods consumed and other consumables**

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| **Raw materials consumed and other consumables** | **234,759** | **182,473** |
| Purchases of storable goods and materials | 235,333 | 182,811 |
| Volume discounts for other supplies acquired | (57) | (12) |
| Change in inventories of raw materials/Land | (517) | (326) |
| **Subcontracted work** | **205,687** | **159,874** |
| **Total** | **440,446** | **342,347** |

**Personnel expenses**

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Wages, salaries and similar remuneration | 71,125 | 65,466 |
| Employee benefit expenses | 19,232 | 17,391 |
| Non-current remuneration through defined contribution systems | 117 | 37 |
| **Total** | **90,474** | **82,894** |

Salaries and wages includes employee termination benefits amounting to €1,031 thousand in 2022 (€781 thousand in 2021).

Personnel expenses include all wages and mandatory or voluntary benefit expenses accrued at any given moment and obligations deriving from bonuses, vacation time or variable salary amounts, and the associated expenses are recognised.

The average number of employees by category during the year at fully consolidated companies is as follows:

| **Category** | 2022 | 2021 |
|---|---|---|
| Senior management | 4 | 4 |
| Administrative and technical managers and construction foremen | 754 | 587 |
| Middle management | 250 | 213 |
| Administrative staff | 212 | 200 |
| Workers | 1,442 | 991 |
| **Total** | **2,661** | **1,995** |

The distribution of the Group's employees by category and gender was as follows in the years ended 31 December 2022 and 2021:

| | | | 2022 |
|---|---|---|---|
| | Male | Female | Total |
| Senior management | 3 | 1 | 4 |
| Administrative and technical managers and construction foremen | 565 | 232 | 797 |
| Middle management | 251 | 6 | 257 |
| Administrative staff | 89 | 133 | 222 |
| Workers | 1,297 | 220 | 1,518 |
| **Total** | **2,205** | **592** | **2,798** |

| | | | 2021 |
|---|---|---|---|
| | Male | Female | Total |
| Senior management | 3 | 1 | 4 |
| Administrative and technical managers and construction foremen | 466 | 165 | 631 |
| Middle management | 206 | 23 | 229 |
| Administrative staff | 77 | 124 | 201 |
| Workers | 781 | 219 | 1,000 |
| **Total** | **1,533** | **532** | **2,065** |

The average number of employees in the course of the year by the companies included in the consolidation, with a disability greater than or equal to 33% by category is 36 employees as of 31 December 2022 and 33 employees as of 31 December 2021.

**Losses, impairment and changes in trade provisions**

In 2022 and 2021, this heading includes the impairment of accounts receivable in the ordinary course of the Group's activities (See Note 13).

**27. CORPORATE INCOME TAX AND TAX SITUATION**

Ortiz Construcciones y Proyectos, S.A. is taxed under the tax consolidation system, and it is the Group's parent company since 2015.

Set out below is the reconciliation between net income and expense for the year and the income tax assessment base

| | | | | | | Thousands of euros |
|---|---|---|---|---|---|---|
| | | | Income statement | | | Income and expenses taken directly to equity |
| **Income/expense for 2022** | | | **22,522** | | | **804** |
| | Increases | Decreases | Total | Increases | Decreases | Total |
| **Corporate income tax** | | | - | | | |
| **Permanent differences** | **13,566** | **(12,688)** | **878** | | | |
| **Temporary differences** | **2,947** | **(506)** | **2,441** | **5,687** | **(6,492)** | **(804)** |
| - Arising during the year | 2,324 | (336) | 1,988 | 5,407 | - | 5,407 |
| - Arising in prior years | 623 | (170) | 453 | 281 | (6,492) | (6,212) |
| **Exemption of income from permanent establishments** | | **(9,923)** | **(9,923)** | | | **-** |
| **Consolidation adjustments** | | | **6,604** | | | - |
| **Gross taxable income** | | | **(20,025)** | | | **-** |
| Tax-loss carryforwards | | | (5,006) | | | - |
| **Net taxable income** | | | **15,019** | | | **-** |

Income tax expense is analyzed below:

| | Thousands of euros | |
|---|---|---|
| | 2022 | 2021 |
| Current corporate income tax | 5,323 | 3,556 |
| Deferred tax liability | 3,482 | 3,711 |
| **Total** | **8,805** | **7,267** |

The main nominal tax rates used in calculating the income tax of Group companies for the years 2022 and 2021 are as follows:

| Country | 2022 | 2021 |
|---|---|---|
| Spain | 25% | 25% |
| Poland | 19% | 19% |
| Colombia | 35% | 31% |
| Mexico | 30% | 30% |
| Peru | 29,5% | 26% |
| Chile | 27% | 27% |
| Bolivia | 25% | 25% |
| Honduras | 25% | 25% |
| Italy | 24% | 24% |
| France | 25% | 26,50% |
| Guatemala | 25% | 25% |
| El Salvador | 30% | 30% |
| Japan | 30,62% | 30,62% |
| Panama | 25% | 25% |
| Romania | 16% | 16% |
| Honduras | 25% | 25% |
| USA | 21,75% | 21,75% |

Deductions to tax payable totalling €1,502housand were applied in 2022 (2021: €0 thousand ) and withholdings and interim payments totalled €276 thousand (2021: €169 thousand). The amount payable to the tax authorities totals €1,976 thousand (2021: €74 thousand refundable). All the Company's tax returns for the last four years for the principal taxes to which it is subject are open to inspection by the tax authorities.

Due to the different interpretations to which tax legislation lends itself, the results of any future tax inspection by the tax authorities of the years open to inspection could give rise to tax liabilities that cannot be objectively quantified at present. However, the Company's directors believe that any liabilities that could arise in this respect would not have a significant effect on the Group's consolidated financial statements.

Deductions for double taxation, investments and donations made to beneficiaries of sponsorship, and non-deductible depreciation for 2013-2014, the amounts and terms of which are as follows:

| | Thousands of euros | | |
|---|---|---|---|
| | 2022 | 2021 | Last year |
| Double taxation relief | - | 250 | No limit |
| Deduction for double taxation of capital gains | - | 1 | No limit |
| Deduction for international double taxation | - | 586 | No limit |
| Investment deductions | 849 | 868 | 2,040 |
| Deduction of donations | 27 | 9 | 2,032 |
| Non-deductible depreciation | 17 | 8 | No limit |
| **Total** | **893** | **1,722** | |

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

**Credits and debits with public administrations**

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| Assets for current tax | 546 | 121 |
| Other credits with the Public Administrations | 19,081 | 18,287 |
| **Total** | **19,627** | **18,408** |

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| Liabilities for current tax | 4,431 | 3,549 |
| Other debts with the Public Administrations | 16,430 | 16,872 |
| **Total** | **20,861** | **20,421** |

The heading "Public Administrations" mainly includes pending amounts for VAT and income tax

## 28. NET FINANCIAL INCOME/EXPENSE

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| **Financial income** | **7,383** | **5,626** |
| **From equity instruments** | **80** | **20** |
| Dividends | 80 | 20 |
| **From marketable securities and other financial instruments** | **7,303** | **5,606** |
| **Group companies and associates** | **6,366** | **3,547** |
| **From third parties** | **937** | **2,059** |
| Other financial income | - | 1,712 |
| Profit on participations and debt securities at L/P of other companies | 288 | 71 |
| Income from debt securities of other companies | 649 | 276 |
| **Financial expenses** | **15,704** | **15,783** |
| **On payables to group companies and associates** | **121** | **105** |
| **Payables to third parties** | **15.583** | **15,678** |
| Interest of debentures and bonds | 2,046 | 1,796 |
| Interest on bank borrowings | 5,969 | 7,216 |
| Interest on loans from other companies | 129 | 105 |
| Interest for the discounting of bills and similar transactions | 3 | - |
| Interest on factoring transactions without recourse | 1,233 | 1,375 |
| Interest on factoring transactions with recourse | - | 33 |
| Guarantees | 5,992 | 4,697 |
| Other financial expenses | 211 | 456 |
| **Change in the fair value of financial instruments** | **356** | **3,129** |
| Trading portfolio and other | 356 | 347 |
| Effect of loss of control of consolidated holdings | - | 2,782 |
| **Differences on exchange** | **(1,841)** | **593** |
| **Impairment and gain/(loss) on disposal of financial instruments** | **(14)** | **10** |
| **Profit/(loss) on disposals and other items** | (14) | **10** |
| Profits from equities and current debt securities-other companies | - | 12 |
| Losses on equities and current debt securities-other companies | (14) | (2) |

## 29. GUARANTEE OBLIGATIONS WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

### Guarantees

The Group has provided guarantees to third parties, public entities and financial institutions in the amount of €527 million at 31 December 2022 (2021: €428 million). The nominal total of the guarantees provided through credit and surety institutions is €318 million (2021: €175 million) and those provided through financial institutions are for a nominal amount of €209 million (2021: €253 million). The guarantees provided to ensure the successful outcome of the execution of the works being performed for several customers at the year-end total €380 million (2021: €394 million). The Group believes that any liabilities that could derive from the guarantees that have been provided would not be significant in any case.

The Group secures bank borrowings obtained by jointly-controlled entities and associates in the amount of €1,919 thousand (2021: €3,233 thousand).

### Other contingent liabilities

At the end of 2022 and 2021 the Group maintains provisions to cover possible risks deriving from litigation in progress as a result of several lawsuits filed within the businesses it carries out. Group management believes that no significant liabilities in addition to those covered by the provisions will arise with respect to the consolidated financial statements at 31 December 2022 and 2021. As a result of the diverse inspection action taken with respect to the jointly -controlled company Urbanizadora Gade, S.A., to corporate income tax assessments were raised for the tax periods 2003 to 2004 and 2005 to 2007 in the amount of €6,894 thousand and €6,255 thousand, respectively, which are based on the percentage interest held. These assessments were contested and appeals have been filed with the Supreme Court and the National Court. With respect to the records of the tax periods 2005 to 2007, the Economic and Financial Court of Madrid in its decision of 24 February 2012 partially upheld the appeal, but only with respect to the settlement of interest.

In 2016 the Supreme Court denied the appeal filed with respect to the assessment for 2003 and 2004, and therefore the jointly-controlled entity Urbanizadora Gade, S.A. recognised the tax liability. As a result of the fact that the consideration was that Urbanizadora Gade, S.A. did not meet the requirements to be a holding company in 2003 and 2004, it was appropriate to recognise a debt claim for the total amount of €5,422 thousand in the company Ortiz Área Inmobiliaria, S.A.U. as a result of the application of the deduction for the double taxation of dividends at 100%, instead of the 50% established for holding companies (2004-2006), of which €2,460 was collected in 2017. The National Court recognised this right with respect to the 2006 tax return in the amount of €2,806 thousand in the judgment issued on 12 December 2016. The rest of the amount relating to 2004 and 2005 is subject to appeals at various courts.

During 2018 the Supreme Court denied the appeal filed with respect to the assessment relating to the tax periods 2005 to 2007 which the Group had pertinently decided to cover with a provision in 2016, which was maintained at 31 December 2022 (Note 24).

The Group has filed economic-administrative claims against the resolutions adopted by the tax authorities to execute the National Court's judgement. The Regional Economic Administrative Court of Madrid has partially admitted the appeal with respect to late-payment interest. In any event, the Group has filed an administrative appeal against the regional court's (TEAR) decision, since the resolution adopted by the tax authorities was executed after six months had elapsed since the final judgement was issued by the National Court and therefore the right to settle the tax liability could be deemed to be statute barred.

The payment of this final assessment is secured through a mortgage guarantee covering several plots of land classified in the heading Investment properties with a carrying amount of €8,641 thousand (2021: €8,641 thousand) which guarantees the amount of €6,255 thousand.

**ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Thousands of euros)

## 30. COMMITMENTS

Total minimum future payments for irrevocable operating leases are as follow

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| < 1 year | 116 | 110 |
| 1 - 5 years | 1,895 | 1,805 |
| > 5 years | 1,199 | 1,142 |
| **Total** | **3,210** | **3,057** |

In addition, the Group has investment commitments specified in Note 10.

## 31. JOINT VENTURES (UTEs)

The Group holds interests in several joint ventures (UTEs) that are described in Appendix III.

Group companies carry out part of their businesses together with other companies through joint ventures, which are entities without a legal personality through which business collaboration arrangements are established among different companies for a specified period of time to carry out or execute a project, service or supply. The contracts managed through UTEs mean that the partners in the arrangement share joint and several liability for the activities carried out.

At 31 December 2022 group companies participate in 77 joint ventures (72 at 31 December 2021).

The main figures for the jointly operated contracts set out in the various headings in the accompanying consolidated balance sheet and consolidated income statement, in proportion to the interest held in them, at 31 December 2022 and 2021, without adjusting the relationships with group companies, are indicated below:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| Non-current assets | 384 | 245 |
| Current assets | 59,341 | 41,017 |
| **Total Assets** | **59,725** | **41,262** |
| Equity | 9,527 | 2,599 |
| Non-current liabilities | 76 | 61 |
| Current liabilities | 50,122 | 38,602 |
| **Total Liabilities and Equity** | **59,725** | **41,262** |
| **Revenues** | **95,623** | **52,050** |
| **Reported profit** | **3,243** | **4,060** |

## 32. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

### Directors' remuneration

In 2022, the amount accrued by the members of the Board of Directors totalled €3,406 thousand (€1,531 thousand in 2021) and is made up of the following items and amounts:

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| Wages, per diems and other remuneration | 3,406 | 1,531 |
| **Total** | **3,406** | **1,531** |

The members of the Company's Board of Directors did not receive any compensation in the form of profit sharing or bonuses. No shares or stock options were received by them during the year, no options were exercised and no options yet to be exercised remain outstanding.

**Senior Management compensation and loans**

| | Thousands of euros | |
|---|---|---|
| | **2022** | **2021** |
| Wages, per diems and other remuneration | 3,300 | 1,466 |
| Loans | 3,165 | 4,682 |
| **Total** | **6,465** | **6,148** |

It has not been necessary to record any provision covering loans to senior executives.

**Director conflict of interest situations**

In order to avoid conflicts of interest with the company, during the year Directors that held positions on the Board of Directors complied with the obligations established in Article 228 of the Spanish Companies Act. Both they and persons associated with them have abstained from entering into the conflicts of interest defined by Article 229 of that law, except in the cases in which the appropriate authorisation has been obtained.

## 33. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Balances with related parties were as follows in 2022 and 2021:

**Thousands of euros**

| 2022 | Current receivables | Current trade payables | Current credit facilities | Non-current credit facilities | Other current loans | Current loans | Current receivables |
|---|---|---|---|---|---|---|---|
| Accesos de Ibiza,S.A. | 47 | - | - | 2,397 | - | - | 6,593 |
| Aldigavia,S.A.U. | 36 | - | - | - | - | - | - |
| Aldigavia Oficinas, S.L. | 242 | 126 | - | - | - | - | - |
| Alten El Casar, S.L. | 36 | - | 400 | 1,097 | - | - | - |
| Autopistas del Nordeste, S.A.S. | 5,981 | - | - | 16,865 | - | - | - |
| Autopistas del Caribe, S.A.S. | - | - | - | 1,041 | - | - | - |
| Bulevar del Arte y La Cultura,S.A. | - | - | 100 | 554 | - | - | - |
| Concesión Transversal del Sisga S.A.S. | 726 | - | - | 12,759 | - | - | - |
| El Arce de Villalba, S.L.U. | 3 | - | - | - | - | - | - |
| Fortem Integral, S.L. | 1 | 75 | - | 49 | - | - | - |
| Grupo Ortiz Properties Socimi, S.A. | 107 | 126 | 130 | - | - | - | - |
| Inmuebles Gade, S.L. | 3 | - | 8,922 | - | - | - | - |
| Medsolar SPV | 179 | - | 461 | - | - | 3 | - |
| Mostoles Factory 2019,S.L. | 27 | - | 311 | - | - | - | - |
| Operadora Hospitalaria Tepic, S.A.P.I. de C.V. | - | - | 720 | - | - | - | - |
| Ortega y Gasset Park, S.A.U. | 21 | - | - | - | - | - | - |
| Ortiz Sport Factory, S.L. | 8 | - | - | - | - | - | - |
| Promotora Hospitalaria Tepic,S.A.P.I. de C.V. | 398 | - | - | - | - | - | - |
| Promotora Hospitalaria de Bosa, S.A.S. | 178 | - | - | 4,042 | - | - | - |
| Superficie Cartera Inversiones, S.A. | - | - | 768 | - | - | - | - |
| Vending La Gavia, S.L. | - | - | 19 | - | - | - | - |
| Urbanizadora Gade S.A | - | - | - | 2 | - | - | - |
| Autopista del Río Grande S.A.S | - | - | - | 22,802 | - | - | - |
| Autopista Magdalena Troncal I | 168 | - | - | 14,653 | - | - | - |
| Energía de Colombia STR, S.A.S | 359 | - | - | 8,230 | - | - | - |
| Otras empresas | 4 | - | - | - | - | 11 | - |
| **TOTAL** | **8,524** | **327** | **11,831** | **84,491** | **-** | **14** | **6,593** |

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Thousands of euros)

Thousands of euros

| 2021 | Current receivables | Current trade payables | Current credit facilities | Non-current credit facilities | Other current loans | Current loans | Current receivables |
|---|---|---|---|---|---|---|---|
| Accesos de Ibiza, S.A. | 51 | - | - | 2,287 | - | - | 5,312 |
| Aldigavia, S.A.U. | 25 | - | - | - | - | - | - |
| Aldigavia Oficinas, S.L. | 203 | 117 | - | - | - | - | - |
| Alten Renewable Energy Developments,B.V. | 17 | - | - | - | - | - | - |
| Alten Gestión de Proyectos, S.L.U. | 30 | - | - | - | - | - | - |
| Alten El Casar, S.L. | 35 | - | - | 2,352 | - | - | - |
| Autopistas del Nordeste, S.A.S. | 4,585 | - | - | 16,259 | - | - | - |
| Autopistas del Caribe, S.A.S. | - | - | - | 1,181 | - | - | - |
| Bulevar del Arte y La Cultura, S.A. | - | - | - | 766 | - | - | - |
| Concesión del Sisga, S.A.S. | 823 | - | - | 14,462 | - | - | - |
| Consorcio Inca-Ortiz | 121 | - | - | - | - | - | - |
| El Arce de Villalba, S.L.U. | 9 | - | - | - | - | - | - |
| Energía de Colombia, S.A.P.I. de C.V. | 587 | - | - | 1,867 | - | - | - |
| Fortem Integral, S.L. | 5 | - | - | 47 | - | - | - |
| Grupo Ortiz Properties Socimi, S.A. | 171 | 72 | - | - | 532 | - | - |
| Inmuebles Gade, S.L. | - | - | 8,964 | - | - | 31 | - |
| Medsolar SPV | 295 | - | 478 | - | - | 3 | - |
| Móstoles Factory 2019, S.L. | 30 | 2 | - | - | - | - | - |
| Operadora Hospitalaria Tepic, S.A.P.I. de C.V. | 198 | - | - | - | - | - | - |
| Ormats Mantenimiento Integral, S.L. | - | - | - | - | - | - | - |
| Ortega y Gasset Park, S.A.U. | 13 | - | - | - | - | - | - |
| Ortiz Sport Factory, S.L. | 9 | - | - | - | - | - | - |
| Promotora Hospitalaria Tepic,S.A.P.I. de C.V. | - | - | 1,862 | - | - | - | - |
| Promotora Hospitalaria de Bosa, S.A.P.I. de C.V. | 57 | - | - | 1,788 | - | - | - |
| Superficie Cartera Inversiones, S.A. | 32 | - | 898 | - | - | - | - |
| Vending La Gavia, S.L. | 4 | - | 5 | - | - | - | - |
| Otras empresas | - | - | - | - | - | 67 | - |
| TOTAL | 7,300 | 191 | 12,207 | 41,009 | 532 | 101 | 5,312 |

(Thousands of euros)
Balances with related parties were as follows in 2022 and 2021:

| | Thousands of euros | | | |
|---|---|---|---|---|
| **2022** | **Sales** | **Purchases** | **Interest expense** | **Interest income** |
| Accesos de Ibiza,S.A. | 212 | - | 121 | 138 |
| Aldigavia,S.A.U. | 73 | 24 | - | - |
| Aldigavia Oficinas, S.L. | 442 | 1,905 | - | - |
| Alten El Casar, S.L. | 180 | - | - | 87 |
| Autopistas del Nordeste, S.A.S. | - | - | - | 2,381 |
| Concesión Transversal del Sisga S.A.S. | - | - | - | 2,507 |
| Bulevar del Arte y La Cultura,S.A. | - | - | - | 55 |
| El Arce de Villalba, S.L.U. | 47 | - | - | - |
| Fortem Integral, S.L. | 3 | 31 | - | 14 |
| Grupo Ortiz Properties Socimi, S.A. | 508 | 566 | - | - |
| Medsolar, S.L. | 119 | - | - | - |
| Mostoles Factory 2019,S.L. | 13 | 1 | - | 12 |
| Ortega y Gasset Park, S.A.U. | 42 | 1,217 | - | - |
| Ortiz Sport Factory, S.L. | 9 | - | - | - |
| Operadora Hospitalaria Tepic, S.A.P.I. de C.V. | 64 | - | - | - |
| Promotora Hospitalaria Tepic,S.A.P.I. de C.V. | 379 | - | - | 192 |
| Promotora Hospitalaria de Bosa, S.A.P.I. de C.V. | - | - | - | 147 |
| Superficie Cartera de Invesiones,S.A. | 1,808 | - | - | 31 |
| Vending La Gavia, S.L. | 5 | - | - | 1 |
| Autopista Magdalena Troncal I | - | - | - | 167 |
| Autopista Del Rio Grande, S.A.S. | - | - | - | 272 |
| Energía de Colombia STR, S.A.S | 317 | (10) | - | 362 |
| **TOTAL** | **4,221** | **3,734** | **121** | **6,366** |

(Thousands of euros)

| 2021 | Sales | Purchases | Interest expense | Interest income |
|---|---|---|---|---|
| | | | | Thousands of euros |
| Accesos de Ibiza, S.A. | 245 | - | 72 | 137 |
| Africana Energía, S.L. | - | - | - | - |
| Aldigavia, S.A.U. | 109 | - | - | - |
| Aldigavia Oficinas, S.L. | 484 | 973 | - | - |
| Alten El Casar, S.L. | 11 | - | - | 192 |
| Alten Renewable Energy Developments, B.V. | 68 | - | - | - |
| Autopistas del Nordeste, S.A.S. | - | - | - | 1,063 |
| Bulevar del Arte y La Cultura, S.A. | - | - | - | 39 |
| Concesión del Sisga, S.A.S. | - | - | - | 1,689 |
| El Arce de Villalba, S.L.U. | 31 | - | - | - |
| Energía de Colombia, S.A.P.I. de C.V. | 332 | - | - | 32 |
| Fortem Integral, S.L. | 30 | - | - | 8 |
| Grupo Ortiz Properties Socimi, S.A. | 429 | 418 | - | - |
| Inmuebles Gade, S.L. | - | - | - | - |
| Medsolar, S.L. | 65 | - | - | - |
| Móstoles Factory 2019, S.L. | 7 | 6 | - | - |
| Ola Ortiz Construction, S.P.A. | - | - | - | - |
| Ortega y Gasset Park, S.A.U. | 76 | 900 | - | - |
| Ortiz Sport Factory, S.L. | - | 277 | - | - |
| Operadora Hospitalaria Tepic, S.A.P.I. de C.V. | 614 | - | - | - |
| Promotora Hospitalaria Tepic, S.A.P.I. de C.V. | 508 | 53 | - | 288 |
| Promotora Hospitalaria de Bosa, S.A.P.I. de C.V. | 493 | - | - | 59 |
| Superficie Cartera de Inversiones, S.A. | 15,981 | - | 33 | 40 |
| Vending La Gavia, S.L. | 34 | - | - | - |
| **TOTAL** | **19,517** | **2,627** | **105** | **3,547** |

**Transactions with directors or executives**

There are no significant transactions involving a transfer of resources or obligations between the Parent Company or group companies and directors or executives.

## 34. SEGMENT REPORTING

The Group's financial information by operating segment for the years ended 31 December 2022 and 2021 is indicated below:

| | | | Thousands of euros | | |
|---|---|---|---|---|---|
| **2022** | **Construction and Services** | **Energy** | **Real estate-Holding company** | **Concessions** | **Total** |
| Assets | 535,541 | 111,234 | 96,139 | 121,357 | 864,271 |
| Liabilities | 435,653 | 170,510 | 26,466 | 25,050 | 657,679 |
| **Revenues** | **241,638** | **350,784** | **2,249** | **15,716** | **610,387** |
| **Profit/(loss) before tax** | **8,915** | **12,944** | **83** | **580** | **22,522** |

| | | | | | Thousands of euros |
|---|---|---|---|---|---|
| **2021** | **Construction and Services** | **Enerrgy** | **Real estate-Holding company** | **Concessions** | **Total** |
| Assets | 407,811 | 109,508 | 101,956 | 145,765 | 765,040 |
| Liabilities | 339,331 | 193,560 | 14,380 | 14,545 | 561,816 |
| **Revenues** | **232,715** | **228,790** | **1,694** | **14,895** | **478,094** |
| **Profit/(loss) before tax** | **8,045** | **7,658** | **1,136** | **21,814** | **38,653** |

## 35. ASSETS OF AN ENVIRONMENTAL NATURE

The Group has adopted all appropriate measures with respect to the protection and improvement of the environment and the minimisation of any environmental impact and complies with current legislation in this respect. As a result, it has not been deemed necessary to record any provision for environmental risks and expenses and nor are there any contingencies associated with environmental protection and improvement.

The primary environmental aspect involving the companies' businesses that entails an environmental risk is the generation of hazardous wastes.

The various Group companies have implemented and Environmental Management System in accordance with the standard UNE-EN ISO 14001:2004 certified by AENOR: Ortiz Construcciones y Proyectos, S.A.U. with certificate number GA-2000/0039 and an issue date of 10 March 2000. Compañía Internacional de Construcción y Diseño, S.A.U. with certificate number GA-2007/0166 and an issue date of 16 April 2007. Ingeniería y Diseños Técnicos, S.A.U. with certificate number GA-2.006/0486 and an issue date of 30 November 2006. Asteisa Tratamiento de Aguas, S.A.U. with certificate number E-199534 and an issue date of 26 January 2000. Contratas y Servicios Ferroviarios, S.A.U. with certificate number GA-2003/0021 and an issue date of 28 January 2003. Indag, S.A.U., in a study and implementation process.

## 36. AUDIT FEES

The audit fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for audit services totalled €241 thousand (2021: €211 thousand). The audit fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for other verification and other services rendered to the Group amounted to €7,5 thousand (2020: €17 thousand). No other fees accrued as no other services were rendered by the PwC network (2021: 0€ thousand), and no tax services and €0 fees accrued in 2022 (2021: €0 thousand). No services required by other legal obligations were rendered.

## 37. EVENTS AFTER THE REPORTING PERIOD

At the date of preparing these Consolidated Annual Financial Statements a process of refinancing the syndicated loan is well under way, with the approval of the Agent, Sole Bookrunner and Coordinator of the new structure.

In the opinion of the directors of the parent Company, no other matter has been identified which may have a material effect on the Consolidated Annual Financial Statements after the year ended 31 December 2022.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX I

### SUBSIDIARIES

31 December 2022

| Name | Domicile | Business | Shareholding % | Shareholding Thousands of euros | Shareholding Name | Audit |
|---|---|---|---|---|---|---|
| Compañía Internacional de Construcción y Diseño ,S.A.U. | Madrid | Construction | 100 | 1,560 | Ortiz CYP | PWC |
| Indag, S.A.U. | Madrid | Construction | 100 | 1,679 | Ortiz CYP | PWC |
| Ingeniería y Diseños Técnicos, S.A.U. | Madrid | Construction | 100 | 120 | Ortiz CYP | PWC |
| Agrícola El Casar, S.L.U. | Madrid | Real Estate | 100 | 55,772 | Ortiz CYP | PWC |
| Asteisa Tratamiento de Aguas, S.A.U. | Madrid | Construction | 100 | 1,889 | Ortiz CYP | PWC |
| Contratas y Servicios Ferroviarios, S.A.U. | Orense | Construction | 100 | 25,545 | Ortiz CYP | PWC |
| Arquitectura Industrializada Andaluza, S.L. | Sevilla | Construction | 55 | 342 | Indagsa | No Audited |
| Concesionaria Collado Villalba, S.A.U. | Madrid | Concession | 100 | 6,050 | Ortiz CYP | PWC |
| Impulsa Grup Ortiz, S.L. | Barcelona | Construction | 93 | - | Ortiz CYP | No Audited |
| Grupo Ortiz Polska, S.A. | Poland | Construction | 100 | - | Ortiz CYP | POMORSKI Doradztwo Podatkowe Sp. z o.o. |
| Grupo Ortiz Construcciones México, S.A. | Mexico | Construction | 100 | - | Ortiz CYP | No Audited |
| Personal Management, S.A. de C.V. | Mexico | Construction | 100 | 3 | Condisa | No Audited |
| Tecasol, S.A. | Uruguay | Construction | 70 | 2 | Ortiz CYP | No Audited |
| Galindo Subestaciónes Mexico,S.A.P.I de C.V. | Madrid | Construction | 100 | - | Ortiz CYP | No Audited |
| Ortiz Energía Japan, K.K. | Japan | Energy | 100 | 325 | Ortiz CYP | SANSEI TrusT |
| GO Barajas 2017, S.A. | Madrid | Concession | 100 | 60 | Ortiz CYP | No Audited |
| Constructora Hospitalaria TEPIC, S.A.P.I. de C.V. | Madrid | Construction | 48 | - | Ortiz CyP | No Audited |
| Constructora Obrascol, S.A.S. | Madrid | Construction | 100 | - | Ortiz CyP/Asteisa | No Audited |
| La Gavia Factory, S.L. | Madrid | Real Estate | 75 | 5 | Ortiz CyP | No Audited |
| Ortiz USA, LLC | USA | Energy | 100 | 11,298 | Ortiz CyP | No Audited |
| **Total dependientes** | | | | **104,650** | | |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX I

| 31 December 2021 | | | Shareholding | | | |
|---|---|---|---|---|---|---|
| Name | Domicile | Business | % | Thousands of euros | Name | Audit |
| Compañía Internacional de Construcción y Diseño, S.A.U. | Madrid | Construction | 100 | 1,560 | Ortiz CYP | PWC |
| Indag, S.A.U. | Madrid | Construction | 100 | 1,679 | Ortiz CYP | PWC |
| Ingeniería y Diseños Técnicos, S.A.U. | Madrid | Construction | 100 | 120 | Ortiz CYP | PWC |
| Agrícola El Casar, S.L.U. | Madrid | Real Estate | 100 | 52,393 | Ortiz CYP | PWC |
| Asteisa Tratamiento de Aguas, S.A.U. | Madrid | Construction | 100 | 1,889 | Ortiz CYP | PWC |
| Contratas y Servicios Ferroviarios, S.A.U. | Orense | Construction | 100 | 25,545 | Ortiz CYP | PWC |
| Arquitectura Industrializada Andaluza, S.L. | Sevilla | Construction | 55 | 342 | Indagsa | No Audited |
| Concesionaria Collado Villalba, S.A.U. | Madrid | Concession | 100 | 6,050 | Ortiz CYP | PWC |
| Impulsa Grup Ortiz, S.L. | Barcelona | Construction | 93 | - | Ortiz CYP | No Audited |
| Grupo Ortiz Polska, S.A. | Poland | Construction | 100 | 25 | Ortiz CYP | POMORSKI Doradztwo Podatkowe Sp. z o.o. |
| Grupo Ortiz Construcciones Mexico, S.A. | Mexico | Construction | 100 | 282 | Ortiz CYP | No Audited |
| Personal Management, S.A. de C.V. | Mexico | Construction | 100 | 3 | Condisa | No Audited |
| Tecasol, S.A. | Uruguay | Construction | 70 | 2 | Ortiz CYP | No Audited |
| Galindo Subestaciones Mexico, S.A.P.I de C.V. | Madrid | Construction | 100 | 1 | Ortiz CYP | No Audited |
| Ortiz Energía Japan, K.K. | Japan | Energy | 100 | 325 | Ortiz CYP | SANSEI TrusT |
| GO Barajas 2017, S.A. | Madrid | Concession | 100 | 60 | Ortiz CYP | No Audited |
| Constructora Hospitalaria TEPIC, S.A.P.I. de C.V. | Madrid | Construction | 48 | - | Ortiz CYP | No Audited |
| Constructora Obrascol, S.A.S. | Madrid | Construction | 100 | 8 | Ortiz CYP/Asteisa | No Audited |
| La Gavia Factory, S.L. | Madrid | Real Estate | 75 | 5 | Ortiz CYP | No Audited |
| Ortiz USA, LLC | Colombia | Construction | 100 | - | Ortiz CYP | No Audited |
| **Total subsidiaries** | | | | **90,288** | | |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX II

### JOINTLY-CONTROLLED COMPANIES

| 31 December 2022 | | | Participación | | | |
|---|---|---|---|---|---|---|
| **Name** | **Domicile** | **Business** | **%** | **Thousands of euros** | **Name** | **Audit** |
| Inmuebles Gade, S.L. | Madrid | Real Estate | 79 | 14,802 | Ortiz CYP | No Audited |
| Urbanizadora Gade, S.A. En liquidación | Madrid | Real Estate | 50 | - | Ortiz CYP | No Audited |
| Accesos de Ibiza, S.A. | Baleares | Concession | 50 | 6,400 | Ortiz CYP | Gabinete de auditoría Ribas |
| Medsolar SPV10, S.R.L. | Italy | Energy | 50 | 5 | Agricasa | No Audited |
| Alten El Casar, S.L. | Madrid | Energy | 66 | 250 | Ortiz CyP y Alten RE Developments Iberia | No Audited |
| Promotora Hospital de Bosa, S.A.S. | Colombia | Concession | 55 | 962 | Ortiz CyP | PWC |
| Energia de Colombia STR, S.A.S. E.S.P. | Colombia | Energy | 82 | 5,217 | Ortiz CyP | PWC |
| Autopista Magdalena Troncal I | Colombia | Concession | 50 | 11 | Ortiz CyP | No Audited |
| Autopista Del Rio Grande, S.A.S. | Colombia | Concession | 50 | 11 | Ortiz CyP | No Audited |
| **Total multigrupo** | | | | **27,658** | | |

| 31 December 2021 | | | Shareholding | | | |
|---|---|---|---|---|---|---|
| **Name** | **Domicile** | **Business** | **%** | **Thousands of euros** | **Name** | **Audit** |
| Inmuebles Gade, S.L. | Madrid | Real Estate | 79 | 14,802 | Ortiz CYP | No Audited |
| Urbanizadora Gade, S.A. En liquidación | Madrid | Real Estate | 50 | - | Ortiz CYP | No Audited |
| Accesos de Ibiza, S.A. | Baleares | Concession | 50 | 6,400 | Ortiz CYP | Gabinete de auditoría Ribas |
| Medsolar SPV10, S.R.L. | Italy | Energy | 50 | 5 | Agricasa | No Audited |
| Alten El Casar, S.L. | Madrid | Energy | 66 | 250 | Ortiz CYP y Alten RE Developments Iberia | No Audited |
| Energía de Colombia STR, S.A.S. E.S.P. | Colombia | Construction | 80 | 5,216 | Ortiz CYP | KPMG |
| Promotora Hospital de Bosa, S.A.S. | Colombia | Concession | 55 | 962 | Ortiz CYP | PWC |
| **Total jointly-controlled companies** | | | | **27,635** | | |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX II

### ASSOCIATES

| 31 December 2022 | | | Shareholding | | | |
|---|---|---|---|---|---|---|
| **Name** | **Domicile** | **Business** | **%** | **Thousands of euros** | **Name** | **Audit** |
| Bulevar del Arte y la Cultura, S.A. | Valencia | Concession | 33 | 467 | Ortiz CyP | No Audited |
| Fortem Integral, S.L. | Madrid | Formation | 51 | 51 | Agricasa | No Audited |
| Viario A - 31, S.A. | Madrid | Concession | 26 | 1,639 | Ortiz CyP | Deloitte |
| Superficie Cartera de Inversiones, S.A. | Madrid | Real Estate | 1 | 40 | Ortiz CyP | PWC |
| Construcciones Inca-Ortiz, S.A. | Chile | Construction | 50 | 1 | Ortiz Sucursal Chile | No Audited |
| Ola Ortiz Construction | Algeria | Construction | 49 | 543 | Ortiz CyP | No Audited |
| OrtizCocomex, S.A.P.I. de C.V. | Mexico | Construction | 50 | 1 | Ortiz CyP | No Audited |
| Autopistas del Nordeste | Colombia | Concession | 25 | 39 | Ortiz CyP | PWC |
| Concesión del Sisga, S.A.S. | Colombia | Concession | 25 | 11 | Ortiz CyP | PWC |
| Promotora Hospitalaria TEPIC, S.A.P.I. de C.V. | Mexico | Concession | 48 | 5,039 | Ortiz CyP | Deloitte |
| Operadora Hospitalaria TEPIC, S.A.P.I. de C.V. | Mexico | Concession | 48 | - | Ortiz CyP | No Audited |
| El Arce de Villalba, S.L.U. (1) | Madrid | Real Estate | 47 | 8,040 | GOP SOCIMI, S.A. | PWC |
| Ortega y Gasset Park, S.L. (1) | Madrid | Real Estate | 47 | 4,367 | GOP SOCIMI, S.A. | PWC |
| Ortiz Sport Factory, S.L.U. (1) | Madrid | Real Estate | 47 | 193 | GOP SOCIMI, S.A. | PWC |
| Aldigavia, S.A.U. (1) | Madrid | Real Estate | 47 | 9,224 | GOP SOCIMI, S.A. | PWC |
| Aldigavia Oficinas, S.L.U. (1) | Madrid | Real Estate | 47 | 7,614 | GOP SOCIMI, S.A. | PWC |
| Grupo Ortiz Properties, S.A.U. (1) | Madrid | Real Estate | 47 | 38,642 | Ortiz CyP | PWC |
| Vending La Gavia, S.L. | Madrid | Concession | 50 | 25 | Agricasa | No Audited |
| Mostóles Factory 2019, S.L. | Madrid | Concession | 50 | 1 | Ortiz CyP | No Audited |
| Alten Renewable Energy Investments, B.V. (2) | Netherlands | Energy | 23 | 867 | Ortiz CyP | No Audited |
| Alten Energías Renovables, S.L. (2) | Madrid | Energy | 23 | 754 | Alten Investments | PWC |
| Dumar Ingenieros, S.L. (2) | Madrid | Energy | 23 | 459 | Alten Energ. Renov. | No Audited |
| Alten Renewable Energy Developments, B.V. (2) | Netherlands | Energy | 33 | 6,287 | Ortiz CyP | No Audited |
| Alten RE Developments Iberia, S.A. (2) | Madrid | Energy | 33 | 1,888 | Alten Developments | PWC |
| Alten Gestión de Proyectos, S.L. (2) | Madrid | Energy | 33 | 978 | Alten Iberia | No Audited |
| Alten Renewable Energy Developments America, B.V. (2) | Netherlands | Energy | 7 | 578 | Alten Developments | Activa Accountants & Belastingadviseurs |
| Cubico Alten Aguascalientes 1, S.A.P.I. de C.V. (2) | Mexico | Energy | 2 | 62 | Alten Dev. America | PwC |
| Cubico Alten Aguascalientes 2, S.A.P.I. de C.V. (2) | Mexico | Energy | 2 | 51 | Alten Dev. America | PwC |
| Alten Renewable Energy Developments Africa, B.V. (2) | Netherlands | Energy | 17 | 155 | Alten Developments | Activa Accountants & Belastingadviseurs |
| Alten Solar Power (Hardap) (pty) Ltd (2) | Namibia | Energy | 8 | 144 | Alten Dev. Africa | PWC |
| Alten Kenya Solarfarms, B.V. (2) | Kenya | Energy | 14 | 2,678 | Alten Dev. Africa | No Audited |
| Alten Kenya Solarfarms 2, B.V. (2) | Kenya | Energy | 17 | - | Alten Dev. Africa | No Audited |
| Alten Management Africa, S.L. (2) | Spain | Energy | 17 | - | Alten Dev. Africa | No Audited |
| Alten Renewable Energy Developments America 3, B.V. (2) | Netherlands | Energy | 33 | - | Alten Dev. America | No Audited |
| Alten Renewable Mexico 7 (Puebla) (2) | Mexico | Energy | 33 | 1 | Alten Dev. America 3 | No Audited |
| Autopistas del Caribe, S.A.S | Colombia | Concession | 30 | 6,887 | Ortiz CyP | No Audited |
| **Total Asociadas** | | | | **97,727** | | |

*(1) Subgroup Grupo Ortiz Properties SOCIMI*
*(2) Subgroup Alten*

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX II

**31 December 2021**

| Name | Domicile | Business | Shareholding % | Shareholding Thousands of euros | Shareholding Name | Audit |
|---|---|---|---|---|---|---|
| Bulevar del Arte y la Cultura, S.A. | Valencia | Concession | 33 | 467 | Ortiz CYP | No Audited |
| Fortem Integral, S.L. | Madrid | Formation | 51 | 51 | Agricasa | No Audited |
| Viario A - 31, S.A. | Madrid | Concession | 26 | 1,639 | Ortiz CYP | Deloitte |
| Superficie Cartera de Inversiones, S.A. | Madrid | Real Estate | 1 | 57 | Ortiz CYP | PWC |
| Construcciones Inca-Ortiz, S.A. | Chile | Construction | 50 | 1 | Ortiz Sucursal Chile | No Audited |
| Ola Ortiz Construction, SPA | Argeria | Construction | 49 | 543 | Ortiz CYP | No Audited |
| OrtizCocomex, S.A.P.I. de C.V. | Mexico | Construction | 50 | 1 | Ortiz CYP | No Audited |
| Autopistas del Nordeste | Colombia | Construction | 25 | 39 | Ortiz CYP | PWC |
| Concesión del Sisga, S.A.S. | Colombia | Concession | 25 | 11 | Ortiz CYP | PWC |
| Promotora Hospitalaria TEPIC, S.A.P.I. de C.V. | Mexico | Concession | 48 | 5,039 | Ortiz CYP | Deloitte |
| Operadora Hospitalaria TEPIC, S.A.P.I. de C.V. | Mexico | Concession | 48 | - | Ortiz CYP | No Audited |
| El Arce de Villalba, S.L.U. (1) | Madrid | Concession | 43 | 7,385 | GOP SOCIMI, S.A. | PWC |
| Ortega y Gasset Park, S.L. (1) | Madrid | Real Estate | 43 | 4,011 | GOP SOCIMI, S.A. | PWC |
| Ortiz Sport Factory, S.L.U. (1) | Madrid | Real Estate | 43 | 177 | GOP SOCIMI, S.A. | PWC |
| Aldigavia, S.A.U. (1) | Madrid | Real Estate | 43 | 8,473 | GOP SOCIMI, S.A. | PWC |
| Aldigavia Oficinas, S.L.U. (1) | Madrid | Real Estate | 43 | 6,994 | GOP SOCIMI, S.A. | PWC |
| Grupo Ortiz Properties, S.A.U. (1) | Madrid | Real Estate | 43 | 36,453 | Ortiz CYP | PWC |
| Vending La Gavia, S.L. | Madrid | Real Estate | 50 | 25 | Agricasa | No Audited |
| Móstoles Factory 2019, S.L. | Madrid | Concession | 50 | 1 | Agricasa | No Audited |
| Alten Renewable Energy Investments, B.V. (2) | Netherlands | Concession | 23 | 867 | Ortiz CYP | No Audited |
| Alten Energías Renovables, S.L. (2) | Madrid | Energy | 23 | 754 | Alten Investments | PWC |
| Dumar Ingenieros, S.L. (2) | Madrid | Energy | 23 | 459 | Alten Energ. Renov. | No Audited |
| Alten Renewable Energy Developments, B.V. (2) | Netherlands | Energy | 33 | 7,276 | Ortiz CYP | No Audited |
| Alten RE Developments Iberia, S.A. (2) | Madrid | Energy | 33 | 1,888 | Alten Developments | PWC |
| Alten Gestión de Proyectos, S.L. (2) | Madrid | Energy | 33 | 978 | Alten Iberia | No Audited |
| Alten Renewable Energy Developments America, B.V. (2) | Netherlands | Energy | 7 | 578 | Alten Developments | Activa Accountants & Belastingadviseurs |
| Cubico Alten Aguascalientes 1, S.A.P.I. de C.V. (2) | Mexico | Energy | 2 | 62 | Alten Dev. América | PwC |
| Cubico Alten Aguascalientes 2, S.A.P.I. de C.V. (2) | Mexico | Concession | 2 | 51 | Alten Dev. América | PwC |
| Alten Renewable Energy Developments Africa, B.V. (2) | Netherlands | Concession | 17 | 155 | Alten Developments | Activa Accountants & Belastingadviseurs |
| Alten Solar Power (Hardap) (pty) Ltd. (2) | Namibia | Energy | 8 | 144 | Alten Dev. Africa | PWC |
| Alten Kenya Solarfarms, B.V. (2) | Kenya | Energy | 14 | 2,678 | Alten Dev. Africa | No Audited |
| Alten Kenya Solarfarms 2, B.V. (2) | Kenya | Energy | 17 | - | Alten Dev. Africa | No Audited |
| Alten Management Africa, S.L. (2) | Spain | Energy | 17 | - | Alten Dev. Africa | No Audited |
| Alten Renewable Energy Developments America 3, B.V. (2) | Netherlands | Energy | 33 | - | Alten Dev. América | No Audited |
| Alten Renewable Mexico 7 (Puebla) (2) | Mexico | Energy | 33 | 1 | Alten Dev. América 3 | No Audited |
| Autopistas del Caribe, S.A.S | Colombia | Energy | 30 | 6,887 | Ortiz CYP | No Audited |
| **Total Associates** | | | | **94,545** | | |

*(1) Subgroup Grupo Ortiz Properties SOCIMI*

*(2) Subgroup Alten*

GRUP ORTIZ

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX III

### JOINT VENTURES

| | | Thousands of euros 2022 | |
|---|---|---|---|
| ASTEISA, TRATAMIENTO DE AGUAS, S.A.U. | % Interest | Revenues | Profit/(Loss) |
| UTE ABASTECIMIENTO SEVILLA. | 80 | 1,702 | - |
| UTE BRETOÑA. | 50 | - | - |
| UTE CANTON CASA DE CAMPO. | 50 | 10 | 28 |
| UTE EDAR ARANJUEZ. | 50 | - | - |
| UTE EDAR EL PLANTIO | 30 | 2,331 | 12 |
| UTE EDAR RIBADEO. | 50 | 146 | (27) |
| UTE EDAR VILLANUEVA. | 50 | 317 | (1) |
| UTE ETAP VALMAYOR. | 80 | - | - |
| UTE EXTRACO-ASTEISA.ARCADE. | 50 | 185 | (36) |
| **Total ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.** | | **4,691** | **(24)** |

| | | Thousands of euros 2022 | |
|---|---|---|---|
| CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U. | % Interest | Revenues | Profit/(Loss) |
| UTE ALCAZAR REAL | 50 | 164 | - |
| UTE BIBLIOTECA BURGOS. | 50 | 6 | 2 |
| UTE CASA ROMANA. | 50 | - | - |
| UTE CERAMICA TRIANA. | 100 | - | - |
| UTE DISTRITO SEDE PUENTE VALLECAS 2021 | 20 | 674 | (15) |
| UTE ESPACIOS PUBLICOS SAN BLAS | 80 | 543 | 44 |
| UTE EMERGENCIAS Y BOMBEROS | 80 | 828 | - |
| UTE JUEZ BORRULL | 80 | 3,255 | - |
| UTE VIVIENDAS CALVIA | 20 | 1,644 | (4) |
| **Total CIA.INTNAL.CONSTRUCCION Y DISEÑO,S.A.U.** | | **7,114** | **27** |

| | | Thousands of euros 2022 | |
|---|---|---|---|
| CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U. | % Interest | Revenues | Profit/(Loss) |
| UTE LA MEZQUITA. | 25 | - | 2 |
| UTE MANTENIMIENTO L.A.V. MADRID-NORTE. | 33 | 3,968 | 29 |
| UTE MANTENIMIENTO LOTE 2 NOROESTE. | 25 | 473 | 247 |
| UTE MANTENIMIENTO OLMEDO PEDRALBA. | 8 | 405 | (7) |
| UTE METRO MONTECARMELO. | 30 | - | - |
| UTE MIV 2021 LOTE1 | 23 | 5,315 | (468) |
| UTE OLMEDO PEDRALBA. | 8 | - | - |
| UTE RIV GIJON LAVIANA | 30 | 2,140 | 123 |
| UTE Torralba Soria | 50 | 2,920 | - |
| UTE Riv Orense-Monforte | 33 | 83 | - |
| UTE Lav Galicia | 33 | 136 | (16) |
| UTE TABOADELA. | 50 | 92 | 96 |
| **Total CONTRATAS Y SERVICIOS FERROVIARIOS,S.A.U.** | | **15,532** | **6** |

| | | Thousands of euros 2022 | |
|---|---|---|---|
| IMPULSA GRUP ORTIZ, S.L. | % Interest | Revenues | Profit/(Loss) |
| UTE AULARI BELLVITGE. | 45 | - | - |
| **Total IMPULSA GRUP ORTIZ,S.L.** | | **-** | **-** |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX III

| | | Thousands of euros | |
|---|---|---|---|
| | | 2022 | |
| **INGENIERIA Y DISEÑOS TECNICOS,S.A.U.** | **% Interest** | **Revenues** | **Profit/(Loss)** |
| UTE ACONDICIONAMIENTOS CANAL | 70 | 455 | 77 |
| UTE CANAL FILIPINAS | 20 | 313 | (2) |
| UTE INDITEC-SICE-PLAYAS CADIZ. | 60 | - | - |
| UTE MARGENES CARRETERAS LOTE 1 CENTRO | 50 | 178 | (4) |
| UTE MARGENES CARRETERAS LOTE 3 CENTRO | 50 | 239 | (9) |
| UTE PARQUES FORESTALES Y VIVEROS. | 45 | 4,908 | 322 |
| UTE PARQUES RED REGENERADORA. | 80 | 106 | 5 |
| UTE RINCON VICTORIA | 70 | 918 | 19 |
| UTE GESTION DE PLAYAS BENALMADENA | 70 | - | - |
| UTE TAJO SALOR. | 60 | - | - |
| UTE VILLA ESTEPONA. | 80 | - | - |
| UTE ZONAS VERDES BENAHAVIS | 80 | - | - |
| UTE ZONAS VERDES MARBELLA. | 70 | 1,261 | 153 |
| **Total INGENIERIA Y DISEÑOS TECNICOS,S.A.U.** | | **8,378** | **561** |

| | | Thousands of euros | |
|---|---|---|---|
| | | 2022 | |
| **ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.** | **% Interest** | **Revenues** | **Profit/(Loss)** |
| UTE A11 QUINTANILLA-OLIVARES. | 40 | 4,058 | 101 |
| UTE ABASTECIMIENTO SEVILLA | 20 | 426 | - |
| UTE ACCESOS IBIZA | 50 | - | - |
| UTE ADECUACION VIALES LOTE 1 | 65 | 2,248 | (162) |
| UTE AFINO ETAP SANTILLANA | 50 | - | - |
| UTE ALCAZAR REAL | 50 | 164 | - |
| UTE AULARI BELLVITGE | 20 | - | - |
| UTE AUTOVIA A-12 | 34 | 4,966 | 142 |
| UTE AUTOVIA ARGAMASILLA. | 40 | - | (13) |
| UTE BIBLIOTECA BURGOS | 50 | 6 | 2 |
| UTE CANTON CASA DE CAMPO | 50 | 10 | 28 |
| UTE CANAL FILIPINAS | 80 | 1,253 | (10) |
| UTE CARIÑENA | 80 | - | - |
| UTE CENTRO ACUATICO 2012 | 20 | - | 60 |
| UTE CIE ALGECIRAS | 50 | 2,035 | (678) |
| UTE CLINICO MADRID | 30 | - | (2) |
| UTE CONSERVACIÓN CUENCA | 50 | - | 1 |
| UTE CORREOS RAMPA 7 BARAJAS. | 50 | 280 | 108 |
| UTE DISTRITO SEDE PUENTE VALLECAS 2021 | 80 | 2,696 | (61) |
| UTE EDAR EL PLANTÍO | 40 | 3,108 | 15 |
| UTE EDAR RIBADEO | 50 | 146 | (27) |
| UTE EDAR VILLANUEVA | 50 | 317 | (1) |
| UTE ELEJALDE | 40 | - | 1,776 |
| UTE EMERGENCIAS Y BOMBEROS | 20 | 207 | - |
| UTE ESPACIOS PUBLICOS SAN BLAS | 20 | 136 | 11 |
| UTE ILUMINACION EFICIENTE LED METRO MADRID | 45 | - | 134 |
| UTE JUEZ BORRULL | 20 | 814 | - |
| UTE LA MEZQUITA | 75 | - | 6 |
| UTE LA PIZARRA | 80 | - | - |
| UTE METRO MONTECARMELO | 70 | - | - |
| UTE ORTIZ-SICE-ITUVAL GESTION ENERGETICA | 60 | - | 162 |
| UTE PARKING VILLALBA | 50 | - | - |
| UTE PARQUES FORESTALES Y VIVEROS | 10 | 1,091 | 72 |
| UTE PARQUES RED REGENERADORA | 20 | 26 | 1 |
| UTE PLANTA EL MOLAR | 80 | - | - |
| UTE PLANTAS SOLARES AEROPUERTOS CANARIOS | 65 | 155 | (61) |
| UTE PLAZA MEXICO | 50 | - | - |
| UTE REGADIO MONTERRUBIO | 60 | 1,850 | (52) |

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## APPENDIX III

| | | Thousands of euros | |
|---|---|---|---|
| | | 2022 | |
| ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A. | % Interest | Revenues | Profit/(Loss) |
| UTE RENOVACION RED CANAL LOTE 8 | 33 | 976 | (114) |
| UTE RUTA DE LA PLATA 2015 | 50 | - | 6 |
| UTE RUTA DE LA PLATA 2021 | 20 | 1,059 | 32 |
| UTE SAN CRISTOBAL-GETAFE | 50 | - | - |
| UTE SECTOR LA ESTACION | 55 | - | - |
| UTE SIMANCAS | 50 | - | (16) |
| UTE SOTANO TC | 50 | - | - |
| UTE TORIL | 60 | 8,496 | 236 |
| UTE PAVIMENTOS LOTE 2 | 60 | 3,184 | (48) |
| UTE URBANIZACION DISTRITO LOTE 2 | 70 | 11,892 | 1,037 |
| UTE VADO | 100 | - | - |
| UTE VILLENA CV81 | 34 | 1,270 | (50) |
| UTE VIVIENDAS CALVIA | 80 | 6,580 | (18) |
| UTE ZONAS VERDES MARBELLA. | 20 | 459 | 56 |
| **Total ORTIZ CONSTRUCCIONES Y PROYECTOS,S.A.** | | **59,908** | **2,673** |
| | | | |
| **Total General** | | **95,623** | **3,243** |

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2022

# DIRECTORS' REPORT FOR 2022

compromiso sostenible

# ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

# CONSOLIDATED DIRECTORS' REPORT FOR 2022

**CONTENTS OF THE MANAGEMENT REPORT**

GRUPORTIZ

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

### 1. BUSINESS IN 2022 AND SITUATION OF THE GROUP

Grupo Ortiz is one of the biggest Spanish companies in the fields of concessions, energy, infrastructure and services. It is notable for its business diversification and global presence, its economic and financial solvency, and its capacity and experience to develop major projects at technical, financial, legal, design, maintenance and operational level.

The following aspects can be highlighted with respect to the Group's position in 2022:

- Grupo Ortiz defines itself as a global infrastructure and energy concessionaire. The Concessions Area is the pillar of growth for the Group, which has consolidated a business model covering large infrastructure projects with multilateral financing, financial institutions and the public and private sector.
  It is a concession business model in which Grupo Ortiz demonstrates all its knowledge and experience in engineering, execution, operation and maintenance of infrastructures, as well as financial and legal structuring.

- The consolidated revenues of Grupo Ortiz in 2022 amounted to €610.39 M, with a consolidated EBITDA of €37.56 M and a Group EBITDA of €50.55 M. The increase in the consolidated revenues has been 28%, once more reaching pre-pandemic figures. There has been a notable increase of 53% in the energy area compared with 2021.

- At the same time, the global workforce of Grupo Ortiz has increased by 34% on the 2021 figure, to 2,798 people in all the countries where the Group operates.

- Reduction of gross debt by 14% with respect to 2021 and diversification in the sources of finance by an issue of promissory notes listed on MARF in May 2022 with a maximum volume of €75 M.

- In 2022 Grupo Ortiz has continued with its digital transformation process, in line with the strategy of the previous year. It is based on three key pillars: A culture of organizational change; adoption of digital and innovation tools; and project digitalization.

- Grupo Ortiz is firmly committed to people, the environment and the fight against climate change and the achievement of the Sustainable Development Goals (SDGs) through all its projects, particularly in countries where its activity generates a significant positive impact in the contribution to sustainable development.

By business areas, 2022 can be summed up as follows:

In the Concessions Area, the milestones in 2022 have been:

- Award of 2 major concessionary projects in Colombia: Troncal del Magdalena I and II. These projects were awarded in May and June 2022 and both contracts were executed in December. They are in the financial closure stage. Total investment on both projects amounts to €1,589 M, and the EPC contracts total €1,044 M. Grupo Ortiz has a 50% stake in both projects.

- The financing of Bosa Hospital has been recognized in the category "Finance of Social Infrastructure of the Year" as the biggest Public-Private Partnership (PPP) in the hospital sector in Colombia at the "2022 Awards for Project and Infrastructure Finance" granted by LatinFinance.

- Entry into operation of the concession Transversal de Sisga Highway in Colombia for the National Infrastructure Agency (ANI).
  The National Infrastructure Agency of Colombia (ANI) is a public entity which answers to the Government of Colombia. Its purpose is to plan, structure, contract and execute concessionary projects and other forms of Public-Private Partnership (PPP) for the design, construction, maintenance, operation and exploitation of public transport infrastructure.

- Reopening at full operational capacity of the GoBarajas parking lot in Madrid, which reached 100% of occupancy at some periods of the year (mainly holiday periods).

- In 2022, the La Gavia Factory gym achieved 4,200 members, 100% of its total capacity.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

As regards the Energy Area, Grupo Ortiz is considered a global specialist in photovoltaic energy, photovoltaic operation and maintenance, and lines and substations.
In 2022 two new photovoltaic plants were awarded:

- A 160 MW photovoltaic park for the company OPDE in the state of Louisiana, United States (Elisabeth project).

- A 478 MWp photovoltaic plant for the company FRV, in Badajoz (Carmonita Ministerio project), which will be the biggest photovoltaic plant ever executed by Grupo Ortiz.

In 2022 Grupo Ortiz was awarded its second energy project in the United States, after winning in 2021 the execution of the Solar Ranch 7V 300 MWp photovoltaic plant in Texas.
In 2022, seven photovoltaic plants totalling 736 MWp were under construction in Spain, the United States and Japan. The Group is also constructing 10 substations and 57 km of energy transmission and distribution lines in Colombia, Peru and Spain. In Operation & Maintenance, the Group operates 18 photovoltaic plants in 7 countries, totalling 1,277 MWp. The revenues in the Energy Area in 2022 increased by 53% with respect to the previous year, to €350.78 M.

Within the Infrastructure Area, Grupo Ortiz has a cumulative experience of over 60 years. It continues to apply its expert knowledge on large sustainable infrastructure projects, building and refurbishment, as well as the services associated with infrastructure in Spain, Colombia and Panama.
It specializes in rail, road, integrated water cycle and environmental infrastructure, and in the refurbishment of historic buildings.
In 2022 the Group executed numerous projects, including the following:

- El Plantío WWTP, for Canal de Isabel II. This is the biggest water treatment infrastructure in the Region of Madrid.

- A-11 motorway in La Rioja and Burgos and A-12 motorway in Valladolid for the Ministry of Transport.

- Rail construction and maintenance of the High Speed Olmedo-Pedralba section of the Madrid-Galicia line for ADIF.

- Infrastructure and Maintenance Service Agreement, track, and switches and crossings for the high-speed Madrid Norte line (Madrid-Leon) for ADIF.

- Infrastructure Maintenance Services and the track for the conventional rail network (MIV) corresponding to Group 2 of the North-West Department, for ADIF.

- Renewal of the track between KP 0/000-13/000 and KP 58/480-92/740 of the Torralba-Soria line

- Complete track renewal on the Gijón-Laviana section of the metric gauge network in Asturias.

- Renewal of the Orense-Monforte de Lemos section. Line 810 in Galicia.

- Bosa Hospital in Bogota, Colombia, for the City Council of Bogota. A hospital with 2015 beds.

- Execution of the works on the Transversal del Sisga, Conexión Norte and Ruta del Caribe Motorway concessions, for ANI.

- Mangangué-Momposina by-pass in Colombia for the National Rail Institute (INVIAS).

- North Panama Aqueduct, a major drinking-water transfer and distribution system, for CONADES (National Development Board of the Government of Panama).

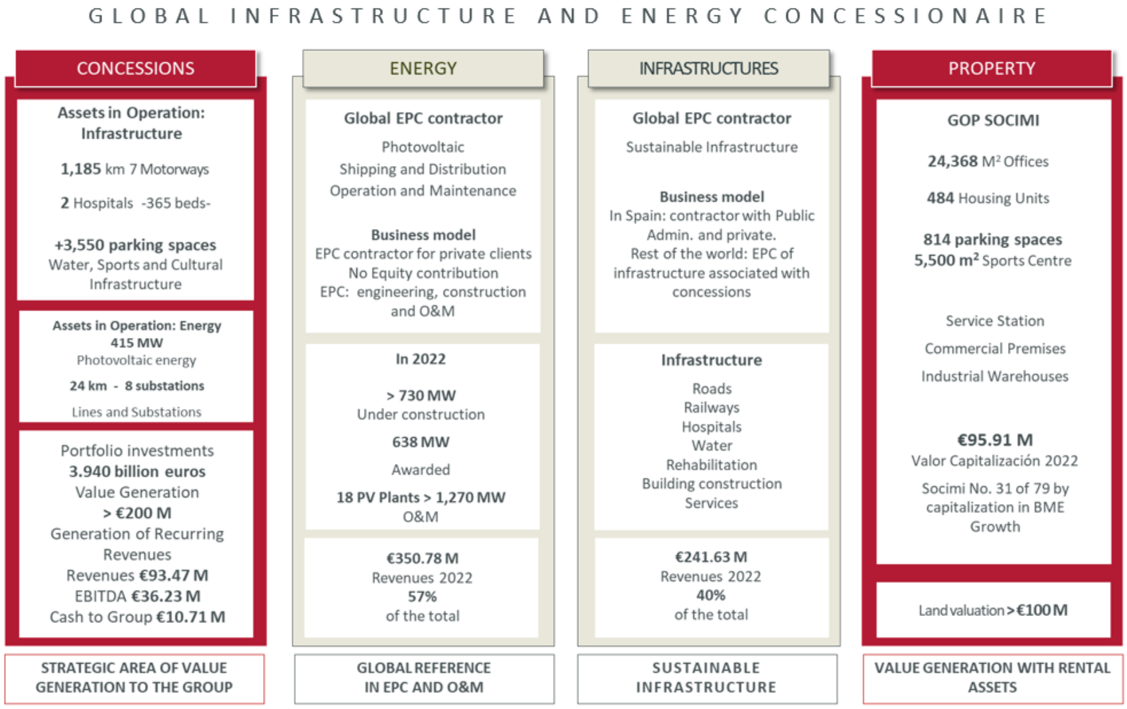
The Assets Area is focused basically on the Grupo Ortiz Properties SOCIMI. The Socimi has assets valued at €196.48 M, at the latest valuation. They are rented assets such as homes, offices, parking spaces, a petrol station, etc., whose capitalization at the close of 2022 amounted to €95.91 M.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

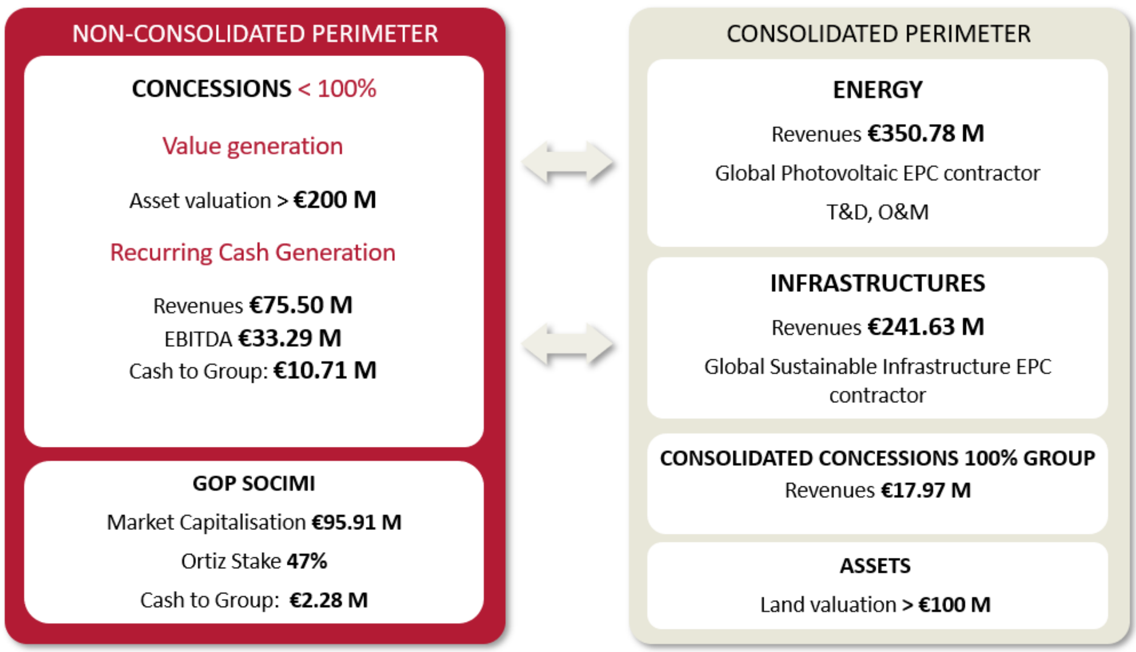
## CONSOLIDATED DIRECTORS' REPORT FOR 2022

It is a Socimi focused on maximizing profitability for its shareholders. In 2022 achieved an annual return of 5.5% (€5,308 M), which is distributed quarterly in cash to all its shareholders.

The following table provides a summary of Grupo Ortiz:




The following table summarises the composition of the elements outside and inside the Scope of Consolidation:




Grupo Ortiz is one of the main Spanish companies in the concessions, energy and infrastructure sectors. It has a global presence and since 2010 executes, operates and bids for concessions of basic services (road, healthcare and energy) with multilateral finance in emerging countries. It is also involved in the execution of energy infrastructure investment for a number of clients across the world, as well as transport and healthcare infrastructures, above all in Colombia.

It now has a global presence, with projects in 13 countries and a stable presence in Spain, Colombia, United States, Mexico, Panama and Japan.

The breakdown of the revenues and EBITDA in 2022 by business area is given below:

| | 2022 | 2021 | VARIATION % |
|---|---|---|---|
| REVENUES | 610.39 | 478.09 | +28% |
| CONSOLIDATED EBITDA | 37.56 | 23.63 (i) | +59% |
| NON-CONSOLIDATED EBITDA | 12.99 | 29.53 (ii) | -56% (iii) |
| GROUP EBITDA | 50.55 | 56.17 | -10% |

As regards the consolidated revenues of €610.39 M, 40% comes from the Infrastructure Area (€241.63 M) and 57% from the Energy Area (€350.78 M).

These are the productive areas of Grupo Ortiz, in which the Group makes use of all its experience in the area of energy as a global specialist in photovoltaic and energy transport and distribution projects, and the operation and maintenance of photovoltaic plants.

In the area of infrastructure, it has more than 60 years of experience in road, rail, healthcare and environmental infrastructure, as well as in building and refurbishment and infrastructure conservation and maintenance.

Most of the items outside the scope of consolidation are the concessions and the GOP SOCIMI.

Grupo Ortiz has 27 concessions in Spain, Italy, Mexico and Colombia, of which 22 are in operation and 5 are under construction.

The following assets are worth highlighting out of the concessions in operation:

- Four road infrastructure concessions in Spain and Colombia (400 km in total):
  - Transversal del Sisga Motorway in Colombia, 137 km.
  - Conexión del Norte Motorway, 145 km.
  - Accesos de Ibiza Highway, 7.1 km.
  - A-31 Motorway, 111 km.
- One hospital concession in Mexico:
  - Tepic Hospital, equipped with 150 beds and in operation since 2019.
- Three photovoltaic plants in Spain and Italy:
  - 13 MW Alten El Casar Photovoltaic Plant (Guadalajara, Spain).
  - 1 MW photovoltaic plant in Malaga.
  - 1 MW Medsolar (Italy) Photovoltaic Plant.
- Seven parking lots in Spain:
  - Collado Villalba, 1,023 spaces.
  - GO Barajas, 661 spaces.
  - Reyes Católicos in Zamora, 538 spaces.
  - Four PAR residential car parks in Madrid, with a total of 1,328 spaces.
- 3 energy efficiency concessions in Spain, with over 3,000 lamps in total in Moclín, Humanes de Madrid and Valle de Zalabi.

- Two sports infrastructure concessions:
    - La Gavia Factory gym, Madrid, with over 4,200 members.
    - Móstoles Factory gym, Madrid, with an area of 5,500 $m^2$.

- One cultural infrastructure concession:
    - Bulevar del Arte y la Cultura, in Valencia, with over 25,000 $m^2$ of installations.

- One environmental infrastructure concession:
    - Wastewater treatment plant of Ribadeo, Lugo, with a capacity of 2.7 million $m^3$ per year.

The following are the concessions under construction:

- One hospital concession in Colombia:
    - Bosa Hospital in Bogota, with 215 beds, and under construction since September 2021.

- One transport and energy distribution concession in Colombia:
    - Lines and substations in Barranquilla, with 24 km of lines and 8 substations. This is the first energy transport and distribution concession. It has been under construction since December 2021.

- Three road infrastructure concessions in Colombia (930 km in total):
    - Ruta del Caribe Motorway, 253 km.
    - Troncal del Magdalena I Motorway, 260 km.
    - Troncal del Magdalena II Motorway, 272 km.

It is important to note in the Concessions Area that total investment in these assets amounts to €1,635 M, which in the coming years will be €3,942 M. The amount already invested by Ortiz in its share of the project is €476.91 M, and it will reach €1,492 M in the coming years.

These concessions have generated total revenues in 2022 of €93.47 M (including the concessions which are consolidated and not consolidated) and a total EBITDA of €36.23 M (including the concessions which are consolidated and those which are not).

In 2022 there were investments in concessions of €55.73 M (mainly in new concessions awarded in 2022 in Colombia: Troncales Magdalena I and II Motorways).

As a result of using the equity method to consolidate the associate companies, the EBITDA and Revenues of the concessionary companies and Grupo Ortiz Properties Socimi are not reflected in the Consolidated annual financial statements.

The following explanatory table provides a better understanding of the Grupo Ortiz concessions which are not consolidated and the additional EBITDA they contribute to the group:

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

| CONSOLIDATED CONCESSIONS | 2022 | 2021 |
|---|---|---|
| REVENUES | 17.97 | 16.58 |
| EBITDA | 2.94 | 2.04* |

| NON CONSOLIDATED CONCESSIONS | 2022 | 2021 |
|---|---|---|
| **REVENUES % ORTIZ** | **75.50** | **66.20** |
| Colombia. Road Infrastructure | 31.82 | 36.81 |
| Colombia. Hospital Infrastructure | 14.89 | 4.02 |
| Spain. Roads, parking lots and others | 13.86 | 11.82 |
| Mexico. Hospital Infrastructure | 11.85 | 11.33 |
| Italy and Other Countries | 3.08 | 2.90 |
| **EBITDA % ORTIZ** | **33.29** | **32.96** |
| Colombia. Road Infrastructure | 16.42 | 17.84 |
| Colombia. Hospital Infrastructure | 1.49 | 1.53 |
| Spain. Roads, parking lots and others | 10.70 | 9.15 |
| Mexico. Hospital Infrastructure | 4.30 | 4.14 |
| Italy and Other Countries | 0.38 | 0.30 |

GENERATION OF EBITDA TO THE GROUP
2022
**€12.99 M**

EBITDA TO GROUP 10.71

| NON CONSOLIDATED ASSETS -SOCIMI- | 2022 | 2021 |
|---|---|---|
| REVENUES % ORTIZ | 4.65 | 3.97 |
| EBITDA % ORTIZ | 3.30 | 2.80 |

EBITDA TO GROUP 2.28

(*) Sale of Barranquilla and Bosa (€20.81M) not included for uniform comparison 2022-2021

The following charts specify, first, the investment and equity of Grupo Ortiz (already implemented and committed) in the concessions which are not within the scope of consolidation, as well as the projected revenues and EBITDA, and the value of the concession assets; and the equity committed pending disbursement in 2023-27 and the provision of cash generation in this period.

Grupo Ortiz's Investment and Equity in the concessions which are not consolidated:

**Concessions in Operation**

| | TOTAL INVESTMENT | INVESTMENT % ORTIZ | EQUITY ORTIZ |
|---|---|---|---|
| **Concessions Colombia** | **218.32** | 54.60 | **14.15** |
| Transversal Sisga Motorway | | | |
| Conx. Norte UF2 Motorway | | | |
| **Concessions Spain** | **300.55** | 168.10 | **33.24** |
| Ibiza Expressway | | | |
| Viario A31 Motorway | | | |
| El Casar PV Plant | | | |
| Parking lots | | | |
| Others | | | |
| **Concessions Mexico** | **62.80** | 29.80 | **5.80** |
| Tepic Hospital | | | |
| **Concessions Italy + Alten** | **342.70** | 11.20 | **7.59** |
| Medsolar PV Plant | | | |
| Aguascalientes PV Plant | | | |
| Namibia PV Plant | | | |
| Kenya PV Plant | | | |
| **Total in Operation** | **924.34** | **263.64** | **61.13** |

**Concessions under Construction**

| | TOTAL INVESTMENT | TOTAL INVESTMENT MADE | INVESTMENT % ORTIZ | INVESTMENT MADE % ORTIZ | TOTAL EQUITY ORTIZ | EQUITY REALIZED ORTIZ | EQUITY PENDING ORTIZ |
|---|---|---|---|---|---|---|---|
| Road Infrastructure | 2.812.77 | 588.01 | 1.083.63 | 124.80 | 201.65 | 69.57 | 132.08 |
| Energy T&D | 129.04 | 83.36 | 103.23 | 66.69 | 20.9 | 12.85 | 8.05 |
| Hospital Infrastructure | 76.05 | 39.60 | 41.83 | 21.78 | 10.25 | 5.47 | 4.78 |
| **Total under construction** | **3.017.86** | **710.97** | **1.228.69** | **213.27** | **232.80** | **87.89** | **144.91** |

**HIGHLIGHTS**

Grupo Ortiz is participating in a total investment of **3.940 billion euros**, of which it has already executed **1.635 billion euros**.

The investment of the Ortiz-Group - according to its percentage of participation - totals **1.492 billion euros.**

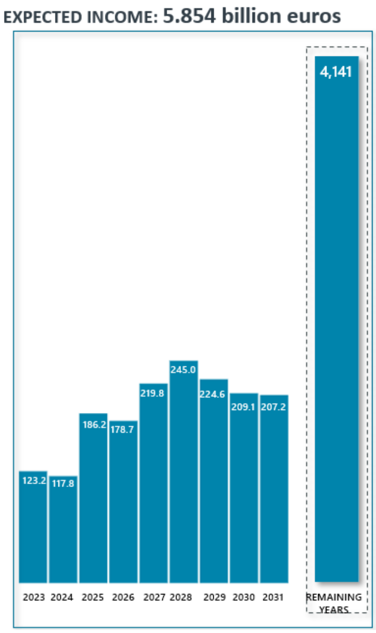
Equity committed by Ortiz to make these investments totals, of which **€149M** (50.7%) has already been disbursed. **€293.93M**

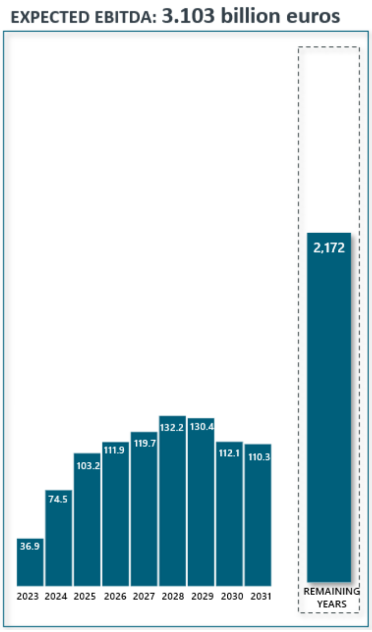
(*) Investment by Grupo Ortiz in 2022: **€55,73 M**

Revenues, cash and value of the concessions:

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

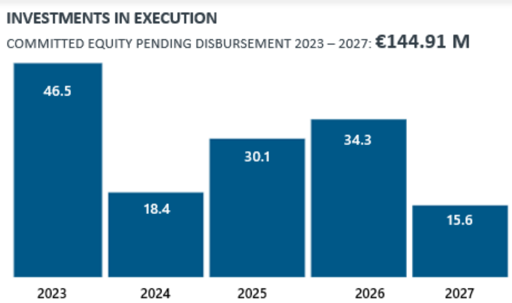


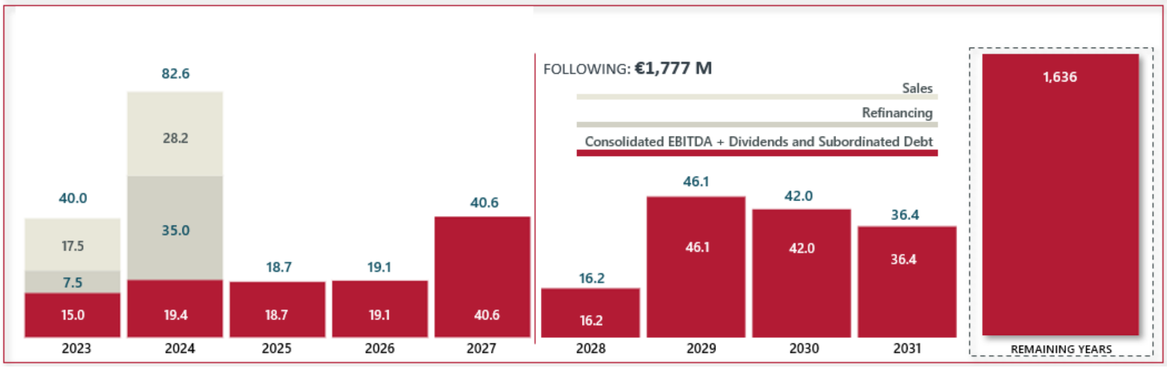

**CONCESSIONS VALUE 2022: €203.9 M**

| | |
|---|---|
| **Concessions Colombia** | **€123.1 M** |
| Troncal Magdalena II Motorway | 26.0 |
| Transversal Sisga Motorway | 23.2 |
| Conexión Norte Motorway | 20.6 |
| Troncal Magdalena I Motorway | 16.9 |
| Ruta Caribe Motorway | 16.7 |
| Barranquilla T&D Lines | 13.3 |
| Bosa Hospital | 6.4 |
| **Concessions Spain** | **€70.8 M** |
| Parking lots | 36.7 |
| Ibiza Expressway | 16.4 |
| Viario A31 Motorway | 5.3 |
| Alten El Casar PV Plant | 3.4 |
| Rest | 9.0 |
| **Concessions Mexico** | **€10.0 M** |
| Tepic Hospital | 10.0 |

Committed equity pending disbursement for the period 2023-27 and forecast cash generation for the period:




| | Equity Pending | % Pending w/o Total | Contribution Year |
|---|---|---|---|
| Bosa Hospital | €4.3 M | 40 % | 2023 |
| Barranquilla Lines | €8.0 M | 40 % | 2023 |
| Ruta del Caribe Motorway | €46.3 M | 85 % | 2023-27 |
| Troncal Magdalena I Motorway | €48.0 M | 72 % | 2023-27 |
| Troncal Magdalena II Motorway | €38.3 M | 60 % | 2023-27 |
| Total | €144.91 M | | |




2. GRUPO ORTIZ IN THE WORLD

Grupo Ortiz has offices in 6 countries and operates in 13. It has maintained a global presence since 2010 in the areas of concessions, energy and infrastructure.

The Group has offices in Spain, Colombia, United States, Mexico, Panama and Japan. It also executes energy and infrastructure projects in Chile, Bolivia, Peru, France, Italy, El Salvador and Honduras.

In 2022 it has executed major energy and infrastructure concessionary projects in Colombia, United States, Panama and Peru, in particular the following:

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

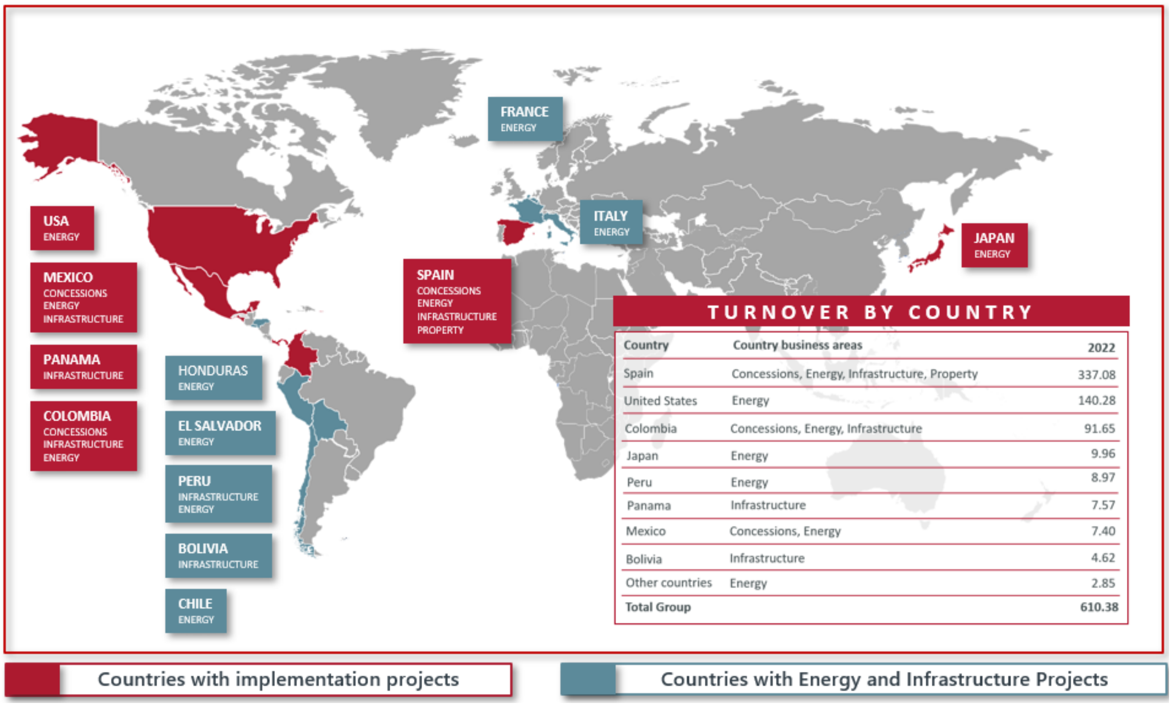
- Bosa Hospital in Colombia.
- Barranquilla lines and substations in Colombia.
- Ruta del Caribe, Colombia
- 7V Ranch photovoltaic plant in Texas, United States.
- North Panama Aqueduct in Panama.
- Lines and substations in Cuajone and Puerto Chancay in Peru.

As was mentioned in the previous paragraph, Grupo Ortiz has this year 2022 won significant tenders for the concessions of the Troncal del Magdalena I and II Motorways in Colombia, which strengthens the Group's commitment to the country.

Moreover, the Group has been awarded its second renewable energy project in the United States: the 160 MWp Elisabeth photovoltaic plant, which will be constructed in the state of Louisiana. This is a very important step forward for the consolidation of Grupo Ortiz as an actor to take into consideration for the execution of renewable energy project in this important American market.

With its global strategy, Grupo Ortiz bids for basic concession projects in the areas of energy, transport, healthcare, etc., which have multilateral finance and in emerging countries with legal and institutional security. In each of the concessions the Group executes its investment via EPCs. It also carries out EPC projects around the world, depending on its clients, as the risk component is very low in such projects.

Finally, Grupo Ortiz executes infrastructure projects in countries in which it is established.




**TURNOVER BY COUNTRY**

| Country | Country business areas | 2022 |
|---|---|---|
| Spain | Concessions, Energy, Infrastructure, Property | 337.08 |
| United States | Energy | 140.28 |
| Colombia | Concessions, Energy, Infrastructure | 91.65 |
| Japan | Energy | 9.96 |
| Peru | Energy | 8.97 |
| Panama | Infrastructure | 7.57 |
| Mexico | Concessions, Energy | 7.40 |
| Bolivia | Infrastructure | 4.62 |
| Other countries | Energy | 2.85 |
| **Total Group** | | **610.38** |

### 3 CURRENT PORTFOLIO

The current project portfolio pending execution by Grupo Ortiz is €8,363 M, 33% higher than the portfolio at the end of 2021.

The project portfolio is focused mainly on the areas of renewable energy concessions, infrastructures and EPCs.

The portfolio corresponding to the Concessions Area amounts to €6,707 M, 87% of which is concentrated in Colombia and Mexico. In 2022 the portfolio in this area increased by 26%.

The Group's portfolio of concessions already has seven in Colombia:

- Conexión Norte
- Transversal del Sisga
- Ruta del Caribe

- Bosa Hospital in Bogota
- Lines and substations in Barranquilla
- Troncal del Magdalena I (awarded in 2022)
- Troncal del Magdalena II (awarded in 2022)

In Mexico, it has the concession for Tepic Hospital

The portfolio corresponding to the Energy Area amounts to €531 M, in particular the new photovoltaic project Carmonita in Spain.

The portfolio corresponding to the Infrastructures Area amounts to €1,125 M, basically in Colombia, Spain and Panama.

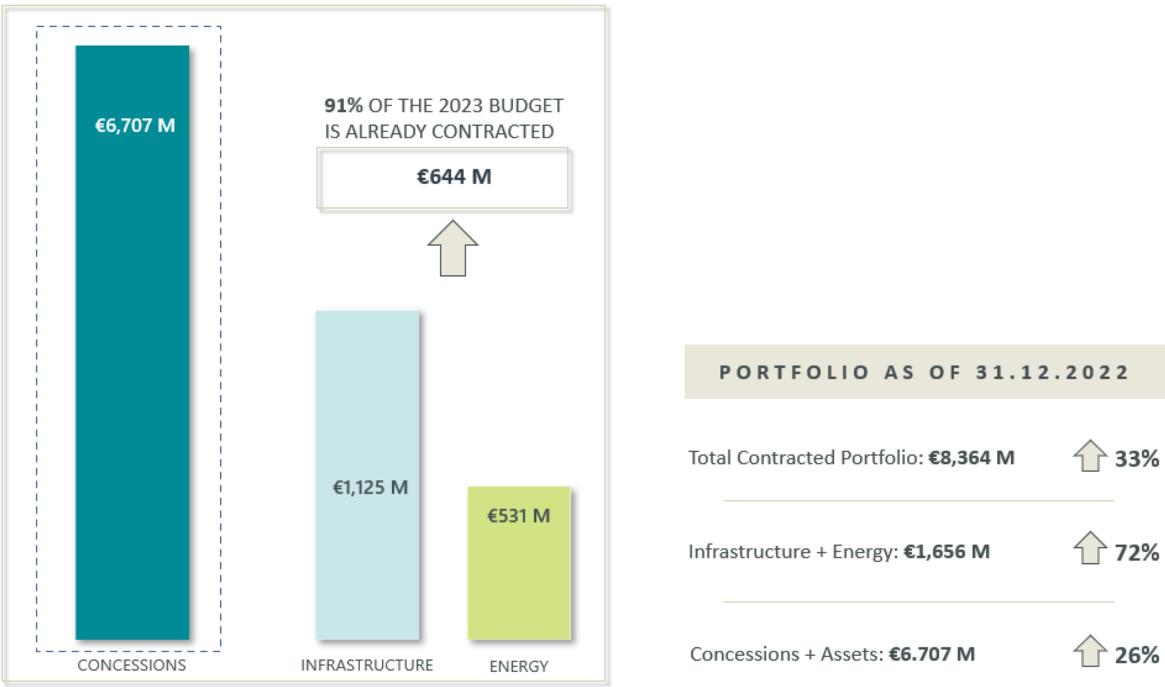
The portfolio of the Group's productive areas (energy + infrastructures) has increased by 72% on 2021.

Grupo Ortiz has a very diversified portfolio by business areas and geographies, with a very high growth potential.

81% of the total portfolio is international. In the Concessions Area, the portfolio is 87% international; in the Energy Area, it is 31%; and in the Infrastructures Area, 65%.

The portfolio backlog in the first half of 2023 for the business areas of Infrastructures and Energy amounts to €644.4 M, which accounts for 90% of the expected revenues (€710 M) of these areas for 2023.

Attached is a chart showing the portfolio as of 2022 by business area.




## 4 FINANCE & DEBT

The financial strategy of Grupo Ortiz is based on the following key pillars:

1. The Group's debt must tend towards zero, with steady reductions every year.
2. Diversification of sources of finance, with the example being this year 2022, with an issue of promissory notes on MARF, for a total of €75 M.
3. Greater control and monitoring of financial costs, optimising the financial instruments.

As a result of these criteria, 2022 has once more been a year where we made a significant reduction in gross debt and net financial debt, with reduction of -14.09% and -29.70% respectively, or in absolute terms, a reduction in gross debt of -€23.48 M, and a reduction of net financial debt of -€35.26 M.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

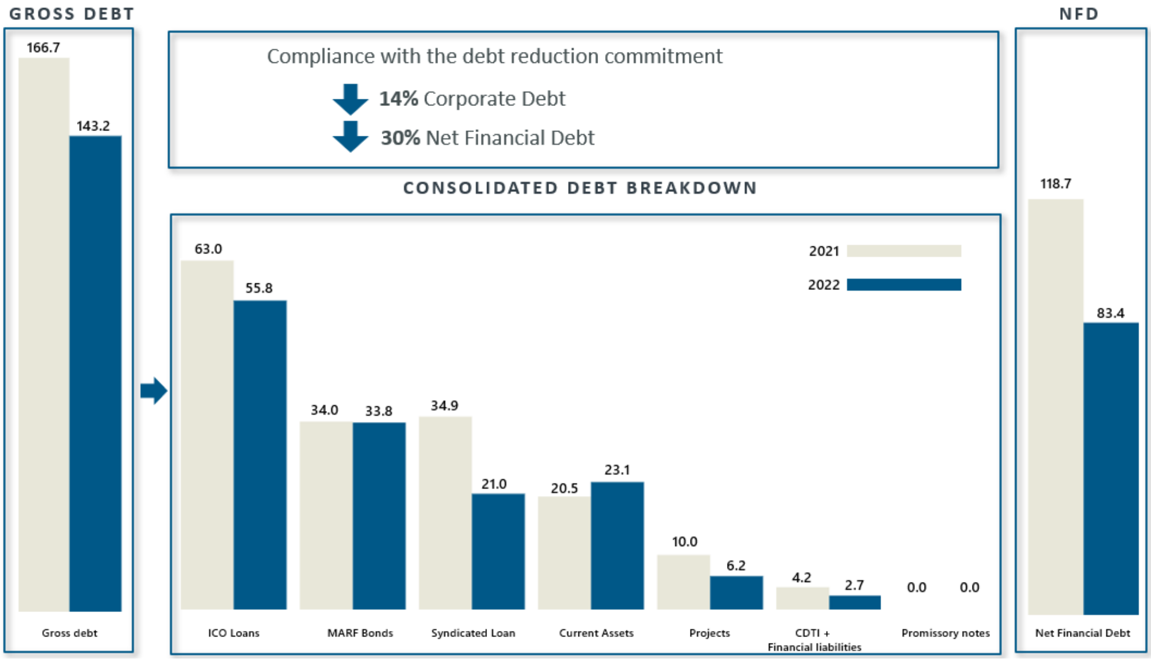
## CONSOLIDATED DIRECTORS' REPORT FOR 2022

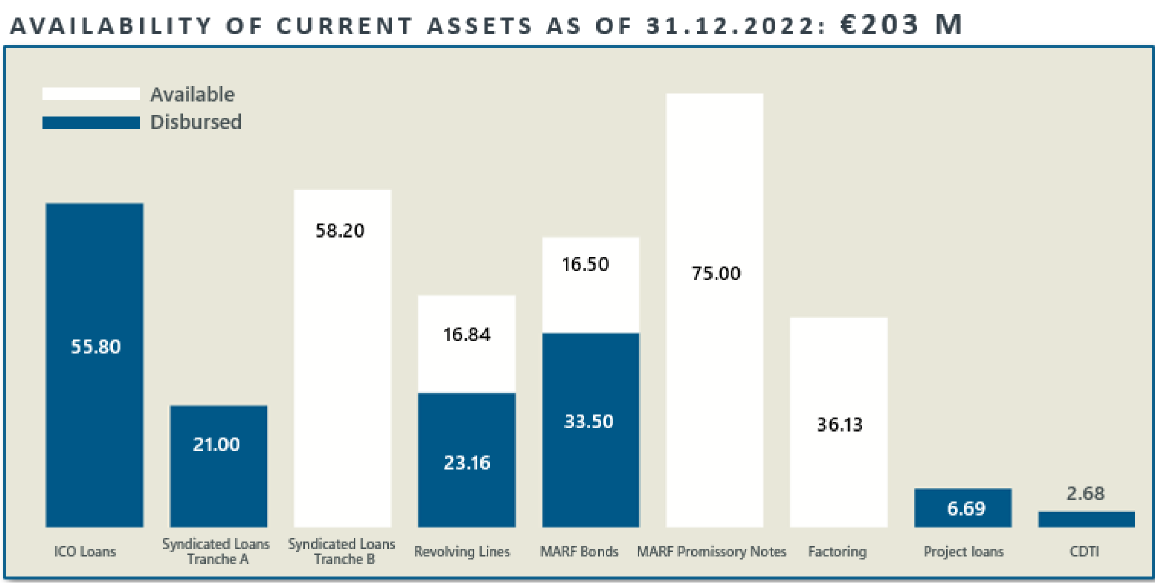
In addition, in 2022 an issuance schedule of promissory notes was listed on the MARF for a total of €75 M, with 4 issues (2 issues + 2 renewals) since May 2022, for a total maximum of €16.8 M (€10.8 M + €6.00 M). The maturity was 90 days per issue, although the promissory note issuance schedule as at 31 December 2022 was not available.

Moreover, the repayment of the annual “ordinary” debt corresponding to 2022, and except for the revolving lines of current assets, amounted to €31.22 M.

With the aim of continuing to reduce debt, a syndicated loan will be negotiated for 2023 at a lower amount.

The chart below shows the consolidated debt and availability of current assets in 2022.




As a result of a lower level of debt, the chart below shows how there has been an increase in the availability of current assets compared with 2021.

Below is a table showing the compliance with the ratios of the Syndicated Loan and Bond Issue in 2022:

**COMPLIANCE WITH 2022 RATIOS**

| | | |
|---|---|---|
| NFD/ EBITDA RATIO (DEBT WITH RECOURSE ONLY) | 1.65 | ≤ 2.00 |
| NFD + INDIRECT DEBT/INDIRECT EBITDA RATIO | 1.62 | ≤ 3.00 |
| EBITDA /NET FINANCIAL EXPENSES RATIO | 56.72 | ≥3.50 |

### 5 DIGITALISATION

Grupo Ortiz continued its digital transformation process in 2022, in accordance with the strategy set out the previous year, based on three key pillars:

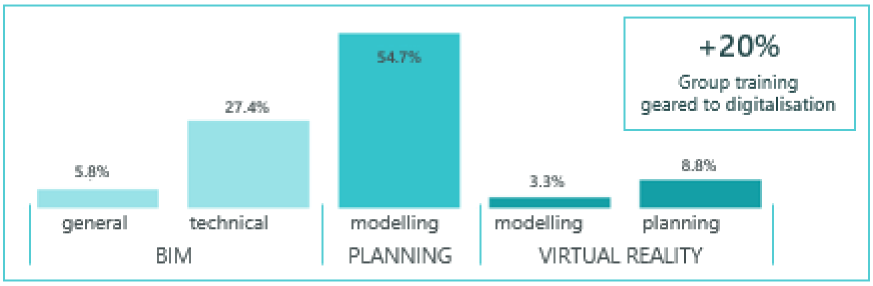
Culture of organizational change, based on training and reskilling, including both senior management and site teams.

This has included the campaign on training for Digital Transformation. The campaign has provided training for more than 100 employees in the areas of Building, Infrastructures and Energy). The most important courses were based on 3D project modelling, Technical and Economic Planning, 4D BIM and development of Virtual Reality environments.

DIGITALISATION STUDENTS BY DISCIPLINE 2021 - 2022


*Total and unique students per year within the Digital Transformation area*

DIGITALISATION TRAINING BY DISCIPLINE 2022




*Training in digitalization by discipline, 2022*

At the same time, computer equipment has continued to be updated at software and hardware level to provide all the employees with the tools needed to adapt to new internal processes.

Adoption of digital tools and innovation: We continued to monitor the market in search of digital tools which can optimize our processes, making them more robust and more collaborative. This is done by combining the internal Technological Surveillance process with contacts with specialist technological consultants. Once the programs or tools which may potentially contribute to the technological progress of the company are selected, pilot tests are launched in the selected projects.

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

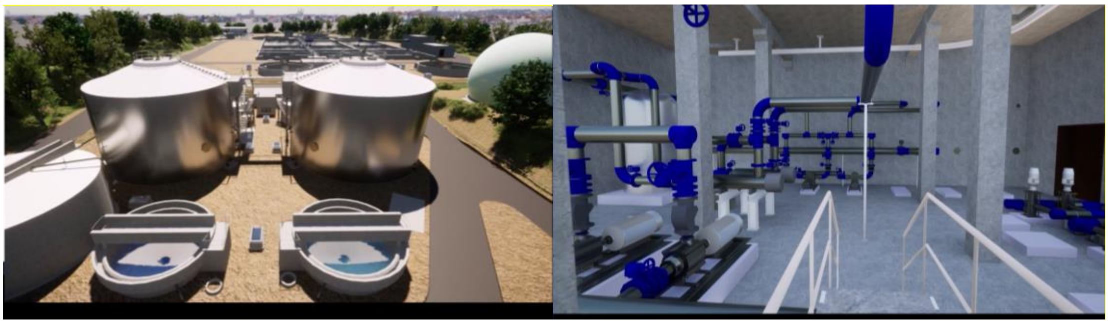
Of note are the pilot tests carried out in a number of real projects for digital apps on mobile devices to optimize processes, such as:

- Monitoring of the progress made with the project and link with BIM to compare with 4D planning.
- On-site health inspections, within the Occupational Risk Prevention area.
- Quality Controls (Inspection Point Plans) and environmental inspections.
- 3D scanning of complex elements for their integration into the BIM models.


Inspection point plan generated digitally through a mobile device app.

A process to implement a platform for Integrated Building Maintenance Management (IBMM) has also been launched. In 2022 tests have been carried out with a number of platforms to begin the implementation process in 2023.

In addition, Virtual Reality models have been developed in three projects, creating immersive and collaborative spaces in which technical teams, subcontractors and clients can visualize the virtual project from its start, helping in the decision-making process.



*Views of the Virtual Model of El Plantío WWTP*

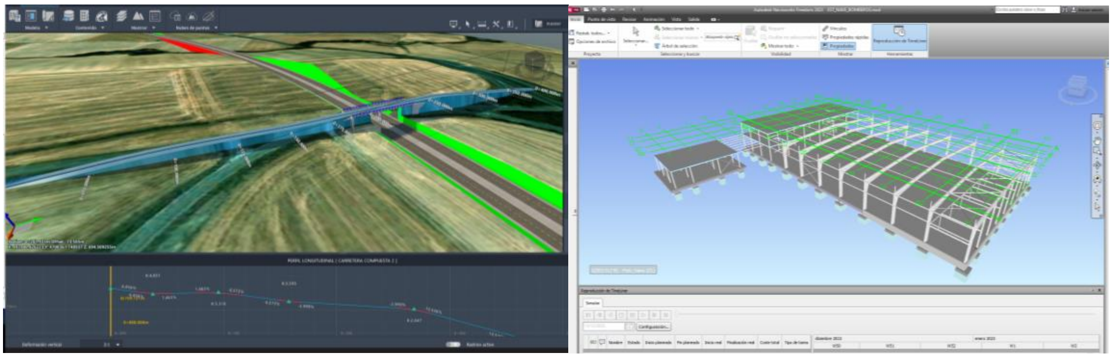
Project digitalization:

The number of projects in which these digitalization projects are steadily being applied increased over 2022.

The prior Virtual Implementation of these projects has allowed the basic elements of the construction process to be defined well in advance, and it has helped informed decisions to be made early, thus contributing to an optimization of projects at the level of cost, deadline and quality.

In 2022 work begun in 2021 continued and new projects were begun, including the following:

- Troncal de Magdalena 1 Motorway, Colombia.
- Troncal de Magdalena 2 Motorway, Colombia.
- A-12 Motorway, Spain.
- Refurbishment of the building at Castellana 19, Madrid, Spain.
- Refurbishment of Museo Postal, Toledo, Spain.
- Local council building, Puente de Vallecas, Madrid, Spain.
- Warehouse for the fire station, Vallecas district, Madrid, Spain.



*Examples of digitised projects: A12 Motorway (left), Fire Station warehouse (right)*

## 6 SUSTAINABILITY

Grupo Ortiz is firmly committed to Sustainability, which is present in all its activity. Grupo Ortiz is firmly committed to people, the environment and the fight against climate change and the achievement of the Sustainable Development Goals (SDGs) through all its projects, particularly in countries where its activity generates a significant positive impact in the contribution to sustainable development.

This commitment to Sustainability is demonstrated in the following summary aspects:

Commitment to people:

- Promotion of employment (74% permanent jobs). The workforce increased by 34% in 2022.
- Respect for Human Rights.
- Care for employee safety and health.
- Continuous workforce training (27,355 hours in 2022, particularly in areas such as Digitalisation and Compliance).
- Social volunteering actions in communities where we operate.

Commitment to the environment.

- Social and environmental plans in a variety of projects.
- Innovation and digitalisation.
- The circular economy, which has allowed us in 2022 to comply with the objective of recovery of nearly 100% of potential recoverables.

Commitment in the fight against climate change:

- In 2022 the emission of 18,908 tons of $CO_2$ into the atmosphere has been avoided.
- Production of 57,862 MWh of renewable energy, equivalent to the energy consumption of 16,598 homes.
- Of note is the digitisation of the sustainability indicators, which allows us to optimise the data.

Sustainable investments in projects with impact, among which we would like to highlight the following:

- Bosa Hospital in Bogota, Colombia, for the City Council of Bogota. In the construction phase since September 2021. It will enter into operation in 2023. The hospital will provide medium and high-complexity out-patient and hospital services and add 215 beds to the public network. It will be a hospital focusing on chronically ill adult patients, diagnosed with and treated for chronic renal diseases, obstructive lung diseases, atherogenic cardiovascular diseases, early cancer detection, etc. The project will form part of the south-western sub-network, covering 4 districts, namely: Kennedy, Fontibon, Puente Aranda and Bosa.

  During its construction, social actions have been carried out with the community of the local area, such as delivery of school materials, toys and food to children who are particularly vulnerable, support for the City Council of Bogota in social actions with the homeless and training in safe mobility in schools and colleges.

- Energy transport and distribution in Barranquilla, Colombia. This project represents a significant improvement in the energy transport and distribution in the city and aims to cater for the growing energy requirements in the new residential and commercial districts of Barranquilla, a city with the fourth highest population in Colombia, and also to eliminate problems with voltage levels and power fluctuation and to reduce restrictions.

  During its construction numerous social actions were carried out in 12 neighbourhoods in the city of Barranquilla. A number of actions have been taken, such as delivery of sports equipment, improvement in children's play areas and footbridges, supply of computer, school and surveillance equipment, as well as toys and food.
  The actions targeted specifically at children have benefited 760.

## 7 CONCESSIONS AREA

Grupo Ortiz has experience in infrastructure concessions in the areas of health, transport, photovoltaic energy, energy transmission lines and substations, car parks, environmental, cultural and sports infrastructures.

The concessions are broken down by country below.

Colombia

This country is the main focus for the concession investments of Grupo Ortiz.

The Group has 7 concessions in Colombia, a country in which it was awarded its first international concession in 2014: the 4G Conexión Norte Motorway. This was followed in 2015 by the 4G Transversal del Sisga Motorway, both with the National Infrastructure Agency (ANI); and, in 2020, the Bosa Hospital with the District Health Department of Bogota, and the Transmission Lines and substations in Barranquilla, dependent on the Mining and Energy Planning Unit of Colombia (UPME). In these 4 projects, Grupo Ortiz also has COFIDES as a partner.

En 2021 it executed the contract for its 5th concession, the private Ruta del Caribe initiative.

In 2022 it was awarded the contracts for the Río Grande Magdalena I and II Motorways.

As can be seen, Colombia is spearheading the efforts of Grupo Ortiz in terms of investment in concessions around the world.

Troncal del Magdalena I Motorway:

SPV: Autopista del Río Magdalena, S.A.S.

Grupo Ortiz is participating in this strategic project for Colombia, which improves the Puerto Salgar - Barrancabermeja connection, crossing the north of the country along the Río Grande Magdalena river.

It is the sixth concession awarded to Grupo Ortiz in Colombia, and forms part of the fifth wave of projects structured by ANI.

It was awarded in June 2022 and the commencement certificate was signed in December 2022. The first disbursements of €16.9 M have already been made (August 2022).

The Operation and Maintenance works and Designs have already begun.

Length: 259.6 kilometres, from Puerto Salgar to Barrancabermeja.

Purpose of the Contract: Operation and Maintenance of 259.6 kilometres, construction of the second section of 118 kilometres, improvement and refurbishment of 152.9 kilometres and construction of by-passes of 28.4 kilometres.

Project construction: 8 by-passes, 39 vehicular bridges, 25 pedestrian bridges, 1 weigh station, 2 service areas, 3 weigh stations.

Concession term: 2022 – 2048.

Investment: €711 M

The need for finance with third-party funds for the project: €340 M (investment – net income in the construction phase).

Equity projected for the SPV: €114.8 M and the shareholders' equity projected for ORTIZ: €57.4 M

Revenues projected for the SPV: €2,015 M, of which post-dated payment periods of €880 M, direct tolls of €1,135 M.

The culmination of the financial closure and the start of the works is planned for the end of 2023.

Troncal de Río Grande Magdalena II Motorway:

SPV: Autopista del Rio Grande, S.A.S.

Grupo Ortiz is participating in this strategic project for Colombia, which improves the Sabana Torres to Curumaní connection, crossing the north of the country along the Río Grande Magdalena river. It is the prolongation of Troncal I.

It is the seventh concession awarded to Grupo Ortiz in Colombia, and forms part of the fifth wave of projects structured by ANI.

Awarded in June 2022. The commencement certificate was signed in December 2022. The first disbursements of €24 M have already been made.

The Operation and Maintenance works and drafting of Designs have already begun.

Length of the highway: 370 kilometres, from Puerto Salgar to Barrancabermeja.

Purpose of the Contract: Construction 117 kilometres + operation and maintenance 253 kilometres + 7 tolls

Concession term: 2022 – 2048.

Investment: €649 M

The need for finance with third-party funds for the project: €319 M (investment – net income in the construction phase).

Equity projected for the SPV: €107.8 M and equity projected from ORTIZ: €53.9 M

Revenues projected for the SPV: €2,252 M, of which post-dated payment periods of €389 M, direct tolls of €1,863 M.

The culmination of the financial closure and the start of the works is planned for the end of 2023.

Autopista del Caribe

SPV: Autopistas de Caribe, S.A.S.

Grupo Ortiz is participating in this strategic project for Colombia, which improves the connection between Cartagena and Barranquilla. It will mean an increase of competitiveness due to the connection between productive centres and port areas.

It is the fifth concession of the Group in Colombia and the second private initiative completed successfully (after the hospital in Tepic, Mexico).

Awarded in July 2021, the concession contract with ANI was executed in September 2021.

The Operation and Maintenance works and drafting of designs have already begun.

The culmination of the financial closure and the start of the works is planned for the end of 2023.

Length: 474 kilometres from Cartagena - Barranquilla (doubling of carriageway and remodelling).

Concession term: 2021 – 2053.

Investment: €832 M.

The need for finance with third-party funds for the project: €465 M (investment – net income in the construction phase).

Equity projected for the SPV: €167 M, of which equity from Ortiz are €50 M.

Revenues projected for the SPV: €6,350 M, 100% direct toll (pre-existing). The volume of traffic now well consolidated.

Bosa Hospital

SPV: Promotora Hospital de Bosa S.A.S.

Awarded in December 2019 by the District Health Department (SDS), the District Financial Fund for Health) and the concession contract was executed in February 2020.

In 2021 the construction phase began (3 months earlier than the contractual schedule), the Financial Closure was signed and 45% of the SPV was sold to COFIDES.

The Project consists of the design, finance, construction, fitting-out, operation, replacement, maintenance and reversion of equipment and hospital infrastructure of Bosa Hospital.

It is the first project in the healthcare sector to be executed under a Public-Private Partnership (PPP) scheme in Colombia.

The Project will be developed through a full back-to-back EPC contract developed by the project sponsors as a turnkey, fixed-term and fixed-price project.

The project will be on the basis of a “green-grey robe” scheme, i.e. not including the operation of healthcare services (design, construction and provision of equipment, maintenance and operation of infrastructure), thus guaranteeing an adequate provision of health services in the south-east of the city of Bogota, with a total of 215 beds.

The amount of the investment is €76 M, of which 75% has been financed with bank loans (Itaú and Bancolombia) and 25% with equity.

Duration of the concession: 18 years starting in 2020

Project Revenue

- Post-dated payment periods denominated in Colombian pesos and indexed to the CPI.
- Commercial revenue denominated in Colombian pesos.

Services to be Provided:

- Maintenance of the works and Hospital Equipment.
- Administration and Management of Hospital Equipment.
- Submission of LEED certification.
- Operational Control Centre (OCC).
- Cleaning and Disinfection, Hazardous and Non-Hazardous Waste Management.
- Security and Surveillance.
- Maintenance of Computer and Telecommunications Equipment.
- Training of healthcare Sub-Network staff to use hospital equipment.

The operation begins in October 2023.

Lines and substations in Barranquilla

SPV: Energías de Colombia E.S.P. S.A.S.

Awarded in January 2020 by the Energy, Gas and Fuel Regulation Board (CREG), a body answering to the Ministry of Energy and Mines.

In 2021 the construction phase began, the financial closure was signed and 20% of the SPV was sold to COFIDES.

The amount of the investment was €143 M, of which 80% was financed with Bank Debt (Itaú, Davivienda and Banco Santander) and 20% with Equity.

Main characteristics of the Project:

- 8 substations (2 new and 6 existing ones).
- 24 kilometres of high-voltage power lines, most underground.
- Acquisition of a plot of land for the new Estadio substation.
- O&M of substations and high-voltage lines.

Start-up in October 2023. Refinancing is planned for 2024.

Transversal del Sisga:

SPV: Concesión Transversal del Sisga S.A.S.

A total of 98% of the sections of the highway have been delivered and are in operation. The figure is expected to be 100% in the first few months of 2022.

Some 50% of the SPV is owned by Ortiz, at 25.01%, and COFIDES, at 24.99%, which has been a strategic Partner of Ortiz in its international operations since 2016. The other 50% of the SPV is owned by KMA, a strategic Colombian partner in the highway sector.

Length: 137 kilometres (100% rehabilitation) in Cundinamarca, Boyacá and Casanare (Sisga–Guateque–San Luis de Gaceno–Aguaclara).

The investment is €190 M, financed by leveraging: 65%.

The equity of Ortiz is €15 M, of which 100% have already been paid out.

Concession term: 29 years (to 2044).

Revenues projected for the SPV: €1,470 M. Payments for availability + (70% Traffic guaranteed by State + 30% direct Tolls).

In 2022, 100% of the project was already in operation. Refinancing is planned in the first half of 2023.

Conexión Norte:

SPV: Autopistas de Nordeste S.A.S.

Functional Unit 2 (FU2) of the highway has been in operation since 2022, and Functional Unit 1 (FU1) will be completed in the first half of 2023).

Length: 145 kilometres (63 kilometres of new work and 82 kilometres of rehabilitation), in Antioquia (Remedios–Zaragoza–Caucasia).

Concession term: 2015 – 2043.

The investment is €572 M. Bank finance is ≈ €415 M, signed in 2016 with leverage: 75% / 25%.

Shareholders' equity projected for the SPV: €157 M.

COFIDES has 4.2% of the SPV in this project, thus reducing the share of Ortiz and its committed equity contribution.

The shareholders' equity to be provided by Ortiz amount to €21 M, of which 85% have already been disbursed.

Revenues projected for SPV: €2,830 M. Payments for availability + Traffic guaranteed by State (90%), direct Tools (10%).

The highway will be delivered in 2023. In 2024 it is planned to refinance the concession.

Mexico:

Grupo Ortiz was awarded its first hospital concession in Mexico: Tepic Hospital. This hospital entered into operation on 15 April 2020. Its start-up was advanced by one month on the initial schedule, to help deal with the COVID-19 pandemic.

Tepic Hospital in the State of Nayarit, Mexico:

SPV Concessionaire: Promotora Hospitalaria Tepic S.A.P.I.

SPV Operator: Operadora Hospitalaria Tepic S.A.P.I.

The Hospital began to operate in April 2020. The operation was carried out through another Specific Purpose Company (OHT), formed by the same partners and shares of the Concessionaire.

The project includes the design, construction, equipping and ancillary service provision over the next 23 years.

This project marked a major milestone for the Concessions area, because not only was it the first concession in the social sector of healthcare, but it was also the fist successful culmination of a private initiative presented by Grupo Ortiz in 2015.

Tepic General Hospital is located in the state of Nayarit. It provides a service to the Government Workers' Social Security and Services Institute (ISSSTE).

It has 200 beds (150 registered), 35 consulting rooms, 7 theatres, 31 second- and third-level care specialties, 6 ancillary diagnostic services, 8 ancillary treatment services, 11 haemodialysis machines, etc. The building has a LEED environmental certification.

The care services included in the concession are: sterilization, haemodialysis, laboratory, blood bank and pharmacy, as well as supplementary services such as food, clothing, medical equipment maintenance, surveillance, cleaning, mail, warehouse, telecommunications, medical gases and integrated maintenance of the facilities.

Total Investment: €70 M / EPC €50m / Shareholders' Equity provided by Grupo Ortiz €7m.

Spain

Of note in 2022:

- In Highway Access to Ibiza, the compensation payment for the pandemic was €2.3 M.

- The gym in Madrid in Ensanche de Vallecas, has already reached its maximum capacity of 4,200 members.

Grupo Ortiz has over 20 contracts in operation.

Transport concessions:

2 motorways: Highway Access to Ibiza (7.1 kilometres) and Motorway A-31 (111 kilometres).

Highway Access to Ibiza

A contract for a public works concession for the construction, maintenance and operation of works for the new access to the airport of Ibiza, with a length of 7.1 kilometres.

The duration of the concession is 25 years, from the execution of the contract (2005). The start-up was in 2008, and the date of expiry of the concession is planned for 27 July 2030.

The concession is remunerated by the Government of the Balearic Islands through a shadow toll for each vehicle travelling on the highway.

In 2019 (before the restrictions on mobility established as a result of the COVID-19 pandemic), there were 65 million journeys. As a result of the restrictions on mobility in 2020, the traffic fell by 42%, so the concession was compensated in 2022 by the Government of the Balearic Islands with €2.3 M.

The traffic on the highway has clearly recovered since mid-2021, and is now back to 2019 levels.

The figures for traffic and revenue in 2022 show a growth of more than 26% on 2021. Revenues in 2022 was €8.18 M. EBITDA in 2022 was €6.85 M.

Motorway A-31

A contract for a public works concession for the maintenance and operation of the Bonete-Alicante section of the A-31 Motorway, with a length of 111 kilometres.

The duration of the contract is 19 years from its execution (2007). The start-up was in 2008, and the date of expiry of the concession is projected for 2026.

The concession receives its remuneration from the Ministry of Development through a shadow toll for each vehicle using the motorway.

Traffic increased by 5% in 2022 compared with 2021 and is now at pre-COVID levels.

Traffic also increased by 7% in 2022 compared with 2021.

Revenues in 2022 was €17,625,070. EBITDA in 2022 was €14,640,019.

Energy concessions:

2 photovoltaic plants: Alten El Casar (13 MW) and the University of Malaga (1 MW)

3 energy-efficiency actions in public lighting: The towns of Humanes de Madrid, Moclín and Valle de Zalabi.

Alten El Casar

Photovoltaic Plant located in the province of Guadalajara (Spain), with a capacity of 13 MWp.

Construction was completed at the end of 2019, when the operational phase began under the Specific Remuneration Regime.

The following are the milestones in 2022:

Increase of 0% in production

Average increase in pool prices of 37.52% (actual price 2022: €153.2/MWh; actual price 2021: €111.4/MWh; 2020: €34.0/MWh) (YTD)

The above has generated an increase in revenues of 52%.

Revenues in 2022 was €3,761,518. EBITDA in 2022 was €3,440,432.

University of Malaga

A photovoltaic plant located on the roof of the Escuela Técnica Superior de Ingeniería Industrial building of the University of Malaga, with a capacity of 1 MWp.

The concession contract has a duration of 25 years and covers the drafting of the project design, installation, maintenance and operation of the photovoltaic system starting in 2008.

A major investment was carried out in 2022 to repair and service the plant, which generated a very significant increase in the production of the plant.

Energy Efficiency

Grupo Ortiz operates 3 energy efficiency contracts for public lighting in Humanes de Madrid, Moclín (Granada) and Valle de Zalabi (Granada), with more than 3,000 lamps.

Parking lots concessions:

7 parking lots, with 3,550 spaces in total.

Parking Collado Villalba

A concession contract for the construction, conservation and operation of the underground parking lot under the street Honorio Lozano, as well as the operation of the existing parking lot of the Miguel Hernández Municipal Library, both in Collado Villalba (Madrid). 1,023 spaces in total.

The remuneration of the Concessionaire is obtained by charging the users of the parking spaces, both short-stay and season tickets, plus charging an annual amount from the town council for 40 years.

The short-stay rate in 2022 was 3.01%, still below the 2019 (pre-COVID) level, which was 4.35%.

The level of occupancy in 2022 was 70%, still below the 2019 (pre-COVID) level, which was 78%.

GO Barajas

Located in the international Madrid Barajas-Adolfo Suárez airport, it has two parking lots, one with 450 spaces and the other with 211. It was opened in 2019.

The 211 parking spaces have been rented since 30 October 2019 to a car hire company, generating recurring income. The other 450 spaces are for airport users.

The restrictions due to the pandemic are being eased and air traffic is recovering significantly.

The level of occupancy in 2022 was 68%, above the 2019 (pre-COVID) level, which was 48%.

Reyes Católicos parking lot in Zamora.

A concession contract for the construction, maintenance and operation of the underground parking lot of 538 spaces in Zamora. Short-stay and season-ticket parking lot.

Currently we have 390 season ticket holders and annual revenue in 2021 increased by 13%.

The short-stay rate in 2022 was 5.30%, still below the 2019 (pre-COVID) level, which was 8.50%.

The occupancy level in 2022 was 71%, now higher than the level for 2019 (pre-COVID), which was 61%.

Residential parking lots (PAR) in Madrid

4 concession contracts with the City Council of Madrid.

All have been operational since 2009, with a term of 40 years and a total of more than 1,300 places.

The places are sold as right of use and as monthly season tickets. They have not been affected by the pandemic.

Juan Ramón Jiménez PAR: by Plaza de Cuzco, with 401 spaces.

PAR Ilíada: by Wanda Metropolitano stadium, with 333 spaces.

PAR Pamplona: by Plaza de Castilla, with 314 places.

PAR Andorra: by Campo de las Naciones, with 280 places.

Other concessions (environmental, cultural):

Wastewater treatment plant: Ribadeo WWTP

Cultural centre (BAC) located in Valencia

Ribadeo WWTP

This is a public works concession for the drafting of the designs, construction and operation of a wastewater treatment plant in the municipality of Ribadeo, whose contract was executed in 2008 for a term of 20 years.

The plant is designed to treat an annual flow of 2.8 million cubic metres of sewage and rainwater.

Although the joint venture was constituted originally of 3 companies, since November 2021 Grupo Ortiz has held 100% of the shares, after acquiring those of the other shareholders.

BAC

Municipal concession for the promotion, construction and business operation of the Rambleta Cultural Centre in Valencia.

The concession period is 20 years from the conclusion of the works and the opening of the centre.

The concession contract includes the construction of a theatre and its subsequent operation.

The concessionaire receives remuneration by the payment of a fee from the City Council of Valencia, and by the fees paid by users for the use of the cultural services and equipment.

Italy

Medsolar is a 1 Mw photovoltaic plant Grupo Ortiz has in Italy. The plant was constructed in 2010 and has been in operation since 2011.

Employment

The Concessions Area has increased in size from 3 workers to 140 in 10 years. To these have to be added a further 100 workers in vehicle companies which manage the concessions and are not within the scope of consolidation, so the total workforce of the Concessions Area is nearly 250 workers.

Key milestones

The following milestones are worth noting in 2022:

- Award by ANI and execution of the contract of the 2 concessions of Colombia 5G structures. Troncal I and Troncal II
- Full start-up of the Transversal del Sisga motorway
- Refinancing of Transversal del Sisga motorway during the closure phase (planned for the first half of 2023)
- Payment of compensation by the Government of the Balearic Islands for the COVID closure
- Achievement of the maximum capacity of 4,200 members in the La Gavia Factory gym.
- Traffic on highways and occupancy of parking lots above the levels of 2019 (pre-COVID).

## 8 ENERGY AREA

Grupo Ortiz is a world leader in EPC contracts for renewable generation plants, particularly photovoltaic plants, and a specialist in the construction of high-voltage lines and substations, with more than 2,500 MWp under construction or already installed in renewable energy plants, over 1,200 km energy transport lines of up to 400 kV and over 25 transmission substations.

The revenues in the Energy Area in 2022 amounted to €350.78, which is 57% of all the consolidated revenues in 2022 and 53% more than in 2021. More than 730 MWp was under construction and more than 638 MWp awarded, all in photovoltaic projects, in 2022. It should be highlighted that the experience acquired, and its references have allowed Grupo Ortiz to consolidate a solid position in the global renewable energy market, and we are optimistic that this will contribute to growth in the coming years.

Renewable energies have taken a leading position in the global economy as a result of the entry into force of the Paris Agreement concluded in 2015, which is an environmental treaty but has its main source of action in energy. The need to improve our energy system and make it less vulnerable to the import of fossil fuels has made a deep impression in our society.

The aim is to limit the growth in global temperature to below 1.5 ºC, based on the decarbonization of the economy to eliminate the CO2 emissions which cause climate change. That is why it will be necessary to reduce CO2 emissions by 95% with respect to 1990 figures by 2050, which involves reducing the use of fossil fuels by between 80% and 90% with respect to current consumption.

This will only be possible by making a major effort in energy efficiency, an electrification of the economy, and ensuring that electrical energy is produced using renewable energies and with the appearance of new fuels such as green hydrogen, which help the decarbonization of land, rail and air transport.

The most realistic path to reducing emissions by half by 2030 is an aggressive energy strategy, combined with a steady increase in the use of renewable energies around the world to replace the energy generated from fossil fuels.

The International Renewable Energy Agency (IRENA) estimates that in OECD countries in 2023, 30% of the demand for electrical energy will be satisfied by renewable sources, which represents a growth of 5 points on 2017. By 2050, this percentage is projected to grow to 85%. This demand will be satisfied mainly by photovoltaic and wind energy.

The Spanish electrical system is continuing firmly on the path of decarbonization. Spain has installed more than 4.97 GW of renewable energy in 2022 and the installed renewable capacity now amounts to 69,940 GW of the total installed capacity of 118,150 GW (59%).

This scenario and trend will continue over the coming years in our country and open up enormous market expectations for Grupo Ortiz, in addition to the electrical transport and distribution (T&D) needs this involves and the Operation & Maintenance services for these generation and transport infrastructures.

Of note are the following projects by geographic areas/countries:

United States:

At the end of 2022, in partnership with OPDE, Grupo Ortiz was awarded its second project in the United States when it executed a major EPC contract for the construction of a 160 MW plant in the state of Louisiana.
This represents a major step forward by the Group, given the enormous investment expectations for renewable energy projects in the United States. The US Energy Information Agency (EIA) expects to add around 25,000 MW of new solar capacity in 2023 alone.

As a conservative estimate, over the next three years 2023-25, renewable energies will have to expand from around 23% of the country’s current generation capacity to at least 30%. This suggests a projection of 25 GW in new solar projects for 2023, 27 GW for 2024, and 28 GW for 2025.

Colombia:

In 2022 Grupo Ortiz provided comprehensive engineering services, the purchase of the main equipment and materials and made progress in the construction of the EPC project for an energy transport concession in the city of Barranquilla for UPME. The concession was for a 110 kV ring and 8 associated substations in the city itself. Works began in December 2021 and are projected to continue until August 2023.

Overhauling and extension work has been carried out on six existing electricity substations (Termoflores, Las Flores, Centro, Oasis, Unión, Tebsa), five of them featuring GIS (Gas Insulated Switchgear) technology and one conventional; and also the construction of two new 110 kV GIS substations dubbed “Estadio” (located by the Romelio Martínez stadium) and “Magdalena” (near the new Pumarejo bridge).

The project also includes 24 km of new 110 kV underground lines needed to link the different substations. The date for the start-up of the project is October 2023, including all the commissioning.

This package of improvements, which is awarded within the framework of Plan 5 Caribe, aims to alleviate the growing energy needs of new residential and commercial zones in Barranquilla (the fourth biggest city in Colombia), and to eliminate problems of voltage and fluctuation and reduce restrictions in electricity.

Japan:

Grupo Ortiz has been established in Japan since 2017, where it has constructed seven photovoltaic plants. Among the projects under construction in 2022 are the following:

- Sukagawa 30 MWp photovoltaic plant. This plant will be completed in 2023 and Grupo Ortiz will then be responsible for its operation and maintenance.

- Moreover, the Group carries out the Operation and Maintenance of three more photovoltaic plants which total 45 MW (Yamagata, Mine and Susami) and will begin the operation and maintenance of a 30 MW plant (Sukagawa), making a total of 75 MW.

Peru:

This country has made a determined commitment to Transmission and Distribution (T&D) projects, with a growth framework for the country in generation capacity for hydraulic power plants which need transport infrastructure for their connection to the national grid. There are also prospects to extend its renewable generation network with a package of 1 GW in photovoltaic energy in the year 2023-2024. We would like to highlight the following projects:

- Construction of the project for 69 kV-138 kV lines and substations in the Cuajone mine for the mining company Southern Copper Perú.
- Construction of a 220 kV substation in Puerto Chancay in partnership with Hitachi-ABB.

Chile:

Grupo Ortiz is performing the Operation and Maintenance contracts for two plants in the northern region of the country.

- Uribe Solar 58 MWp photovoltaic plant, started up in 2017, located in Antofagasta.
- La Cruz Solar 58 MWp photovoltaic plant, started-up in 2022, located in Calama.

France:

Grupo Ortiz has carried out Operation and Maintenance work on a photovoltaic farm (5 plants) of 88 MW in total, in Samoussy, France.

Mexico:

Grupo Ortiz is currently providing Operation and Maintenance services in Mexico for the following projects:

- Terranova 93 MWp photovoltaic plant, Ciudad Juárez.
- Navojoa 260 MWp photovoltaic plant, Sonora.
- Solem I and II 350 MWp photovoltaic plants in Aguascalientes.

In Spain, the following photovoltaic plants have been constructed in 2022:

- A 150 MWp photovoltaic plant for the company FRV, in Badajoz (San Servan 400 project), currently pending Provisional Acceptance.
- Cerrillares 50 MWp photovoltaic farm for the company Plenitude (ENI) in Jumilla, currently in the Operational phase.
- Construction of 12 photovoltaic parks of 52 MWp in total for the company Naturgy, on the islands of Gran Canaria and Fuerteventura. Currently under construction, they should be operational in June 2023.

In addition, a contract has been executed for the next

- 478 MWp photovoltaic plant for the company FRV, in Badajoz (Carmonita Ministerio project). It is currently in the engineering phase, and should be operational on 31/07/2024. which will be the biggest photovoltaic plant ever executed by Grupo Ortiz.

The presence of Grupo Ortiz should also be noted in the activities relating to the execution of Transport and Distribution infrastructure with the award of a contract for a new project consisting of one collector substation + a 220 kV evacuation line of 8 km for Naturgy (Merengue II & Valle del Jerte project) in Caceres; and the execution of another transmission project with 2 substations and a line of 220 kV with the client Naturgy (Nudo de San Servan project) in Badajoz.
It should also be noted that the activities being carried out in the service sector continue. Of particular note is the maintenance service for electrical infrastructures belonging to major electricity distribution and conventional generation companies, including NATURGY, ENDESA, Central Nuclear de Trillo and Central Nuclear de Almaraz. Of particular importance is the contract for a new project with ENDESA/ENEL to carry out the maintenance for three years of the whole Medium- and Low-voltage network in the province of Malaga, for €45 M.

Moreover, the provision of Operation & Maintenance services for renewable energy generation services we were carrying out have been maintained. Currently, they cover the operation and maintenance of more than 1,250 MW in eight countries. Finally, and within the Services Area, energy services have continued to be provided for public lighting projects and large buildings in the service sector across Spain.

We would also like to highlight the positive expectations for the coming years 2023 and 2024 in the Spanish market, as a result of the efforts of recent years, market positioning and the references acquired at international level.

In the Spanish market, we found that in 2018-19 there was a radical change in energy policy with a determined drive by the government focused on complying with the environmental commitments acquired by Spain in the international community. In this respect, the government has approved two Royal Decrees-Law to create a stable regulatory framework that guarantees investment in renewable energies with the aim of making it possible to comply with the ambitious targets established.

The targets estimated for Spain for the installation of renewable energy power are for installed photovoltaic capacity by 2030 of 47 GW and wind power of 31 GW. This would represent investment of more than €60,000 M in these facilities alone, without taking into account the evacuation infrastructures for transmitting the energy generated. Spain must install an average of 5,000 MW per year of photovoltaic power to comply with these targets.

These scenarios open up major business opportunities in the sector, although it is true that the sector is very mature, with very high levels of competition which will require the development of mechanisms for forging relationships in projects to make entry to them easier, thus guaranteeing satisfactory business prices and conditions. The sector is in a process of continuous development, and we have to adapt to it to guarantee our continuity over time.

Furthermore, we cannot forget that the systems of generation using renewable energies do not guarantee power and we have to pay attention to the development of projects which can be carried out based on storage technologies using batteries, which will gradually become more competitive. These technologies will be easier to implement in countries which need new power, and which will have to combine renewables and technologies that guarantee the stability of the electricity system.

The following is a summary of the main milestones for 2022:

ENERGY & INDUSTRY:

- ✓ 736 MW in photovoltaic projects under construction in 2022.
  - 7V project (USA): 300 MW
  - San Servan 220 (Spain): 138 MW
  - San Serván 400 (Spain): 150 MW
  - SOLCAN Project (Canary Isles): 52 MW
  - Cerrillares (Spain): 50 MW
  - Sukagawa (Japan): 30 MW
  - Shirakawa (Japan): 14 MW

- ✓ 2 photovoltaic projects awarded in 2022 (638 MW in 2 countries).
  - Elisabeth project in Louisiana, USA (160 MW)
  - Carmonita Ministerio (Spain): 478 MW.

OPERATION & MAINTENANCE in 2022:

- ✓ Solem 1&2 (350 MW), Terranova (93 MW) and Navojoa (260 MW) in Mexico.
- ✓ La Independencia (13 MW) in El Salvador.
- ✓ 3 plants - Marcovia and Nacaome 1 and 2 (107 MW) in Honduras.
- ✓ Uribe (58 MW) and La Cruz (58 MW) in Chile.
- ✓ Yamagata (25 MW), Mine 1&2 (14 MW) and Susami (8 MW) in Japan.
- ✓ Samoussy (88 MW) in France.
- ✓ El Casar, Guadalajara (13 MW), Aliagar, Zaragoza (50 MW) and San Servan 220 (138 MW) in Badajoz, Spain.

- ✓ An O&M contract was executed for the FRV San Servan 400 project plant for 2 years. Start-up forecast for April 2023.
- ✓ Execution of a 5-year O&M contract for projects in the Canary Isles (52 MW, 12 plants).

TRANSPORT & DISTRIBUTION in 2022:

- ✓ Construction of high-voltage project infrastructures: San Servan 400 (FRV), Cerrillares project (Plenitude) Spain, evacuation project for the Merengue II & Valle del Jerte wind farms (NATURGY), 220 kV evacuation project for NUDO DE SAN SERVAN (NATURGY).

- ✓ Construction of a transmission project with a line of 138 kV, a substation of 138/69 kV and two lines of 69 kV for the mining company Southern Copper Peru.

- ✓ Construction of a project for a 220 kV substation for ISA in partnership with HITACHI, in the Puerto Chancay project in Peru.

- ✓ The engineering and procurement are complete, and construction has started in EPC format for the Barranquilla transmission project, composed of:

  ▪ 8 110 kV substations (2 new and 6 extensions of existing ones)
  ▪ 24 km of 110 kV high-voltage lines, most of them underground.

- ✓ Construction of the 138 kV evacuation infrastructures for the EPC 7V project in Texas, United States.

## 9 INFRASTRUCTURE AREA

The revenues of the Infrastructures Area of Grupo Ortiz amounted to €241.63 M in 2022. Grupo Ortiz has more than 60 years of experience as a specialist in sustainable infrastructures: road, rail, healthcare, hydraulic, as well as in the building and renovation of historic buildings and services related to infrastructures.

The project portfolio of the Infrastructures Area is €1,125 M.

Grupo Ortiz has operated this year in Spain and also in Colombia and Panama, and in 2022 completed a hospital infrastructure project in Bolivia.

The most important projects in this area by countries are detailed below:

**COLOMBIA**

In 2022 work has continued on the execution of the following works:

- EPC construction work on the Conexión Norte between Remedios, Zaragoza and Caucasia in the Department of Antioquia, for the concessionaire Autopistas del Nordeste S.A.S.
- EPC construction work on the Transversal del Sisga, between Sisga and el Secreto, in the Departments of Boyacá and Casanare, for the concessionaire Concesión del Sisga S.A.S.
- Renewal of the rainwater and sewage drains in the neighbourhoods of Claret and Inglés of Zone 3 Phase I in Bogota.
- Setback in the BTA network aqueduct.
- Designs, finance and construction of Bosa Hospital in Bogota.
- Execution of Puente 6 in Remedios, Antioquia. Concluded in 2022.

We have also been awarded two new projects:

- A contract for the concession to finance, draft the studies and final designs, carry out the environmental management, land management, social management, construction, rehabilitation, improvement, operation and maintenance of the Puerto Salgar - Barrancabermeja corridor. We have 50% of the work, and KMA the other 50%. Amount: 3,764,227,149,395 pesos.
- A contract for the concession to finance, draft studies and final designs, carry out the environmental management, land management, social management, construction, rehabilitation, improvement, operation and maintenance of the Sabana de Torres - Curumaní corridor. We have 50% of the work, and KMA the other 50%. Amount: 3,764,227,149,395 pesos.

Both works have been awarded by the National Infrastructure Agency (ANI), a public entity answering to the Ministry of Transport of Colombia.

We bid for a total of two projects and both were awarded. We decided not to present a bid in three other ANI projects. One of them we studied in detail and concluded that it was not in our interest to present a bid. In the other two, we decided not to organize a bid as they were not interesting for Ortiz.

Currently we are studying seven more non-concessionary projects.

All the works are within the contractual schedule, in some cases after the events which provide exemption from liability mentioned above, with the diligence we have continued to provide, as in the previous year.

As project milestones we could point out:

Transversal del Sisga:

With respect to the arbitration award against ANI for the increased amount of works derived from: (i) unstable sites not identified by ANI; (ii) bridges not identified by ANI; (iii) electrical cabling in FU 3 tunnels. ANI filed an appeal to set aside the award and suspend its effects until there was a judgment with respect to the cancellation. The Council of State ruled in December with respect to this appeal and confirmed the temporary suspension of the arbitration award. At present, we are waiting for the Council of State to rule with respect to the nullity of the award.

It was not possible to comply with the objective of refinance due to the inability to close the technical issues with ANI and the banks as a result of the legal insecurity, until the Council of State rules on the arbitration on unstable sites. We are working on a base case which considers around COP 200,000 M of cash out and a substantial improvement in profitability. The documentation is very advanced.

On 24 and 31 March the completion certificates of the functional units numbers 2 and 3 respectively were signed, and the payment associated with them was received.

In November 2022 a request was presented for a Liability Exemption Event (which has the approval of the public administrator), given the refusal of the entity to accept the FU4. This is to release funds to the concessionaire while the final award is determined. It would allow us to access special compensation of up to 90% of the certified advance, which would have a very positive impact on the project cash management. Approval by ANI of a liability exemption event (EER) is pending, but the concept of the public administrator has allowed us to stop for the moment the compliance process due to the non-acceptance of the FU4.

The year concluded with progress in practically 100% of the works.

CONEXIÓN NORTE:

The partial Completion Certificate of the FU1 was signed. This Certificate allows two Special Compensation Certificates to be signed:

Certificate 1: COP 48,641,976,569 and USD 12,491,842
Certificate 2: COP 57,280,999,517 and USD 14,710,447

In August 2022, the award of a maximum grace period (360 days) was confirmed for the delivery of the FU1, which extends the contractual construction term until mid-2023.

In October 2022 the Conclusion Certificate for FU2 was signed.

In November 2022 the Retribution Certificate 1 for FU2 was signed and funds were received of COP 19,831,003,600 and USD 3,024,309

Itaú and SMBC were mandated as financial advisors of the project for the purpose of refinancing. We expect to be able to execute the refinancing in 2023 once we deliver FU1. This will allow a substantial increase in profitability and delivery of a cash out of between COP 700,000 M and COP 900,000 M.

The year ended with progress of 99.94% in FU2 and 88.31% in FU1. The works are expected to be completed in May 2023.

BOSA HOSPITAL:

From August to November 2022, the terms of the Memorandum of Understanding were agreed on, concluding the controversy on the execution of the signage and urban planning works requested by SDS. It allows the possibility to execute these works as beyond the deadline for the construction stage and without them being a condition for the start of operations of the hospital.

Work has been done on the operational manuals of the services we must provide during the O&M stage. The first versions of the operational manuals came out in 2022 (Quality Plan and Indicator Assessment Method).

The year closed with a general progress in the works:

At the start of December, the general progress in the Construction Phase was 51.1%, compared with the scheduled 47.9%.

The year closed with the forecast of increasing slightly the profitability of the concession, mainly due to higher inflation.

RUTA CARIBE II:

Given the position of ANI not to increase the tariffs of the tolls as planned for 2022, certificates of suspension of the tariff increases were signed. ANI agreed to compensate the reduced amount collected associated with this.

At the request of ANI, in June 2022 a special pleading was added to the Concession Contract, by which the deadline for installation of the Arroyo de Piedra Toll was extended to April 2024. A commitment in writing was given that ANI should compensate the lower collection associated with this event.

An Advance Payment was arranged for the EPC so that the shareholders could recover the excess cash of the project. Ortiz collected an advance of COP 17,879 M.

In February 2022 the commissioning was completed of the corridor (120 days counting from the signing of the project’s Commencement Certificate) and the measurement of the indicators of the FU-0 was begun. No deductions in the measurement of the indicators have been registered.

In August 2022 the ANI and public administrator were presented with the Phase III studies and designs of FU9, the geometrical designs of all the Functional Units, the Property Acquisition Plan, the Network Handling and Transfer Plan, and the Works Plan. For now, the deliverables are being revised in order to obtain the No Objection decision, except for the Property Acquisition Plan.

In 2022 the inputs of the internal model were updated, optimising some items and incorporating the good traffic figures. There has been a substantial improvement in the profitability of the concession.

TRONCAL DEL MAGDALENA I:

In August/September 2022 there was a roadshow with potential financiers of the project. As a result, terms were received from a significant number of financial institutions.

In September/October 2022 the designs of Phase III were awarded and the contracts were executed. Given the length of the corridor, it was decided to divide the work into two contracts.

In November 2022, the EPC contract was executed and in December an advance was processed in favour of Ortiz for COP 22,500 M.

In December 2022 the Commencement Certificate of the Concession Contract was signed, the commissioning process was started (180 days) and the corridor began to be operational.

Despite the situation of increased taxes, we had proposals from banks which allowed us to improve the profitability projected in the tender. We are preparing a Term Sheet to send to the banks with the conditions of the finance.

TRONCAL DEL MAGDALENA II:

In August/September 2022 there was a roadshow with potential financiers of the project. As a result, terms were received from a significant number of financial institutions.

In September/October 2022 the designs of Phase III were awarded and the contracts were executed. Given the length of the corridor, it was decided to divide the scope into two contracts. Sener and an Antea-Cemosa-Integral joint venture received the commissions for the processes.

In November 2022, the EPC contract was executed and in December an advance was processed in favour of Ortiz for COP 50,000 M.

In December 2022 the Commencement Certificate of the Concession Contract was signed, the commissioning process was started (180 days) and the corridor began to be operational.

Despite the situation of increased taxes, we had proposals from banks which allowed us to improve the profitability projected in the tender. We are preparing a Term Sheet to send to the banks with the conditions of the finance.

MAINTENANCE OF MAGANGUÉ:

The designs are being prepared which will be completed in January 2023.
An advance payment was received by obtaining a trust administration agreement.
Initial digitisation was carried out based on EIA dates and EYD deliveries.
Start of the works corresponding to the maintenance to execute the projected annual amount.

BTA NETWORKS:

This year we have made substantial progress in their execution thanks to obtaining the plans for handing traffic needed for the execution of the works, which depend on the Secretariat for Mobility of the City Council of Bogota.
A total of 5,226 metres of water piping and drainage have been installed by the trench method with diameters of up to 1.6 metres.
In December we will present the modified No. 3 for an approximate amount of COP 2,000 M.
In addition to the above, three claims will be made as follows:
Pre-start costs, as the project started more than a year after the award.
Price updates.
Claim due to Urban Impact.

1501 NETWORKS:

A total of 15,606 metres of drainage piping has been installed using CIPP technology, UV cured GRP with diameters of between 150 and 800 mm.
In addition to this piping, a further 12,114 metres of piping of different types (extra reinforced concrete, corrugated PVC, etc.) has been installed using the traditional trench excavation method.
Three claims are being concluded, as follows:
Claim for a price index increase (approved by the public administrator).
Claim due to COVID.
Claim due to Urban Impact.

The new projects awarded, Ruta Caribe, Troncales I and II, as well as the maintenance of Magangué, are being fully digitalised.

**PANAMA**

At the end of 2021 the construction of the second module and refurbishment of the first module of the drinking water plant for the city of Santiago de Veraguas and the operation and maintenance of both modules (USD 12.3 M were successfully completed, specifically, on 6 December 2021. This project was constructed and operated as a whole by Asteisa (100%). In 2022, we carried out the administrative closure and the closure of certain small items pending.

The drinking water plant is producing an average of 40% more flow than that designed, so both the client and the people are seeing their needs are more than met. As a result, the project was officially opened by the president of the Republic in February, 2022.

In addition, the project for the extension and rehabilitation of the North Panama Aqueduct (USD 115 M, following its extension by the new Addendum No. 3) is being carried out by a consortium made up of two companies in the Group, Ortiz (70%) and Asteisa (30%).

In 2022 work has continued on the ground at a good pace, and following the indications of our client, prioritising zones or services that were most needed by the residents of the zone. In 2022, a total of USD 7.5 M was executed, with progress on the start being 87% of the original contracted project of USD 82 M (not including ITBMS). With the new addendum signed, this means progress on the overall figure (USD 115 M) of 62%. This addendum represents an increase in the scope of the contract and project, and therefore extends the deadlines for completing it.

**BOLIVIA**

Grupo Ortiz has been present in this country since 2018, with the construction of the Potosí hospital, in which Ortiz had a 51% share. The work consists of the construction of a third-level hospital with an area of 27,230 m2, without medical equipment.

The main challenge has been to complete and deliver the construction of a hospital of these characteristics at 4,100 metres above sea level, making it of the highest hospitals ever constructed in the world. There had been growing demand for it by the citizens in the zone for some time. It is an investment by the Inter-American Development Bank and the government of the Department of Potosí for the Ministry of Health.

This project will generate 500 direct jobs and over 1,100 indirect jobs, and the contracts will be with over 30 local companies. The hospital has 35 specialties of care for the people, and will have a capacity of 276 beds and 29 surgeries.

The health sector will receive strong support from the government, and the construction of nearly 50 second, third and fourth-level hospitals is being planned, with investment of close to USD 1,600 M.

**SPAIN**

Civil Works.

In road and rail transport infrastructure, we continued in 2022 with highway contracts for the A-12 motorway in Santo Domingo de la Calzada and the A-11 in Quintanilla de Arriba, Valladolid, for the Directorate-General for Highways of the Ministry of Transport.

We have continued with the Maintenance Contract of the Ruta de la Plata A-66 highway in Merida and Zafra for a further three years, also for the Directorate-General for Highways.

The works on the high-speed AVE train Madrid-Extremadura section has also continued for Adif, between Toril and Malpartida de Plasencia.

In the city of Madrid, the following contracts are of note:

We have worked on the following contracts in works with the City Council of Madrid:

- The Framework Agreement for works in public areas with the District Council of Salamanca, Group 4, a contract for 2 years + 1 year extension, which ends in January 2023.

- Paving of pavements in the districts of Latina, Carabanchel, Usera and Villaverde. Group 3

We have also continued with the following contracts:

- In the framework agreement for the execution of the urban planning works with private companies Group 3 we have carried out the following activities: Eduardo Minguito, Picos de Urbión, Manuel Cano and Sierra Guadalupe streets.

- Urban planning of the planned area of Sierra Toledana.

Of note in the works contract for the construction of the development Group 2 are: Miradores, Plaza de la Remonta, General Perón, Avenida de la Ilustración and Plaza de la Vaguada.

In the framework agreement for the execution of the works to improve roads and access in Group 1 are: Sinesio Delgado, Basílica, Acacias and Colonia Aguilón.

For the Junta de Compensación de Valdecarros, we are working on stage 1 of the “Development of the East”.

Railway

The Group's railway company COSFESA, has increased in 2022 its revenues to €26,192 thousand (2021: €21,475 thousand), which represents an increase of 21.96% with respect to the previous year.

COSFESA has a project backlog of €77,295 thousand (2020: €66,030 thousand), corresponding basically to maintenance activities and railway work.

The Company has maintained its activity in 2022 through the Maintenance Services, Emergencies and Track Renovation Works on the RFIG lines (Conventional, High-Speed, Metre Gauge).

In 2022 the following contracts were completed:

- Mechanised withdrawal of the Guillarei-Redondela section belonging to the Monforte-Vigo line;
- Restoration of 23 bridges on the Monforte-Orense section.

We continue working on the following contracts:

- Track construction and maintenance of the high-speed Olmedo-Pedralba section of the Madrid-Galicia line, which is part of PPP contract with Adif in which COSFESA participates.

- Maintenance Service Contract for infrastructure, track and switches and crossings for the high-speed Madrid Norte line (Madrid-Leon).
- Services for the maintenance of infrastructure and track for the conventional network (MIV) corresponding to Group 2 of the North-west sub-section.

- Maintenance of infrastructure and track for conventional lines and metric gauge of ADIF 2020-2022. Group 1. Sub-directorate of North-West Operations.

- Renewal of the track between KP 0/000-13/000 and KP 58/480-92/740 of the Torralba-Soria line

- Complete track renewal on the Gijón-Laviana section of the metric gauge network in Asturias.

- Renewal of the Orense-Monforte de Lemos section. Line 810 in Galicia.

As well as the above, this year we have been awarded the following contracts:

- Execution of works for the project to construct and renew the track. Section: Arahal-Marchena, in the province of Seville.

- Pre-maintenance and maintenance of the infrastructure, track and switches and crossings. Base of O Irixo and sub-base of A Mezquita, with a deadline of 48 months.

- Emergency works and repair services for the track and consolidation of the slope due to a rockfall which derailed the Alvia 623 train at kilometre 40+000 on 26 August 2022. San Clodio Quiroga-Freixeiro section, line 800 Leon-La Coruña.

Water treatment

- In hydraulic works, ASTEISA has continued with the works to extend the EL Plantío wastewater treatment plant in a joint venture with Ortiz, continued the extension of the WWTP of Hoyo de Manzanares, the Third Deposit park on Avenida Filipinas, and the works on the WWTP of El Endrinal in Collado Villalba and Villanueva de la Cañada, all for Canal de Isabel II.

- This year we have been awarded the contracts for the WWTP of Guadalix de la Sierra and Group 8 of the renewal of piping by Canal de Isabel II, with significant activity in Colmenar de Oreja, Valdilecha, Eurovillas and Villaconejos.

- Ortiz continues to work directly on the improvement of the supply to Sevilla la Nueva for Canal de Isabel II, and we have completed the extension of the WWTP of Consuegra for the state-owned company Acuaes.

Building and rehabilitation

In 2022, Building I of ORTIZ and CONDISA contracts have continued to be awarded and works carried out, which we classify here according to the following types:

1. Reform and fitting-out of hospitals (Healthcare).

- Oncological laboratory of the Foundation for Biomedical Research of the 12 de Octubre Hospital. It was begun in June 2021 and delivered in January 2022.

- Virgen de la Poveda Hospital. Unit 6. Begun in September 2021 and delivered in April 2022.

- In December 2022 works were begun on the Ramón y Cajal Hospital in Madrid for Phase 1 of the extension of the Magnetic Resonance Imaging area which will be completed in September 2023. The award of phase 2 is projected for the first quarter of the year.

2. Comprehensive reform and adaptation of the building for administrative use.

- Building in Plaza Juez Borrull in Castellón for the Tax Department of the Regional Government of Valencia. Work continues, with a budget extension of more than 20% for the initial actions.

- Adaptation of the Palacio del Almirante in Valencia for the Tax Department of the Regional Government of Valencia. The first phase was delivered this year and the second phase was begun once its occupants were moved to the 1st floor, without the building stopping its functional operations. It was completed in June and fully occupied.

3. Refurbishment

- Teatro María Luisa in Merida for the Ministry of Transport, Mobility and Urban Agenda. Completed in December 2021, and delivered in July 2022.

- Expansion of the headquarters of the Ávila Provincial Council. Commencement Certificate of 12 December 2021. Term of 15 months.

- In June 2022 rehabilitation works were begun on the building in Paseo de la Castellana 19 for the Insurance Compensation Consortium. Completion is projected for December 2023. Included in the works are some pioneering certifications for work of this type, such as Passive House.

4. Restoration.

- The city walls and walls of the Alcazar Real de Guadalajara, Phase 1 for the City Council of Guadalajara. Started in April 2021, it was completed in February 2022.

- Historic building and connection with the building: extension of the Royal Academy of Jurisprudence and Legislation in Madrid, for the Ministry of Transport, Mobility and the Urban Agenda. Started in March 2021, with completion planned for October 2022. It was completed in August 2022.

5. New constructions.

- New Centre for Internment of Foreigners in Algeciras for the SIESPE (Company for Penitentiary Infrastructures and Equipment and State Security). Work continued in 2022. It is a joint venture at 50% with Díaz Cubero, S.A.

Building Refurbishment

In 2022 there was a major increase in procurement, exceeding by 9% the targets set at the start of the year.

These increases in procurement have taken place in both the public and private sector, and they are clear in the work carried out in 2022 and in the backlog to be executed in 2023 and 2024.

Main works completed and under construction in 2022:

- Tender for Subsidiary Action.Deficient Building and Ecological Restoration of land.
- Correos Distribution Warehouse in Adolfo Suarez Airport.
- Rehabilitation of the historic building in Toledo as the headquarters of the Correos Museum.
- Samur and Police Unit in Calle Hoyuelo.
- Rehabilitation of Facades and Development in Clínica Lopez Ibor.
- Actions to fit out operating theatres and IMR rooms in the San Carlos Hospital.
- New headquarters of the District Council of Puente Vallecas.
- Rehabilitation of a building in Calle Alhambra.
- Construction of a building for 99 homes in Calviá. Majorca.
- Building for the Centre for Sports Studies in Palma de Mallorca.
- Maintenance of the municipal parking lots in Madrid.
- Integrated maintenance of buildings and schools in Madrid: San Blas, Moncloa and Vicálvaro.
- Framework agreements of works on buildings, schools in sports facilities in council buildings in Madrid: Carabanchel, San Blas, Moncloa, Arganzuela, Centro, Vallecas, Vicálvaro, Retiro .
- Framework agreements for works in Boadilla del Monte, Las Rozas and Fuenlabrada.
- Maintenance and works: Congress of Deputies, Metro de Madrid, Securitas and Wizink Center.

Industrialised System of Construction INDAGSA

In 2022 Indagsa has continued to provide assistance on a number of Grupo Ortiz projects, both at national and international level, developing specific construction solutions and/or providing technical collaboration.

Production has consisted basically of constructing an industrialised building envelope for around 1,000 homes where we could include a student residence with 430 rooms and a university campus building. The works have been located in locations across Spain: Madrid, Valencia, Zaragoza, Bilbao, Seville, etc.

Services associated with infrastructure and environmental works.

The contracts for service, maintenance and conservation provide a recurring portfolio in the medium term and offer recurring cash flows.

Revenues for the year amounted to €23.36 M.

The portfolio of work for maintenance services in green areas, road cleaning and collection of waste in the medium terms for the following years, remains stable, with the biggest objective for 2023 being the increase in the backlog.

The main contracts performed in 2022 were:

- Maintenance of green zones and urban furniture in Ciudad Real.
- Parks, gardens and urban tree conservation service in Marbella (Malaga).
- Service for the integrated management of municipal parks and nurseries of the City Council of Madrid, Group 3: Forest parks and nurseries.
- Conservation of green zones (Group 1) in Pozuelo de Alarcón (Madrid).
- Road cleaning service and urban waste collection in Xátiva (Valencia).

Contracts for which we bid this year of vital importance for the company are pending award, such as conservation of green zones in Marbella (Malaga) and Ciudad Real; cleaning of beaches and conservation of green zones in San Roque (Cadiz); maintenance of green and blue infrastructure in La Coruña; and integrated maintenance of parks and nurseries of the City Council of Madrid, Group 5: Forest parks and Group 6: Casa de Campo and Finca de Tres Cantos.

Even so, progress has been made in the procurement of maintenance services and conservation in the medium term, in contracts which provide stability to the company, such as:

- maintenance and management of beaches in Benalmádena (Malaga).
- Conservation of green zones in Benahavís (Malaga).
- Maintenance of forest zones in Jávea (Alicante).
- Maintenance of the Felipe VI park and Monte del Pilar in Majadahonda (Madrid).
- Framework agreement for works to connect the recycled water network to green areas of municipalities in the Region of Madrid.

Also, extensions in the road cleaning and waste collection services in Xátiva (Valencia); conservation of green zones in Marbella (Malaga) and Ciudad Real; and the integrated management service for parks and nurseries of the City Council of Madrid, Group 3: Forest parks and nurseries.

Some of the other relevant contracts awarded are:

- Connection of the green zones in the north of Alcalá de Henares (Madrid).
- Environmental recovery of the Prado Overa zone in Leganés (Madrid).
- Reform of the park in the sports centre of Almussafes (Valencia).
- Remodelling of the Goya park in Majadahonda (Madrid).
- Reform of the parks El Olivar, La Garena Sur and Manuel Azaña in Alcalá de Henares (Madrid).

Work has also continued on the contracts for services existing last year, such as:

- Maintenance of green zones in Marbella (Malaga), Ciudad Real, Villalbilla (Madrid), Rincón de la Victoria (Malaga), Pozuelo de Alarcón (Madrid) and Alboraya (Valencia).
- Conservation of the Felipe VI park and Monte de El Pilar in Majadahonda (Madrid).
- Road cleaning and conservation of green zones in El Casar (Guadalajara).
- Road cleaning and urban waste collection service in Xátiva (Valencia).
- Cleaning of municipal buildings in Enguera (Valencia).
- Service for the integrated management of municipal parks and nurseries of the City Council of Madrid, Group 3: Forest parks and nurseries.

For the next year, we will maintain our strategy of consolidation in the environmental services market (conservation and maintenance of green zones, trees, urban furniture, road cleaning, management, operation and maintenance of waste treatment plants, waste collection services, beach cleaning, etc.), with a commitment to continuous improvement.

The situation of the environmental and services area is expected to be positive in 2023, thanks to the continuity of the ongoing contracts and the award of other new contracts due to the planned increase in tenders for numerous conservation and maintenance services already studied in 2022, in particular the contracts for integrated conservation of parks for the City Council of Madrid; the maintenance of green zones in Alcázar de San Juan, Soria, Guadalajara, San Fulgencio, Ciudad real, Fuenlabrada, La Coruña, San roque and Leganés; and the road cleaning and waste collection services in Coslada, Sueca and Xátiva.

Although the financial criterion is increasingly relevant in service tenders, an increase in the market share of INDITEC is expected in the service sector (particularly conservation of green zones), due to external factors, such as the fall in the number of companies bidding for these contracts, and internal factors, such as the qualitative and quantitative improvement in terms of experience and skills, which will allow an increase in the range of target clients.

Finally, the company is on constant alert for the appearance of new markets of innovative services, in line with the development of services demanded by society, and this has been included in the Strategic Plan 2023-2027.

## 10 ASSET AREA (SOCIMI)

As at 31 December 2022, the share capital of Grupo Ortiz Properties SOCIMI, S.A. has been divided as follows: 47.02% is held by Ortiz; 13.65% is divided between four institutional investors; 34.40% between another 155 investors; and 4.93% are treasury shares.

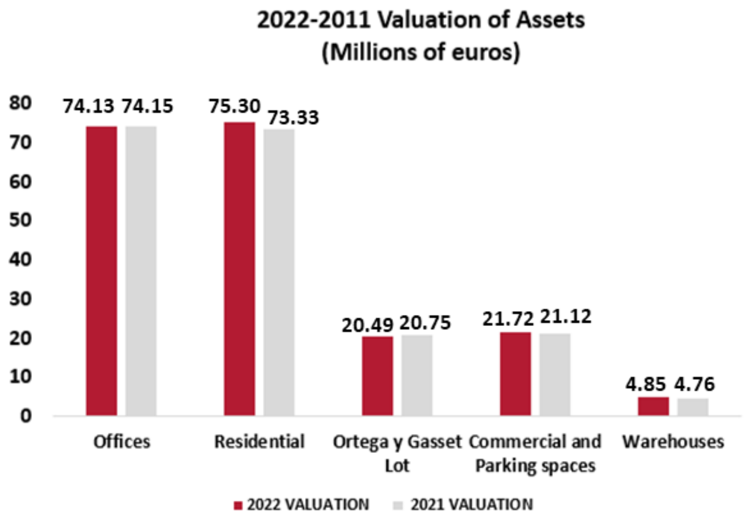
The share capital of the SOCIMI is divided into 6,187,505 shares, with a reference price of €15.50 per share as at 31/12/2022, giving a capitalisation of €95.91 M. This capitalisation puts SOCIMI in 31st place (out of 79) out of the companies listed on BME-Growth.

At the close of the year, the SOCIMI owned a total of 43,565 $m^2$ of real-estate area in the tertiary sector, 484 homes and 950 parking spaces. With an occupancy of 95%, the gross rentals generated have increased by 21% with respect to those obtained in 2021, due mainly to:

- Increased average occupancy (95% in 2022; 93% in 2021).
- The increase in rents, whether by application of the CPI, by the application of bands already applied by contract, or by revision of rents to market prices.
- The conclusion of the grace periods granted to contracts signed in 2021.
- Relief granted in 2021 to tenants who were most affected in their activity as a result of the pandemic, while in 2022 all the rents were collected.

| | % of type | Area, No. homes/spaces | % occupancy Close of 2022 | Annual contracted rent (€M) | Average Monthly Contracted Rent (€/m2-€/home) |
|---|---|---|---|---|---|
| Offices | 56% | 24,305 | 100% | 3.676 | 13 |
| Commercial Premises | 18% | 7,763 | 90% | 0.926 | 11 |
| Warehouses | 14% | 5,996 | 90% | 0.250 | 4 |
| Sports Centre | 13% | 5,500 | 100% | 0.409 | 6 |
| Tertiary | 100% | 43,565 | 97% | 5.261 | 10 |
| Paracuellos | 36% | 176 | 96% | 1.183 | 583 |
| Colmenar | 20% | 96 | 94% | 0.648 | 600 |
| VPP Alcalá | 17% | 80 | 99% | 0.471 | 497 |
| Chopera | 17% | 84 | 87% | 0.451 | 515 |
| Huerta | 10% | 48 | 92% | 0.316 | 599 |
| Housing units | 100% | 484 | 94% | 3.070 | 562 |
| Ortega y Gasset | 86% | 814 | 100% | 1.216 | 152 |
| Other places | 14% | 136 | 14% | 0.009 | 38 |
| Ortega y Gasset and Places | 100% | 950 | 88% | 1.224 | 149 |

The value of the portfolio of assets of the company is, according to the appraisal value as at 31 December 2022, at €196.48 M, which represents a slight increase of 1.23% (taking into account the sale of residual assets), and therefore absorbs into the value of assets the increase of the rates of return derived from inflation.




With this portfolio value, the company puts its loan to value (LTV) ratio as at 31 December 2022 at 33.8%, with a Net Asset Value (NAV) of €130.07 M.

Based on the company's business strategy, the objective will continue to be to maximise revenues and restrict operating expenses of the assets.

## 11 FINANCIAL RISK MANAGEMENT

### 11.1 Financial risk factors

The Group's activities are exposed to several financial risks: market risk (including exchange rate risk, price risk and interest rate risk), credit risk, liquidity risk and other associated risks. The Group's risk management program focuses on uncertainty in financial markets and seeks to minimise the potential adverse impact on its financial profitability. The Group uses derivative financial instruments to hedge certain risk exposures

The management of the Group's financial risks is handled by the Finance Management Department, which has established the necessary mechanisms to control exposure to variations in interest rates and exchange rates as well as credit and liquidity risks.

Risk management is controlled by the Financial director who identifies, evaluates and hedges against financial risks in accordance with the policies approved by the Board of Directors. The Board provides written policies for overall risk management, as well as for specific areas such as interest rate risk and liquidity risk, use of derivatives and non-derivatives and the investment of excess liquidity.

**a) Market risk**

**Exchange rate risk**

The Group operates internationally in more than 10 countries and is therefore exposed to foreign exchange risk arising from currency transactions. As a result of its activities and operations, the Company incurs exchange rate risks that are managed on a centralised basis.

The Group's policy consists of hedging all exchange-rate risk of the infrastructure and energy projects. Exchange-rate risk occurs mainly in commercial operations related to EPC energy contracts, when the client collects in one currency and has to pay the suppliers in a different currency during the project. To hedge this risk, the Group uses exchange-rate forwards to hedge its exposure to the exchange rate.

**Exposure to changes in interest rates**

The Company's interest rate risk arises from borrowings. Loans issued at variable rates expose the Company to interest rate risk on cash flows, which is partially offset by cash deposits bearing variable interest rates. Fixed interest rate borrowings expose the Company to fair value interest rate risksThe interest rate risk of the Group arises mainly from long-term debts with credit entities, which are mostly issued at variable rate, being the Euribor the main reference.

The Group's policy consists of using interest rate swaps to convert non-current bank borrowings to fixed rates, which can also be applied to debts related to concession projects developed through jointly-controlled entities and associates.

The exposure to variable interest rate risk at the end of 2022 and 2021 is as follows:

| | Thousands of euros | |
|---|---|---|
| **Referenced to Euribor** | **2022** | **2021** |
| Variable rate borrowings not hedged by financial derivatives (A) | 32,257 | 33,784 |
| Fixed rate borrowings or hedged by financial derivatives | 110,930 | 132,885 |
| Group borrowings (B) | 143,187 | 166,669 |
| **Borrowings exposed to interest rate risk (%) (A)/(B)** | **23%** | **20%** |

"Group Debt" includes "Debentures and other marketable liabilities", "Bank borrowings", "Finance leases", and CDTI loans and the balances in factoring arrangements being returned to financial institutions that form part of "Other financial liabilities" and which at 31 December 2022 totalled €44 (31 December 2021: €0 thousand).

The Group manages interest-rate risk of the cash flows by using swaps from variable to fixed interest rate wherever possible (non-current borrowing with a fixed structure repayment schedule).

The Group cannot hedge this risk in a variable risk structure such as revolving credit policies. The exposure to interest-rate risk is analysed dynamically, taking into account long-term finance, renewal of current positions and alternative financing and hedging. This risk is not significant, given the long-term finance amounts.

Interest-rate swaps have the financial effect of converting loans with variable interest rates into loans with fixed rates. Generally, the Group borrows long-term at a variable interest and swaps them for fixed-interest rates, which are much lower than those that would be available if the Group had borrowed directly at fixed interest rates. With the system of interest-rate swaps, the Group undertakes to third parties to exchange with a certain frequency (generally, quarterly) the difference between fixed interest and variable interest, calculated according to the notional principal amounts contracted.

Note 11 of the consolidated notes presents an analysis by maturities of the Group's debt with credit institutions.

**b) Price risk**

The company does not have significant exposure to commodity price risks, given that generally any changes in value are passed on efficiently through the sale price by all the similar contractors which operate in the same sector. The company reduces and mitigates price risk with policies established by Management, ensuring that certain commodities are produced or obtained at a fixed price.

Commodity prices increased sharply in 2021, to a large extent triggered by the vigorous economic recovery at global level following COVID-19, and the subsequent increase in demand. Moreover, the shortage of commodities in countries such as China, with a relevant role in the global economic movements, together with the energy crisis fanned by the conflict in Ukraine, have also generated an increase in prices in response to rising demand.

This situation has led to cost increases which were unpredictable at the time of the tender and exceed those which could be included in the risks the contractor has to assume in any public tender.

In March 2022, with the entry into force of Royal Decree-Law 3/2022, the contractors have been allowed the chance to make exceptional price revisions when the increase in costs have had a significant impact on the contract in 2021 of more than 5% of the certified total that year. The amount of the exceptional revision may not be greater than 20% of the price at which the contract was awarded.

**c) Credit risk**

The Group's credit risk of the Group mainly relates to trade receivables. Once contracts are being executed the credit quality of amounts pending receipt are assessed regularly and the estimated recoverable amounts of those considered to be questionable are revised through write-downs applied to results for the year.

Transactions with financial institutions included as cash and cash equivalents and other financial assets relating to current deposits and credit institutions are contracted with financial institutions of recognised prestige.

A high proportion of the balances under the heading 'Trade and other accounts receivable' refers to transactions with national and international public entities and the Group therefore considers that credit risk is very limited. A significant portion of the balances relating to private sector customers involve companies with high credit ratings with which there is no history of delinquency. The overall position of Trade receivables is monitored, and an individual analysis is performed for the most significant exposures.

**d) Liquidity risk**

The Group carries out a prudent management of liquidity risk, based on sufficient cash maintenance, the availability of finance through a sufficient amount of committed credit facilities and sufficient capacity to settle market positions.

To manage liquidity risk and meet the different needs for funds, the Group uses an annual treasury budget and a monthly treasury forecast, the latter with daily details and updates. In these estimates, the Group has taken into account the short-term financial commitments derived from the contractual maturities of the syndicated loan and bonds. It is also important to mention that at the date of preparing these Annual Financial Statements the process of refinancing the syndicated loan is at an advanced stage, with the approval of the Agent, Sole Bookrunner and Coordinator of the new structure. The deal, expected to be signed in March 2023, will re-establish the long-term maturity.

As at 31 December 2022, the Group had a leverage ratio of 17%, 5 basis points better than the figure for the previous year:

| | | **Thousands of euros** |
|---|---|---|
| **Leverage ratio** | **2022** | **2021** |
| Group non-current debt | 43,836 | 114,226 |
| Group current debt | 99,351 | 52,443 |
| Total current and non-current assets | 864,271 | 765,040 |
| **Leverage ratio** | **17%** | **22%** |

The treasury balance at the close of the year, 31 December 2022, was €50,942 thousand (2021: €30,987 thousand) (see Note 16).

Taking into account the above, at the date of drafting the consolidated annual financial statements, the Group covered all the funding needs to meet its liabilities with suppliers, employees and administrations in full, in accordance with the forecast Cash Flow for 2023.

**e) Other risks**

The Directors and Management of the Company have assessed, using the information available, the main impacts derived from the risks which could materialise due to the current global situation, mainly as a result of the high rates of inflation and problems in the supply chain.

With a progressively more globalised and connected world economy, the current situation of worldwide uncertainty and instability caused by the matters indicated above has given rise to a change in the Group's risk map.

This situation has revealed to need to analyse the following risks:

- Interruption of the supply chain:

The interruption of habitual operations globally due to COVID-19, which have now been exacerbated by the armed conflict in Ukraine, have given rise to a need for resilience and exhaustive planning of supply chains.

The main external risks that threaten the supply chain are:

- Loss or delay of goods during marine, air or land transport, particularly of materials considered to be critical, such as solar panels for the EPC contracts in the Energy business area.
- Political instability in the geographic areas of origin/manufacture of the materials and their destinations, as well as natural disasters in those areas. Wars or armed conflicts that interrupt or complicate the supply chain.
- Customs: The logistics risks caused by customs must be assessed. Foresee and measure times that are required by control systems applied by customs based on the countries in which projects are being developed.
- Reputation risk for the buyer if our suppliers do not comply with human rights protection or environmental matters, or if they do not comply with the laws in their countries.

- Economic volatility:

The very significant increase in energy prices (fuel, electricity and gas), as well as the volatility of the economic cycles generate uncertainty with respect to commodity prices.

The Group attempts to anticipate purchases in order to minimise this risk by obtaining fixed prices before increases in commodity prices and, wherever possible, to pass on changes to customers. In addition, the use of derivative hedge contracts in the future to limit price volatility cannot be ruled out.

- Cybersecurity:

This risk has increased with the growing and progressively more sophisticated cyberattacks, driven by digitalisation and the current geopolitical conflicts. The Group analyzes vulnerabilities, reinforces protocols and systems and promotes cybersecurity awareness campaigns among its employees.

Lastly, it should be noted that the Group's Directors and Management carry out constant supervision of the evolution of the situations described above, in order to successfully deal with any eventual impacts, both financial and non-financial, that may arise.

**5.1. Estimate of fair value**

This section explains the judgments and estimates made to determine the fair values of financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication of the reliability of the variables used to determine the fair value, the Group has classified its financial instruments at the three levels provided for in accounting standards. An explanation of each level is included below the table.

| | | | | Thousands of euros |
|---|---|---|---|---|
| **At 31 December 2022** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| **Financial assets at fair value with changes in profit and loss** | | | | |
| Equity securities traded in Spain | 2,840 | - | - | 2,840 |
| **Long-term investments** | | | | |
| - Hedging derivatives - Interest | - | 168 | - | 168 |
| - Hedging derivatives - Exchange rate | - | 814 | - | 814 |
| **Total Assets** | **2,840** | **982** | | **3,822** |

| | | | | Thousands of euros |
|---|---|---|---|---|
| **Liabilities** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Long-term debt** | | | | |
| - Hedging derivatives - Interest | - | 4 | - | **4** |
| - Hedging derivatives - Exchange rate | - | 3,610 | - | **3,610** |
| **Total Liabilities** | **-** | **3,614** | **-** | **3,614** |

| | | | | Thousands of euros |
|---|---|---|---|---|
| **At 31 December 2021** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| **Financial assets at fair value with changes in profit and loss** | | | | |
| Equity securities traded in Spain | 2,507 | - | - | 2,507 |
| **Long-term investments** | | | | |
| - Hedging derivatives - Interest | - | - | - | - |
| - Hedging derivatives - Exchange rate | - | 229 | - | 229 |
| **Total Assets** | **2,507** | **229** | **-** | **2,736** |

| | | | | Thousands of euros |
|---|---|---|---|---|
| **Liabilities** | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Long-term debt** | | | | |
| - Hedging derivatives - Interest | | **511** | - | - |
| - Hedging derivatives - Exchange rate | - | 1,660 | - | - |
| **Total Liabilities** | **-** | **2,171** | **-** | **-** |

- Level 1: The fair value of the financial instruments traded in active markets is based on the market prices at the reporting date. A market is considered to be active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets held by the Company is the current bid price. These instruments are included in level 1.

- Level 2: The fair value of financial instruments that are not listed on an active market (e.g. OTC derivatives) is determined using valuation techniques. These valuation techniques maximise the use of available observable data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in level 2.

- Level 3: If one or more of the significant variables are not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities

The Group's policy is to recognize transfers between levels of the fair value hierarchy at the end of the reporting period. There have been no transfers of levels in the years 2022 and 2021.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows based on estimated interest rate curves.
- The current value of foreign currency futures is determined using the future exchange rates on the balance sheet date, discounted to their present value.
- For foreign exchange options – option pricing models (e.g. Black-Scholes model).
- Other techniques, such as discounted cash flow analysis, are used to determine the fair value of the remaining financial instruments.

All resulting fair value estimates are included in level 2, except for unlisted equity securities, contingent consideration receivable, and certain derivative contracts, where fair values have been determined based on current values and interest rates. Used discounts were adjusted for own or counterparty credit risk.

## 12 AVERAGE PAYMENT PERIOD TO SUPPLIERS

The disclosures required by Final Provision Two of Law 31/2014 (3 December), which have been prepared in accordance with the Resolution issued by the Accounting and Audit Institute on 29 January 2016, are as follows:

| | 2022 | 2021 |
|---|---|---|
| Average deferral of payments to suppliers (*) | 30 | 46 |
| Ratio of transactions paid | 30 | 45 |
| Ratio of payments pending | 34 | 53 |

| | Amount (Thousands of euros) | Amount (Thousands of euros) |
|---|---|---|
| Total payments made | 225,671 | 175,030 |
| Total payments pending | 14,106 | 11,156 |

*(*) The effect of confirmings has been taken into account for the calculation*

In addition to the above information, in accordance with the new regulations implemented under article 9 of Law 18/2022, of 28 September, we add the following information:

| **Number (units)** | | |
|---|---|---|
| Invoices paid before the legal deadline for payment to suppliers | 27,126 | 17,281 |
| Percentage of the total supplier invoices | 84% | 77% |

| **Volume (thousands of euros)** | | |
|---|---|---|
| Invoices paid before the legal deadline for payment to suppliers | 174,583 | 99,800 |
| Percentage of the total supplier invoices | 75% | 60% |

The “Average period for payments to suppliers” is understood to be the time that elapses between the invoice date and the date effective payment is made, as defined in the aforementioned resolution issued by the Accounting and Audit Institute.

The ratio of transactions paid is calculated as a quotient in which the numerator contains the sum of the payments made divided by the number of payment days (calendar days elapsing since the calculation started until effective payment for the transaction is made) and the denominator contains the total amount of payments made.

The “Average payment period for suppliers” is calculated as a quotient in which the numerator contains the sum of the ratio of transactions paid divided by the total amount of the payments made plus the ratio of transactions pending payment divided by the total amount of pending payments and the denominator contains the total amount of payments made and total outstanding payments.

The ratio of pending payments is a quotient in which the numerator contains the sum of amounts pending payment divided by the number of days payment has been pending (calendar days elapsing since the calculation started and the date on which the financial statements were closed) and the denominator contains the total number of pending payments.

In accordance with the provisions of Article 3 of the resolution issued by the Accounting and Audit Institute on 29 January 2016, the amount of the transactions occurring prior to the date on which Law 31/2014 (3 December) entered into force have not been taken into consideration.

According to Law 11/2013 (26 July), the maximum payment deadline applicable to the Company is 30 days, unless there is an agreement between the parties, in which case the maximum deadline is 60 days.

### 13. FORESEEABLE DEVELOPMENTS IN THE GROUP AND CORPORATE STRATEGY

The economic and financial solvency of GRUPO ORTIZ, together with the capacity and experience to develop major projects at a technical, financial, legal, design, maintenance and operation level, sustain the continuity of our development in concessions globally, a priority and core strategic element for future growth of the different business areas due to the synergies which arise.

The main strategy of Grupo Ortiz is to develop sustainable investment concessions in which the execution of the projects and their subsequent operation and maintenance is carried out in whole or in part by Grupo Ortiz. These concession investments create important synergies with the Group’s other business areas such as Infrastructures and Energy.

Diversification by project type: road infrastructures, healthcare, railway, renewable energies such as photovoltaic, transmission lines and substations, environmental, cultural and sports infrastructures and parking lots.

Geographic diversification: bidding for investments both in Spain and abroad, particularly in Colombia and developing countries.

The Group will continue with its investment growth in countries where it is established: United States, Colombia, Mexico, Panama and Japan, the latter with photovoltaic projects.

In the Energy Area, the development is based on EPC photovoltaic contracts and lines and substations, in any country around the world, for a variety of developers.

Of note in 2022 are the two relevant awards of concession projects for transport infrastructure in Colombia. In May and June 2022, Grupo Ortiz was awarded the concessions for Troncal del Magdalena I and Troncal del Magdalena II, projects with total investment of over €1,500 M and have more than 530 km of highways to develop and operate. With these two new concessions, Grupo Ortiz now has seven concession projects in Colombia, its main focus for investment at global level.

Also, in the Energy Area, two major awards were granted for EPC contracts for photovoltaic plants: The 160 MW photovoltaic park for the company OPDE in the state of Louisiana, United States (Elisabeth project) and the photovoltaic park of 478 MWp for the company FRV in Badajoz (Carmonita Ministerio project).

On the financial front, the corporate strategy is focused on reducing debt, increasing capitalisation and liquidity, having funds available for accessing concession projects, in infrastructure, the environment and energy, and in this form access the capital markets, where the knowledge acquired in these years allows us to increase our profitability by increasing return on investment.

The Group has achieved some major milestones in 2022, all of them aligned with the strategy it has set out:

- Increase in revenues of 28%
- Reduction in gross debt of 14% and a net 27%.
- Two new concession projects awarded in Colombia.
- Award of two new photovoltaic plants in the United States and Spain, totalling 638 MWp.

The strategic plan for the coming years can be summed up in the following points:

- Investment in concessions in a number of countries, mainly for sustainable infrastructure and renewable energy.
- Decision to allow entry of investment funds in our international projects, as in the case of Cofides in a number of projects in Colombia.
- Continuity in the debt reduction policy.
- Asset rotation policy: divestment of mature assets provided they generate capital gains.
- Taking advantage of the synergies in the Group to grow in all the lines of business.
- Integrated management and development of major projects in different countries, taking advantage of the wide-ranging experience in finance, legal structuring, design, construction, operation and maintenance.
- Maintenance each year of a large volume in the development of the Energy Area under EPC contracts.
- Consolidation of the healthcare infrastructure area, highlighted by the construction of hospitals in Colombia, Mexico, Peru, Bolivia and Spain.
- Consolidation of organic growth in countries where the Group is established.

## 14. EMPLOYMENT

Grupo Ortiz is in favour of permanent employment and internal opportunities to create stable employment. It has increased the number of permanent contracts in recent years.

Currently 74% of the employees in the whole Group are on permanent contracts. We have developed a Talent Management programme which helps us to promote our professionals and relocate them successfully in new sectors which are expanding in the Group, as in the case of Concessions and Energy.

As at 31 December 2022, the total number of employees in the Group is 2,798, an increase of 34% with respect to the previous year. It should be noted that 1,697 of them are Spanish (including expatriates) and 1,101 are local employees assigned to international projects in the following countries: Colombia, Mexico, United States, Panama, Peru, Japan, Honduras, El Salvador, Chile, Bolivia, France and Italy.

In the different countries in which the Group operates, the number of local personnel fluctuates over the year, as it depends on the level and need for labour force to work on certain projects, as well as the impact of seasonal factors in works which are executed in LatAm.

The average age of all the Group’s personnel is 42, 79% men and 21% women.

At the close of 31 December, 64 employees have legal guardianship, 11 of them men and 53 women, which allows them to maintain a work-life balance.

The number of Spanish employees who are expatriates in other countries and have executed works in the Energy and Infrastructures areas in the different countries where the Group operates is 58. They have acquired an international experience of great value for their future professional development. These employees from more than seven companies in the group and different business areas such as Energy, Construction, Refurbishment, Concessions, Water and the Environment, are based in 13 different countries.

We have had to address the internationalisation of the business and have also had to face a diversification of activities in which to operate; and, most importantly, a process of technification and specialisation has begun in the main sectors of activity (construction and energy), which is defining the Group’s recruitment policy.

This has led to establish as a corporate strategy the transformation of the workforce, recruiting more technical and multi-faceted professional profiles, with or without experience, and thus giving opportunities for professional development for young people with great potential and workers with experience who have known how to adapt to the new circumstances. At Grupo Ortiz we are pledged to support talent as a means for achieving the viability of the companies and the increase in quality and sustainability.

The training policy of Grupo Ortiz provides a response to the transformation and development the Group has had to react to over recent years. The diversification and internationalisation of the Group’s activities condition the training actions required to boost, improve and provide knowledge, skills and capacities for the company’s workers, particularly in digitalisation, and thus improve competitiveness in an increasingly demanding market which is constantly evolving. In 2022 a total of 27,355 hours of training were given to 1,546 employees.

**15. QUALITY, ENVIRONMENT, OCCUPATIONAL RISK PREVENTION AND RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION ACTIVITIES**

QUALITY AND ENVIRONMENTAL MANAGEMENT

In 2022, the Grupo Ortiz companies have carried out audits to monitor and maintain their Quality and Environmental Management Systems in accordance with the requirements of ISO 9001:2015 and ISO 14001:2015 standards. The process culminated in the month of April 2022, with the audit by the external certification entity accredited by ENAC, resulting in an ASSESSMENT of COMPLIANT.

This audit process involved a visit to 15 workplaces, and an interview with a total of 36 workers.

Apart from the audit processes carried out by external certification entities, Grupo Ortiz has established an internal system of assessment, monitoring and operational control with the aim of ensuring that the criteria of quality control, environment and occupational risk prevention defined in our management system are being implemented in the different workplaces, whether fixed or temporary, located in Spain or abroad.

To this end, the Quality and Environmental Management Department has made a total of 157 inspection and control visits to a number of Grupo Ortiz workplaces.

OCCUPATIONAL RISK PREVENTION.

In 2022, Grupo Ortiz audited the Occupational Risk Management System in accordance with the requirements of the new ISO 45001:2018 standard, which is implemented in all the Group's companies. This process culminated in the month of April 2022 with an audit by the external certifying entity accredited by ENAC, with the result of an ASSESSMENT of COMPLIANT

This audit process involved a visit to 18 workplaces across the whole of Spain and in international delegations, and an interview with a total of 71 workers.

The Prevention Service has carried out a total of 792 inspection and control visits to a variety of workplaces, with 112 Security Notes/EPH/Fixed Centres and Internal Audit processes, in addition to 189 prevention committee meetings held with subcontractors on site.

Grupo Ortiz has also boosted the systematic supervision, monitoring and control of projects which are being carried out abroad with respect to quality, the environment and occupational risk prevention.

In this respect, internal audits have been carried out in the delegations in Colombia, United States, Mexico and Panama by the companies' prevention services.

RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

In 2022, Grupo Ortiz incurred expenses and investments in research, development and technological innovation, on projects related to digitalisation and information technologies, and the technology of construction.

The policy of Grupo Ortiz establishes as a basic principle the strengthening of basic research as a key element to contribute jointly to the generation of knowledge, which is the basis of all development in the medium and long term; and also, to create a favourable climate for the company to incorporate itself fully to the culture of technological innovation in order to improve its competitive position.

In 2022, research and development and technological innovation (R&D&I) projects have been developed for a total of €1,551 M, of which €212.48 M correspond to R&D and €1,339 M to technological innovation.

The outstanding R&D&I projects which have been developed in 2022 are as follows:

- Digitalisation Technical Innovation and Process Reengineering Project in Grupo Ortiz.
- R&D project for materials based on cement to guarantee the robustness of the industrial processes for 3D printing in prefabricated product plants.

## CONSOLIDATED DIRECTORS' REPORT FOR 2022

### 16. ACQUISITION AND DIVESTMENT OF TREASURY SHARES

The movement of treasury shares in 2022 has been as follows:

| | 31 December 2022 | | 31 December 2021 | |
|---|---|---|---|---|
| | Number of treasury shares | Thousands of euros | Number of treasury shares | Thousands of euros |
| **Start of the year** | **-** | **-** | **38,682** | **2,111** |
| Increases/Purchases | - | - | - | - |
| Reductions/Sales | - | - | (38,682) | (2,111) |
| **At year end** | **-** | **-** | **-** | **-** |

In 2021, the parent company distributed the treasury shares to its shareholders as an additional dividend to that approved at the General Shareholders' Meeting of 27 May 2021.

As at 31 December 2022 and 2021, the parent company did not have treasury shares registered, reducing the value of shareholders' equity.

### 17. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE YEAR

At the date of preparing these Consolidated Annual Financial Statements a process of refinancing the syndicated loan is well under way, with the approval of the Agent, Sole Bookrunner and Coordinator of the new structure.

In the opinion of the directors of the parent Company, no other matter has been identified which may have a material effect on the Consolidated Annual Financial Statements after the year ended 31 December 2022.

### 18. STATEMENT OF NON-FINANCIAL INFORMATION

In compliance with Law 11/2018 (28 December) on non-financial and diversity information, the Group has presented a separate report on Non-financial Information that was prepared by the directors of the parent company together with this Consolidated Directors' Report

## ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

## PREPARATION OF THE CONSOLIDATED ANNUAL ACCOUNTS AND CONSOLIDATED MANAGEMENT REPORT FOR THE FINANCIAL YEAR 2022

The Board of Directors of Grupo Ortiz Construcciones y Proyectos, S.A. on 28 February 2023, in compliance with the requirements established in article 253 of the Corporate Enterprises Act (Ley de Sociedades de Capital) and article 37 of the Code of Commerce, is drafting the Consolidated Annual Financial Statements of Grupo Ortiz Construcciones y Proyectos S.A. and subsidiaries, and the Consolidated Management Report for the year ended 31 December 2022, which are made up of the appendices preceding this document.

Fdo.: Juan Antonio Carpintero López

Fdo.: Javier Carpintero Grande

Fdo.: Sara Carpintero Grande

Fdo.: Carlos Cuervo-Arango Martínez

Fdo.: Juan Luis Domínguez Sidera

Fdo.: Raúl Arce Alonso

Fdo.: Alejandro Moreno Alonso

Fdo.: Francisco de Borja Carpintero García-Arias