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

Audit report,
Consolidated Annual Accounts and
Consolidated Management Report
at 31 December 2023

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 2023, 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 2023, 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
Revenue Recognition 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. 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. 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. 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. For the execution of substantive testing, we have selected a sample of projects, from which we have obtained the contracts for reading and understanding the most relevant clauses and their implications, as well as their budgets and execution follow-up reports, carrying out the following procedures: • We performed an analysis on the evolution of margins with respect to changes in both the sale price and the total budgeted costs. • 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. • We recalculated the degree of completion of the projects and compared it against the results obtained from the Group's calculations. • We obtained evidence of technical approvals regarding changes to the contract and/or claims made in negotiations. • 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.

The results of the procedures used have enabled the audit objectives for which such procedures were designed to be reasonably attained.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2023 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:

a) Verify only that the consolidated statement of non-financial information has been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in 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 this part 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 above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated management report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with 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 (18610)

11 March 2024

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.
AND SUBSIDIARIES

Consolidated financial statements at 31 December 2023
and Consolidated Directors' Report for financial year 2023

(Thousands of euros)

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 2023
(Thousands of euros)

ASSETS	Note	2023	2022
NON-CURRENT ASSETS		**419,599**	**342,072**
Intangible assets	**7**	**30,507**	**33,777**
Property, plant and equipment	**8**	**22,748**	**14,196**
Investment property	**9**	**31,321**	**28,648**
Investments in Group companies and associates		**286,089**	**208,950**
Equity-consolidated shareholdings	10	116,998	124,459
Loans to equity-consolidated companies	11, 32	169,091	84,491
Non-current financial investments		**2,985**	**4,584**
Equity instruments	12	690	690
Loans to third parties	11, 13	1,109	2,524
Other financial assets	11, 13	1,186	1,370
Non-current trade receivables	**11, 13**	**26,038**	**26,218**
Deferred tax assets	**25**	**19,911**	**25,699**
CURRENT ASSETS		**474,559**	**522,199**
Inventories	**15**	**15,273**	**19,945**
Trade and other receivables		**358,665**	**422,058**
Trade receivables for sales and services	11, 13	331,638	392,667
Trade receivables, equity-consolidated companies	11, 13	1,848	8,523
Other receivables	11, 13	-	517
Personnel	11, 13	521	724
Current tax assets	27	394	546
Other receivables from public administrations	27	24,264	19,081
Current investments in group and associates		**13,625**	**11,831**
Loans to equity-consolidated companies	11, 13, 33	13,625	11,831
Current financial investments		**26,755**	**15,665**
Equity instruments	12	2,728	2,150
Loans to third parties	11, 13	2,368	4,577
Derivatives	12, 14	25	982
Other financial assets	11, 13	21,634	7,956
Current prepayments and current deferred income	**13**	**1,550**	**1,758**
Cash and cash equivalents	**11, 16**	**58,691**	**50,942**
TOTAL ASSETS		**894,158**	**864,271**

Notes 1 to 37 and Appendices I, II and III of the accompanying consolidated notes form part of these consolidated annual financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2023
(Thousands of euros)

EQUITY AND LIABILITIES	Note	2023	2022
EQUITY		245,060	206,592
Capital and reserves		**257,847**	**235,937**
Share capital	17	57,492	57,492
Share premium	17	9,327	9,327
Reserves in parent company	18	172,155	167,875
Reserves in consolidated companies	18	15,200	13,286
Reserves in equity-accounted companies	18	(28,699)	(25,562)
Profit(loss) for the financial year attributed to Parent	19	32,372	13,519
Measurement adjustments		**(13,927)**	**(30,401)**
Hedging transactions	20	4,386	433
Exchange differences - consolidated companies	20	(20,425)	(32,347)
Exchange differences - equity consolidated companies	20	2,112	1,513
Subsidies, donations and bequests received	**22**	**767**	**783**
Non-controlling interests	**21**	**373**	**273**
NON-CURRENT LIABILITIES		116,812	100,230
Non-current provisions	**24**	**7,999**	**7,966**
Non-current borrowings		**65,546**	**45,075**
Bank borrowings	11, 23	59,226	41,804
Finance lease payables	11, 23	4,776	524
Derivatives	11, 14, 23	341	-
Other financial liabilities	23	1,203	2,747
Non-current payables to group companies and associates	**23, 22**	**6,693**	**6,593**
Deferred tax liabilities	**23, 25**	**5,254**	**7,771**
Non-current deferred income	**11, 23**	**31,320**	**32,825**
CURRENT LIABILITIES		532,286	557,449
Current provisions	**24**	**626**	**496**
Current borrowings		**52,047**	**105,777**
Debentures and other marketable securities	11, 23	-	33,827
Bank borrowings	11, 23	43,722	63,701
Finance lease payables	11, 23	1,216	605
Derivatives	11, 14, 23	4,413	3,614
Other financial liabilities	23	2,696	4,030
Current payables to group companies and associates	**11, 23, 23**	**24**	**14**
Trade and other payables		**479,584**	**451,162**
Trade payables	11, 23	430,751	395,779
Trade payables to Group companies and associates	11, 23, 33	49	327
Other payables	11, 23	331	626
Personnel	11, 23	4,269	3,662
Current tax liabilities	27	7,466	4,431
Other payables to Public Administrations	27	17,300	16,430
Prepayments from customers	11, 23	19,418	29,907
Current prepayments and current deferred income		**5**	**-**
TOTAL EQUITY AND LIABILITIES		894,158	864,271

Notes 1 to 37 and Appendices I, II and III of the accompanying consolidated notes form part of these consolidated annual financial statements.

GRUP ORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Thousands of euros)

CONSOLIDATED INCOME STATEMENT	Note	2023	2022
CONTINUING OPERATIONS			
Revenues		**820,037**	**610,387**
Sales	26	801,435	591,427
Services rendered	26	17,214	17,565
Finance income from concession agreements		1,388	1,395
Changes in inventories of finished goods and work in progress		**(276)**	**(1,429)**
Own work capitalised		**410**	**605**
Supplies		**(597,926)**	**(440,446)**
Raw materials consumed and other consumables	26	(303,006)	(234,759)
Subcontracted work	26	(292,443)	(205,687)
Impairment of merchandise, raw materials and other supplies	15	(2,477)	
Other operating income		**137**	**441**
Non-core and other current operating income		122	266
Capital grants released to income during the year	22	15	175
Personnel expenses		**(109,261)**	**(90,474)**
Wages, salaries and similar remuneration	26	(86,058)	(71,125)
Employee benefit expenses	26	(23,203)	(19,349)
Other operating expenses		**(62,186)**	**(42,633)**
External services		(50,692)	(38,759)
Taxes		(4,153)	(2,038)
Losses, impairment and changes in trade provisions	13, 26	(7,341)	(1,836)
Asset amortisation/depreciation	**7, 8, 9**	**(5,376)**	**(5,376)**
Attribution of subsidies for non-financial assets	**22**	**2**	**3**
Impairment and profit/(loss) on disposal of fixed assets	**7, 8**	**154**	**44**
Other results		**(358)**	**(701)**
OPERATING PROFIT/(LOSS)			
Financial income	**28**	**19,901**	**7,383**
Financial expenses	**28**	**(25,271)**	**(157,704)**
Change in the fair value of financial instruments	**12, 28**	**478**	**356**
Exchange differences	**28**	**7,295**	**(1,841)**
Impairment and gain/(loss) on disposal of financial instruments	**28**	**-**	**(14)**
FINANCIAL INCOME(EXPENSE)		2,403	(9,820)
Share in profits (losses) at companies consolidated using the equity method	**10**	**185**	**2,168**
EBIT		47,945	22,522
Income tax	**27**	**(15,383)**	**(8,805)**
Profit/(Loss) for the year from continuing operations		32,562	13,717
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		32,562	13,717
Profit/(Loss) attributed to the Parent Company		32,372	13,519
Profit/(Loss) attributed to non-controlling interests		190	198

Notes 1 to 37 and Appendices I, II and III of the accompanying consolidated notes form part of these consolidated annual financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Thousands of euros)

A) STATEMENT OF CONSOLIDATED INCOME AND EXPENSE

STATEMENT OF CONSOLIDATED INCOME AND EXPENSE	Note	2023	2022
CONSOLIDATED PROFIT/(LOSS) FOR THE YEAR		**32,562**	**13,717**
Income and expenses recognised directly in equity			
Cash flow hedges		5,852	2,051
Subsidiaries	*14*	*(4,729)*	*(2,480)*
Equity consolidated companies	*10*	*10,581*	*4,531*
Exchange differences	10	16,695	(7,458)
Tax effect		(5,637)	1,148
Income and expenses recognised directly in equity		**16,910**	**(4,259)**
Total transfers to the consolidated income statement			
Cash flow hedges		(577)	6,492
Subsidiaries	*14*	*2,624*	*1,792*
Equity consolidated companies		*(3,201)*	*4,700*
Grants, donations and bequests received	22	(16)	(280)
Tax effect		144	(1,912)
Total transfers to the consolidated income statement		**(449)**	**4,300**
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSE		**49,023**	**13,758**
Total income and expenses attributable to the parent company		49,023	13,716
Total income and expenses attributable to non-controlling interests		3	42

Notes 1 to 37 and Appendices I, II and III of the accompanying consolidated notes form part of these consolidated annual financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
(Thousands of euros)

B) CONSOLIDATED STATEMENT OF TOTAL CHANGES IN EQUITY

	Authorised capital (Note 17)	Share premium (Note 17)	Reserves and profit(loss) from previous financial years (*) (Note 18)	Shares and holdings of the Parent Company	Parent profit(loss) for the financial year (Note 19)	Measurement adjustments (Note 20)	Grants (Note 22)	Non-controlling interests (Note 21)	TOTAL
A) Starting balance 2022	**57,492**	**9,327**	**134,268**	**-**	**31,721**	**(30,808)**	**993**	**231**	**203,224**
I. Total recognised income and expenses	-	-	-	-	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)
Distribution of profit(loss) from the previous financial year	-	-	26,658	-	(26,658)	-	-	-	-
Other movements	-	-	(5,327)	-	-	-	-	-	(5,327)
B) Final balance for 2022	**57,492**	**9,327**	**155,599**	**-**	**13,519**	**(30,401)**	**783**	**273**	**206,592**
I. Total recognised income and expenses	-	-	-	-	32,372	16,474	(16)	193	49,023
II. Transactions with shareholders or owners	-	-	-	-	(5,063)	-	-	(82)	(5,145)
Dividend distribution	-	-	-	-	(5,063)	-	-	(82)	(5,145)
III. Other changes in equity	-	-	3,057	-	(8,456)	-	-	(11)	(5,410)
Distribution of profit(loss) from the previous financial year	-	-	8,456	-	(8,456)	-	-	-	(5,410)
Other movements	-	-	(5,399)	-	-	-	-	(11)	-
C) Closing balance 2023	**57,492**	**9,327**	**158,656**	**-**	**32,372**	**(13,927)**	**767**	**373**	**245,060**

(*) Includes reserves in the Parent Company, reserves in consolidated companies and reserves in equity-accounted companies.

Notes 1 to 37 and Appendices I, II and III of the accompanying consolidated notes form part of these consolidated annual financial statements.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

(Thousands of euros)

CASH FLOW STATEMENT	Note	Financial year ended 31 December 2023	2022
Cash flow from operating activities			
1. Profit/(Loss) for the year before taxes		**47,945**	**22,522**
2. Adjustments		**12,025**	**14,284**
Asset amortisation/depreciation	7.8	5,376	5,623
Changes in provisions	26	9,818	1,836
Application of grants	22	(17)	(178)
Own work capitalised	7, 8, 9	(410)	(605)
Profit/(loss) on write-off and disposal of fixed assets	7, 8, 9	(154)	(44)
Profit/(loss) on write-off and disposal of financial instruments	28	-	14
Financial income	28	(19,901)	(7,383)
Financial expenses	28	25,271	15,704
Change in fair value of financial instruments	28	(478)	(356)
Exchange differences	28	(7,295)	1,841
Share in profit of equity-consolidated companies	10	(185)	(2,168)
3. Changes in working capital		**64,549**	**52,322**
Inventories		446	(1,665)
Trade and other receivables		24,730	(62,157)
Trade and other payables		38,798	116,153
Other current assets and liabilities		470	(71)
Other non-current assets and liabilities		105	62
4. Other cash flow from operating activities		**(24.294)**	**(13,520)**
Interest paid		(25,313)	(15,403)
Dividends collected		1,310	1,387
Interest received		2,342	937
Corporate income tax income (expense)		(2,633)	(441)
5. Cash flows from operating activities		**100,225**	**75,608**
B) Cash flows from investment activities			
6. Payments for investments		**(64,451)**	**(45,749)**
Group companies and associates		(40,362)	(42,842)
Intangible assets	7	(98)	(28)
Property, plant and equipment	8	(5,206)	(2,913)
Investment property	9	(3,875)	(686)
Other financial assets	13	(14,910)	-
7. Charges for divestments		**16,120**	**18,572**
Inventories	15	249	1,779
Group companies and associates		13,066	6,265
Property, plant and equipment	8	-	31
Investment property	9	1,360	88
Loans to third parties		1,445	2,071
Other financial assets		-	8,338
8. Cash flows from investing activities		**(48,331)**	**(27,177)**
C) Cash flows from financing activities			
9. Payments made and received for financial liability instruments		**(36,596)**	**(23,413)**
a) Issue		**107,962**	**19,507**
Debentures and other marketable securities	23	57,400	16,810
Bank borrowings	23	50,452	2,697
Other payables	25	110	-
b) Return and repayment of		**(144,558)**	**(42,920)**
Debentures and other marketable securities	23	(90,900)	(17,100)
Bank borrowings	23	(52,974)	(24,580)
Other payables		(684)	(1,240)
10. Dividend payments		**(7,549)**	**(5,063)**
Dividends	19	(7,549)	(5,063)
11. Cash flows from financing activities		**(44,145)**	**(28,476)**
D) Net increase/(decrease) in cash or cash equivalents		**7,749**	**19,955**
Cash and cash equivalents at the start of the year		50,942	30,987
Cash and cash equivalents at the end of the year		58,691	50,942

Notes 1 to 37 and Appendices I, II and III of the accompanying consolidated notes form part of these consolidated annual financial statements.

1. GROUP COMPANIES

1.1. Parent company

Ortiz y Compañía, S.L. was incorporated as a Limited Liability Company in Spain on 31 January 1961. Subsequently, on 12 February 1971, it was converted into a Public Limited Company.

On 20 November 1995 the company changed its name to the current Ortiz Construcciones y Proyectos, S.A. By resolution of the Ordinary General Shareholders' Meeting on 24 June 2010 it moved its registered office in Madrid from Calle Santa María Magdalena, 14 to Avda. Ensanche de Vallecas, 44.

Its corporate purpose is described in its articles of association and consists of:

- The procurement, management and execution of all kinds of works and constructions, whether public or private.
- Any type of construction, installation and other works for buildings, roads, railways, driveways, service routes, ports, hydraulic works, and any other installation work of a special nature.
- Real estate and urban development, purchase and sale of real estate property and real estate developments.
- Acquisition, possession and enjoyment of all kinds of securities held on its own account and the incorporation of new companies or participation in existing ones with a similar corporate purpose.
- Performance of legal, economic, accounting and financial studies on all types of companies.
- Promotion and development of commercial, industrial and service companies.
- Administration, management, organisation and control of any type of assets and businesses.
- Promotion of newly created, industrial, agricultural, commercial or service companies, and participation in existing companies or companies that are created either through the management body, or through subscription of shares or equity holdings, or by founding or increasing their capital or their acquisition in any way. Such transactions may be carried directly or indirectly.
- Any construction, installation or public or private works for tunnels.
- The operation, design, engineering, construction, management, operation, administration, integrated maintenance and conservation, rehabilitation and refurbishment of all types of concessions and infrastructures and/or property through public-private partnerships.
- Construction and operation of hospitals and health centres for which concessions are granted by any public or private institution.
- Acquisition and sale of all types of medical equipment, subcontracting of medical services and contracting and subcontracting of non-medical services.
- Provision of comprehensive healthcare services and social and healthcare services through qualified personnel.
- Cleaning work in general, hygiene, disinfection and extermination of insects and rats in hospitals and healthcare clinics.
- Subcontracting of the services necessary to comply with its corporate purposes.
- The handling, packaging and distribution of food or consumer products, the preparation, seasoning and distribution of meals for own consumption or supply to third parties.
- Comprehensive asbestos removal service, including all the work and activities this requires, identification of materials with asbestos in facilities, risk assessment, and removal of materials with asbestos from any type of installation or property.
- Management of hazardous waste.
- Exploration, exploitation, benefit, marketing, sale and mining transformation of all kinds of minerals and other materials used as raw materials 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 cement for the execution of civil, structural, industrial, hydraulic, mechanical works, among others.
- Transport of all types of aggregates and construction materials and materials related to the company's corporate purpose.

Grupo Ortiz is a diversified Group operating in five business lines: Construction, energy, services, concessions and property, including the following operating segments:

- **Construction and Services**: Construction of civil works, building, railways, water, environment, rehabilitation, engineering and the Indagsa industrialised construction system. Maintenance of infrastructure, roads, railways, integrated maintenance of buildings, urban and environmental services.

- **Energy**: Construction of photovoltaic, wind, thermal-solar and hydraulic power generation facilities, high and medium voltage power lines, power substations, as well as maintenance of electromechanical installations and energy services.

- **Concessions**: Concession operator with extensive experience in financing investment, design, execution, operation and maintenance (O&M).

- **Property holdings**: Property asset area. Development and operation of rental homes and tertiary sector products (offices and premises).

The Group's companies whose activities are subject to environmental requirements have adopted the relevant measures in relation to these aspects in order to comply with the current legislation in force in this regard. Because these requirements are not considered material in relation to the volume of assets, financial situation and their results, they are not specifically reported in these notes. (See Note 35).

The annual financial statements of the Parent Company, Ortiz Construcciones y Proyectos, S.A., used for the consolidation, were closed and audited at 31 December 2023. The consolidated financial statements for the financial year 2022 were drawn up by the Board of Directors on 28 February 2023 and approved by the Annual General Meeting on 11 May 2023. These accounts were deposited in the official records of the Commercial Registry of Madrid.

The consolidated financial statements have been drawn up by the Parent Company's Directors within the same period as that established for drawing up the annual financial statements of that Parent Company.

For the purposes of preparing the consolidated annual financial statements, a group is considered to exist when the Parent Company has one or more subsidiaries over which it has control, either directly or indirectly. The principles applied in the preparation of the Group's consolidated financial statements and the scope of consolidation are detailed in Note 1.2.

Appendix I to these Notes provides details identifying the subsidiaries included in the scope of consolidation using the global integration method.

Appendix II to these Notes provides a breakdown of the identification data of the associates and jointly-controlled companies included in the scope of consolidation by the equity method.

Both the Parent Company and certain subsidiaries participate in joint ventures and consortiums, so the corresponding figures for joint ventures and consortiums are included in the respective companies, through the proportional integration of the balances of assets, liabilities, income and expenses. Appendix III includes details of the joint ventures and consortiums in which the Group companies participate.

The main changes to the scope of consolidation in 2023 were as follows:

- Liquidation of the company Grupo Ortiz Polska S.A.
- Liquidation of the associated company Alten Energías Renovables S.L. and its subsidiary Dumar Ingenieros S.L.
- Increase of 2.28% in the associates GOP Properties SOCIMI, S.A., Aldigavia Oficinas, S.L.U., Aldigavia, S.A.U., Ortega y Gasset Park, S.L.U, El Arce de Villalba, S.A.U. and Ortiz Sport Factory, S.L.U.
- Incorporation of the associated company La Gavia Edificio IV, S.L., with a holding of 49.30%, whose parent company is GOP Properties SOCIMI, S.A.

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

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

1.2. Subsidiaries

The full consolidation method has been applied to subsidiaries. Subsidiaries are companies in which the Parent Company controls the majority of voting rights or, without this control, has the direct or indirect power to govern financial and operational policies, in order to profit from their activities. To determine whether there is control, potential voting rights which can be exercised at year-end have been taken into account, where applicable.

Details of the Group's subsidiaries are included in Appendix I.

The basis on which these companies are consolidated correspond to the situations envisaged in art. 2 of the NOFCAC (Standards for the Preparation of Consolidated Annual Accounts), which are indicated below:

a) When the Parent Company is in one of the following situations with respect to another (subsidiary) company:

   - It has the majority of voting rights.
   - It has the right to appoint or remove the majority of the members of the governing body.
   - It may, by virtue of agreements concluded with other shareholders, cast the majority of voting rights.
   - It has appointed with its votes the majority of the members of the governing body who are in office at the time when the consolidated accounts must be drawn up and during the two immediately preceding years. This circumstance is assumed when most members of the governing body of the Parent Company are members of the governing body or senior managers of the Parent Company or of its subsidiary.

b) When a Parent Company possesses one half or less of the voting rights, even if it has an insignificant or no holding in another company, or when the management authority has not been specified (special purpose entities), but it participates in the risks and benefits of the company or has the capacity to participate in its operational and financial decisions.

All subsidiaries close their financial year on 31 December.

2. ASSOCIATES AND JOINTLY-CONTROLLED COMPANIES

2.1. Associates

Associated companies are organisations over which any of the companies within the same scope of consolidation exerts substantial influence. Substantial influence is deemed to exist if the Group has a stake in the company and can intervene in its financial and operating policy decisions, without exercising actual control.

There are no significant limitations on the capacity of the associates to transfer funds to the Parent Company in the form of dividends, debt repayment or advances, other than those that may arise from the finance agreements of these companies or their own financial situation, and there are no contingent liabilities related to these companies that might be assumed by the Group. There are no significant companies not applying the equity method when more than a 20% equity interest is held.

In compliance with article 155 of the Spanish Corporate Enterprises Act (Ley de Sociedades de Capital), the Parent Company has notified all these companies that it owns more than 10 per cent of the capital, either by itself or through another subsidiary company.

All associates close their financial year on 31 December.

2.2. Jointly-controlled companies

Jointly-controlled companies are those managed by the Group in conjunction with other companies outside the Group.

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

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

3. BASIS OF PRESENTATION

3.1. True and fair view

The consolidated financial statements have been prepared from the accounting records of Ortiz Construcciones y Proyectos, S.A. and the consolidated companies. They include the adjustments and reclassifications necessary for consistency in time and values with the accounting policies established by the Group.

These consolidated financial statements are presented in accordance with the current commercial legislation, as established by the reformed Commercial Code in accordance with Law 16/2007 of 4 July, on the reform and adaptation of commercial legislation on accounting for international harmonisation based on European Union law, Royal Decree 1514/2007 of 20 November approving the General Chart of Accounts, and the amendments thereto, the latest being those incorporated by Royal Decree 1/2021 of 12 January, in force for the years beginning from 1 January 2021, Royal Decree 1159/2010 of 17 September, approving the rules for the formulation of consolidated annual accounts and Royal Decree 602/2016, in all matters not in conflict with the provisions of the aforementioned commercial reform, in order to show a true and fair view of the Group's equity, financial situation and results, as well as reliable presentation of the cash flows reflected in the consolidated cash flow statement.

3.2. Key aspects of the measurement and estimation of uncertainty

The preparation of the annual accounts requires the Group to use certain estimates and judgements in relation to the future that are evaluated on a continuous basis. They are based on past experience and other factors, including expectations of future events that are considered reasonable given the circumstances.

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

3.2.1. Fair value of derivatives and other financial instruments

The fair value of financial instruments that are not traded on an active market (e.g. derivatives not listed on an official market) is calculated using measurement techniques. The Group uses its judgment to select a variety of methods and to project hypotheses that are based mainly on the market conditions existing at the date of each balance sheet. A discounted cash flow analysis has been used for several exchange rate contracts that are not traded on active markets.

3.2.2. Estimated loss due to impairment of goodwill

The Group verifies annually whether the goodwill has suffered an impairment loss of value, in accordance with the accounting policy of Note 4.7. The amounts recoverable from the 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 life of property, plant and equipment and intangible assets

The Group's management estimates the useful life and relevant amortisation and depreciation charges for property, plant and equipment and intangible assets. The useful life of property, plant and equipment is estimated in accordance with the period in which the assets will generate financial benefits. The Group reviews the useful life of assets at each closing and if the estimates differ from those previously made, the effect of the change is recorded on a prospective basis from the year in which the change is made.

3.2.5. Income tax

The Group is subject to income tax in many jurisdictions. A significant degree of judgement is required to determine the worldwide provision for income tax. There are many transactions and calculations in respect of which the latest tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax claims based on an estimation as to whether any additional taxes will be necessary. When the final tax result of these matters differs from the amounts initially recognised, such differences will have an effect on income tax and the provisions for deferred taxes in the year they are deemed to arise.

The calculation of income tax requires interpretation of the tax regulations applicable to the Company. Several factors are involved; mainly, but not exclusively, linked to changes in tax laws and changes in interpretations of the tax laws currently in force, which require the application of estimates by the Company's management.

When the final tax result differs from the amounts initially recognised, such differences will have an effect on the income tax and the provisions for deferred taxes in the year in which they are deemed to arise. In this regard, there are no significant items which are subject to estimates, and which could have a material impact on the Company's position.

The Group management assesses the recoverability of deferred tax assets based on estimates of future taxable income by analysing whether these deferred taxes will be sufficient for periods in which these deferred tax assets are deductible. Deferred tax assets are recorded when their future recoverability is likely. The recognition and recoverability of deferred tax assets is assessed at the time they are generated, and subsequently at each balance sheet date, in accordance with the profits projected in the Group's business plan. Management considers that the deferred taxes recognised 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 with the best information available at the end of the financial 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 modify them in the coming years.

3.2.6. Fair value of investment property and inventories

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 band of fair value. To make its judgment, the Group uses a number of sources including:

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

There are no significant uncertainties or risks that could result in significant changes in the short-term future value of assets and liabilities.

3.2.7. Provisions

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

No significant changes have been made to accounting estimates in the current financial year that give rise any modification of the amounts or nature of the figures presented for this year.

3.3. Grouping of items

To assist in the understanding of the balance sheet, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement, these financial statements are presented in a group format, and all the 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 realise its assets and discharge its liabilities in the normal course of business.

As a result of the Group's strategy of making long-term investments, above all in the Colombia concessions (see Note 10), at 31 December 2023 the current liabilities of the consolidated financial statements are higher than current assets by €57,727 thousand.

The Directors and Management of the Parent Company have assessed the situation and concluded that the Group has the capacity to meet short-term obligations with the resources and sources of finance available at 31 December 2023. In this regard, in March 2023 the Parent Company completed the process to refinance the syndicated loan, including a revolving credit tranche B for the amount of €50,000 thousand with a long-term maturity (Note 23). It has not been drawn to date, giving the Group the flexibility to meet its obligations that expire in the short term.

In addition, the analysis carried out by the Directors has been strengthened, given that in 2023 the operating flows generated by the Group increased by 32% to the present figure of €100,225 thousand (2022: €75,608 thousand), due to increased business, improved customer recoverability, and payment to suppliers. The Directors and Management of the Parent Company estimate that cash generation levels will remain at similar levels this year to those obtained in 2023. This, coupled with a lower volume of investment commitments in 2024 in associates, at €11,114 thousand (compared to the €38,550 thousand contributed in 2023), means that the projected net cash flow for the 2024 financial year will be higher than that generated in 2023.

3.5. Changes in accounting policies

In accordance with the conceptual accounting framework established by the Spanish General Chart of Accounts, the Group has adopted a generally accepted accounting policy, and maintains it uniformly over time provided that the underlying assumptions that originally led to the choice of the policy do not change, and always taking into account that any change in the policy must apply the true and fair view principle.

3.6. Comparison of information

For purposes of comparison, the consolidated Balance Sheet, the consolidated Income Statement, the consolidated Cash Flow Statement and the Notes corresponding to the financial year ended 31 December 2023 are presented with information for the financial year ended 31 December 2022.

4. ACCOUNTING PRINCIPLES

4.1. Subsidiaries

4.1.1. Acquisition of control

The acquisition by the Parent Company (or another Group company) of control of 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, the 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 on which the control ceases.

The acquisition cost is calculated as the sum of the fair values at acquisition date, of the assets delivered, 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.

Expenses related to the issue of equity instruments or financial liabilities delivered do not form part of the business combination cost and are recognised in accordance with the rules applicable to financial instruments (Note 11). Fees paid to legal or other professional advisors involved in the business combination are recorded as an expense as they are incurred. The combination costs also exclude the expenses generated internally for these items, 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.

4.1.2. Consolidation method

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

a. Uniformity in terms of timing: The consolidated financial statements are drawn up on the same 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 on the same date and for the same period as the consolidated accounts.

b. Uniformity in terms of measurement: Assets and liabilities, income 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 are first made uniform and then aggregated in accordance with their nature.

d. Divestment - equity: The book values representing subsidiaries' equity instruments held directly or indirectly 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 minority interests. The excess between the losses attributable to the 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 the 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, it is consolidated or 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 income and expenses generated by the subsidiary during the year up until the loss of control, and income and expenses recorded directly under equity are transferred to the income statement.

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 the company's equity that the percentage investment of the Group companies 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, 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 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 profit(loss) or the equity concerned and as 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 under 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 as a limit 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 be recognised provided that legal, contractual, constructive or tacit obligations had been 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 and a negative difference on consolidation arises with respect to the same investee company, the difference is reduced to the limit of the embedded goodwill.

When an investment is reduced giving rise to a decline in the shareholding, 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 agreements

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 grantor requires a concessionaire to construct (including improvements and 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 in accordance with its conditional nature:

- in those cases in which there is a right to charge a price to users for the public service and when this right is not unconditional and users must actually make use of the service, the compensation is recorded at the fair value of this service, as an intangible asset. 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.
- When the consideration for the construction or improvement service consists of an unconditional right to receive cash or another financial asset, it is recognised as a financial asset in the entry "Concession agreement, collection right" under the heading "Non-current trade debtors". In this case, the concession asset classified as a financial asset, "Concession agreement, collection right", is valued at amortised cost by using the effective interest-rate method (which equates the book value of a financial instrument with expected cash flows).

Concession agreement, financial capitalisation

When the consideration for the construction or improvement services consists of an intangible asset, the financial expenses financing the infrastructure that arise as from the moment at which the infrastructure is available for operation are capitalised, provided that there is reasonable evidence that they will be recovered through future income. Capitalised financial expenses are recognised in the heading “Concession agreement, financial capitalisation”, and they are taken to the income statement in proportion to the income projected in the company’s Financial Plan, on the understanding that the future revenue forecast in the plan will allow those expenses to be recovered. Forecast 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 Note 4.1.1. After its initial recognition, goodwill is measured at cost less any accumulated impairment.

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

Separately recognised goodwill is amortised on a straight-line basis over its estimated useful life, valued at its acquisition price less accumulated amortisation and, if applicable, the accumulated amount of recognised 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 on 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.

(Thousands of euros)

Other development expenses are recognised as expenditure 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 amortised on a straight-line basis over the estimated useful life of each project, up to a maximum of 5 years.

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

If there is any change in the favourable circumstances of the project which permitted the capitalisation of the development expenses, the unamortised portion is charged to profit(loss) in the year the circumstances changed.

4.3.4. Licences and trademarks

At 31 December 2023 and 2022 the Group's intangible assets include manufacturing licences and trademarks that are measured at acquisition cost, without any amortisation having been applied. This 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

Software licences acquired from third parties are capitalised on the basis of the costs incurred to acquire and prepare them for the use of the specific software. These costs are amortised over their estimated useful life of the assets (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 unique and identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs for more than one year, are recognised as intangible assets. Direct costs include employee software development costs and an appropriate percentage of overheads.

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

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.

The cost of work carried out by the Group for its own property, plant and equipment is calculated by adding the purchase price of the consumable materials to the direct or indirect costs attributable to these assets.

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 2023 and 2022 are as follows:

Estimated years of useful life	
Buildings	50
Plant	4-10
Machinery and tooling	7-8
Furnishings	10
Computer processing equipment	5
Vehicles	6

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

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

4.5. Investment property

Investment properties consist almost entirely of owned land and office buildings that are maintained to obtain long-term income.

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 attributable to the acquisition or construction property, plant and equipment that require more than one year to be prepared for use are stated at cost until they are in operation.

4.7. Impairment losses on non-financial assets

The assets concerned are subject to impairment tests if any event or 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, the latter being understood as the higher of: (a) fair value less costs to sell or (b) value in use. For the purpose of assessing impairment losses, assets are grouped 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 consideration 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 fixed asset received differs from the configuration of the cash flows relating to the asset delivered, or the present value of the cash flows after taxes relating to the activities affected by this swap is modified. Furthermore, any of the above differences must be significant in relation 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 consideration paid, 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 profit or loss

This category includes equity instruments that are not held for trading, or that must be valued at cost, and over which an irrevocable decision has been made at 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 measurement

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, amounting to the fair value of the consideration given. The transaction costs that are directly attributable to them will be recognised in the consolidated income statement for the year.

Subsequent measurement

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 amortised 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 an ordinary or common loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

This category includes trade receivables and non-trade receivables:

a) Trade receivables: financial assets arising from the sale of goods and the provision of services in relation to the company's operating activities for which payment is deferred; and
b) Non-trade receivables: 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 measurement

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 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 measurement

Financial assets included in this category shall be measured at amortised cost. Interest accrued is recognised in the income statement applying the effective interest method.

However, receivables maturing within one year which, as explained in the previous section, are initially measured at their nominal value, continue to be measured at this amount, unless they have been impaired.

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

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 their initial measurement, and lead to a reduction or delay in 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 their initial measurement. For financial assets subject to a variable interest rate, the effective interest rate at the closing date of the annual financial accounts is used, in accordance with the contractual terms.

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 consolidated 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 recognised.

4.9.3. Financial assets at cost

In any case, this measurement category includes:

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 amortised cost.
d) Contributions made as a result of a joint venture or similar agreement.
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 portfolio through profit and loss when it is not possible to obtain a reliable estimate of its fair value.

Initial measurement

Investments included in this category are initially measured at cost, which is the fair value of the consideration given plus directly attributable transaction costs, the latter not being 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 taken to be the carrying amount that the investment 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 measurement

The equity instruments included in this category are valued at their cost, less the accumulated amount of any 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 harmonised group is applied, these groups being understood to be the securities which have equal rights.

In the case of the sale of preferential subscription rights and similar, or their segregation in order to exercise them, 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 profit or loss, respectively, corresponding to the company as non-managing participant, and minus (where applicable) the cumulative amount of the valuation adjustments for impairment.

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 finance income on an accruals basis. Transaction costs are allocated to the income statement on a straight-line basis over the life of the participating loan:

Impairment

The necessary valuation adjustments are made at least at the year-end, provided there is objective evidence that the carrying amount of an investment will not recoverable. The amount of the valuation adjustment is the difference between its carrying amount and the recoverable amount, the latter being the higher of: a) its fair value less sale costs; and b) the present value of future cash flows arising from the investment. In the case of equity instruments this is calculated either by estimating the cash flows expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee, or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from 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 itself invested in another investee, the equity included in the consolidated financial statements prepared in accordance with the criteria of the Commercial Code and its implementing rules is taken into account.

Recognition of valuation adjustments for impairment and, where appropriate, their reversal, is recognised as income or expense, respectively, in the consolidated 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 consolidated 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 in the consolidated 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 consolidated income statement.

4.9.4. Financial assets at fair value through profit and loss

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 recognised in this manner is allocated to the income statement.

However, impairment adjustments and gains or losses deriving from exchange differences in 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 harmonised groups.

In the exceptional case that the fair value of an equity instrument is no longer reliable, the prior adjustments recognised directly in equity will be treated in the same way as those drawn down for 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 corresponds to 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 and measured collectively, has become impaired as a result of one or more events taking place after initial measurement and which cause:

a) In the case of acquired debt instruments, a reduction or delay in estimated future cash flows that are caused by the debtor's insolvency; 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 recognise an impairment loss before the end of the aforementioned period or if the percentage decline in the listed price is reached.

The valuation adjustment for the impairment of the value of these financial assets will be the difference between their cost or amortised 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 recognised 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 recognised in the income statement.

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

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

4.10. Financial derivatives and hedge accounting

Financial derivatives are measured, both initially and subsequently, at their 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 hedging

Changes in the fair value of derivatives that are designated and classified as fair value hedges 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 amortised 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 hedges

The loss or gain on a hedge instrument is recognised 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 following two values:

1) The cumulative gain or loss of the hedging instrument from the start 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 start of the hedge.

Any remaining gain or loss on the hedging instrument, or any gain or loss required to offset the change in the cash flow hedge adjustment calculated in accordance with the preceding paragraph) represents the ineffectiveness of the hedge, which is recognised in the consolidated income statement 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 planned hedged transaction involving a non-financial asset or a non-financial liability, becomes a firm commitment for which fair value hedge accounting is applied, that amount must be removed from the cash flow hedge adjustment and included directly in the initial cost or other carrying amount of the asset or liability. This same criterion is applied in the hedging of exchange rate risk of the acquisition of an investment in a group company, jointly-controlled company or associate.

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

However, if the adjustment recognised 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 in the profit or loss for the year.

4.10.3. Hedges of a net investment in foreign operations

In hedging operations for net investments in joint 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.

Hedging instruments are measured and recognised in accordance with their nature to the extent they are not, or stop being, effective hedges.

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

4.11. Inventories

Inventories are valued at cost or its net realisable value, whichever is lower. When the net realisable value of inventories is lower than their cost, appropriate valuation adjustments are made and recognised as an expense in the consolidated income statement. If the circumstances giving rise to the valuation adjustment cease to exist, the amount of the adjustment is reversed and recognised as income in the consolidated income statement.

The cost is determined using the average weighted 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 the normal operating capacity). The net realisable value is the estimated sale price in the ordinary course of business, less the 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, are included in the cost of financial expenses in the same terms established for property, plant and equipment (Note 4.6).

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

4.12. Equity

The share capital is represented by ordinary shares.

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

In the event that any company in the Group acquires treasury shares in the Parent Company the consideration 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 any directly attributable incremental costs.

4.13. Financial liabilities

4.13.1. Financial liabilities at amortised cost

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

a) Trade payables: 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: financial liabilities that are not derivative instruments and do not arise from trade transactions but arise 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 measurement

Financial liabilities included in this category are initially measured at fair value, which is the transaction price: i.e. 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 payable to third parties on investments 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 measurement

The financial liabilities included in this category are measured at amortised cost. The interest accrued is recognised in the income statement using the effective interest method.

However, trade payables maturing in less than one year that are initially measured at their nominal value continue to be measured at that 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 measurement to be accounted for at fair value with fair value through profit or loss, given that:

    - An inconsistency or "accounting mismatch" with other instruments at fair value through profit or loss is eliminated or significantly reduced; 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 measurement

Initial and subsequent measurement

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 recognised in the consolidated income statement for the year.

After initial measurement, financial liabilities included in this category are measured at fair value with changes in the consolidated income statement.

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 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 consolidated equity.

4.14. Grants received

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

For these purposes, 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 grants 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/amortisation 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 grants 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 the amount of income tax that accrues in 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 that are recorded directly in equity is recognised in equity.

Current tax assets and liabilities are measured 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 taxes are recognised on temporary differences arising on investments in subsidiaries, associates and joint businesses, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences 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 include 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 recognises the corresponding adjustments as a higher or lower amount of the consolidated turnover.

Provisions are measured at the end of the year 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 valuation of the time 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 payment 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 Company. These contingent liabilities are not recorded in the accounts but are described Notes to the financial statements (Note 29).

4.17. Business combinations

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

Merger or demerger 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 arrangements

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

Joint ventures 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.

In relation to 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 percentage holding as well as assets associated with joint operations and liabilities incurred as a result of the combined business.

Furthermore, the income statement recognises the proportional percentage in the income generated and expenses incurred by the joint arrangement. The expenses incurred in relation to the holding in the joint arrangement are also recorded.

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 is recognised when control of the goods or services is transferred to customers. At that time, revenue is recognised for the amount of the consideration that is expected to be received in exchange for the transfer of the committed goods and services under contracts with customers, as well as other income not derived from contracts with customers that constitute the Group's ordinary activity. The amount recorded is determined by deducting from the amount of the consideration for the transfer of the goods or services agreed with customers or other revenue corresponding to the Group's ordinary activities, the amount of discounts, refunds, price reductions, incentives or rights delivered to customers, as well as value added tax and other taxes directly related to the goods or services that must be passed on.

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 recognised to the extent that it is highly probable that a significant reversal of the amount of income recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group bases its estimates taking into consideration 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 of activity 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 consolidated 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 and every one of the work units that must be executed to complete the whole project;
- The measurement of each of these work units; and
- The price at which each of them is certified.

Construction execution costs are recognised in the accounts on an accrual basis, recognising expenses actually incurred in 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 invoices receivable).

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

In exceptional cases, if it is not possible to estimate the profit 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 the 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 of certifications and collection for this additional work. The Company follows the policy of not recognising revenue from these additional work until customer approval is reasonably assured; the costs incurred to perform this work are recognised at the time they occur, regardless of the level 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 for each piece of work at the closing date, the difference between the two amounts is recognised under "Trade and other receivables" in the consolidated balance sheet. the consolidated balance sheet. If the original cost of the work executed is lower than the amount of the certificates issued, the difference is recorded under "Suppliers" in the consolidated balance sheet.

Provision is made for the estimated costs for withdrawing from works once they are completed, based on the estimated costs yet to be incurred for this item: 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, the likelihood that the customer will accept the claim is high and the amount concerned can be reliably measured.

Interest on late payment arises from delays in the collection of certificates from public administrations and is recognised when it is likely to be received and, in addition, when the amount may be reliably measured.

The costs related to the presentation of bids for construction contracts are charged to the income statement 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 service activities

Contracts with multiple elements

Public service concessions are contracts between a private operator and the government, 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 roads, airports or prisons. Control over the asset remains in public hands, but the is responsible for the construction of the asset and the operation and maintenance of the infrastructure. Under 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 grantor 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 constitutes the return of the principal amount with interest. The following standards have been established based on the characteristics of the group's main activities:

Car parks

The car park business may be divided into:

- Off-street car parks:

In this case, the revenue comes from the use of parking spaces owned by the Group or 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.

- Car park for visitors and residents:

Mixed car parks (with spaces for visitors and residents) 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 for the spaces delivered is recorded as liabilities 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 all 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 is recognised using the original effective interest rate.

4.21. Dividend income

Dividend income is recognised as income in the consolidated income statement 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 because amounts greater than the profits generated by the investee since the acquisition have been distributed, they are not recognised as income and reduce the book value of the investment.

4.22. Leases

4.22.1. Finance 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 risks and benefits of ownership, it is classified as a finance lease. Finance leases are capitalised at the start of the lease either at the fair value of the leased property, or the present value of the minimum rental payments to be made, whichever is lower. The implicit interest rate for the agreement is used to calculate the present value; if this cannot be determined, the Group's interest rate for similar transactions is used.

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 financial year when incurred. The relevant lease obligations, net of financial charges, are included under "Finance leases payable". Fixed assets acquired under finance leases are amortised either over their useful life or the term of the lease, whichever is shorter.

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. Leasing arrangements - lessor

When assets are leased under a 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, which corresponds 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 the 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. Transactions denominated in foreign currency

4.23.1. Functional and presentation currency

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

4.23.2. Translation of the financial statements in currencies other than euros

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:

- 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 under the equity heading “Exchange differences”, 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 exchange difference recognised in the consolidated income statement is stated in the consolidated income statement for the period in which the investment is sold or otherwise disposed of by the consolidated company.

The historical exchange rate is:

- For equity items existing on the date the shares being consolidated were acquired: the exchange rate on the transaction date: 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 changed 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 the 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 elements of the target company and are therefore translated using the year-end exchange rate.

The translation to euros of the financial statements expressed in the functional currency of a hyper-inflationary economy is carried out by applying the following rules:

- Prior to translation to euros the balances in the financial statements are adjusted in accordance with the indications in the following section;
- Assets, liabilities, equity items, expenses and income are translated to euros 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 for any subsequent changes affecting price levels or exchange rates.

At 31 December 2023 and 2022, none of the Group's companies had the functional currency of a hyperinflationary economy.

4.23.3. Foreign-currency transactions and balances

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 are included in equity.

4.24. Related-party transactions

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

Notwithstanding the above, in transactions involving a business, which includes shareholdings that grant control over a company constituting a business, the Group follows 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 consolidated financial statements of the Group or largest sub-group are used that include the equity item, provided the Parent Company is Spanish.

4.24.2. Merger and demerger

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 effective accounting date for mergers and demergers 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 in the transaction joined the Group in the year in which the merger or demerger takes place, the effective accounting date will be the acquisition date.

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

4.24.3. Capital reduction, distribution of dividends and winding-up

In these cases in which the business that is affected by the capital reduction adopts a resolution to pay a dividend, or the liquidation share 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 account. The recipient records the business in accordance with the rules for mergers and demergers indicated in Note 4.24.2.

4.25. Segment reporting

4.25.1. Segmenting policy

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

Segmentation was carried out on 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 reporting

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

Segmentation identifies the Group's identifiable components characterised by being subject to similar risks and returns.

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 pertaining to environmental information.

4.27. Employee benefits

Termination benefits

Termination benefits are payable when the Group decides to terminate a worker's employment 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 its 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 expose it to a variety of 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 global risk management programme 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 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 Group's Finance Department, which identifies, evaluates and hedges against financial risks, in accordance with the policies approved by the Board of Directors. The Board provides written policies for global risk management, as well as for specific areas such as interest rate risk, liquidity risk, use of derivative and non-derivative financial instruments 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 exchange rate 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 the interest rate in cash flows and fair value

The Group's interest rate risk arises from borrowings. Loans issued at variable rates expose the Company to interest rate risk in cash flows, which is partially offset by cash deposits held at variable rates. Fixed-rate loans expose the Company to fair-value interest rate risk.

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.

Exposure to variable interest rate risk at the close of the 2023 and 2022 financial years is as follows:

	Thousands of euros	
Indexed to Euribor	**2023**	**2022**
Variable rate borrowings not hedged by financial derivatives (A)	50,106	32,257
Fixed rate borrowings, or hedged by derivatives	60,909	110,930
Group borrowings (B)	111,015	143,187
Borrowings exposed to interest rate risk (%) (A)/(B)	**45%**	**23%**

“Group Debt” includes “Debentures and other marketable liabilities”, “Bank borrowings”, “Finance leases”, as well as 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 2023 totalled €496 thousand (31 December 2022: €44 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 these arrangements 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 by maturities 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, which plays a major role in the global economy, 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. Their latent effects continued into 2023. However, the impact of this risk lessened, given that in March 2022, with the entry into force of Royal Decree-Law 3/2022, contractors have been allowed to make exceptional price revisions in public works contracts 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 is basically driven by trade receivables. Once contracts are being performed, 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 in credit institutions are contracted with reputable financial institutions.

A significant proportion of customer balances and other accounts receivable relate to transactions with national and international public entities, so that the Group considers credit risk to be very limited. In relation to private sector customers, a significant portion of the balances are related to companies with a high credit rating and 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 (Note 23).

To manage liquidity risk and meet the different needs for funds, the Group uses an annual treasury budget and detailed monthly treasury forecasts to analyse compliance, the latter with daily updates. In these estimates, the Group has taken into account its global strategy (Note 3.4) and short-term financial commitments. In March 2023 the Parent Company has completed the process of refinancing of the syndicated loan, matured in the current financial year (Note 23) and has repaid the bonds it had issued (Note 23).

As at 31 December 2023, the Group had a leverage ratio of 12%, 5 basis points better than the figure for the previous year:

	Thousands of euros	
Leverage ratio	**2023**	**2022**
Group non-current debt	65,073	43,836
Group current debt	45,942	99,351
Total current and non-current assets	894,158	864,271
Leverage ratio	**12%**	**17%**

The treasury balance at the close of the year, 31 December 2023, was €58,691 thousand (2022: €50,942 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 2024.

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 an increasingly global and connected economy, the current situation of uncertainty and instability around the world caused by what we have described above has given rise to a change in the Group's risk map.

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

- Supply chain disruption:

The increased interruption of normal operations worldwide has been exacerbated by the conflict in Ukraine and requires continued resilience and comprehensive 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 in the case of materials considered critical, such as photovoltaic panels in EPC contracts in the Energy business area.
- Political instability in the geographic areas of origin/manufacture of the materials and their destination, as well as natural disasters in those areas. Also, wars or armed conflicts that interrupt or disrupt the supply chain.
- Customs: Logistical risks caused by customs must be assessed, to foresee and measure the time required by control systems applied by customs according to the countries in which projects are being developed.
- Reputational risk for the buyer if our suppliers do not comply with human rights or environmental protection, 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), together with the volatility of the economic cycles, generates uncertainty with respect to commodity prices.

In order to minimise this risk the Group aims to be proactive in its purchases, arrange fixed prices before increases in commodity prices and, wherever possible, avoid passing on changes to customers. In addition, it does not rule out the use of derivative hedge contracts in the future to limit price volatility.

- Cybersecurity:

This risk has increased with the growth and increasing sophistication of cyberattacks, driven by digitalisation and the current geopolitical conflicts. The Group analyses vulnerabilities, enhances protocols and systems and promotes cybersecurity awareness campaigns for employees.

Finally, it should be noted that the Directors and the Group's Management constantly monitor the progress of the situations described above, with the aim of dealing successfully with any financial and non-financial impacts that may occur.

5.2. Fair value estimation

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

	Thousands of euros			
31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
- Equity securities traded in Spain	2,728	-	690	**3,418**
Financial assets at fair value through profit or loss				
- Hedging derivatives - interest rate	-	-	-	-
- Hedging derivatives - exchange rate	-	25	-	25
Total Assets	**2,728**	**25**	**690**	**3,443**

	Thousands of euros			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Financial liabilities at fair value with changes in equity				
- Hedging derivatives - interest rate	-	329	-	329
- Hedging derivatives - exchange rate	-	4,425	-	4,425
Total Liabilities	**-**	**4,754**	**-**	**4,754**

	Thousands of euros			
31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
- Equity securities traded in Spain	2,150	-	690	**2,840**
Financial assets at fair value through profit or loss				
- Hedging derivatives - interest rate	-	-	-	-
- Hedging derivatives - exchange rate	-	982	-	982
Total Assets	**2,150**	**982**	**690**	**3,822**

	Thousands of euros			
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Financial liabilities at fair value with changes in equity				
- Hedging derivatives - interest rate	-	4	-	4
- Hedging derivatives - exchange rate	-	3,610	-	3,610
Total Liabilities	**-**	**3,614**	**-**	**3,614**

- Level 1: The fair value of financial instruments traded on active markets (such as listed derivatives and equity) is based on market prices at the end of the reporting year. The quoted market price used for the financial assets held by the group 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 observable market data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate the fair value of an instrument 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 recognise transfers between levels of fair value hierarchy at the end of the reporting year. There have been no transfers of levels in 2023 and 2022.

<u>Valuation techniques used to determine fair values</u>

Specific valuation techniques used to value financial instruments include:

- Quoted market prices, or dealer quotes for similar instruments.
- For interest rate swaps - the current value of estimated future cash flows is based on observable interest rate curves.
- For forward exchange-rate contracts - the current value of future cash flows is based on forward exchange rates at the balance sheet date.
- For exchange rate options - option pricing models (e.g., Black-Scholes model).
- For other financial instruments - analysis of discounted cash flows.

All resulting fair value estimates are included in levels 1 and 2, except for unlisted equity securities, contingent consideration receivables and certain derivative contracts, where the fair values have been determined based on current values and the discount rates used were adjusted for own risk or counterparty risk.

6. LOSS OF CONTROL OVER SUBSIDIARIES

Year 2023

In 2023, the subsidiary Grupo Ortiz Polska was liquidated.

Other corporate transactions

In 2023 the following associates were liquidated: Alten Energías Renovables S.L. and its subsidiary Dumar Ingenieros S.L., whose parent company is Alten Renewable Investments BV.

Year 2022

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

7. INTANGIBLE ASSETS

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

(Thousands of euros)

2023	Administrative concessions	Patents, licences and trademarks	Goodwill	Software	Other intangible assets	Prepayments, concession arrangements	Concession agreements, regulated assets	Concession arrangements, financial capitalisation	Total
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 amortisation	(2,216)	-	(14,622)	(932)	(52)	-	(8,497)	-	**(26,319)**
Net carrying amount 31.12.2022	**2,374**	**43**	**5,722**	**2,356**	**2,258**	**4,635**	**15,770**	**619**	**33,777**
Cost:									
Additions	-	-	-	17	-	-	-	81	**98**
Disposals	-	-	-	(85)	-	-	-	-	**(85)**
Transfers	-	-	-	-	-	-	-	-	**-**
Scope changes	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-	-	-	**-**
31 December 2023	**-**	**-**	**-**	**(68)**	**-**	**-**	**-**	**81**	**13**
Amortisation:									
Additions	(224)	-	(1,905)	(589)	(6)	-	(644)	-	**(3,368)**
Disposals	-	-	-	85	-	-	-	-	**85**
Transfers	-	-	-	-	-	-	-	-	**-**
Scope changes	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-	-	-	**-**
31 December 2023	**(224)**	**-**	**(1,905)**	**(504)**	**(6)**	**-**	**(644)**	**-**	**(3,283)**
Impairment:									
Additions	-	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	-	-	-	**-**
Scope changes	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-	-	-	**-**
31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost	4,888	43	23,300	3,220	2,310	4,635	25,267	700	**64,363**
Impairment	(298)	-	(2,956)	-	-	-	(1,000)	-	**(4,254)**
Accumulated amortisation	(2,440)	-	(16,527)	(1,436)	(58)	-	(9,141)	-	**(29,602)**
Net carrying amount 31.12.2023	**2,150**	**43**	**3,817**	**1,784**	**2,252**	**4,635**	**15,126**	**700**	**30,507**

(Thousands of euros)

2022	**Administrative concessions**	**Patents, licences and trademarks**	**Goodwill**	**Software**	**Other intangible assets**	**Prepayments, concession arrangements**	**Concession agreements, regulated assets**	**Concession arrangements, financial capitalisation**	**Total**
31 December 2022									
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 amortisation	(1,991)	-	(12,715)	(427)	(46)	-	(7,853)	-	**(23,032)**
Net carrying amount 31.12.2022	**2,599**	**43**	**7,629**	**2,268**	**2,264**	**4,635**	**16,414**	**591**	**36,443**
Cost:									
Additions	-	-	-	605	-	-	-	28	**833**
Disposals	-	-	-	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	-	-	-	**-**
Scope changes	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	(12)	-	-	-	-	**(12)**
31 December 2023	**-**	**-**	**-**	**593**	**-**	**-**	**-**	**28**	**621**
Amortisation:									
Additions	(225)	-	(1,907)	(501)	(6)	-	(644)	-	**(3,283)**
Disposals	-	-	-	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	-	-	-	**-**
Scope changes	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	(4)	-	-	-	-	**(4)**
31 December 2023	**(225)**	**-**	**(1,907)**	**(505)**	**(6)**	**-**	**(644)**	**-**	**(3,287)**
Impairment:									
Additions	-	-	-	-	-	-	-	-	**-**
Disposals	-	-	-	-	-	-	-	-	**-**
Transfers	-	-	-	-	-	-	-	-	**-**
Scope changes	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-	-	-	-	**-**
31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
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 amortisation	(2,216)	-	(14,622)	(932)	(52)	-	(8,497)	-	**(26,319)**
Net carrying amount 31.12.2023	**2,374**	**43**	**5,722**	**2,356**	**2,258**	**4,635**	**15,770**	**619**	**33,777**

At 31 December 2023, there were no significant additions or disposals of intangible fixed assets in the Group.

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 Microsoft Dynamics Navision application.

Administrative concessions

The most significant elements included under this heading at 31 December 2023 and 2022 are as follows:

							Thousands of euros
2023	**Maturity date**	**Operating period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Accumulated impairment**	**Net carrying amount**
City Council, Valle del Zalabí	22/05/2037	25 years	(7)	175	(79)	-	96
City Council, Humanes de Madrid	08/11/2028	16 Years	(86)	1,189	(770)	-	419
City Council, Baza (Moclin)	01/03/2034	20 years	(17)	329	(162)	-	167
Photovoltaic, University of Malaga	10/11/2036	25 years	(114)	3,195	(1,429)	(298)	1,468
Total			**(224)**	**4,888**	**(2,440)**	**(298)**	**2,150**

							Thousands of euros
2022	**Maturity date**	**Operating period**	**Amortisation for the year**	**Cost**	**Accumulated amortisation**	**Accumulated impairment**	**Net carrying amount**
City Council, Valle del Zalabí	22/05/2037	25 years	(8)	175	(72)	-	103
City Council, Humanes de Madrid	08/11/2028	16 Years	(86)	1,189	(684)	-	505
City Council, Baza (Moclin)	01/03/2034	20 years	(17)	329	(145)	-	184
Photovoltaic, University of Malaga	10/11/2036	25 years	(114)	3,195	(1,315)	(298)	1,582
Total			**(225)**	**4,888**	**(2,216)**	**(298)**	**2,374**

Goodwill on consolidation

The goodwill was assigned to the Group's cash generating units (CGUs). Below is summary of the assignment of goodwill at the level of CGUs:

	Thousands of euros	
CGU	**2023**	**2022**
Energy Area	1,210	1,815
Impulsa Grupo Ortiz, S.L.	3	4
Asteisa Tratamiento de Aguas, S.A.U.	5	8
Contratas y Servicios Ferroviarios, S.A.U.	2,591	3,887
Grupo Ortiz Construcciones México, S.A.	8	8
Total	**3,817**	**5,722**

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 sales growth assumptions within a range of -5% to 15% (2022: between -5% and 15%), which are margins consistent with the reality observed over recent years and a discount rate of 5.50% (2022: 5.50%), and a residual value growth rate of 0% (2022: 0%).

Sensitivity analyses are also performed on that goodwill, particularly with respect to the gross operating margin and the discount rate, 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.

Due to the amendment of article 39.4 of the Commercial Code, by the approval of Law 22/2015 of 20 July, on Auditing, for financial statements corresponding to financial years beginning from 1 January 2016, the goodwill will be subject to depreciation, and its useful life will be presumed to be 10 years, unless proven otherwise.

The amortisation expense for goodwill in 2023 amounted to €1,905 thousand (2022: €1,907 thousand), included in the consolidated income statement, under the heading "Amortisation of fixed assets".

Advances, concession agreements, concession agreements, regulated assets and concession agreements, financial capitalisation

The most significant elements included under this heading at 31 December 2023 and 2022 are as follows:

Thousands of euros

2023	Maturity date	Operating period	Amortisation for the year	Cost	Accumulated amortisation	Accumulated impairment	Net carrying amount
Reyes Católicos car park	25/07/2048	40 Years	(181)	8,530	(2,377)	(1,000)	5,153
Ilíada car park	22/08/2046	40 Years	(106)	3,957	(1,563)	-	2,394
Juan R. Jiménez car park	02/02/2046	40 Years	(160)	6,026	(2,318)	-	3,708
Pamplona car park	29/01/2047	40 Years	(106)	3,999	(1,561)	-	2,438
Andorra II car park	16/07/2047	40 Years	(91)	3,455	(1,322)	-	2,133
Andrés Torrejón Pavilion, Móstoles	11/02/2045	30 Years	-	4,635	-	-	4,635
Total			**(644)**	**30,602**	**(9,141)**	**(1,000)**	**20,461**

Thousands of euros

2022	Maturity date	Operating period	Amortisation for the year	Cost	Accumulated amortisation	Accumulated impairment	Net carrying amount
Reyes Católicos car park	25/07/2048	40 Years	(181)	8,448	(2,377)	(1,000)	5,253
Ilíada car park	22/08/2046	40 Years	(106)	3,957	(1,563)	-	2,500
Juan R. Jiménez car park	02/02/2046	40 Years	(160)	6,026	(2,318)	-	3,868
Pamplona car park	29/01/2047	40 Years	(106)	3,999	(1,561)	-	2,545
Andorra II car park	16/07/2047	40 Years	(91)	3,455	(1,322)	-	2,223
Andrés Torrejón Pavilion, Móstoles	11/02/2045	30 Years	-	4,635	-	-	4,635
Total			**(644)**	**30,520**	**(8,496)**	**(1,000)**	**21,024**

Impairment losses affecting individual intangible assets

In 2023, the Group did not recognise or reverse impairment valuation adjustments for any intangible asset.

In 2022, the Group did not recognise or reverse valuation adjustments due to impairment for any intangible asset.

Intangible assets located abroad

At 31 December 2023 and 2022, the Group recorded the following investments in intangible assets located abroad:

Thousands of euros

2023	Cost	Accumulated amortisation	Impairment losses
Software	17	-	-
	17	**-**	**-**

2022	Cost	Accumulated amortisation	Impairment losses
			Thousands of euros
Software	85	(84)	-
	85	**(84)**	**-**

All the intangible assets located abroad are in Colombia.

Revenue from intangible fixed assets

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

Description and use	Purpose	Type of remuneration	Revenue 2023	Revenue 2022
			Thousands of euros	
City Council, Valle del Zalabí	Energy efficiency	Payment for services	12	5
City Council, Humanes de Madrid	Energy efficiency	Payment for services	355	320
City Council, Baza (Moclin)	Energy efficiency	Payment for services	38	37
Photovoltaic, University of Malaga	Photovoltaic plant	Sale of electricity	241	332
Total concessions:			**646**	**694**
Reyes Católicos car park	Construction, maintenance and operation of car park	Revenue from assignment of use and monthly season tickets	240	190
Ilíada car park	Operation of car park	Revenue from assignment of use and monthly season tickets	150	105
Juan R. Jiménez car park	Operation of car park	Revenue from assignment of use and monthly season tickets	487	536
Pamplona car park	Operation of car park	Revenue from assignment of use and monthly season tickets	239	225
Andorra II car park	Operation of car park	Revenue from assignment of use and monthly season tickets	98	87
Total concessions (regulated assets)			**1,214**	**1,143**

Capitalised financial expenses

The Group capitalises the financial expenses incurred during the year relating to the financing to develop assets under construction, provided that the expenses are related to assets with a production cycle of more than one year. In 2023, a total of €81 thousand was capitalised (2022: €28 thousand).

Intangible assets not used in operations

At 31 December 2023 and 2022, there were no intangible assets that were not used in operations.

Fully amortised intangible assets

At 31 December 2023, the cost of fully amortised intangible assets in use amounted to €286 thousand (€320 thousand in 2022).

Intangible assets pledged to guarantees

At 31 December 2023, intangible assets with a value of €4,453 thousand (€4,636 thousand in 2022) secured bank borrowings for €3,541 thousand (€3,718 thousand in 2022).

Intangible assets subject to reversal

Intangible assets subject to reversal at 31 December 2023 and 2022 are those indicated in the section "Administrative concessions, Concession agreements".

Insurance

The Group has taken out insurance policies to cover the 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 2023 and 2022 are as follows:

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023
(Thousands of euros)

2023	Land	Buildings	Machinery	Plant	Other facilities	Furnishings	Tooling and auxiliary resources	Computer Equipment	Vehicles	Other property, plant and equipment	Work in progress and prepayments	Total
Cost	1,559	5,223	39,126	11	1,726	517	54	277	2,185	570	1,470	52,718
Accumulated amortisation	-	(1,155)	(34,225)	(4)	(280)	(511)	(27)	(255)	(1,827)	(238)	-	(38,522)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount 31.12.2022	**1,559**	**4,068**	**4,901**	**7**	**1,446**	**6**	**27**	**22**	**358**	**332**	**1,470**	**14,196**
Cost:												
Additions	-	-	3,838	1	39	29	49	158	211	89	6,068	10,482
Disposals	-	-	(95)	-	(78)	(19)	-	(68)	(54)	(112)	-	(426)
Transfers	-	-	436	-	-	(4)	-	(4)	-	4	(436)	(4)
Scope changes	-	-	-	-	-	-	(5)	-	-	-	-	(5)
Exchange differences	-	-	328	-	-	8	-	39	23	2	-	400
31 December 2023	**-**	**-**	**4,507**	**1**	**(39)**	**14**	**44**	**125**	**180**	**(17)**	**5,632**	**10,447**
Amortisation:												
Additions	-	(139)	(1,461)	(1)	(170)	(6)	(9)	(29)	(85)	(108)	-	(2,008)
Disposals	-	-	85	-	78	19	-	68	53	82	-	385
Transfers	-	8	(8)	-	-	-	-	4	-	-	-	4
Scope changes		-	-	-	-	-	5	-	-	-	-	5
Exchange differences		-	(239)	-	2	(5)	-	(21)	(11)	(7)	-	(281)
31 December 2023	**-**	**(131)**	**(1,623)**	**(1)**	**(90)**	**8**	**(4)**	**22**	**(43)**	**(33)**	**-**	**(1,895)**
Impairment:												
Additions	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Scope changes	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
31 December 2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost	1,559	5,223	43,633	12	1,687	531	98	402	2,365	553	7,102	63,165
Accumulated amortisation	-	(1,286)	(35,848)	(5)	(370)	(503)	(31)	(233)	(1,870)	(271)	-	(40,417)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount 31.12.2023	**1,559**	**3,937**	**7,785**	**7**	**1,317**	**28**	**67**	**169**	**495**	**282**	**7,102**	**22,748**

(Thousands of euros)

2022	**Land**	**Buildings**	**Machinery**	**Plant**	**Other facilities**	**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 amortisation	-	(1,014)	(33,013)	(3)	(162)	(600)	(36)	(274)	(1,987)	(283)	-	(37,372)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount 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)
Transfers	-	-	-	-	36	-	-	-	-	-	(36)	-
Scope changes	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	(113)	-	-	(1)		(4)	(8)	7	-	(119)
31 December 2022	**-**	**-**	**222**	**1**	**301**	**(109)**	**16**	**(24)**	**(76)**	**(8)**	**638**	**961**
Amortisation:												
Additions	-	(141)	(1,852)	(1)	(147)	(28)	(3)	(10)	(84)	(74)	-	(2,340)
Disposals	-	-	609	-	29	118	12	28	242	128	-	1,166
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Scope changes		-	-	-	-	-	-	-	-	-	-	-
Exchange differences		-	31	-	-	(1)	-	1	2	(9)	-	24
31 December 2022	**-**	**(141)**	**(1,212)**	**(1)**	**(118)**	**89**	**9**	**19**	**160**	**45**	**-**	**(1,150)**
Impairment:												
Additions	-	-	-	-	-	(1)	-	-	-	-	-	-
Disposals	-	-	-	-	-	1	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Scope changes	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	-	-	-	-	-	-	-	-	-	-	-	-
31 December 2022	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Cost	1,559	5,223	39,126	11	1,726	517	54	277	2,185	570	1,470	52,718
Accumulated amortisation	-	(1,155)	(34,225)	(4)	(280)	(511)	(27)	(255)	(1,827)	(238)	-	(38,522)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Net carrying amount 31.12.2022	**1,559**	**4,068**	**4,901**	**7**	**1,446**	**6**	**27**	**22**	**358**	**332**	**1,470**	**14,196**

The new assets in 2023 correspond mainly to machinery being assembled by the subsidiary Contratas y Servicios Ferroviarios S.A.U., whose value has increased in 2023 by €6,068, with the total value at the close of 2023 being €6,742 thousand. This machinery was completed during the financial year, and at the close of 2023, it is pending approval for starting operation. In 2023, machinery was also acquired by Contratas y Servicios Ferroviarios S.A.U., which was put into operation during the financial year for €773 thousand. In addition, the Group has continued to invest in machinery in Colombia, with the aim of developing the projects that the Group is planning in that country. Investments in 2023 amounted to €2,263 thousand.

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 invested in the acquisition of a crane for the warehouse of Indag S.A.U., for €347 thousand. Moreover, during the year costs incurred in the gym La Gavia Factory, S.L. for €224 thousand were activated.

Impairment losses affecting individual items of property, plant and equipment

In 2023 and 2022, no impairment adjustments reverse impairment valuation adjustments to individual property, plant and equipment were recognised or reversed.

Property, plant and equipment located abroad

At 31 December 2023 and 2022, the Group recorded the following investments in property, plant and equipment located abroad:

	Thousands of euros		
2023	**Cost**	**Accumulated amortisation**	**Net carrying amount**
Machinery	4,402	(1,748)	2,654
Furnishings	78	(39)	39
Tools	2	-	2
Computer processing equipment	355	(112)	243
Vehicles	152	(113)	38
Other property, plant and equipment	266	(136)	130
	5,255	**(2,148)**	**3,106**

	Thousands of euros		
2022	**Cost**	**Accumulated amortisation**	**Net carrying amount**
Machinery	1,947	(1,604)	343
Furnishings	24	(14)	11
Tools	5	(5)	-
Computer processing equipment	162	(83)	79
Vehicles	164	(61)	103
Other property, plant and equipment	286	(54)	232
	2,588	**(1,821)**	**766**

Capitalised financial expenses

The Group capitalises the financial expenses incurred during the year relating to the financing to develop assets under construction, provided that the expenses are related to assets with a production cycle of more than one year. No interest was capitalised in 2023 and 2022.

Property, plant and equipment not used in operations

At 31 December 2023 and 2022, there were no intangible assets 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 amounts to €28,985 thousand (€26,888 thousand at 31 December 2022).

Property, plant and equipment pledged to guarantees

At 31 December 2023 and 2022, there was no element of property, plant and equipment pledged to guarantees.

Property, plant and equipment subject to reversal

At 31 December 2023 and 2022, 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.

Assets under finance leases - lessee

"Machinery" and "Vehicles" include assets under finance lease arrangements, in which the Group is the lessee. The amounts are as follows:

	Thousands of euros	
	2023	2022
Cost - capitalised finance leases	11,721	6,181
Accumulated amortisation	(3,926)	(3,244)
Net carrying amount	**7,795**	**2,937**

The variation basically corresponds to the machinery under construction of the subsidiary Contratas y Servicios Ferroviarios S.A.U.

The Group maintains vehicles and machinery under irrevocable finance lease agreements. Their maturities range from 1 to 4 years and the assets are owned by the Group.

Assets under operating leases

The consolidated income statement includes €25,806 thousand for operating lease expenses relating to the rental of machinery and buildings (2022: €17,272 thousand).

9. INVESTMENT PROPERTIES

Investment properties consist mainly of owned land that are maintained to obtain long-term income and are not occupied by the Group.

The movements of these investment properties are shown in the following table:

			Thousands of euros
2023	**Land**	**Buildings**	**Total**
Cost	28,648	16	**28,664**
Accumulated amortisation	-	(16)	**(16)**
Net carrying amount 31.12.2022	**28,648**	**-**	**28,648**
Cost:			
Additions	3,875	-	**3,875**
Disposals	(1,202)	-	**(1,202)**
31 December 2023	**2,673**	**-**	**2,673**
Accumulated amortisation:			
Additions	-	-	**-**
Disposals	-	-	**-**
31 December 2023	**-**	**-**	**-**
Cost	31,321	16	**31,337**
Accumulated amortisation	-	(16)	**(16)**
Net carrying amount 31.12.2023	**31,321**	**-**	**31,321**

			Thousands of euros
2022	**Land**	**Buildings**	**Total**
Cost	28,032	16	**28,048**
Accumulated amortisation	-	(16)	**(16)**
Net carrying amount 31.12.2021	**28,032**	**-**	**28,032**
Cost:			
Additions	686	-	**686**
Disposals	(70)	-	**(70)**
31 December 2022	**616**	**-**	**616**
Accumulated amortisation:			
Additions	-	-	**-**
Disposals	-	-	**-**
31 December 2022	**-**	**-**	**-**
Cost	28,648	16	**28,664**
Accumulated amortisation	-	(16)	**(16)**
Net carrying amount 31.12.2022	**28,648**	**-**	**28,648**

The additions in 2022 and 2023 correspond mainly to payment to the compensation board for the development of some land in “Los Cerros”.

The 2023 disposal corresponds to the sale of a plot in the Vallecas district (Madrid) and the sale of a plot for residential use in El Casar (Guadalajara).

The disposals in 2022 correspond to the sale of several industrial and residential plots in El Casar (Guadalajara).

Impairment losses on investment properties

In 2023 and 2022 the Group did not recognise or reverse impairment valuation adjustments for any investment property.

Investment property located abroad

At 31 December 2023 and 2022, the Group recorded the following investment properties located abroad:

Investment properties not used in operations

As of 31 December 2023 and 2022, the Group had no investment properties not used in operations.

Fully depreciated investment properties

At 31 December 2023 and 2022, there are no fully depreciated investment properties.

Investment properties pledged to guarantees

At 31 December 2023 and 2022, there were investment properties securing bank loans. In addition, there are €8,641 thousand of investment properties securing the contingent liabilities described in Note 29 at 31 December 2023 (2022: €8,641 thousand).

Investment properties subject to reversal

At 31 December 2023 and 2022, the Group did not record any investment properties subject to reversal.

Income and expenses relating to investment properties

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

	Thousands of euros	
	2023	2022
Lease revenues	25	24
Direct operating expenses	(17)	(20)
Total	8	4

10. SHAREHOLDINGS IN EQUITY-CONSOLIDATED COMPANIES

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

The most strategic area of the Group is the CONCESSION area, where activity has increased in recent years, mainly in Colombia.

Investment in vehicle companies is through capital and subordinated debt. In 2023 the equity-accounted shareholdings at 31 December amounted to €116,998 thousand (2022: €124,459 thousand) and the amount via subordinated debt at 31 December 2023 amounted to €169,091 thousand (2022: €84,491 thousand), raising the value of investments at 31 December 2023 to €286,089 thousand (2022: €208,950 thousand) (Note 33).

The details of the equity investments broken down by companies is as follows:

			Thousands of euros	
Company name	Business	Location	2023	2022
Accesos de Ibiza S.A.	Concessions	Spain	7,246	6,905
Alten El Casar S.L.	Energy	Spain	1,830	1,389
Autopista Del Río Grande, S.A.S.	Concessions	Colombia	13	-
Autopista Magdalena Medio, S.A.S.	Concessions	Colombia	477	120
Autopistas del Caribe, S.A.S.	Concessions	Colombia	7,239	6,931
Autopistas del Nordeste, S.A.S.	Concessions	Colombia	5,762	3,213
Bulevar del Arte y la Cultura S.A.	Concessions	Spain	1,101	593

Concesión Transversal del Sisga S.A.S.	Concessions	Colombia	-	-
Construcciones Inca-Ortiz S.A.	Infrastructures	Chile	-	-
Energía de Colombia, STR S.A.S. E.S.P.	Energy	Colombia	2,218	19,165
Fortem Integral S.L.	Others	Spain	76	72
Inmuebles Gade S.L.	Property	Spain	15,167	15,194
MedSolar SPV10, S.R.L.	Energy	Italy	32	32
Móstoles Factory 2019 S.L.	Concessions	Spain	-	-
Ola Ortiz Construccion SPA	Infrastructures	Algeria	-	-
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	Concessions	Mexico	2,025	1,005
Promotora Hospitalaria de Bosa, S.A.S.	Concessions	Colombia	2,407	555
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	Concessions	Mexico	7,452	7,100
Alten subgroup	Energy	Several	15,043	13,893
GOP Properties SOCIMI	Property	Spain	45,479	45,705
Superficie Cartera de Inversiones S.A.U.	Concessions	Spain	17	38
Urbanizadora Gade S.A.U.	Property	Spain	.	-
Vending La Gavia S.L.	Concessions	Spain	0	12
Viario A-31S.A.	Concessions	Spain	3,405	2,537
Total			**116,998**	**124,459**

The movements of this item during the financial year is shown below:

	Thousands of euros	
	2023	**2022**
Balance at 1 January	**124,459**	**114,0511**
Share of results	185	2,166
Purchase and sale of shares	2,192	3,546
Derivatives	5,529	6,545
Exchange differences	599	1,321
Grants	(14)	(208)
Capital reductions	(3,252)	(960)
Dividends and distributed premium	(2,954)	(1,387)
Other movements	(9,746)	(617)
Balance as of 31 December	**116,998**	**124,459**

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 2023, a total of 141,238 shares were bought (272,299 shares in 2022), and there were no sales (36,365 shares sold in 2022) giving rise to an increase in the value by the equity method of accounting of €2,192 thousand (€3,546 thousand in 2022).

At 31 December 2023, following the transactions described above, the Parent Company held 3.050.396 shares (2022: 2.909.158 Shares) with a carrying amount of €38,604 thousand (2022: €45,703 thousand), its total shareholding being 49.30% (2022: 47.02%).

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

	Thousands of euros			
	Derivatives		Exchange differences	
	2023	2022	2023	2022
Accesos de Ibiza S.A.	793	-	-	-
Autopista Del Río Grande, S.A.S.	-	-	(2)	9
Autopista Magdalena Medio, S.A.S.	-	-	48	(13)
Autopistas del Caribe, S.A.S.	-	-	1,013	(675)
Autopistas del Nordeste, S.A.S.	3,911	3,209	(1,362)	1,247
Bulevar del Arte y la Cultura S.A.	226	-	-	-
Concesión Transversal del Sisga S.A.S.	-	-	-	93
Construcciones Inca-Ortiz S.A.	-	-	6	-
Energía de Colombia, STR S.A.S. E.S.P.	1,194	1,775	491	(816)
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	-	-	93	(15)
Ola Ortiz Construccion SPA	-	-	138	-
Promotora Hospitalaria de Bosa, S.A.S.	-	-	(252)	555
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	-	-	545	609
Alten subgroup	(10)	377	(119)	327
GOP Properties SOCIMI	(585)	1,184	-	-
Total	**5,529**	**6,545**	**599**	**1,321**

The capital reductions and liquidations are from the Alten subgroup for an amount of-€3,252 thousand (2022: -€960 thousand)

In 2023 and 2022 the following dividends in associates were distributed:

	Thousands of euros	
	2023	2022
Sub-group GOP Ortiz Properties SOCIMI *(Dividend + Premium)*	(2,833)	(364)
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	(102)	(1,023)
Superficie Cartera de Inversiones S.A.U.	(19)	-
Total	**(2,954)**	**(1,387)**

The amount of assets, liabilities, revenue and the profit(loss) for the financial year, as shown in the individual financial statements of companies accounted for using the equity method, at 31 December 2023 and 2022, is as follows:

	Thousands of euros			
	Assets	Liabilities	Operating income	Profit(loss)
Accesos de Ibiza S.A.	43,076	28,585	8,964	79
Aldigavia oficinas, S.L.U. (1)	69,550	53,421	3,960	388
Aldigavia S.A.U. (1)	34,373	29,091	2,871	733
Alten El Casar, S.L.	196,070	196,043	61,480	282
Alten Energías Renovables México 7 (Puebla), S.A. DE C.V. (2)	170,588	169,614	54,607	719
Alten Gestión de Proyectos, S.L. (2)	116,371	92,240	13,151	(2,350)
Alten Kenya Solarfarms 2, B.V. (2)	674,869	692,980	101,566	(4,700)
Alten Kenya Solarfarms, B.V. (2)	9,649	6,397	2,931	796
Alten Management Africa, S.L. (2)	319,089	327,345	42,814	(8,277)
Alten RE Developments Iberia, S.A. (2)	735	1,842	-	-
Alten Renewable Energy Developments (2)	10,022	7,510	1,862	646
Alten Renewable Energy Developments Africa (2)	245	980	-	(327)

Alten Renewable Energy Developments America (2)	3,910	616	3,935	2,835
Alten Renewable Energy Developments America 3 (2)	-	11	-	-
Alten Renewable Energy Investments (2)	20,486	103	-	(1)
Alten Solar Power (Hardap) (pty) Ltd (2)	117	356	2	(752)
Autopista Del Río Grande, S.A.S.	9,085	2,595	-	155
Autopista Magdalena Medio, S.A.S.	46,177	7,342	525	3,171
Autopistas del Caribe, S.A.S.	43,101	25,154	6,019	5,315
Autopistas del Nordeste, S.A.S.	32,633	556	-	1,218
Bulevar del Arte y la Cultura S.A.	10	18	-	(1)
Concesión del Sisga, S.A.S.	33	2	-	(7)
Construcciones Inca-Ortiz S.A.	46,732	54,273	3,782	(2,061)
Cubico Alten Aguascalientes Dos (2)	157,096	134,635	29,056	9,444
Cubico Alten Aguascalientes Uno (2)	175,724	152,802	32,205	12,436
Dumar Ingenieros, S.L. (2)	-	-	-	-
El Arce de Villalba, S.L. (2)	23,533	10,979	1,065	330
Energía de Colombia, STR S.A.S. E.S.P.	147,847	142,380	2,236	(1,664)
Fortem Integral, S.L.	203	55	736	8
GOP Properties SOCIMI S.A. (1)	107,427	32,824	1,391	1,371
Inmuebles Gade, S.L.	33,410	14,261	-	(39)
MedSolar SPV10, S.R.L.	1,397	1,334	82	5
Móstoles Factory 2019, S.L.	281	411	1,666	151
Ola Ortiz Construccion SPA	-	96	-	-
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	6,570	2,308	13,209	1,865
Ortega y Gasset Park, S.A.U. (1)	6,619	5,128	1,276	379
Ortiz Sport Factory, S.L.U. (1)	3,830	3,853	432	100
Promotora Hospitalaria de Bosa, S.A.S.	92,702	88,327	34,905	6,025
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	97,136	81,448	27,364	(406)
Superficie Cartera de Inversiones, S.A.U.	4,233	2,635	3,505	692
Urbanizadora Gade S.A.	7,360	25,746	-	(65)
Vending La Gavia S.L.	56	39	42	(7)
Viario A-31, S.A.	69,699	56,602	19,732	3,297
La Gavia Edificio IV, S.L. (1)	2,017	2,018	-	(4)
Total	**2,784,041**	**2,454,955**	**477,428**	**31,779**

(1) Subgroup GOP Properties SOCIMI
(2) Subgroup Alten

Thousands of euros

	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 Energías Renovables México 7 (Puebla), S.A. DE C.V. (2)	2,334	2,841	-	(165)
Alten Energías Renovables, S.L. (2)	5,528	40	-	11
Alten Gestión de Proyectos, S.L. (2)	2,050	3,432	163	(1,508)
Alten Kenya Solarfarms 2, B.V. (2)	-	10	-	-
Alten Kenya Solarfarms, B.V. (2)	21,225	287	-	(1)
Alten Management Africa, S.L. (2)	81	493	-	(855)
Alten RE Developments Iberia, S.A. (2)	9,065	2,675	-	223
Alten Renewable Energy Developments (2)	48,643	7,483	523	2,867
Alten Renewable Energy Developments Africa (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)
Autopista Del Río Grande, S.A.S.	55,532	55,698	9,428	(206)

(Thousands of euros)

Autopista Magdalena Medio, S.A.S.	36,957	36,716	8,296	244
Autopistas del Caribe, S.A.S.	65,907	42,804	21,390	2,902
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 Dos (2)	148,061	136,108	11,551	1,742
Cubico Alten Aguascalientes Uno (2)	166,704	156,942	13,259	1,998
Dumar Ingenieros, S.L. (2)	576	840	-	-
El Arce de Villalba, S.L. (2)	23,777	11,120	917	265
Energía de Colombia, STR S.A.S. E.S.P.	87,424	82,399	-	(419)
Fortem Integral, S.L.	380	240	1,065	5
GOP 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 Construccion 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 de Bosa, S.A.S.	35,021	43,376	24,611	(7,908)
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
Total	**2,156,771**	**1,883,877**	**309,267**	**(38,620)**

(1) Subgroup GOP Properties SOCIMI
(2) Subgroup Alten

At 31 December 2023, the share in profits at companies consolidated by the equity method amounted to €185 thousand. The profit(loss) applied as percentage of the companies was €15,261 thousand, to which unrecognised losses of previous years amounting to €8,462 thousand have been applied, no losses of €1,606 thousand have been recognised, resulting from consolidation adjustments amounting to €8,220 thousand.

At 31 December 2022, the share in the profit(loss) of companies consolidated using the equity method amounted to €2,168 thousand. The profit(loss) applied as a percentage of the companies was -€10,844 thousand, to which unrecognised losses of previous years have been applied, amounting to €168 thousand. Losses of €14,378 thousand have not been recognised in the previous year, resulting from consolidation adjustments amounting to €1,197 thousand.

None of the associates or jointly controlled entities are listed on the stock market, except for GOP Properties SOCIMI, S.A. and subsidiaries whose shares are listed on BME Growth (formerly known as the Alternative Stock Market (MAB)), forming part of the SOCIMI segment.

The Group did not incur any contingencies relating to associates or jointly controlled entities, except for contingent liabilities described in Note 29.

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

The Group has not recognised losses during the year from equity-consolidated companies amounting to €1,606 thousand (2022: €14,378 thousand) that are expected to be recovered through future profits. In 2023, the Group recognised accumulated losses not recognised in previous years amounting to €8,462 thousand (2022: €168 thousand). Accumulated losses of associates unrecognised at 31 December 2023 amount to €13,821 thousand (2022: €19,874 thousand).

Investment commitment - Subordinated debt

At 31 December 2023, the Company's main investment commitments were concession projects in Colombia: At 31 December 2023, the Company's main investment commitments were concession projects in Colombia:

- Autopista Magdalena Troncal 1, S.A.S. for €28,835 thousand, of which €11,114 thousand is in 2024.
- Autopista Ria Grande Troncal II, S.A.S. for €27,468 thousand, of which €0 thousand in 2024.

Two projects were completed and operational in 2023 in Colombia, awarded in 2020: Promotora Hospital Bosa S.A.S. and Energía de Colombia STR S.AS. E.S.P. The other two concession projects that the Company has in Colombia, Autopistas del Nordeste S.A.S. and Concesión Transversal del Sisga SAS, are also in operation. -The Company has no more investment commitments in any of these four projects.

The interest accrued during the financial year corresponding to the loans detailed above amounts to €17,434 thousand (2022: €5,327 thousand), recognised as financial income in the accompanying consolidated income statement (Notes 28 and 33).

11. ANALYSIS OF FINANCIAL INSTRUMENTS

11.1. Analysis by category

The net carrying amount of each of the categories of financial instruments established in the rule for the recognition and measurement of "Financial Instruments" is as follows:

Non-current financial assets

Thousands of euros

	Equity-consolidated shareholdings		Equity instruments		Other derivative credits		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at cost (Note 10)	116,998	124,459	-	-	-	-	**116,998**	**124,459**
Financial assets at fair value with changes in profit or loss (Note 12)	-	-	690	690	-	-	**690**	**690**
Financial assets at amortised cost (Note 13)	-	-	-	-	197,424	114,603	**197,424**	**114,603**
TOTAL	**116,998**	**124,459**	**690**	**690**	**197,424**	**114,603**	**315,112**	**239,752**

Current financial assets

Thousands of euros

	Equity instruments		Debt securities		Other derivative credits		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial assets at fair value with changes in profit or loss (Note 12)	2,728	2,150	-	-	-	-	**2,728**	**2,150**
Financial assets at amortised cost (Note 13)	-	-	-	-	373,184	428,553	**373,184**	**428,553**
Financial assets at fair value through changes in equity - Hedging derivatives (Note 14)	-	-	-	-	25	982	**25**	**982**
Cash and cash equivalents	-	-	-	-	58,691	50,942	**58,691**	**50,942**
TOTAL	**2,728**	**2,150**	**-**	**-**	**431,900**	**480,477**	**434,828**	**482,627**

Non-current financial liabilities

Thousands of euros

	Bank borrowings		Debentures and other marketable securities		Derivatives and other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial liabilities at amortised cost (Note 23)	64,002	42,328	-	-	39,216	42,165	**103,218**	**84,493**
Financial assets at fair value through changes in equity - Hedging derivatives (Note 14)	-	-	-	-	341	-	**341**	**-**
TOTAL	64,002	42,328	-	-	39,557	42,165	103,559	84,493

Current borrowings

Thousands of euros

	Bank borrowings		Debentures and other marketable securities		Derivatives and other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Financial liabilities at amortised cost (Note 23)	44,938	64,306	-	33,827	457,543	434,345	**502,481**	**532,476**
Financial assets at fair value through changes in equity - Hedging derivatives (Note 14)	-	-	-	-	4,413	3,614	**4,413**	**3,614**
TOTAL	44,938	64,306	-	33,827	461,956	437,959	506,894	536,092

11.2. Classification by maturity

At 31 December 2023 and 2022, the amounts of the financial instruments with a specific or determinable maturity classified by year of maturity are as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023
(Thousands of euros)

Financial assets

Thousands of euros

2023	2024	2025	2026	2027	2028	Subsequent years	Total
Financial assets at amortised cost							
Investments in group and associated companies:							
- Loans to companies	13,625	-	-	-	-	169,091	**182,716**
Financial investments:							
- Loans to companies	2,368	1,109	-	-	-	-	**3,477**
- Other financial assets	21,634	-	339	399	463	1,186	**22,820**
Trade and other receivables:							
- Trade receivables for sales and services	331,638	283	-	-	-	24,554	**357,676**
- Receivables from group and associated companies	1,848	-	-	-	-	-	**1,848**
- Sundry receivables	-	-	-	-	-	-	**-**
- Personnel	521	-	-	-	-	-	**521**
Accruals	**1,550**	**-**	**-**	**-**	**-**	**-**	**1,550**
Financial assets at fair value through profit or loss							
Equity instruments	2,728	-	-	-	-	-	**3,418**
Financial assets at fair value through profit and loss							
Hedging derivatives	25	-	-	-	-	-	**25**
TOTAL	**375,937**	**1,392**	**339**	**399**	**463**	**195,521**	**574,051**

Thousands of euros

2022	2023	2024	2025	2026	2027	Subsequent years	Total
Financial assets at amortised cost							
Investments in group and associated companies:							
- 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	-	283	339	339	1,370	**9,326**
Trade and other receivables:							
- Trade receivables for sales and services	392,667	230	-	-	-	24,967	**418,885**
- Receivables from group and associated companies	8,523	-	-	-	-	-	**8,523**
- Sundry receivables	517	-	-	-	-	-	**517**
- Personnel	724	-	-	-	-	-	**724**
Accruals	**1,758**	**-**	**-**	**-**	**-**	**-**	**1,758**
Financial assets at fair value through profit or loss							
Equity instruments	2,150	-	-	-	690	-	**2,840**
Financial assets at fair value through profit and loss							
Hedging derivatives	982	-	-	-	-	-	**982**
TOTAL	**431,685**	**3,359**	**283**	**2,736**	**1,089**	**107,826**	**546,978**

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023
(Thousands of euros)

Financial liabilities

Thousands of euros

2023	2024	2025	2026	2027	2028	Subsequent years	Total
Financial liabilities at amortised cost							
Debts:							
- Debentures and other marketable securities	-	-	-	-	-	-	**-**
- Bank borrowings	43,722	24,529	17,533	10,426	5,338	1,400	**102,948**
- Finance lease payables	1,216	4,528	248	-	-	-	**5,992**
- Other financial liabilities	2,696	409	282	207	167	138	**3,899**
Accruals	**5**	**332**	**332**	**332**	**332**	**29,992**	**31,325**
Payables to group companies and associates	**24**					**6,693**	**6,717**
Trade and other payables:							
- Suppliers	430,751	-	-	-	-	-	**430,751**
- Suppliers, group companies and associates	49	-	-	-	-	-	**49**
- Sundry payables	331	-	-	-	-	-	**331**
- Personnel	4,269	-	-	-	-	-	**4,269**
- Trade advances	19,418		-	-	-	-	**19,418**
Financial liabilities at fair value through equity							
Hedging derivatives	**4,413**	**341**	**-**	**-**	**-**	**-**	**4,754**
TOTAL	**506,894**	**30,139**	**18,395**	**10,965**	**5,837**	**38,223**	**610,453**

Thousands of euros

2022	2023	2024	2025	2026	2027	Subsequent years	Total
Financial liabilities at amortised cost							
Debts:							
- 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 lease payables	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**
Payables to group companies and associates	**14**					**6,593**	**6,607**
Trade and other payables:							
- Suppliers	395,779	-	-	-	-	-	**395,779**
- Suppliers, group companies and associates	327	-	-	-	-	-	**327**
- Sundry payables	626	-	-	-	-	-	**626**
- Personnel	3,662	-	-	-	-	-	**3,662**
- Trade advances	29,907		-	-	-	-	**29,907**
Financial liabilities at fair value through equity							
Hedging derivatives	3,614	-	-	-	-	-	**3,614**
TOTAL	**536,093**	**18,040**	**15,220**	**8,090**	**946**	**42,197**	**620,585**

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The breakdown of this heading includes the following items and amounts:

			Thousands of euros
2023	Non-current	Current	Total
Actions	690	2,728	**3,418**
Total	**690**	**2,728**	**3,418**

			Thousands of euros
2022	Non-current	Current	Total
Actions	690	2,150	**2,840**
Total	**690**	**2,150**	**2,840**

	Thousands of euros	
	2023	2022
Listed securities:		
- Equities - Euro zone	2,728	**2,150**
Unlisted securities:		
- Equities - Euro zone	690	**690**
Total	**3,418**	**2,840**

The fair value of all 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 recognised under "Changes in fair value in financial instruments" in the consolidated income statement, and amount to €478 thousand (2022: €356 thousand) (Note 28).

In 2023 and 2022, the Group did not obtain free shares by distribution.

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

13. FINANCIAL ASSETS AT AMORTIZED COST

	Thousands of euros	
	2023	**2022**
Financial assets at amortised cost		
- Loans to associates (Note 30)	169,091	84,491
- Loans to third parties	1,109	2,524
- Other financial assets	1,186	1,370
- Non-current trade receivables: concession arrangement, debt claim	26,038	26,218
Total	**197,424**	**114,603**
Current financial assets at amortised cost:		
- Completed work pending certification	191,350	209,011
- Certifications and invoices	113,251	160,737
- Trade bills receivable	10,348	11,829
- Warranty withholdings	16,689	11,090
- Trade receivables, associates	1,848	8,523
- Sundry receivables	-	517
- Personnel	521	724
- Current loans to associates	13,625	11,831
- Loans to third parties	2,368	4,577
- Other financial assets	21,634	7,956
- Current accruals	1,550	1,758
Total	**373,184**	**428,553**
Total financial assets at amortised cost	**570,608**	**543,156**

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 2023, the amount of the invoices discounted by through factoring facilities amounted to €50,289 thousand (2022: €29,179 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 of loans at 31.12.2021	**(10,474)**
Impairment adjustments	(1,827)
Impairment reversals	179
Impairment of loans at 31.12.2022	**(12,122)**
Impairment adjustments	(7,341)
Transfers and other changes	(89)
Impairment of loans at 31.12.2023	**(19,552)**

The carrying values of the loans and receivables are denominated in the following currencies:

	Thousands of euros	
	2023	**2022**
Euros	349,418	281,551
Boliviano - Bolivia	130	485
Colon - El Salvador	15	2
US dollar	78,470	122,606
Lempira - Honduras	37	74
Leu - Romania	128	129
Nuevo Sol - Peru	30,408	33,347
Peso - Chile	-	-
Peso - Colombia	102,704	79,117
Peso - Mexico	1,727	2,299
Quetzal - Guatemala	-	-
Real - Brazil	-	-
Yen - Japan	5,223	21,074
Zloty - Poland	2,348	2,472
Loans and receivables	**570,608**	**543,156**

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.

Other current financial assets

At 31 December 2023, the items under this heading were as follows:

- €12 thousand in loans with other related parties (2022: €3,095 thousand)
- €7,501 thousand in bank deposits (2022: €320 thousand).
- €32 thousand in prepayments made to professionals (2022: €438 thousand).
- €14,974 thousand in guarantees and deposits (2022: €3,553 thousand).

14. DERIVATIVE FINANCIAL INSTRUMENTS

	Thousands of euros	
	2023	2022
Interest rate swaps - cash flow hedges	**-**	168
Exchange rate swaps - cash flow hedges	25	814
Total derivatives - Assets	**25**	**982**
Interest rate swaps - cash flow hedges	-	-
Exchange rate swaps - cash flow hedges	-	-
Non-current portion - Assets	**-**	**-**
Interest rate swaps - cash flow hedges	-	168
Exchange rate swaps - cash flow hedges	25	814
Current portion -assets	**25**	**982**

	Thousands of euros	
	2023	2022
Interest rate swaps - cash flow hedges	**329**	4
Exchange rate swaps - cash flow hedges	4,425	3,610
Total derivatives - Liabilities	**4,754**	**3,614**
Interest rate swaps - cash flow hedges	329	-
Exchange rate swaps - cash flow hedges	12	-
Non-current portion - liabilities	**341**	**-**
Interest rate swaps - cash flow hedges	-	4
Exchange rate swaps - cash flow hedges	4,413	3,610
Current portion - liabilities	**4,413**	**3,614**

The Group maintains interest-rate hedge contracts with several financial institutions covering loans from credit institutions that ensure an interest rate of 3.474% (2022: between 0.375% and 3.665%).

The notional principal on interest rate hedges at 31 December 2023 amounted to €31,500 thousand (€26,466 thousand at 31 December 2022).

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 2023 totals €144,496 thousand (2022: €75,485 thousand). For the euro-yen exchange rate hedge it is €2,237 thousand (2022: 2,797 thousand).

The effective portion of the cash flow hedges recognised in equity in 2023 amounted to -€4,729 thousand (2022: -€2,480 thousand) and has generated a tax effect totalling €1,182 thousand (2022: €620 thousand) recorded as deferred taxes. The settlement of the derivative financial instruments current at the close of 2022 gave rise to a negative gross effect of €2,624 thousand in 2023 (2022: €1,792 thousand).

15. INVENTORIES

The breakdown of this heading includes the following items and amounts:

	Thousands of euros	
	2023	**2022**
Goods purchased for resale	251	281
Raw materials and other supplies	1,889	1,518
Work in progress	384	85
Finished products: Tres Cantos car park	76	115
Finished products: Móstoles car park	47	47
Finished products: Apartments (Ojén)	781	949
Finished products: Colegio Sol y Nieve school	4,000	7,977
Prepayments to suppliers	7,845	8,973
Total	**15,273**	**19,945**

The balance of: “Finished products: Colegio Sol y Nieve school” corresponds to the value recognised of the surface right for the construction of the Sol y Nieve school in Madrid, for €4,000 thousand (€7,977 thousand in 2022). There is a mortgage on these surface rights for an outstanding capital of €0 thousand (2022: €161 thousand).

The heading "Finished products: apartments (Ojén)" primarily records a housing development in Ojén (Malaga), which includes provisions for impairment amounting to €400 thousand at 31 December 2023 (2022: €486 thousand).

In 2023, the Parent Company sold 1 home in the Ojén development located in Malaga, for a net carrying value of €168 thousand, at a sale price of €240,000, generating an accounting result of €72 thousand. In addition, it has sold a parking space in the Tres Cantos (Madrid) development, with a net carrying amount of €38 thousand. The sale price was €9 thousand, generating an accounting result of-€29 thousand in the consolidated income statement.

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

Losses due to inventory impairment

In 2023, the Parent Company adjusted the value of Colegio Sol y Nieve for €3,997 thousand, of which €2,477 thousand have been recognised under the heading "Impairment of goods, raw materials and other supplies" of the consolidated income statement for 2023.

Inventories located abroad

At 31 December 2023, the Group had inventories abroad valued at €135 thousand (2022: €140 thousand).

Capitalised financial expenses

No interest was capitalised in 2023 and 2022.

Inventories pledged as security

At 31 December 2023, loans from credit institutions were secured by inventories valued at €4,909 thousand (2022: €9,088 thousand).

Insurance

The Group has taken out insurance policies to cover risks to its inventories. The coverage of these policies is considered sufficient.

16. CASH AND CASH EQUIVALENTS

The details of the balance of this heading at 31 December 2023 and 2022 are as follows:

	Thousands of euros	
	2023	**2022**
Cash	58,691	50,942
Total	**58,691**	**50,942**

At 31 December 2023 and 2022, the cash amount was available in full.

17. CAPITAL AND ISSUE PREMIUM

Share capital

The authorised capital consists of 1.913.226 ordinary bearer shares (nominative, represented by book entries), with a par value of €30.05 each, fully paid up.

	Thousands of euros	
	2023	**2022**
Authorised capital	57,492	57,492
Total	**57,492**	**57,492**

At 31 December 2023 and 2022, the following companies held 10% or more of the share capital:

2023

Company	No. 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%

2022

Company	No. 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%

Share premium

This reserve is freely available.

Treasury shares

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 2023 and 2022, the parent company did not have treasury shares registered, reducing the value of shareholders' equity.

18. RESERVES AND RESULTS OF PREVIOUS FINANCIAL YEARS

Reserves

	Thousands of euros	
	2023	2022
Reserves in consolidated companies		
- Legal reserve	11,934	11,934
- Other reserves	160,221	155,941
- Reserves in companies consolidated by the full method	15,200	13,286
- Reserves in companies consolidated by the equity method	(28,699)	(25,562)
Reserves in consolidated companies	**158,656**	**155,599**

Legal reserve

The legal reserve has been endowed in accordance with article 274 of the Corporate Enterprises Act, which stipulates that 10% of the profit for each year must be transferred to the reserve until it accounts for at least 20% of the 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 at 31 December 2023 and 2022.

19. APPLICATION OF THE RESULTS OF THE PARENT COMPANY

The proposed distribution of the Parent Company's earnings for 2023 to be presented to the General Shareholders' Meeting is shown below, together with the proposal approved on 11 May 2023 corresponding to the distribution of 2022 earnings:

	Thousands of euros	
	2023	2022
Available for distribution		
Profit/Loss for the year	23,702	13,899
Total	**23,702**	**13,899**

	Thousands of euros	
	2023	2022
Application of earnings		
To dividends	5,063	5,063
To the voluntary reserve	18,639	8,836
Total	**23,702**	**13,899**

20. VALUATION ADJUSTMENTS

Exchange differences

Movements in the "Exchange differences" heading are as follows for the years ended 31 December 2023 and 2022:

	Thousands of euros	
	2023	2022
Initial balance	**(30,834)**	**(25,212)**
- Of parent company	12,477	(6,566)
- Of equity-consolidated companies	44	944
Final balance	**(18,313)**	**(30,834)**

In 2023, there was a significant change in exchange differences, derived mainly from the appreciation of the Colombian peso, from the Company's investments in the Colombia concessions.

In 2022, there were several significant changes 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 transactions

The breakdown of "Hedging transaction" is as follows:

	Thousands of euros	
	2023	**2022**
- Of parent company	(3,546)	(1,968)
- Consolidated companies	-	(3)
- Equity-consolidated companies	7,932	2,404
Total hedging transactions	**4,386**	**433**

Movements under this heading during the 2023 and 2022 financial years are shown below:

	Thousands of euros	
	2023	**2022**
Initial balance	**433**	**(5,596)**
Hedging transactions	**3,953**	**6,029**
- Of parent company	(1,579)	(549)
- Of equity-consolidated companies	5,532	6,578
Final balance	**4,386**	**433**

21. NON-CONTROLLING INTERESTS

The breakdown of this item by company for the 2023 and 2022 financial years is as follows:

	Thousands of euros			
	Reserves of non-controlling interests	**Profit/loss of non-controlling interests**	**Exchange differences**	**Total non-controlling interests**
2023				
Impulsa Grup Ortiz, S.L.	(53)	(1)	-	(54)
Arquitectura Industrializada Andaluza, S.L.	267	-	-	267
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	(68)	137	3	72
La Gavia Factory, S.L.	34	54	-	88
Total	**180**	**190**	**3**	**373**

	Thousands of euros			
	Reserves of non-controlling interests	**Profit/loss of non-controlling interests**	**Exchange differences**	**Total non-controlling interests**
2022				
Impulsa Grup Ortiz, S.L.	(50)	(4)	-	(54)
Arquitectura Industrializada Andaluza, S.L.	267	-	-	267
Promotora Hospitalaria Tepic, S.A.P.I. DE C.V.	(132)	146	-	14
La Gavia Factory, S.L.	(10)	56	-	46
Total	**75**	**198**	**-**	**273**

22. CAPITAL GRANTS RECEIVED

Movements in these subsidies were as follows:

	Thousands of euros	
	2023	2022
Initial balance	**783**	**993**
Received during the year	15	175
Disposals during the year	(14)	(207)
Taken to profit/loss	(17)	(178)
Tax effect	4	45
Final balance	**767**	**783**

The breakdown of subsidies by type of company is as follows:

	Thousands of euros	
	2023	2022
- Parent company	-	-
- Consolidated companies	25	26
- Equity-consolidated companies	742	757
Final balance	**767**	**783**

23. FINANCIAL LIABILITIES

Financial liabilities at amortised cost

Financial liabilities at amortised cost include

	Thousands of euros	
	2023	2022
Non-current		
Bank borrowings	59,226	41,804
Finance lease payables	4,776	524
Other financial liabilities	1,203	2,747
Payables to related parties	6,693	6,593
Non-current deferred income	31,320	32,825
Total	**103,218**	**84,493**
Current		
Debentures and other marketable securities	-	33,827
Bank borrowings	43,722	63,701
Finance lease payables	1,216	605
Other financial liabilities	2,696	4,030
Payables to related parties	24	14
Trade payables	430,751	395,779
Trade payables to related parties	49	327
Other payables	331	626
Personnel	4,269	3,662
Prepayments from customers	19,418	29,907
Current prepayments and current deferred income	5	-
Total	**502,481**	**532,478**
Total financial liabilities at amortised cost	**605,699**	**616,971**

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 2023 was €159 million (2022: €152 million).

23.1. Borrowings and payables in foreign currency

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

	Thousands of euros	
	2023	2022
Euros	361,294	230,839
Boliviano - Bolivia	564	1,707
Colon - El Salvador	311	359
US dollar	133,023	129,690
Lempira - Honduras	1,572	2,494
Leu - Romania	1,608	2,038
Nuevo Sol - Peru	22,940	61,109
Peso - Colombia	65,489	115,313
Peso - Mexico	2,128	30,104
Quetzal - Guatemala	4,275	4,036
Yen - Japan	11,865	36,588
Zloty - Poland	630	2,694
Total	**605,699**	**619,971**

23.2. Available lines of credit

The following credit lines are undrawn:

	Thousands of euros	
	2023	2022
Variable rate:		
- maturing in less than one year (*)	16,042	-
- maturing in more than one year (*)	50,000	58,200
Fixed rate:		
- maturing in less than one year	22	16,840
- maturing in more than one year	21	-
Total	**66,085**	**75,040**

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

The amount of undrawn credit and factoring facilities at 31 December 2023 was €111,224 thousand (2022: €111,224 thousand).

23.3. Bonds

At 31 December 2022 the heading "Debentures and other marketable securities" of the consolidated balance sheet includes the issue of fixed-interest bonds by the company in 2018 for €50,000 thousand. At 31 December 2023, all the bonds issued on that date were redeemed.

The details of the debt of debentures issued at 31 December 2023 and 2022 is as follows:

	Thousands of euros	
	31/12/2023	31/12/2022
Debentures and bonds (nominal value).	-	50,000
Amortised cost effect (by activated fees).	-	(73)
Own debentures and bonds	-	(16,500)
Interest accrued and not paid on debentures and bonds.	-	400
Total debentures and bonds:	**-**	**33,827**
Total non-current debentures and bonds:	**-**	**-**
Total current debentures and bonds:	**-**	**33,827**

The financial cost for interest corresponding to bonds in the year 2023 is €1.405 thousand (2022: €1,835 thousand) (Note 28).

Year 2023

In 2023 the parent company carried out bond purchase transactions from third parties for a total of three bonds, for €300 thousand, making the total bond holding 168 bonds with a value of €16,800 thousand. In 2023, the Parent Company also redeemed the 500 bonds issued in 2018 for €50,000 thousand.

Year 2022

In 2022 the parent company carried out bond purchase transactions from third parties for a total of three bonds, for €300 thousand, making the total bond holding 165 bonds with a value of €16,500. There were no sale transactions during the year.

2018 bond

The main characteristics of the two issues were as follows:

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

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

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

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. and Ortiz Energía Japan, K.K, which account for more than 85% of EBITDA; there is an obligation that the guarantors always account for at least 85% of the 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 and contractual information 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.

Ortiz 2022-MARF promissory note issuance schedule

On 31 May 2022 the parent company (as issuer) 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 2023 the Parent Company carried out a number of issues and renewals for a total amount of €57,400 thousand, with an annual interest rate of between 3.80% and 5.05%. The financial cost for 2023 was €567 thousand (Note 28).

In 2022 the Parent Company carried out a number of issues and renewals for a total amount of €16,800 thousand, 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 2023, all the issues carried out 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 during 2023 and 2022:

Thousands of euros

2023					
Instrument	**Interest Rate Range**	**Drawn down at 31.12.2023**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturity - other**
Syndicated loan - Santander	2.70%	43,656	9,707	33,949	-
ICO guarantee loans	1.65%-3.05%	37,299	16,094	21,205	-
Loan facilities	0.80%-3.50%	16,915	16,915	-	-
Mortgage loans	0.55%-2%	3,847	242	1,406	2,199
Other loans		625	158	467	-
Unpaid accrued interest		606	606	-	-
Total		**102,948**	**43,722**	**57,027**	**2,199**

Thousands of euros

2022					
Instrument	**Interest Rate Range**	**Drawn down at 31.12.2023**	**Maturing in 1 year**	**Maturing in 2-5 years**	**Maturity - other**
Syndicated loan - Santander	2.75%	20,807	20,807	-	-
ICO guarantee 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%	4,784	889	1,213	2,682
Other loans		778	20	758	-
Unpaid accrued interest		321	321	-	-
Total		**105,505**	**63,701**	**39,122**	**2,682**

Syndicated loan

On 17 July 2018, the Parent Company 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 for €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 allocated to fully repay and cancel the syndicated loan obtained in 2015 by the Group, which at 31 December 2017 totalled €44,590 thousand, as well as the cancellation of loans and credit facilities amounting to €35,980 thousand.

In March 2023, the Parent Company decided to anticipate the maturity of the syndicated arranged in 2018 and renegotiate the main terms of the debt with the credit institutions. The result was the signing of new syndicated finance amounting to €100,000 thousand at a lower cost and maturing in 2028, with a group of entities led by Banco Santander. The syndicated loan was structured into Tranche A for the amount of €50,000 thousand, with a single drawdown at the date of signing the entire amount, and a Tranche B revolving credit facility for the amount of €50,000 thousand, the latter for the general purpose of financing the Group's cash needs.

Tranche A was drawn in its entirety at the date of signing the contract, and its maturity is 5 years from its signing, i.e. 27 April 2028; the amount pending repayment at 31 December 2023 was €45,000 thousand (2022: €21,003 thousand). At 31 December 2023 there are no drawdowns from Tranche B (2022: €0 thousand), with its maturity being 3 years from the date of signature, extendable by 12 additional months, provided that the borrower has met a number of conditions, i.e. on 27 April 2026.

The initial interest rate for Tranche A and B will be Euribor + 2.70% per year.

The effect of the amortised cost of the new Syndicated Loan that was formalised in 2023 amounted to €1,463 thousand at its execution date. The amount recognised in the consolidated income statement for 2023 under this heading amounts to €200 thousand, with the balance of the amortised cost effect at 31 December 2023 being €1,263 thousand.

Moreover, the loan is subject to compliance with ratios, as is customary for this type of transaction.

At 31 December 2023, all the required ratios were met.

The nominal maturity dates by year of Tranche A of this finance is as follows:

Maturity date	Thousands of euros
27-Apr-24	5,000
27-Oct-24	5,000
27-Apr-25	5,000
27-Oct-25	5,000
27-Apr-26	5,000
27-Oct-26	5,000
27-Abr-27	5,000
27-Oct-27	5,000
27-Apr-28	5,000
Total	**45,000**

ICO - Covid loans

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 companies to maintain business activity. Among those measures, Article 29 of that Law establishes a line of guarantees that would be provided by the Ministry of Economic Affairs and Digital Transformation to cover the funding granted by financial institutions to companies and self-employed workers.

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 close of 2020. The loans are guaranteed by ICO up to 70% of the capital. 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 amount recognised in the consolidated income statement for 2023 under this heading amounts to €1,848 thousand (2022: €1,767 thousand), of which €91 thousand were pending payment (2022: €101 thousand),

Moreover, Royal Decree-Law 34/2020 of 17 November established 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 Parent Company requested an extension of the term for each of the ICO secured loans up to 6 years.

In 2023, the last EBN Banco COVID loan was drawn down for €5,000 thousand.

Loan facilities

Loan facilities correspond to policies with different entities, with contractual maturities that at 31 December 2023 were drawn down at €16,915 thousand (2022: €23,117 thousand) This concept includes the EBN Banco syndicated loan policy for €4,000 thousand, which is fully drawn at 31 December 2023 and 2022 and accrues variable interest at Euribor plus a range of between 0.8% and 3.00% and a fixed rate of between 1.6% and 2.75%.

Mortgage loans

- Mortgage loan granted by Caja Duero in 2011 on the occasion of the award of the concession for the construction and operation of the Reyes Católicos car park in Zamora (Note 6.3). The loan matures on 27 November 2035, and accrues a variable interest rate of Euribor + 2%. The balance at 31 December 2023 was €3,490 thousand (2022: €3,715 thousand)

- The company Ortiz Área Inmobiliaria, S.A.U. (after a merger with the Parent Company in 2019), was subrogated in the contractual position held by the Centro de Estudios Sol y Nieve, S.L. as the holder of the mortgage-secured loan agreement on the surface rights, purpose of which was to build a private school on the registered property No. 2,546 of the Land Registry No. 1 of Navalcarnero (see note 14). The loan, which matures on May 15, 2023, accrues a fixed annual interest rate of 4%. The balance at 31 December 2023 was €0 thousand (2022: €161 thousand).

- The company Ortiz Área Inmobiliaria, S.A.U. (after a merger with the Parent Company in 2019) executed a mortgage loan with Deutsche Bank, linked to the building of an apartment block in Monte Elvira (Ojén, Malaga). The loan, which matures on 31 July 2033, accrues a variable interest rate of 3-M Euribor plus 0.25%. The balance at 31 December 2023 was €352 thousand (2022: €468 thousand).

- Mortgage loan on 2 parking spaces accounted for as inventories (Note 15). The amount drawn at 31 December 2023 amounts to €6 thousand (2022: €8 thousand).

23.5. Finance lease payables

The reconciliation between the total amount of the minimum future lease payments and their current value at the end of the financial year is as follows:

	Thousands of euros	
	2023	**2022**
The total amount of the minimum future payments at year-end:		
- Up to 1 year	1,216	605
- Between 1 and 5 years	4,776	524
Present value at year-end	**5,992**	**1,129**

The variation basically corresponds to the machinery under construction by the subsidiary Contratas y Servicios Ferroviarios S.A.U. (Note 8).

The present value of the finance lease liabilities is as follows:

	Thousands of euros	
	2023	**2022**
- Up to 1 year	1,216	605
- Between 1 and 5 years	4,776	524
Total	**5,992**	**1,129**

23.6. Average deferral of payment to suppliers

The information required by the Second Final Provision of Law 31/2014, which has been prepared in accordance with the Resolution issued by the Accounting and Audit Institute dated 29 January 2016, is presented below:

Days	2023	2022
Average deferral of payment to suppliers (*)	37	46
Ratio of transactions paid	37	46
Ratio of payments pending	37	34
	Amount (Thousands of euros)	**Amount (Thousands of euros)**
Total payments made	532,192	314,202
Total payments pending	3,327	17,797

(*) The effect of confirmings has been taken into account for the calculation
(**) National companies have been taken into account for the purpose of 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	47,252	44,512
Percentage of the total supplier invoices	90%	89%

Volume (thousands of euros)		
Invoices paid before the legal deadline for payment to suppliers	500,365	244,513
Percentage of the total supplier invoices	89%	90%

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 proportion of transactions paid is calculated as a quotient in which the numerator contains the sum of the products corresponding to 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); while 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 products corresponding to amounts pending payment, divided by the number of days payment has been pending (calendar days elapsing between the calculation started and the date on which the financial statements were closed); and the denominator contains the total number of pending.

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 accruing prior to the date on which Law 31/2014 of 3 December entered into force have not been taken into consideration.

According to Law 11/2013 of 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 deferred 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 €7,908 thousand as at 31 December 2022 (2022: €8,170 thousand).
- Customer advances charged, whose applications will be made in the years following 2024 for €23,412 thousand at 31 December 2023 (2022: €24,655 thousand).

23.8. Other financial liabilities

At 31 December 2023 this heading mainly includes loans obtained from the CDTI and other government entities to finance R&D projects for €2,476 thousand (2022: €3,946 thousand), as well as amounts collected from factored customers without recourse in the process of being returned to banking institutions, whose amount at the end of 2023 amounts to €496 thousand {2022: €44 thousand).

24. OTHER PROVISIONS

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

Thousands of euros

Non-current provisions	Provision for works settlements	Provision for other liabilities	Provision for other taxes	Other provisions	Total
Balance at 01.01.2022	-	-	7,904	-	7,904
Allocations	-	-	-	-	-
Applications	-	-	-	-	-
Excesses	-	-	-	-	-
Other adjustments	-	-	62	-	62
Final balance at 31.12.2022	**-**	**-**	**7,966**	**-**	**7,966**
Allocations	-	-	-	-	-
Applications	-	-	-	-	-
Excesses	-	-	-	-	-
Other adjustments	-	-	33	-	33
Final balance at 31.12.2023	**-**	**-**	**7,999**	**-**	**7,999**

Thousands of euros

Current provisions	Provision for works settlements	Provision for other liabilities	Provision for other taxes	Other provisions	Total
Balance at 01.01.2022	159	-	-	347	506
Allocations	71	-	-	-	71
Applications	-	-	-	-	-
Excesses	-	-	-	-	-
Other adjustments	-	-	-	(81)	(81)
Final balance at 31.12.2022	**230**	**-**	**-**	**266**	**496**
Allocations	171	-	-	-	171
Applications	-	-	-	(66)	(66)
Excesses	-	-	-	-	-
Other adjustments	-	-	-	25	25
Final balance at 31.12.2023	**401**	**-**	**-**	**225**	**626**

Provision for taxes

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

Provision for works settlements

This provision is provided to cover the risk arising from possible claims in the works executed, once completed. It includes the estimated costs of inspection fees, estimated costs for removal of work and others. Costs that arise between the end of the construction work and the time when the relevant amount is definitively settled are charged against this provision. These costs accrue over the execution period according to production volumes and are recorded as liabilities on the balance sheet. Payments for these items are usually made after the work is completed and the corresponding income is recognised.

For this reason, provisions are made according to the best possible estimates and according to the characteristics of the work, based on an estimated initial percentage of the work carried out according to its budgets, which in general cannot vary until the contract is terminated. Notwithstanding the above, the aforementioned initial percentage may vary if the initial estimate is inappropriate in view of how the contract develops.

In this case, the provision is adjusted as soon as this fact is known, and this is considered to be a change in the original estimate. Upon delivery of the works under the contract and as a result of the updated estimate, any excess provision is reversed, using the corresponding deposit accounts.

These provisions can then only be used for the intended purpose and remain in the non-current liabilities of the balance sheet while there remains a risk in the corresponding works.

At 31 December 2023 and 2022, the total amount corresponds exclusively to provisions provided in the joint ventures.

Provision for other liabilities

This provision includes balances derived from provisions set aside for addressing judicial claims, mainly from Colombia.

25. DEFERRED TAXES

The details of the deferred taxes are as follows:

	Thousands of euros	
	2023	**2022**
Tax effect of exchange differences	15,543	14,914
Derivatives	1,188	904
Non-deductible depreciation and amortisation	43	85
Deductions and credits pending application	41	893
Tax-loss carryforwards for the year	129	5,708
Provision for Impairment of Investments and Loans	2,967	3,195
Total deferred tax assets	**19,911**	**25,699**

	Thousands of euros	
	2023	**2022**
Tax effect of exchange differences	2,015	4,153
Derivatives	6	242
Unrestricted depreciation	2,722	2,840
Leasing	497	521
Deferral of the result of intra-group transactions	6	6
Grants	8	9
Total deferred tax liabilities	**5,254**	**7,771**

Changes in deferred tax assets and liabilities in 2023 and 2022 were as follows:

Deferred tax assets

Thousands of euros

2023	Tax credits	Derivatives	Exchange differences	Other	Total
Balance at 1 January 2023	6,601	904	14,914	3,280	25,699
Charged against (credited to) profit or loss	(6,431)	-	-	(270)	(6,701)
Charged against (credited to) equity	-	284	629	-	913
Balance at 31 December 2023	170	1,188	15,543	3,010	19,911

Thousands of euros

2022	Tax credits	Derivatives	Exchange differences	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

Deferred tax liabilities

Thousands of euros

2023	Unrestricted depreciation	Exchange differences	Derivatives	Others	Total
Balance at 1 January 2023	2,840	4,153	242	536	7,711
Charged against (credited to) profit or loss	(3)	-	-	(25)	(28)
Charged against (credited to) equity	(115)	(2,138)	(236)	-	(2,489)
Balance at 31 December 2023	2,722	2,015	6	511	5,254

Thousands of euros

2022	Unrestricted depreciation	Exchange differences	Derivatives	Others	Total
Balance at 1 January 2022	2,959	-	39	480	3,478
Charged against (credited to) profit or loss	(119)	-	-	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 assets for deductions pending application and negative tax bases pending compensation are recognised to the extent that future taxable profits are likely to be obtained to allow their application. In this regard, the Group companies have negative tax bases, in addition to the capitalised ones, amounting to approximately €27 million in the base (2021: €21 million) mainly corresponding to the activity carried out by the Group in:

Thousands of euros

Country	NOL	Year generated
Mexico	2,457	2014-2023
Peru	7,269	2014-2023
Chile	11,207	2014-2023
Colombia	1,465	2014-2023
France	1,539	2014-2023
Italy	142	2014-2023
Poland	87	2014-2023
Romania	2,420	2014-2023
Panama	1,186	2014-2023
TOTAL	**27,772**	

26. INCOME AND EXPENSES

Foreign currency transactions

Transactions carried out in foreign currency are as follows:

Thousands of euros

	Income		Expenses	
	2023	2022	2023	2022
Peso - Colombia	66,997	91,830	(74,960)	(70,035)
Peso - Mexico	8,856	8,776	(10,345)	(7,039)
Nuevo Sol – Peru	11,153	8,970	(11.998)	(13,116)
Peso - Chile	1,982	447	(1,806)	(3,244)
Zloty - Poland	-	-	(2)	(119)
Leu - Romania	-	-	(5)	(1,170)
US dollar	155,397	147,363	(116,216)	(131,765)
Yen - Japan	12,301	10,036	(19,099)	(12,027)
Lempira - Honduras	908	1,138	(538)	(884)
Colon - El Salvador	209	138	(91)	(63)
Quetzal - Guatemala	-	-	(34)	(75)
Peso - Bolivia	17	4,609	(165)	(1,862)
Total	**257,820**	**273,307**	**(236,259)**	**(241,399)**

Revenues

Revenue for the Group's ordinary activities is distributed geographically as follows:

Thousands of euros

Market	2023	%	2022	%
National	562,217	69%	337,080	55%
International	257,820	31%	273,307	45%
Total	**820,037**		**610,387**	

Revenue can also be analysed by business category as follows:

Thousands of euros

Business	2023	%	2022	%
Infrastructures	343,710	42%	241,638	29%
Energy	458,319	56%	350,784	43%
Concessions	17,049	2%	15,716	2%
Property	959	0%	2,249	0%
Total	**820,037**		**610,387**	

Consumption of goods, raw materials and other consumables

	Thousands of euros	
	2023	2022
Raw materials and other materials consumed	**(303,006)**	**(234,759)**
Purchase of materials	(302,949)	(235,333)
Discounted purchases	19	57
Change in inventories	(76)	517
Subcontracted work	**(292,443)**	**(205,687)**
Impairment of merchandise, raw materials and other supplies	**(2,477)**	**-**
Total	**(597,926)**	**(440,446)**

Personnel expenses

	Thousands of euros	
	2023	2022
Wages, salaries and similar remuneration	(86,058)	(71,125)
Employee benefit expenses	(23,075)	(19,232)
Non-current remuneration under defined contributions schemes	(128)	(117)
Total	**(109,261)**	**(90,474)**

Salaries and wages includes employee termination benefits for €706 thousand in 2023 (€1,031 thousand in 2022).

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

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

Category	2023	2022
Senior Management	4	4
Administrative, technical and site managers	888	754
Middle Management	348	250
Administrative staff	191	212
Workers	1,787	1,440
Interns	6	-
Total	**3,224**	**2,660**

The distribution of the Group's employees by category and gender in the years ended 31 December 2023 and 2022 was as follows:

			2023
Category	Male	Female	Total
Senior Management	3	1	4
Administrative, technical and site managers	595	251	846
Middle Management	55	123	178
Administrative staff	178	1	179
Workers	1,360	292	1,652
Interns	13	-	13
Total	**2,204**	**669**	**2,873**

			2022
Category	**Male**	**Female**	**Total**
Senior Management	3	1	4
Administrative, technical and site managers	595	232	797
Middle Management	251	6	257
Administrative staff	89	133	222
Workers	1,297	220	1,518
Total	**2,205**	**592**	**2,798**

The average number of employees in the course of the year at the companies included in the consolidation, with a disability of 33% or more by category is 34 employees at 31 December 2023 and 36 employees at 31 December 2022.

Losses, impairment and changes in trade provisions

In 2023 and 2022, 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 has been the Group's Parent Company since 2015.

The reconciliation of net income and expenses for the year and the income tax base is shown below:

						Thousands of euros
	Income statement			**Income and expenses taken directly to equity**		
Income/expense for 2023			**47,945**			**16,461**
	Increases	**Decreases**	**Total**	**Increases**	**Decreases**	**Total**
<u>Corporate Income Tax</u>						
Permanent Differences	**25,552**	**(1,884)**	**23,668**			
Temporary Differences	**2,000**	**(2,514)**	**(514)**	**-**	**(16,910)**	**(16,910)**
- Arising during the year	1,128	(303)	825	-	(16,910)	(16,910)
- Arising in prior years	872	(2,211)	(1,339)			
Exemption of income from permanent establishments		**(24,950)**	**(24,950)**			
Individual negative tax bases not offset against the Group's tax base	**26**	**-**	**26**			
Capitalisation reserve		**(897)**	**(897)**			
Consolidation adjustments		**(583)**	**(583)**			
Taxable base before offsetting NALs in previous years			**44,695**			
Carryforward of NALs of previous years:			(22,339)			
CONSOLIDATED taxable base			**22,356**			

The income tax expense comprises the following:

	Thousands of euros	
	2023	**2022**
Current Tax	(8,446)	(5,323)
Deferred tax	(6,937	(3,482)
Total	**(15,383)**	**(8,805)**

The main nominal tax rates used in calculating the income tax of Group companies for the years 2023 and 2022 are as follows:

Country	2023	2022
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%
United States	21.75%	21.75%

In 2023, deductions to tax payable were applied totalling €1,934 thousand (2022: €1,502 thousand) and withholdings and interim payments totalled €332 thousand (2022: €276 thousand). The negative tax bases applied in the financial year amounted to €22,339 thousand (2022: €5,006 thousand) and the capitalisation reserve has been applied for €897 thousand (2022: €0 thousand). The amount payable to the tax authorities amounts to €3,323 thousand (2022: €1,976 thousand refundable). All the Company's tax returns for the last four years for the principal taxes to which it is subject are pending inspection by the tax authorities.

Due to the different interpretations to which tax legislation lends itself, the results of any future 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.

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

	Thousands of euros		
	2023	2022	Last year
Investment deductions	41	849	2,040
Deduction of donations	-	27	2,032
Non-deductible depreciation	-	17	No limit
Total	**41**	**893**	

Credits and debits with public administrations

	Thousands of euros	
Debit balances	2023	2022
Current tax assets	394	546
Other credits with the public administrations	24,264	19,081
Total	**24,658**	**19,627**

	Thousands of euros	
Credit balances	**2023**	**2022**
Current tax liabilities	7,466	4,431
Other debts with the public administrations	17,300	16,430
Total	**24,766**	**20,861**

Under the heading "Public Administrations" the amounts pending are mainly VAT and Income Tax.

28. NET FINANCIAL INCOME/EXPENSE

	Thousands of euros	
	2023	**2022**
Financial income	**19,901**	**7,383**
A. From equity instruments	**107**	**80**
Dividends	107	80
b. From marketable securities and other financial instruments	**19,794**	**7,303**
b.1 From Group companies and associates	17,576	6,366
b.2 From third parties	2,218	937
Profit on debt securities of other companies	671	288
Other finance income	1,547	649
Financial expenses	**(25,271)**	**(15,704)**
A. On payables to group companies and associates	**-**	**(121)**
b. On debts with third parties	**(25,271)**	**(15,583)**
Interest on debentures and bonds.	(1,972)	(2,046)
Interest on bank borrowings	(8.323)	(5,969)
Interest on loans from other companies	(110)	(129)
Interest for the discounting of bills and similar transactions		(3)
Interest on factoring transactions without recourse	(1,490)	(1,233)
Guarantees	(12,793)	(5,992)
Other financial expenses	(583)	(211)
Change in fair value of financial instruments	**478**	**356**
Trading portfolio	478	356
Exchange differences	**7,295**	**(1,841)**
Impairment and gain/(loss) on disposal of financial instruments	**-**	**(14)**
Profit/(loss) on disposals and other items	**-**	**(14)**
Profit(loss) from equities and current debt securities - other companies	-	(14)

The Group's financial income over the years corresponds mainly to the interest obtained from the loans granted to the concessions in Colombia, which in 2023 amounted to €17,237 thousand (2022: €5,666 thousand) (Notes 10 and 33).

29. THIRD-PARTY GUARANTEES AND OTHER CONTINGENT LIABILITIES

Sureties and guarantees

At 31 December 2023, the Group has granted all the guarantees necessary to undertake its projects in each of the business areas.

The following is a breakdown by business area:

<u>INFRASTRUCTURES AREA</u>

Guarantees have been provided for an amount of €169 million. A total of €73 million has been guaranteed to national public bodies and €86 million to international public bodies, including the amount of €70 million to a single Panama project for which 50% of the contract price is guaranteed, as required by local law.

In general, nearly all the guarantees issued to public, national or international bodies, are performance bonds.

In addition, at international level, there are also guarantees corresponding to the EPCs of our concessions. At the close of the financial year they are only for an amount of €10 million, issued by Ortiz CyP in its role as EPC contractor in favour of the concessionaire in which Ortiz participates as a concession partner. This type of guarantee is generally a bank guarantee and may also be a performance bond, but at a lower percentage.

CONCESSIONS AREA

There are two types of guarantees:

- Guarantees to public bodies that issue concessions. The amount of these at year-end amounts to €15 million and may always be issued by the surety entities.

- The guarantees generally required from the financiers to the concession partners as equity guarantees for the equity pending disbursement at the close of the financing, or on the date of the first disbursement. At the end of 2023, there are no equity guarantees, as they have been returned because the required contributions have been made.

ENERGY AREA

- Advance guarantees when receiving a sum of money at the start of the project in order to reserve the main orders; and technical guarantees of proper performance during the construction period. They were subsequently replaced by technical guarantees or warranty bonds that are required during the guarantee period.

At the close of the financial year, the advance guarantees amount to €14 million and performance bonds €180 million and warranty bonds €32 million, totalling €226 million at the exchange rate.

It should be noted that in the U.S. projects alone there was an amount of €14 million due to the exceptional requirements of the American market, where 100% of the value of the contract must be guaranteed through surety market guarantees.

Other contingent liabilities

The Group maintained provisions at the close of the 2023 and 2022 financial years to cover possible risks resulting from litigation in progress as a result of several complaints filed arising its business activity. The Group's management believes that no significant liabilities in addition to those covered by the provisions in the consolidated financial statements at 31 December 2023 and 2022. As a result of the diverse inspection action taken with respect to the associate Urbanizadora Gade, S.A. (of which the Parent Company owns 50% of the shares), two corporate income tax audit reports were carried out 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. The reports were signed in disagreement and appealed before the Tax Appeal Tribunal (Tribunal Económico Administrativo) and subsequently before the National Court and Supreme Court. With respect to the records of the tax periods 2005 to 2007, the Tax Appeal Tribunal 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 dismissed the appeal lodged with respect to the audit report for 2003 and 2004, and therefore the jointly-controlled entity Urbanizadora Gade, S.A. recognised the tax liability. The fact that Urbanizadora Gade, S.A. did not meet the requirements to be a holding company in 2003 and 2004, it was determined that the company should be charged a total amount of €5,422 thousand as a result of applying the deduction for double taxation of dividends at 100%, instead of the 50% established for holding companies (2004-2006).

The National Court recognised this right with regard to the 2006 tax return for €2,806 thousand by decision dated 12 December 2016, and it was charged in 2017. The rest of the amount corresponding to the 2004 and 2005 financial years is subject to appeal in a number of courts.

During the 2018 financial year, the Supreme Court rejected the appeal filed in relation to the audit report of the 2005-2007 tax periods, which the Group prudently opted to include in a provision in 2016, and which remains at 31 December 2023 (Note 24).

The Group will have filed administrative appeals against the decisions of the tax authorities to enforce the judgment of the National Court. The regional Tax Appeal Tribunal of Madrid has partially allowed the appeal in relation to late payment interest. In any case, the Group has filed an administrative appeal against the Regional Tax Appeal Tribunal's decision, as the enforcement decision has been carried out after six months have passed since the final decision of the National Court of Justice, so the right to settle the tax debt could be considered lapsed.

The payment of this last decision is guaranteed by means of a mortgage guarantee on land classified under the heading of investment property for a net carrying value of €8,641 thousand (2022: €8,641 thousand), which guarantees an amount of €6,255 thousand.

30. COMMITMENTS

The total minimum future payments for irrevocable operating leases are as follows:

	Thousands of euros	
	2023	**2022**
Less than one year	32	116
1-5 years	1,857	1,895
More than 5 years	3,298	1,199
Total	**5,187**	**3,210**

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

31. TEMPORARY JOINT VENTURES (UTEs)

The Group has interests in various temporary joint ventures (UTEs), whose activity and participation are described in Appendix III.

Group companies engage in part of their business activities 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 their business activities carried out.

At 31 December 2023, subsidiaries participated in 83 Temporary Joint Ventures (77 at 31 December 2022).

The main figures for the jointly operated contracts set out in the various headings in the accompanying consolidated balance sheet and income statement, in proportion to the interest held in them, at 31 December 2023 and 2022, without adjusting the relationships with group companies, are indicated below:

	Thousands of euros	
	2023	**2022**
Non-current assets	853	384
Current assets	68,969	59,341
Total Assets	**69,822**	**59,725**
Equity	9,345	9,527
Non-current liabilities	394	76
Current liabilities	60,083	50,122
Total liabilities and equity	**69,822**	**59,725**
Revenues	**131,660**	**95,623**
Reported profit	**694**	**3,243**

32. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Remuneration to members of the Board of Directors

During the financial year 2023, the amount accrued by the members of the Board of Directors totalled €5,323 thousand (€3,406 thousand in 2022) and is made up the following items and amounts:

	Thousands of euros	
	2023	**2022**
Wages, attendance fees and other remuneration	5,405	3,406
Total	**5,405**	**3,406**

The members of the Company's Board of Directors have not received any remuneration for profit sharing or bonuses. They have not received shares or share options during the year, exercised options or have options pending yet to be exercised.

Senior Management compensation and loans

	Thousands of euros	
	2023	**2022**
Wages, attendance fees and other remuneration	5,323	3,300
Loans	433	3,165
Total	**5,756**	**6,465**

There has been no need to record any provision to cover loans to Senior Management.

Conflicts of interest affecting directors

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 Corporate Enterprises 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 2023 and 2022:

Thousands of euros

2023	Non-current credit facilities	Current credit facilities	Non-current loans	Current loans	Current debt	Current trade payables
Accesos de Ibiza, S.A.	2,510	-	6,693	-	-	-
Aldigavia Oficinas, S.L.	-	-	-	-	119	-
Aldigavia, S.A.U.	-	-	-	-	37	-
Alten El Casar, S.L.	268	400	-	-	24	-
Alten Renewable Energy Developments	-	-	-	-	17	-
Autopista Magdalena Medio, S.A.S.	35,158	-	-	-	-	-
Autopista del Rio Grande, S.A.S.	40,512	-	-	-	-	-
Autopistas del Caribe, S.A.S.	3,635	-	-	-	-	-
Autopistas del Nordeste, S.A.S.	32,220	-	-	-	-	-
Bulevar del Arte y La Cultura, S.A.	237	100	-	-	186	-
Concesión Transversal del Sisga, S.A.S.	21,167	-	-	-	-	-
El Arce de Villalba, S.L.U.	-	-	-	-	14	-
Energía de Colombia STR, S.A.S	21,354	-	-	-	643	-
Fortem Integral, S.L.	51	-	-	-	1	49
GOP Properties SOCIMI S.A.	1,358	714	-	-	106	-
Inmuebles Gade, S.L.	-	8,922	-	-	-	-
La Gavia Edificio IV, S.L.	-	-	-	-	17	-
Medsolar SPV	-	451	-	3	31	-
Mostoles Factory 2019, S.L.	-	268	-	-	7	-
Ola Ortiz Construccion SPA	-	-	-	-	-	-
Operadora Hospitalaria Tepic, S.A.P.I. de C.V.	-	-	-	-		-
Ortega y Gasset Park, S.A.U.	-	-	-	-	21	-
Ortiz Sport Factory, S.L.	-	-	-	-	7	-
Promotora Hospitalaria de Bosa, S.A.S.	10,619	-	-	-	3	-
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	-	795	-	-	459	-
Superficie Cartera Inversiones, S.A.	-	1,961	-	-	-	-
Urbanizadora Gade S.A.	2	-	-	-	-	-
Vendin La Gavia, S.L.	-	14	-	-	2	-
Other companies	-	-	-	21	152	-
TOTAL	**169,091**	**13,625**	**6,693**	**24**	**1,848**	**49**

Thousands of euros

2022	Non-current credit facilities	Current credit facilities	Non-current loans	Current loans	Current debt	Current trade payables
Accesos de Ibiza, S.A.	2,397	-	6,593	-	47	-
Aldigavia Oficinas, S.L.	-	-	-	-	242	126
Aldigavia, S.A.U.	-	-	-	-	36	-
Alten El Casar, S.L.	1,097	400	-	-	36	-
Autopista Magdalena Medio, S.A.S.	14,653	-	-	-	168	-
Autopista del Rio Grande, S.A.S.	22,802	-	-	-	-	-
Autopistas del Caribe, S.A.S.	1,041	-	-	-	-	-
Autopistas del Nordeste, S.A.S.	16,865	-	-	-	5,981	-
Bulevar del Arte y La Cultura, S.A.	554	100	-	-	-	-
Concesión Transversal del Sisga, S.A.S.	12,759	-	-	-	726	-
El Arce de Villalba, S.L.U.	-	-	-	-	3	-
Energía de Colombia STR, S.A.S	8,230	-	-	-	359	-
Fortem Integral, S.L.	49	-	-	-	1	75
GOP Properties SOCIMI S.A.	-	130	-	-	107	126
Inmuebles Gade, S.L.	-	8,922	-	-	3	-
Medsolar SPV	-	461	-	3	179	-
Mostoles Factory 2019, S.L.	-	311	-	-	27	-
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 de Bosa, S.A.S.	4,042	-	-	-	178	-
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	-	-	-	-	398	-
Superficie Cartera Inversiones, S.A.	-	768	-	-	-	-
Urbanizadora Gade S.A.	2	-	-	-	-	-
Vending La Gavia, S.L.	-	19	-	-	-	-
Other companies	-	-	-	11	3	-
TOTAL	**84,491**	**11,831**	**6,593**	**14**	**8,523**	**327**

Balances with related parties were as follows in 2023 and 2022:

				Thousands of euros
2023	**Sales**	**Purchases**	**Interest expense**	**Interest income**
Accesos de Ibiza, S.A.	276	-	-	139
Aldigavia Oficinas, S.L.	513	(2,169)	-	-
Aldigavia, S.A.U.	106	-	-	-
Alten El Casar, S.L.	176	-	-	133
Autopista Magdalena Medio, S.A.S.	-	-	-	2,882
Autopista del Rio Grande, S.A.S.	-	-	-	4,176
Autopistas del Caribe, S.A.S.	-	-	-	163
Autopistas del Nordeste, S.A.S.	-	-	-	4,283
Bulevar del Arte y La Cultura, S.A.	100	-	-	12
Concesión Transversal del Sisga, S.A.S.	-	-	-	3,948
Edificio la Gavia IV, S.L.	14	-	-	-
El Arce de Villalba, S.L.U.	49	-	-	-
Energía de Colombia STR, S.A.S	687	-	-	1,272
Fortem Integral, S.L.	5	(14)	-	3
GOP Properties SOCIMI S.A.	520	(535)	-	-
Medsolar SPV	34	-	-	-
Mostoles Factory 2019, S.L.	24	-	-	17
Operadora Hospitalaria Tepic, S.A.P.I. de C.V.	-	-	-	-
Ortega y Gasset Park, S.A.U.	44	(1,319)	-	-
Ortiz Sport Factory, S.L.	2	-	-	-
Promotora Hospitalaria de Bosa, S.A.S.	8	-	-	423
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	955	-	-	90
Superficie Cartera Inversiones, S.A.	387	-	-	34
Vendin La Gavia, S.L.	5	-	-	1
Viario A-31, S.A.	42	-	-	-
TOTAL	**3,947**	**(4,037)**	**-**	**17,576**

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

Vending La Gavia, S.L.	5	-	-	1
TOTAL	**4,221**	**(3,734)**	**(121)**	**6,366**

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 the Company's directors or executives.

34. SEGMENT REPORTING

The Group's financial information broken down by operating segment for the years ended 31 December 2023 and 2022 is indicated below:

					Thousands of euros
2023	**Infrastructures**	**Energy**	**Concessions**	**Property**	**Total**
Assets	113,009	515,751	141,283	124,115	894,158
Liabilities	24,005	491,704	112,985	20,404	649,098
Revenues	**343,710**	**458,319**	**17,049**	**959**	**820,037**
Profit/(loss) before tax	**15,695**	**31,428**	**778**	**44**	**47,945**

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

35. ENVIRONMENTAL ASSETS

Environmental activity is defined as any action intended to prevent, reduce or repair damage to the environment. However, the Group's activities include road cleaning, the collection of solid urban waste and subsequent treatment, sanitation and water quality control and other activities that involve the provision of environmental services to third parties. Similarly, most of the construction, installation and EPC contracts include an environmental impact study, as well as the execution of work to preserve, maintain and restore the environment.

Grupo Ortiz designs, develops and implements environmental management plans to protect the environment in all its workplaces and the projects it is awarded These projects identify the environmental aspects that may lead to impacts on the environment, and establish operational control measures on them to reduce the environmental impact. Among the environmental aspects identified, assessed and controlled is waste management, as the most significant environmental aspect, as well as control of atmospheric emissions, dust emissions, protection of biodiversity, flora and fauna rescue plans, soil contamination and consumption of natural resources.

The Group companies have implemented Environmental Management Systems under the UNE-EN ISO 14001:2015 standard certified by AENOR. In addition, Ortiz Construcciones y Proyectos, S.A. has an Energy Management System in accordance with UNE-EN ISO 50001:2018 and the verification of the Carbon Footprint through the GHG PROTOCOL, both of which are also certified by AENOR:

<u>Ortiz Construcciones y Proyectos, S.A.</u>

- UNE-EN ISO 14001:2015 certified by AENOR with certificate number GA-2000/0039 and an issue date of 1O March 2000.
- UNE-EN ISO 50001:2018 certificate by AENOR with certificate number GE-2014/0023 and issue date 01/09/2014
- Verification of the Carbon Footprint by AENOR's GHG PROTOCOL, with certificate number GHG-0099/2023 and issue date 24/05/2023

<u>Compañía Internacional de Construcción y Diseño S.A.U.</u>

- UNE-EN ISO 14001: 2015 certified by AENOR with certificate number GA-2007/0166 and issue date of 16 April 2007

Ingeniería y Diseños Técnicos, S.A.U.

- UNE-EN ISO 14001:2015 certified by AENOR with certificate number GA-2.006/0486 and issue date of 30 November 2006

Asteisa Tratamiento de Aguas S.A.U.

- Certificate number GA-2013/0142 and issue date of 22 April 2013.

Contratas y Servicios Ferroviarios, S.A.U.

- UNE-EN ISO 14001:2015 certified by AENOR with certificate number GA-2003/0021 and issue date of 28 January 2003

Indag S.A.U.

- UNE-EN ISO 14001:2015 certified by AENOR with certificate number GA-2022/0098 and issue date of 17 May 2022

Contingencies related to environmental protection and improvement

The main environmental impact derived from the activities of the GRUPO ORTIZ companies which represents a risk for the environment is the generation of hazardous waste. Dumps and/or discharges into the soil or the municipal sanitation network, atmospheric emissions, consumption of energy resources and other potential impacts are also assessed.

The transport, management and processing of hazardous waste is transferred to the companies in Empresa para la Gestión de Residuos Industriales, S.A. (EMGRISA), and SERTEGO Servicios Medioambientales, S.L.U. The different companies of the Group are responsible for the temporary storage of such waste in areas duly prepared for the purpose.

Group companies have contracted civil liability insurance that covers liability for environmental pollution. This policy agrees to cover consequences of water, land or atmospheric pollution, in accordance with current law, provided that they result from an accidental, unforeseen, unintended cause that is not linked to the normal course of the insured activity. A sub-limit is established for this coverage of €3,000 thousand per claim and year of insurance. Any potential contingencies, indemnities and other environmental risks that the company may incur are adequately covered by the civil liability insurance policies it has taken out.

In addition to the activities related to environmental impact analysis and the work carried out to preserve, maintain and restore the environment, in 2023 and 2022 the companies in the Group did not make significant investments in material or intangible assets related to environmental matters.

36. AUDITORS' FEES

The audit fees accrued during the year by PricewaterhouseCoopers Auditores, S.L. for audit services totalled €248 thousand (2022: €241 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 (2022: €7.5 thousand).

Other firms in the PricewaterhouseCoopers network have accrued €44 thousand for audit (€0 thousand in 2022) and €10 thousand for tax services (€0 thousand in 2022), all of them outside Spain. No services required by other legal provisions have been provided.

37. SUBSEQUENT EVENTS

On 18 January 2024, the Constitutional Court unanimously declared unconstitutional and null several provisions introduced by Royal Decree Law 3/2016 that amended Corporation Tax in order to raise revenue and reduce the public deficit; they included limiting the offsetting of negative tax bases and deductions for double taxation. The effects of the unconstitutionality and nullity of the provisions of Royal Decree Law 3/2016 apply to the settlement of corporation tax for 2023 and subsequent years. However, for the purposes of the previous years, as indicated in the judgment itself, tax obligations accrued by the tax which have been definitively declared by a judgment with res judicata effects or by a final administrative decision may not be considered subject to review. Also not subject to review are settlements that have not been appealed at the date the judgment was handed down, or self-assessments whose rectification has not been requested at that date.

On 29 February 2024, the Parent Company Ortiz Construcciones y Proyectos, S.A. was offered a proposal for purchase in an arbitration for an amount owed by the Ministry of the Republic of Panama (MINSA) with respect to the contract for "Redes de Saneamiento Lote I y III in San Miguelito, Panama", worth US$27 million. The proposal has been accepted, so during the 2024 financial year, a cash deposit for this amount will be deposited.

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 2023.

GRUPORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX I

SUBSIDIARIES

31 December 2023			Shareholding			
Name	**Domicile**	**Business**	**%**	**Thousands of euros**	**Group Company owner**	**Audit**
Agrícola El Casar, S.L.U.	Madrid	Property	100%	55,772	Ortiz CYP	PwC
Arquitectura Industrializada Andaluza, S.L.	Seville	Infrastructures	55%	342	Indagsa	Not audited
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Infrastructures	100%	1,889	Ortiz CYP	PwC
Compañía Internacional de Construcción y Diseño, S.A.U.	Madrid	Infrastructures	100%	1,560	Ortiz CYP	PwC
Concesionaria Collado Villalba, S.A.U.	Madrid	Concessions	100%	6,050	Ortiz CYP	PwC
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	Madrid	Infrastructures	48%	-	Ortiz CYP	Not audited
Constructora Obrascol, S.A.S.	Madrid	Infrastructures	100%	-	Ortiz CYP/Asteisa	Not audited
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Infrastructures	100%	25,545	Ortiz CYP	PwC
Galindo Substations México, S.A.P.I de C.V.	Madrid	Infrastructures	100%	-	Ortiz CYP	
GO Barajas 2017, S.A.	Madrid	Concessions	100%	60	Ortiz CYP	Not audited
Grupo Ortiz Construcciones México, S.A.	Mexico	Infrastructures	100%	-	Ortiz CYP	Not audited
Impulsa Grup Ortiz, S.L.	Barcelona	Infrastructures	93%	-	Ortiz CYP	Not audited
Lndag, S.A.U.	Madrid	Infrastructures	100%	1,679	Ortiz CYP	PwC
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Infrastructures	100%	120	Ortiz CYP	PwC
La Gavia Factory, S.L.	Madrid	Property	75%	5	Ortiz CYP	Not audited
Ortiz Energía Japan, K.K.	Japan	Energy	100%	-	Ortiz CYP	SANSEI Trust
Ortiz USA, LLC	USA	Energy	100%	11,298	Ortiz CYP	PwC
Personal Management, S.A. de C.V.	Mexico	Infrastructures	100%	3	Condisa	Not audited
Tecasol, S.A.	Uruguay	Infrastructures	70%	2	Ortiz CYP	Not audited
Total subsidiaries				**104,325**		

31 December 2022			Shareholding			
Name	**Domicile**	**Business**	**%**	**Thousands of euros**	**Group Company owner**	**Audit**
Agrícola El Casar, S.L.U.	Madrid	Property	100%	55,772	Ortiz CYP	PwC
Arquitectura Industrializada Andaluza, S.L.	Seville	Infrastructures	55%	342	Indagsa	Not audited
Asteisa Tratamiento de Aguas, S.A.U.	Madrid	Infrastructures	100%	1,889	Ortiz CYP	PwC
Compañía Internacional de Construcción y Diseño, S.A.U.	Madrid	Infrastructures	100%	1,560	Ortiz CYP	PwC
Concesionaria Collado Villalba, S.A.U.	Madrid	Concessions	100%	6,050	Ortiz CYP	PwC
Promotora Hospitalaria Tepic, S.A.P.I. de C.V.	Madrid	Infrastructures	48%	-	Ortiz CYP	Not audited
Constructora Obrascol, S.A.S.	Madrid	Infrastructures	100%	-	Ortiz CYP/Asteisa	Not audited
Contratas y Servicios Ferroviarios, S.A.U.	Orense	Infrastructures	100%	25,545	Ortiz CYP	PwC
Galindo Substations México, S.A.P.I de C.V.	Madrid	Infrastructures	100%	-	Ortiz CYP	
GO Barajas 2017, S.A.	Madrid	Concessions	100%	60	Ortiz CYP	Not audited
Grupo Ortiz Construcciones México, S.A.	Mexico	Infrastructures	100%	-	Ortiz CYP	Not audited

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX I

SUBSIDIARIES

Grupo Ortiz Polska, S.A.	Poland	Infrastructures	100%	-	Ortiz CYP	Pomorski Doradztwo Podatkowe Sp. Z.o.o.
Impulsa Grup Ortiz, S.L.	Barcelona	Infrastructures	93%	-	Ortiz CYP	Not audited
Lndag, S.A.U.	Madrid	Infrastructures	100%	1,679	Ortiz CYP	PwC
Ingeniería y Diseños Técnicos, S.A.U.	Madrid	Infrastructures	100%	120	Ortiz CYP	PwC
La Gavia Factory, S.L.	Madrid	Property	75%	5	Ortiz CYP	Not audited
Ortiz Energía Japan, K.K.	Japan	Energy	100%	325	Ortiz CYP	SANSEI Trust
Ortiz USA, LLC	USA	Energy	100%	11,298	Ortiz CYP	PwC
Personal Management, S.A. de C.V.	Mexico	Infrastructures	100%	3	Condisa	Not audited
Tecasol, S.A.	Uruguay	Infrastructures	70%	2	Ortiz CYP	Not audited
Total subsidiaries				**104,650**		

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX II

MULTI-GROUP COMPANIES

31 December 2023			Shareholding			
Name	Domicile	Business	%	Thousands of euros	Group Company owner	Audit
Accesos de Ibiza, S.A.	Balearic Islands	Concessions	50%	6,400	Ortiz CYP	Ribas Audit Office
Alten El Casar, S.L.	Madrid	Energy	66%	189	Ortiz CYP and Alten RE Developments Iberia	Not audited
Autopista del Rio Grande, S.A.S.	Colombia	Concessions	50%	11	Ortiz CYP	PwC
Autopista Magdalena Medio, S.A.S.	Colombia	Concessions	50%	11	Ortiz CYP	PwC
Energía de Colombia STR, S.A.S	Colombia	Energy	82%	5,217	Ortiz CYP	KPMG
Inmuebles Gade, S.L.	Madrid	Property	79%	14,802	Ortiz CYP	Not audited
MedSolar SPV10, S.R.L.	Italy	Energy	50%	5	Agricasa	Not audited
Promotora Hospitalaria de Bosa, S.A.S.	Colombia	Concessions	55%	962	Ortiz CYP	PwC
Urbanizadora Gade, S.A. In liquidation	Madrid	Property	50%	-	Ortiz CYP	Not audited
Total jointly controlled				**27,658**		

31 December 2022			Shareholding			
Name	Domicile	Business	%	Thousands of euros	Group Company owner	Audit
Accesos de Ibiza, S.A.	Balearic Islands	Concessions	50%	6,400	Ortiz CYP	Ribas Audit Office
Alten El Casar, S.L.	Madrid	Energy	66%	189	Ortiz CYP and Alten RE Developments Iberia	Not audited
Autopista del Rio Grande, S.A.S.	Colombia	Concessions	50%	11	Ortiz CYP	PwC
Autopista Magdalena Medio, S.A.S.	Colombia	Concessions	50%	11	Ortiz CYP	PwC
Energía de Colombia STR, S.A.S	Colombia	Energy	82%	5,217	Ortiz CYP	KPMG
Inmuebles Gade, S.L.	Madrid	Property	79%	14,802	Ortiz CYP	Not audited
MedSolar SPV10, S.R.L.	Italy	Energy	50%	5	Agricasa	Not audited
Promotora Hospitalaria de Bosa, S.A.S.	Colombia	Concessions	55%	962	Ortiz CYP	PwC
Urbanizadora Gade, S.A. In liquidation	Madrid	Property	50%	-	Ortiz CYP	Not audited
Total jointly controlled				**27,658**		

GRUPO ORTIZ

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX II

ASSOCIATES

31 December 2023			Shareholding			
Name	Domicile	Business	%	Thousands of euros	Group Company owner	Audit
Aldigavia Oficinas, S.L.U. (1)	Madrid	Property	49%	7,614	GOP SOCIMI, S.A.	PwC
Aldigavia S.A.U. (1)	Madrid	Property	49%	9,224	GOP SOCIMI, S.A.	PwC
Alten Gestión de Proyectos, S.L. (2)	Madrid	Energy	33%	978	Alten Iberia	Not audited
Alten Kenya Solarfarms 2, B.V. (2)	Kenya	Energy	17%	-	Alten Dev. Africa	Not audited
Alten Kenya Solarfarms, B.V. (2)	Kenya	Energy	14%	2,678	Alten Dev. Africa	Not audited
Alten Management Africa, S.L. (2)	Spain	Energy	17%	-	Alten Dev. Africa	Not audited
Alten RE Developments Iberia, S.A. (2)	Madrid	Energy	33%	1,888	Alten Developments	PwC
Alten Renewable Energy Developments Africa (2)	Netherlands	Energy	17%	155	Alten Developments	Activa Accountants & Belastingadviseurs
Alten Renewable Energy Developments America 3, B.V. (2)	Netherlands	Energy	33%	-	Alten Dev. America	Not audited
Alten Renewable Energy Developments America, B.V. (2)	Netherlands	Energy	7%	578	Alten Developments	Activa Accountants & Belastingadviseurs
Alten Renewable Energy Developments, B.V. (2)	Netherlands	Energy	33%	4,510	Ortiz CyP	Not audited
Alten Renewable Energy Investments, B.V. (2)	Netherlands	Energy	23%	867	Ortiz CyP	Not audited
Alten Renewable Mexico 7 (Puebla) (2)	Mexico	Energy	33%	1	Alten Dev. America 3	Not audited
Alten Solar Power (Hardap) (pty) Ltd (2)	Namibia	Energy	8%	144	Alten Dev. Africa	PwC
Autopistas del Caribe, S.A.S.	Colombia	Concessions	30%	6,887	Ortiz CyP	PwC
Autopistas del Nordeste, S.A.S.	Colombia	Concessions	25%	28	Ortiz Sucursal Colombia	PwC
Bulevar del Arte y la Cultura S.A.	Valencia	Concessions	33%	467	Ortiz CyP	Not audited
Concesión del Sisga, S.A.S.	Colombia	Concessions	25%	10	Ortiz Sucursal Colombia	PwC
Construcciones Inca-Ortiz S.A.	Chile	Infrastructures	50%	1	Ortiz Sucursal Chile	Not audited
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
El Arce de Villalba, S.L. (2)	Madrid	Property	49%	8,040	GOP SOCIMI, S.A.	PwC
Fortem Integral, S.L.	Madrid	Others	51%	51	Agricasa	Not audited
GOP Properties SOCIMI S.A. (1)	Madrid	Property	49%	38,604	Ortiz CyP	PwC
La Gavia Edificio IV, S.L. (1)	Madrid	Property	49%	3	GOP SOCIMI, S.A.	Not audited
Móstoles Factory 2019, S.L.	Madrid	Concessions	50%	1	Ortiz CyP	Not audited
Ola Ortiz Construccion SPA	Algeria	Infrastructures	49%	135	Ortiz CyP	Not audited
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	Mexico	Concessions	48%	-	Ortiz CyP	Not audited
Ortega y Gasset Park, S.A.U. (1)	Madrid	Property	49%	4,367	GOP SOCIMI, S.A.	PwC
Ortiz Sport Factory, S.L.U. (1)	Madrid	Property	49%	193	GOP SOCIMI, S.A.	PwC

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX II

ASSOCIATES

OrtizCocomex, S.A.P.I. de C.V.	Mexico	Infrastructures	0%	-	Ortiz CyP	Not audited
Promotora Hospitalaria TEPIC, S.A.P.I. de C.V.	Mexico	Concessions	48%	5,039	Ortiz CyP	Deloitte
Superficie Cartera de Inversiones, S.A.U.	Madrid	Property	1%	40	Ortiz CyP	PwC
Vending La Gavia S.L.	Madrid	Concessions	50%	25	Agricasa	Not audited
Viario A-31, S.A.	Madrid	Concessions	26%	1,639	Ortiz CyP	Deloitte
Total subsidiaries				**97,727**		

(1) Subgroup GOP Properties SOCIMI
(2) Subgroup Alten

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX III

31 December 2022

Name	Domicile	Business	Shareholding %	Shareholding Thousands of euros	Shareholding Group Company owner	Audit
Aldigavia oficinas, S.L.U. (1)	Madrid	Property	47%	7,614	GOP SOCIMI, S.A.	PwC
Aldigavia S.A.U. (1)	Madrid	Property	47%	9,224	GOP SOCIMI, S.A.	PwC
Alten Energías Renovables, S.L. (2)	Madrid	Energy	23%	754	Alten Investments	PwC
Alten Gestión de Proyectos, S.L. (2)	Madrid	Energy	33%	978	Alten Iberia	Not audited
Alten Kenya Solarfarms 2, B.V. (2)	Kenya	Energy	17%	-	Alten Dev. Africa	Not audited
Alten Kenya Solarfarms, B.V. (2)	Kenya	Energy	14%	2,678	Alten Dev. Africa	Not audited
Alten Management Africa, S.L. (2)	Spain	Energy	17%	-	Alten Dev. Africa	Not audited
Alten RE Developments Iberia, S.A. (2)	Madrid	Energy	33%	1,888	Alten Developments	PwC
Alten Renewable Energy Developments Africa (2)	Netherlands	Energy	17%	155	Alten Developments	Activa Accountants & Belastingadviseurs
Alten Renewable Energy Developments America 3, B.V. (2)	Netherlands	Energy	33%	-	Alten Dev. America	Not audited
Alten Renewable Energy Developments America, B.V. (2)	Netherlands	Energy	7%	578	Alten Developments	Activa Accountants & Belastingadviseurs
Alten Renewable Energy Developments, B.V. (2)	Netherlands	Energy	33%	6,287	Ortiz CyP	Not audited
Alten Renewable Energy Investments, B.V. (2)	Netherlands	Energy	23%	867	Ortiz CyP	Not audited
Alten Renewable Mexico 7 (Puebla) (2)	Mexico	Energy	33%	1	Alten Dev. America 3	Not audited
Alten Solar Power (Hardap) (pty) Ltd (2)	Namibia	Energy	8%	144	Alten Dev. Africa	PwC
Autopistas del Caribe, S.A.S.	Colombia	Concessions	30%	6,887	Ortiz CyP	PwC
Autopistas del Nordeste	Colombia	Concessions	25%	28	Ortiz Sucursal Colombia	PwC
Bulevar del Arte y la Cultura S.A.	Valencia	Concessions	33%	467	Ortiz CyP	Not audited
Concesión del Sisga, S.A.S.	Colombia	Concessions	25%	10	Ortiz Sucursal Colombia	PwC
Construcciones Inca-Ortiz S.A.	Chile	Infrastructures	50%	1	Ortiz Sucursal Chile	Not audited
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
Dumar Ingenieros, S.L. (2)	Madrid	Energy	23%	459	Alten Energ. Renov.	Not audited
El Arce de Villalba, S.L. (2)	Madrid	Property	47%	8,040	GOP SOCIMI, S.A.	PwC
Fortem Integral, S.L.	Madrid	Others	51%	51	Agricasa	Not audited
GOP Properties SOCIMI S.A. (1)	Madrid	Property	47%	38,642	Ortiz CyP	PwC
Móstoles Factory 2019, S.L.	Madrid	Concessions	50%	1	Ortiz CyP	Not audited
Ola Ortiz Construccion SPA	Algeria	Infrastructures	49%	135	Ortiz CyP	Not audited
Operadora Hospitalaria Tepic, S.A.P.I. DE C.V.	Mexico	Concessions	48%	-	Ortiz CyP	Not audited
Ortega y Gasset Park, S.A.U. (1)	Madrid	Property	47%	4,367	GOP SOCIMI, S.A.	PwC
Ortiz Sport Factory, S.L.U. (1)	Madrid	Property	47%	193	GOP SOCIMI, S.A.	PwC
OrtizCocomex, S.A.P.I. de C.V.	Mexico	Infrastructures	50%	-	Ortiz CyP	Not audited

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Promotora Hospitalaria TEPIC, S.A.P.I. de C.V.	Mexico	Concessions	48%	5,039	Ortiz CyP	Deloitte
Superficie Cartera de Inversiones, S.A.U.	Madrid	Property	1%	40	Ortiz CyP	PwC
Vending La Gavia S.L.	Madrid	Concessions	50%	25	Agricasa	Not audited
Viario A-31, S.A.	Madrid	Concessions	26%	1,639	Ortiz CyP	Deloitte
Total subsidiaries				**97,727**		

(1) Subgroup GOP Properties SOCIMI

(2) Subgroup Alten

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

APPENDIX III

TEMPORARY JOINT VENTURES

		Thousands of euros	
		2023	
ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.	% interest	Revenues	Profit(loss)
UTE ABASTECIMIENTO SEVILLA	80%	173	-
UTE BRETOÑA	50%	-	-
UTE CANTON CASA DE CAMPO	50%	-	(1)
UTE EDAR EL PLANTIO	30%	3,511	(289)
UTE EDAR RIBADEO	50%	154	2
UTE EDAR VILLANUEVA	50%	80	-
UTE EDAR VEGA	75%	-	(3)
UTE EXTRACO-ASTEISA ARCADE	50%	196	-
Total ASTEISA, TRATAMIENTO DE AGUAS, S.A.U.		**4,114**	**(291)**

		Thousands of euros	
		2023	
CIA. INTNAL. CONSTRUCCION Y DISEÑO, S.A.U.	% interest	Revenues	Profit(loss)
UTE ALCAZAR REAL	50%	-	-
UTE ACUERDO MARCO OBRAS FORESTALES	60%	-	-
UTE CASA OMANA	50%	-	-
UTE DISTRITO SEDE PUENTE VALLECAS 2021	20%	735	29
UTE ESPACIOS PUBLICOS SAN BLAS	80%	171	-
UTE EMERGENCIAS Y BOMBEROS	80%	382	-
UTE JUEZ BORRULL	80%	10,450	-
UTE VIVIENDAS CALVIA	20%	581	3
Total CIA. INTNAL. CONSTRUCCION Y DISEÑO, S.A.U.		**12,319**	**32**

		Thousands of euros	
		2023	
CONTRATAS Y SERVICIOS FERROVIARIOS, S.A.U.	% interest	Revenues	Profit(loss)
UTE ESTACION PARLA	20%	-	-
UTE LA MEZQUITA	25%	-	(9)
UTE MANTENIMIENTO L.A.V. MADRID-NORTE	33%	2,471	(172)
UTE MANTENIMIENTO LOTE 2 NOROESTE	25%	161	15
UTE MANTENIMIENTO OLMEDO PEDRALBA	8%	395	-
UTE METRO MONTECARMELO	30%	-	19
UTE MIV 2021 LOTE 1	23%	5,220	(379)
UTE OLMEDO PEDRALBA	8%	-	-
UTE RIV GIJON LAVIANA	30%	4,022	(682)
UTE TORRALBA SORIA	50%	5,581	(694)
UTE RIV ORENSE-MONFORTE	33%	1,754	(169)
UTE LAV GALICIA	33%	3,312	(271)
UTE LAV OLMEDO	33%	1,090	(86)
UTE TABOADELA	50%	-	-
Total CONTRATAS Y SERVICIOS FERROVIARIOS, S.A.U.		**24,006**	**(2,428)**

		Thousands of euros	
		2023	
IMPULSA GRUPO ORTIZ, S.L.	% interest	Revenues	Profit(loss)
UTE AULARI BELLVITGE	45%	-	27
Total IMPULSA GRUPO ORTIZ, S.L.		**-**	**27**

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		Thousands of euros	
		2023	
INGENIERIA Y DISEÑOS TECNICOS, S.A.U.	% interest	Revenues	Profit(loss)
UTE ACONDICIONAMIENTOS CANAL	70%	360	11
UTE CANAL FILIPINAS	20%	1,499	257
UTE JARDINES MARBELLA	70%	2,795	756
UTE INDITEC-SICE-PLAYAS CADIZ	60%	-	-
UTE MARGENES CARRETERAS LOTE 1 CENTRO	50%	184	(4)
CARRETERAS LOTE 3 CENTRO	50%	241	(9)
UTE PARQUES FORESTALES Y VIVEROS	45%	5,343	920
UTE PARQUES RED REGENERADORA	80%	-	-
UTE PARQUES VICTIMAS COVID-19	80%	62	1
UTE RIO SAJA	33%	138	4
UTE RINCON VICTORIA	70%	999	6
UTE GESTION DE PLAYAS BENALMADENA	70%	233	7
UTE TAJO SALOR	60%	-	-
UTE ZONES VERDES BENAHAVIS	70%	139	10
UTE ZONAS VERDES MARBELLA	55%	930	93
UTE ZONAS VERDES LOTE 3 CORUÑA	60%	240	7
Total INGENIERIA Y DISEÑOS TECNICOS, S.A.U.		**13,163**	**2,059**

		Thousands of euros	
		2023	
ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.	% interest	Revenues	Profit(loss)
UTE A11 QUINTANILLA-OLIVARES.	40%	8,311	(104)
UTE ABASTECIMIENTO SEVILLA	20%	43	-
UTE ACCESOS IBIZA	50%	-	-
UTE ADECUACION VIALES LOTE 1	65%	1,970	(50)
UTE AFINO ETAP SANTILLANA	50%	-	-
UTE ALCAZAR REAL	50%	-	-
UTE AULARI BELLVITGE	20%	-	12
UTE AUTOVIA A-12	34%	6,197	166
UTE AUTOVIA ARGAMASILLA.	40%	-	9
UTE CANTON CASA DE CAMPO	50%	-	(1)
UTE CANAL FILIPINAS	80%	5,999	1,027
UTE CARIÑENA	80%	-	-
UTE CENTRO ACUATICO 2012	20%	-	(6)
UTE CIE ALGECIRAS	50%	7,158	(488)
UTE CLINICO MADRID	30%	-	-
UTE CONSERVACIÓN CUENCA	50%	-	-
UTE CORREOS RAMPA 7 BARAJAS.	50%	573	596
UTE DISTRITO SEDE PUENTE VALLECAS 2021	80%	2,940	114
UTE EDAR EL PLANTIO	40%	4,682	(387)
UTE EDAR RIBADEO	50%	154	2
UTE EDAR VILLANUEVA	50%	80	-
UTE ELEJALDE	40%	-	-
UTE EMERGENCIAS Y BOMEROS	20%	96	-
UTE ESPACIOS PUBLICOS SAN BLAS	20%	43	-
UTE ESTACION PARLA	80%	-	-
UTE ILUMINACION EFICIENTE LED METRO MADRID	45%	-	-
UTE JUEZ BORRULL	20%	2,613	-
UTE LA MEZQUITA	75%	-	(27)

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UTE LA PIZARRA	80%	-	-
UTE METRO MONTECARMELO	70%	-	45
UTE ESPACIO MULTIUSOS	50%	54	2
UTE ORIZ-SICE-ITUVAL GESTION ENERGETICA	60%	-	(2)
UTE PARKING VILLALBA	50%	-	-
UTE PARQUES FORESTALES Y VIVEROS	10%	1,187	204
UTE PARQUES RED REGENERADORA	20%	-	-
PARQUES VICTIMAS COVID-19	20%	16	-
UTE PLANTA EL MOLAR	80%	(91)	(91)
UTE PLANTAS SOLARES AEROPUERTOS CANARIOS	65%	121	(176)
UTE PLAZA MEXICO	50%	-	3
UTE REGADIO MONTERRUBIO	60%	45	(32)
UTE RENOVACION RED CANAL LOTE 8	33%	1,908	(85)
UTE RUTA DE LA PLATA 2021	50%	928	(29)
UTE SAN CRISTOBAL-GETAFE	50%	-	-
UTE SECTOR LA ESTACION	55%	-	-
UTE SOTANO TC	50%	-	1
UTE TORIL	60%	9,661	73
UTE PAVIMENTOS LOTE 2.	60%	2,969	80
UTE URBANIZACION DISTRITO LOTE 2	70%	16,435	418
UTE VALDECARROS ETAPA II	50%	72	(45)
UTE VADO	100%	-	(6)
UTE VILLENA CV81	34%	1,231	25
UTE VIVIENDAS CALVIA	80%	2,325	13
UTE ZONAS VERDES MARBELLA	20%	338	34
Total ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A.		**78,058**	**1,295**

CONSOLIDATED DIRECTORS' REPORT FOR 2023

GRUPORTIZ

compromiso sostenible

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

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ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2023

1. BUSINESS IN 2023 AND SITUATION OF THE GROUP

Grupo Ortiz is a global infrastructure and energy concessionaire, with a diversified business model: Concessions, Energy, Infrastructure and Property. The Group is established in Spain, Colombia, the United States, Mexico, Panama and Japan and is a global benchmark in the execution of EPC photovoltaic energy projects around the world. It also specialises large-scale integrated water cycle infrastructures (WWTP, DWTP), rail and road infrastructures, health infrastructure and the restoration historical and artistic heritage sites. It also has a business area dedicated to Investment Property, managing rented property assets.

It is notable for its economic and financial solvency, and the 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 2023:

- 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 2023 amounted to €820.04 M, with a consolidated EBITDA of €57.90 M and a Group EBITDA of €81.77 M. The increase in the consolidated revenues is 34%, reaching an all-time high in 2023. There has been a notable increase in the revenues of the energy (31%) and infrastructure (42%) areas.

- Concessions that entered into operation in 2023:

  - Bosa Hospital: Completion of the work in September 2023, meeting the project deadline and on budget. The hospital entered into service in December 2023.
  - Lines and substations in Barranquilla: The work was completed in September 2023, complying with the project's deadline and on budget. Entry into service in November 2023. The refinancing of the project is progressing and will be completed in 2024.

- Completion of preliminary work on the Troncal Magdalena I and Troncal Magdalena II project concessions. In 2023, progress was made on the digitalisation and structuring of the 25 functional units of both projects. They are in the financial closure stage. Grupo Ortiz has a 50% stake in both projects.

- Consolidation of the United States as one of the countries in which Grupo Ortiz is establishing itself. In 2023, three photovoltaic farms in Texas and Louisiana were constructed using the EPC model, with a total of 738 MWp.

- At the same time, the global workforce of Grupo Ortiz increased by 3% on 2022 at 31 December, totalling 2,873 in all the countries where the Group operates.

- Reduction of gross debt by 22% and net financial debt by 70% compared to 2022. This reduction in debt includes the full repayment of the bond issue in the MARF for an amount of €50 M, at its ordinary maturity. Diversification in the sources of finance has continued, with an issue of promissory notes listed on the MARF in May 2023 with a maximum volume of €75 M.

- With a view to fulfilling its Sustainable Commitment, Grupo Ortiz has carried out a profound digital transformation in recent years in the way it carries out its entire business activity. Its aim is to ensure that the footprint on the ecosystem of all the infrastructures it executes is reduced to a minimum and the positive impact is as high as possible. Virtual execution before the actual construction begins has been confirmed as the most effective tool for sustainability.

- Grupo Ortiz is firmly committed to people, the environment, the fight against climate change and the achievement of the Sustainable Development Goals (SDGs) in all its projects, particularly in countries where its activity generates a significant positive impact in the contribution to sustainable development. It is also firmly committed to the codes of good governance and to embracing the challenges posed by the ambitious goal of being a sustainable company. Sustainable production requires us to comply with the highest standards of personal safety and project quality, as well as the unavoidable responsibility of reducing our footprint in ecosystems as far as possible.

By business areas, 2023 can be summed up as follows:

In the Concessions Area, the milestones in 2023 have been:

- Completion of the work on the construction of Bosa Hospital in September 2023, complying with the project's deadline and on budget. The hospital entered into service in December 2023. It is important to highlight the positive social impact of Bosa Hospital on the local community (215 hospital beds, an area of more than 30,000 m2, with operating theatres, intensive care units, imaging area and medical consultations, benefitting more than 400,000 people directly and more than 2,500,000 indirectly). During the construction, a comprehensive social plan was implemented with the local communities, including numerous training actions, community engagement in the project, including children, gender equality, social inclusion, evacuation drills, employment, environmental and health fairs, etc.

- Work was completed in September 2023, complying with the project's deadline and on budget. The hospital entered into operation in November 2023. It is also in the process of refinancing, which will be completed in the first half of 2024.

- Completion of preliminary work on the Troncal Magdalena I and Troncal Magdalena II concessions. They are in the financial closing phase, which will be completed in 2024. Construction on the projects will then begin. Grupo Ortiz has a 50% stake in both projects.

- COFIDES is participating in four concessions in Colombia (Bosa Hospital, Barranquilla lines and substations, Conexión Norte and Transversal del Sisga). This demonstrates the confidence of COFIDES in Grupo Ortiz and its role as a strategic partner in major concession projects.

- Refinancing of the Transversal de Sisga highway concession in June 2023. Refinancing of the Conexión Norte concession is also being negotiated and is planned for the first half of 2024.

- Renegotiation with the National Infrastructure Agency (ANI *) on the scope of the Ruta Caribbean highway and the number of toll stations.

  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.

In the Energy Area, Grupo Ortiz is considered a global EPC contractor specialising in photovoltaic energy, photovoltaic plant operation and maintenance, and lines and substations.

In 2023, Grupo Ortiz totalled 1,528 MWp of photovoltaic energy in execution in 8 photovoltaic plants in two countries.

In the United States, the Group has constructed three photovoltaic plants in 2023, totalling 739 MWp:

- 7V Solar Ranch in Texas, of 300 MWp.
- Grimes Texas, of 278 MWp.
- Elisabeth Louisiana, of 160 MWp.

In Spain, the following five photovoltaic plants have been constructed in 2023, totalling 790 MWp:

- Carmonita Ministerio in Badajoz, of 478 MWp. It is the largest photovoltaic plant built to date by Grupo Ortiz.
- Carousel and Rotasol, of 188 MWp and 22 MWp, in the province of Seville.
- Cerrillares, which has a capacity of 50 MWp, is in Murcia.
- SOLCAN. This is a project consisting of 11 photovoltaic parks located on a number of the Canary Islands, with a total capacity of 52 MWp.

Also worth noting is the execution in 2023 of the contract for another photovoltaic plant in Spain: the Salsolito

Project in Badajoz, which will total 73 MWp. Work will begin in 2024.

In 2023, the Group has been constructing 12 substations and 64 km of T&D lines in Colombia, Peru and Spain.

In Colombia, the Barranquilla project, which totals 6 substations and 24 km of lines, was concluded in September and entered into operation in November 2023.

In terms of Operation & Maintenance, the Group operates 17 photovoltaic plants in 7 countries, totalling 1,508 MWp.

Revenues in the Energy Area in 2023 increased by 31% on the previous year, to €458.32 M.

Within the Infrastructure Area, Grupo Ortiz continues to apply the knowledge it has acquired over more than 60 years, on large sustainable infrastructure projects, building and refurbishment, as well as the services associated with infrastructures in Spain, Colombia and Panama.

It specialises in rail, road, sanitation, integrated water cycle and environmental infrastructure, and in the refurbishment of historic buildings.

As regards land transport, it has outstanding experience in developing railway infrastructures and in the construction of roads and motorways, particularly in Spain and Colombia. In environmental infrastructure the Group has two leading companies specialising in integrated water treatment and green infrastructures, with unique works in Spain and Panama. Another important aspect of the Group's portfolio is healthcare infrastructure, which includes projects in Spain, Mexico, Colombia and Bolivia.

The history of Grupo Ortiz is also associated its interest in historical and artistic heritage sites and the rehabilitation of buildings of particular interest, above all in Spain, but also in other countries such as Panama. Finally, the Group is committed to innovation in building through its company specialising in concrete technology and structural solutions.

Revenues in the Energy Area in 2023 increased by 42% on the previous year, to €343.71 M.

In 2023 the Group has constructed numerous projects, including the following:

- The Plantío WWTP. This is the biggest water treatment infrastructure in the Region of Madrid. It was constructed for Canal de Isabel II.
- The A-11 motorway in La Rioja and Burgos and A-12 motorway in Valladolid, for the Ministry of Transport.
- The high-speed AVE Madrid-Extremadura section from Toril to Malpartida de Plasencia, for Adif.
- Award of the works on the Parla station, also for Adif, which will begin in 2024.
- Stage 1 of the urban development in Valdecarros We have also been awarded the contract for the Stage 3 urban development works, which will begin in 2024. The Valdecarros project is in fact the most important urban development project in the city of Madrid.
- Building works on the Gredos San Diego School in Valdebebas, Madrid.
- Bosa Hospital in Bogota, Colombia. It is a hospital with 215 beds, constructed for the Bogota City Council. It was completed in September 2023.
- Construction work on the Transversal del Sisga, Conexión Norte and Ruta del Caribe road concessions and preliminary work on the road concessions for Troncal del Magdalena I and II for ANI (the National Infrastructure Agency).
- Mangangué-Momposina by-pass in Colombia for the National Roads Institute (INVIAS).
- North Panama Aqueduct, a major drinking-water transfer and distribution system, for CONADES (National Development Board of the Government of Panama).

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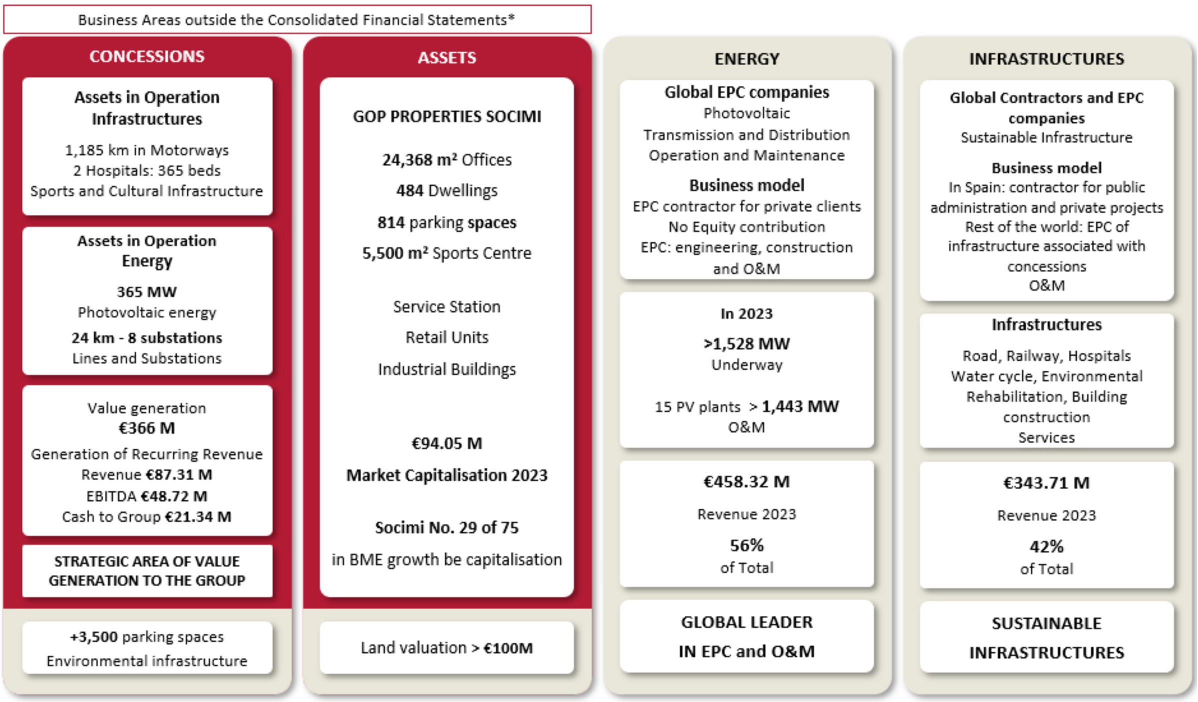
The Property Area is focused basically on the GOP Properties SOCIMI (investment property company). The Socimi has assets valued at €196.48 M at the latest valuation. It deals in rented assets such as homes, offices, car parks, a petrol stations, etc., whose capitalisation at the close of 2023 amounted to €95.91 M.

It is a Socimi focused on maximising profitability for its shareholders. In 2023 it achieved an annual return of 6% (€5,792 M), which is distributed quarterly in cash to all its shareholders.

The following table summarises the composition of the elements outside and inside the Scope of Consolidation of Grupo Ortiz:



* They are included in the financial statements using the equity method, so the concessions and property area is not included proportionally in each of the accounting entries. Therefore, the value of the concession area must be analysed by looking at the individual balance sheet of each SPV

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2023

OUTSIDE THE CONSOLIDATED FINANCIAL STATEMENTS*
UNCONSOLIDATED PERIMETER

CONCESSIONS AREA <100%

Value generation

Asset valuation **€366 M**

Recurring Cash Generation

Revenue **€69.30 M**
EBITDA **€45.52 M**
Cash to Group: **€21.34 M**

REAL ESTATE AREA: GOP PROPERTIES SOCIMI (REIT)

Market Capitalisation **€94.05 M**

Ortiz Stake **49%**

Cash to Group: **€2.53 M**

* They are included in the financial statements using the equity method, so the concessions and property area is not included proportionally in each of the accounting entries. Therefore, the value of the concession area must be analysed by looking at the individual balance sheet of each SPV

INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS
CONSOLIDATED PERIMETER

CONSOLIDATED REVENUE
€820.04 M

ENERGY AREA
Revenue **€458.32 M**
Global Photovoltaic EPC contractor
T&D, O&M

INFRASTRUCTURES AREA
Revenue **€343.71 M**
Global Sustainable Infrastructure EPC contractor

CONCESSIONS AREA <100% GROUP
Revenue **€18.01 M**

REAL ESTATE AREA
Land valuation **> €100M**

The breakdown of the revenues and EBITDA in 2023 by business area is given below:

	2023	2022	% CHANGE
CONSOLIDATED REVENUE	**820.04**	610.39	+34%
CONSOLIDATED EBITDA	**57.90***	37,56	+54%
ADDITIONAL EBITDA	**23.87**	12.99	+84%
EBITDA GROUP	**81.77**	50.55	+62%

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

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1) ENERGY AREA	2023	% CHANGE 23-22
ENERGY REVENUE	458.32	+31%
ENERGY EBITDA	34.06	+61%
ENERGY MARGIN	7.4%	+21%
2) INFRASTRUCTURES AREA		
INFRASTRUCTURE REVENUE	343.71	+42%
INFRASTRUCTURE EBITDA	20.64	+53%
INFRASTRUCTURE MARGIN	6.0%	+7%
3) CONSOLIDATED CONCESSIONS		
CONSOLIDATED CONCESSION REVENUE	18.01	+0.2%
CONSOLIDATED CONCESSIONS EBITDA	3.20	+26%

Data in millions of euros.

Of the consolidated revenues of €820.04 M, 42% come from the Infrastructure Area (€343.71 M) and 56% from the Energy Area (€458.32 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 EPC contractor specialising in photovoltaic and energy transmission 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, conservation and maintenance of infrastructures.

Most of the entities 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 24 are in operation and 3 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.
  - Viario A-31 Motorway, 111 km.

- 2 Hospital concessions in Mexico and Colombia:
  - Tepic Hospital, equipped with 150 beds and in operation since 2019.
  - Bosa Hospital in Colombia, equipped with 215 beds and in operation since 2023.

- 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 transmission and distribution concession. It has been in operation since November 2023.
- Three photovoltaic plants in Spain and Italy:
  - 13 MW Alten El Casar Photovoltaic Plant (Guadalajara, Spain).

  - 1 MW photovoltaic plant in Malaga University.
  - 1 MW Medsolar (Italy) Photovoltaic Plant.

- Seven car parks in Spain:
  - Collado Villalba, 1,023 spaces.
  - GO Barajas, 661 spaces.
  - Reyes Católicos in Zamaora, 538 spaces
  - 4 PAR residential car parks in Madrid, with a total of 1,328 spaces.

- 3 energy efficiency concessions in Spain, with over 3,000 light fixtures 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 in Ribadeo, Lugo, with a capacity of 2.7 million m^3 per year.

The following are the concessions under construction:

- 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.

That total investment in these assets in the Concessions area amounts to €1,798 M, which in the coming years will be €3,779 M. The amount already invested by Ortiz in its share of the project is €640.13 M, and it will reach €1,492 M in the coming years.

These concessions have generated total revenues in 2023 of €87.31 M (including the concessions which are consolidated and those which are not) and a total EBITDA of €48.72 M (including the concessions which are consolidated and those which are not).

In 2023 there were investments in concession assets of €178.27 M (mainly in the new concessions awarded in 2022 in Colombia: Troncal Magdalena I and Troncal Magdalena II motorways).

As a result of using the equity method to consolidate the associates, 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:

1) NON-CONSOLIDATED CONCESSIONS AREA	2023	% CHANGE 23-22
REVENUE % ORTIZ	**69.30**	**+16%**
Colombia. Motorways	31.27	+1%
Colombia. Bosa Hospital	5.36	+10%
Mexico. Tepic Hospital	19.56	+65%
Spain. Motorways	9.60	+6%
Spain. Energy and other	3.51	+14%
EBITDA % ORTIZ	**45.52**	**+50%**
Colombia. Motorways	26.49	+59%
Colombia. Bosa Hospital	5.22	+250%
Mexico. Tepic Hospital	4.10	+2%
Spain. Motorways	8.10	+3%
Spain. Energy and other	1.61	+324%

2) NON-CONSOLIDATED REAL ESTATE AREA GOP PROPERTIES SOCIMI	2023	% CHANGE 23-22
REVENUE % ORTIZ	**5.43**	**+17%**
EBITDA % ORTIZ	**3.69**	**+12%**

GENERATION OF **ADDITIONAL EBITDA*** FOR GROUP **(21.34 + 2.53)**	**23.87**
EBITDA FOR GROUP from CONCESSIONS AREA	**21.34**
Group EBITDA from REAL ESTATE AREA	**2.53**

Data in millions of euros

* Additional EBITDA = Dividends + Interest + Amortisation Subordinated Debt + accounting result of Sales

2. Grupo Ortiz around 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 projects, carries out their Operation and Maintenance, and constructs infrastructures in Chile, Bolivia, Peru, France, Italy, El Salvador and Honduras.

In 2023 it has executed major energy and infrastructure concessionary energy and infrastructure projects in Colombia, the United States, Panama and Peru, in particular the following:

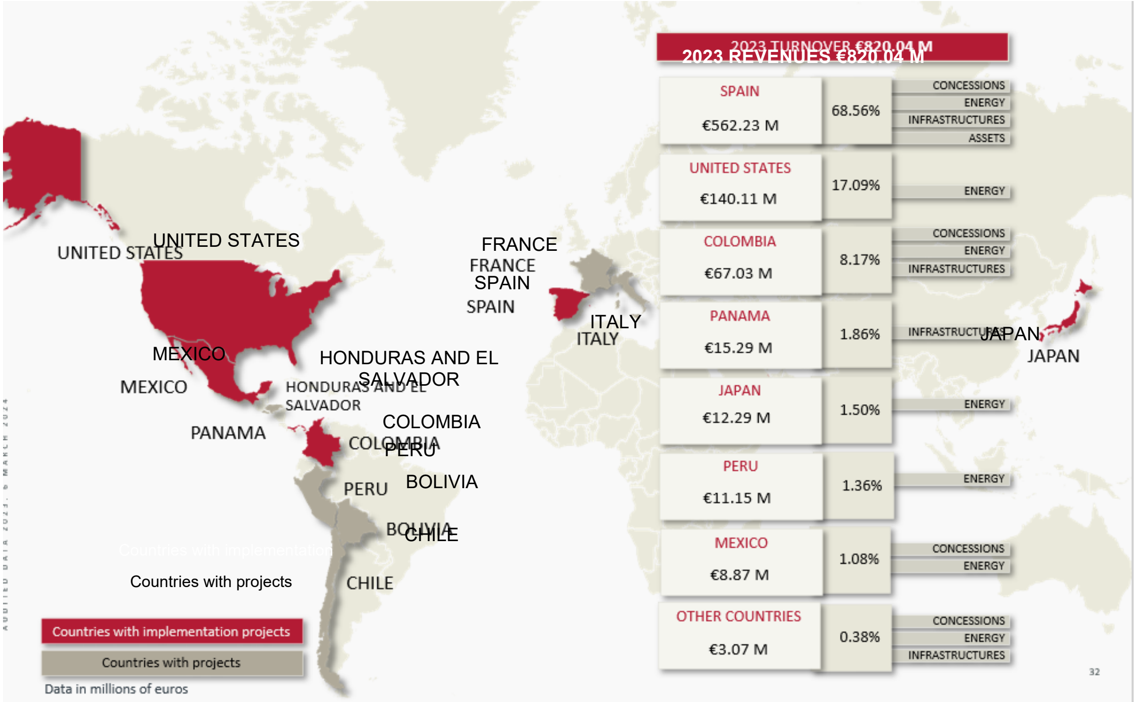
- Bosa Hospital in Colombia, completed in September, and in operation since 2023.
- In Colombia, the Barranquilla project, which totals 6 substations and 24 km of lines, was concluded in September and entered into operation in November 2023.
- Ruta del Caribe, Colombia
- 7V Ranch photovoltaic plant in Texas, United States, completed in 2023.
- Grimes photovoltaic plant in Texas, United States.
- Elisabeth Photovoltaic Plant in Louisiana, United States
- North Panama Aqueduct in Panama.
- Lines and substations in Cuajone and Puerto Chancay in Peru.

We should highlight the importance of the United States in the Energy area, with three photovoltaic plants totalling 738 MWp, making Grupo Ortiz a significant player for the construction of renewable energy projects in the important American market.

As part of its global strategy, Grupo Ortiz bids for basic concession projects for basic services such as energy, transport, healthcare, etc. with multilateral financing and, in the case of emerging countries, 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.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2023



Data in millions of euros.

3. CURRENT PORTFOLIO

The current project portfolio pending execution by GRUPO ORTIZ €8,256 M.

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 €6,598 M. Of this total, 87% is in Colombia and Mexico.

The Group's portfolio of concessions already has seven in Colombia:

- Conexión Norte, in operation.
- Transversal del Sisga, in operation
- Ruta del Caribe, in operation.
- Bosa Hospital in Bogota, in operation since December 2023.
- Lines and substations in Barranquilla, in operation since November 2023.
- Troncal del Magdalena I, awarded in 2022 and now in operation.
- Troncal del Magdalena II, awarded in 2022 and now in operation.

In Mexico, it has the concession for Tepic Hospital.

The portfolio corresponding to the Energy Area amounts to €405 M, in particular the new photovoltaic project Salsolito in Spain.

The portfolio corresponding to the Infrastructures Area amounts to €1,253 M, basically in Colombia, Spain and Panama.

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

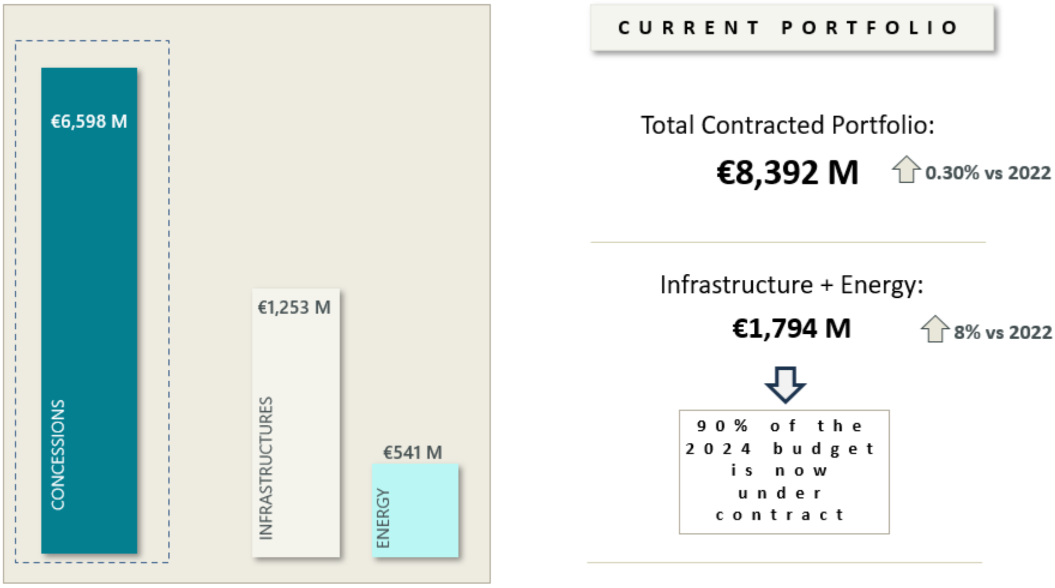
ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2023

Area, 39%; and in the Infrastructures Area, 63%.

The portfolio backlog for 2024 in the business areas of Infrastructures and Energy amounts to €834 M, which accounts for 95% of the expected revenues (€882 M) of these areas for 2024.

Attached is a chart showing the portfolio as of December 2023 by business area.



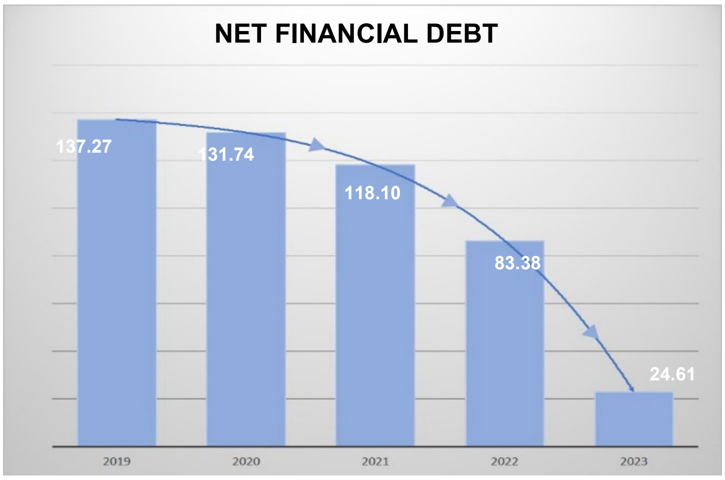
Data in millions of euros

4. FINANCE & DEBT

We would like to highlight the reduction of our debt, as we had pledged and shared with our main entities and collaborators.

This reduction is based on net debt down 70%, with Net Financial Debt (NFD) at €24.61 M compared to the previous €83.48 M.

This reduction and the details of the NFD for the last 5 years can be seen in the following chart:



Net debt is made up of:

- (i) **Gross Debt** of €111.01 M, which in 2022 was €143.17 M, representing a reduction of 22%.
- (II) **Asset Positions** of €86.40 M, which in 2022 were €59.71 M, representing an increase of 47%.
- (III) **Net Financial Debt** of €24.61 M, which in 2022 was €83.48 M, representing a reduction of 70%.

This level of indebtedness is very low, particularly if compared to the amounts of revenues and EBITDA in the same financial year and expected in the coming years. This structure is ideal for GRUPO ORTIZ to address the proposed challenges in the coming years.

5. DIGITALISATION

The Digital Transformation Framework in Grupo Ortiz

The sustainability of projects is intrinsically linked to the digitalisation of processes, extending from the design to the operations stage. Digitalisation facilitates the efficiency and supervision of the resources used, allowing the most suitable construction techniques and the most efficient production methods across the whole life cycle of the assets.

Digital transformation is an essential process to meet precise deadlines, cost and quality in project execution and to ensure adherence to these parameters throughout the development stage.

In 2023, the Group's digital transformation continued the development initiated in previous years, bringing our methodology to new projects and developing project management solutions. In this area, digitalisation efforts have focused on enhancing the monitoring of work by linking planning with the models and automating the generation of reports to allow a clear view of what has been executed and what has yet to be executed in each period.

This framework is based on the following pillars:

1. Ongoing leadership from Group management.
2. Virtual Construction: detailed recreation of the execution before physical construction.
3. Digital Tools: key support for the virtual construction process in all its phases.
4. Skills Training plan: Training and resources

Virtual Construction

From the start of each project an in-depth analysis must be carried out to obtain a detailed representation of its execution before the final actual construction.

It is an iterative (successive approaches) and collaborative process which involves the whole chain of intervening factors.

The Digital Tools

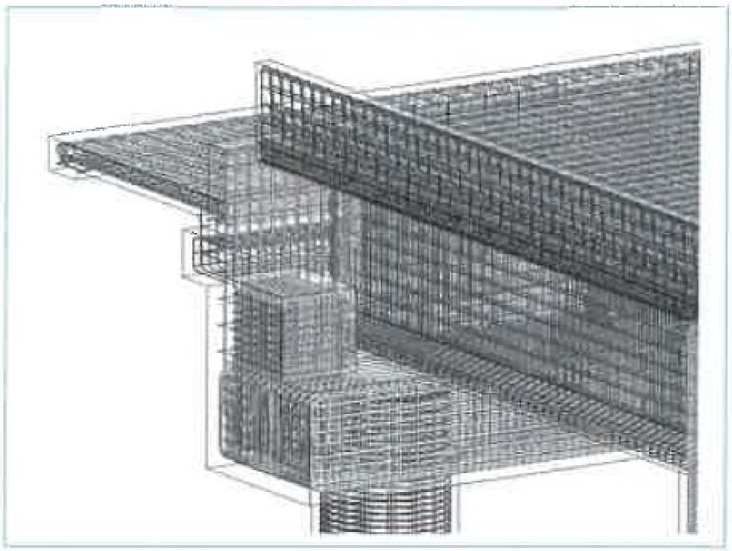
One of the pillars of the Group's digitalisation process is the integration of digital solutions into the processes of the company's different areas of activity.

Through the methodology of internal consultancy, we use existing market solutions (following pilot projects) or propose customised solutions to the development teams.

One case of applying a previously tested technology is the use of software for the Computerised Maintenance Management System (CMMS) for Conservation, Operation and Maintenance in different types of infrastructure.

The main advantages of this system are the ability to plan preventive maintenance and agile management of corrective maintenance. It also facilitates data traceability and speeds up the control system. Its great potential lies in integrating the project BIM models and incorporating scans captured by drones to provide updated representations of the state of the infrastructure at any given time and the ability to detect immediately any differences with respect to the project to be executed.

ANALYSIS OF ROAD INFRASTRUCTURE CONSTRUCTION



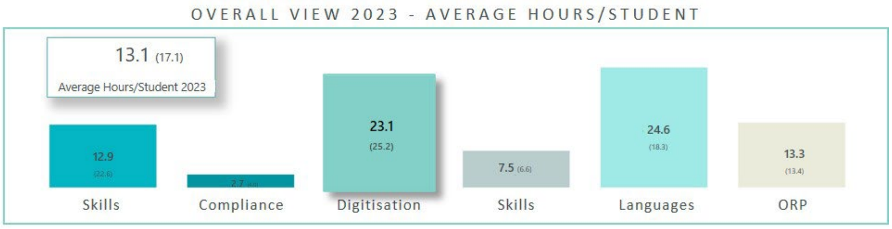
Training Plan

The plan is geared to people: to respond to the specific needs that arise in transforming the way people work with technology. It covers the Group's entire business activity on a multi-annual basis.

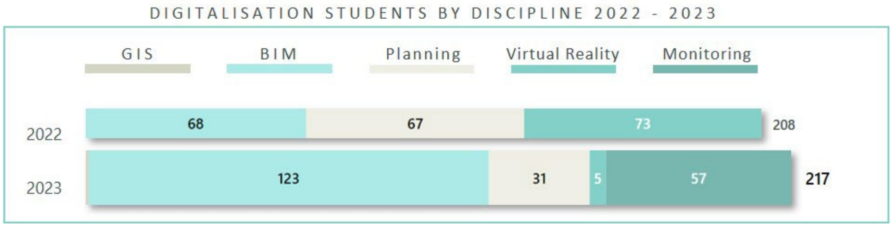
Its approach aims to implement new functionalities and improve the performance of the teams through training actions based on advanced technologies (the most intensive), combining the transmission of knowledge and experience with the incorporation of specialist consultants.

As in the previous year, there was an increase in training in these technologies (23 hours taught per student in 2023 and 25 hours in 2022), with an average of 56 hours in terms of single users. The total volume of students also remains practically constant (217 in 2023 vs 208 in 2022), as in the previous year flexible training on the Pharos platform was not included in this section due to its limited importance at the time.

The trend for the previous year has been maintained with regard to gender distribution. Women account for more than 25% of students in digitalisation (23% in 2022). This proportion is two points more than the proportion of women in the Group’s workforce.



(), data for 2022



In addition to specific training in BIM and Planning methodology, the Virtual Reality training actions carried out in the previous year have been continued. To this end, multi-level work sessions have been organised with the different technical work teams of the most significant projects, with the aim of making them fully independent. This use of Virtual Reality provides an immersive and interactive project experience in real time and allows a visualisation of future development from the earliest stages of the design.

In 2023, the first of the planned training courses on the use and management of drones were held to provide the technicians with total operational autonomy in the field, allowing them to carry out their own photogrammetric scans, thermographs and visual inspections.

Innovation

Total investment amounted to €1.820 M in 2023, 17% up on the figure for 2022.

The most important lines of action include integrating the information gathered from the site through

mobile apps with BIM models automating BIM models in photovoltaic plants.

Photogrammetry and drone scanning is also used to automate the detection of interference, non-conformances or deviations from the planning of energy projects.

6. SUSTAINABILITY

Grupo Ortiz is firmly committed to Sustainability, which is mainstreamed across all its activity. Grupo Ortiz is firmly committed to people, the environment and the fight against climate change, as well as 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 (80% jobs with permanent contracts). The workforce increased by 3% in 2023.
- Respect for Human Rights.
- Care for employee safety and health.
- Continuous workforce training (27,363 hours in 2023, for 2,090 workers, particularly in areas such as digitalisation, data protection and on-site recycling).
- Social volunteering actions in communities where we operate.

Commitment to the environment:

- Social and environmental plans in a variety of projects.

- Innovation and digitalisation.
- Circular economy Grupo Ortiz continues to work on the digitalisation of the collection and management of waste generation data. In 2023, waste from electrical and electronic equipment (WEEE) was incorporated into the measurement.

Commitment in the fight against climate change:

- In 2023 the emission of 15,485 tons of CO_2 into the atmosphere has been avoided.
- Production of 59,139 MWh of renewable energy, equivalent to the energy consumption of 16,959 homes.
- Also of note is the digitalisation of the sustainability indicators, which allows us to optimise the data.

Sustainable investments in high-impact projects, among which we would like to highlight the following:

- Bosa Hospital in Bogota, Colombia. In the construction phase since September 2021, it was completed in September 2023 and will enter into operation in December 2023. The hospital will provide medium and high-complexity outpatient 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 kidney diseases, obstructive lung diseases, atherogenic cardiovascular diseases, early cancer detection, etc. The project will form part of the Bogota south-western sub-network, covering 4 districts: Kennedy, Fontibon, Puente Aranda and Bosa.

  During its construction, social actions have been carried out with the local community, 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 transmission and distribution in Barranquilla, Colombia. The project was completed in September 2023 and entered into operation in November of that year. This project represents a significant improvement in the energy transmission 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. It also aims to eliminate problems with voltage levels and power fluctuation and 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, and supply of computer, school and surveillance equipment, as well as toys and food.

  Specially targeted actions have benefited 760 children.

7. CONCESSIONS AREA

Grupo Ortiz has extensive experience in the design, finance and structuring, construction and operation of infrastructure concessions in the areas of healthcare, transport, photovoltaic energy, energy transmission lines and substations, car parks, and 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.

Grupo Ortiz has 7 concessions in Colombia, where it obtained its first concession outside Spain:

- 2014: 4G Conexión Norte motorway
- 2015: 4G Transversal del Sisga motorway, both with the National Infrastructure Agency (ANI).
- 2020: Bosa Hospital with the Office of the Bogota Health District; and the Transmission Lines and Substations in Barranquilla, which are the responsibility of the Colombian Mining and Energy Planning Unit (UPME).
- 2021: The private Ruta del Caribe initiative, also with the ANI.
- 2022: Troncal del Magdalena I and II motorways.

In these 4 projects awarded between 2014 and 2020, Grupo Ortiz also has COFIDES as a shareholder; and in the other 3 concessions it is negotiating its entry, which will materialise the finance becomes available.

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 Operation & Maintenance work and engineering 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.

third-party finance required for the project: €340 M.

Shareholders’ equity projected for the SPV: €114.8 M; and 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, and direct tolls of €1,135 M.

The culmination of the financial closure and the start of the works are planned for mid-2024.

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 "Rio Grande" Magdalena River. It is the prolongation of the Troncal I motorway.

The seventh concession awarded to Grupo Ortiz in Colombia, it forms part of the fifth wave of projects structured by ANI.

Awarded in June 2022. The commencement certificate was signed in December 2022.

The Operation & Maintenance work and engineering 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

Third-party finance required for the project: €319 M.

Equity projected for the SPV: €107.8 M; equity projected from ORTIZ: €53.9 M

Revenues projected for the SPV: €2,252 M, of which post-dated payment periods of €389 M, and direct tolls of €1,863 M.

The culmination of the financial closure and the start of the works are planned for mid-2024.

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 increase 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 Designs have already begun. Length: 474 kilometres from Cartagena - Barranquilla (doubling of carriageway and remodelling).

Concession term: 2021 - 2053.

Investment: €832 M.

Third-party finance required for the project: €465 M (investment – net income in the construction phase).

Equity projected for the SPV: €167 M, of which equity planned from Ortiz is €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.

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 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.

Awarded in December 2019 by the District Health Department (SDS), the District Financial Fund for Health (FFDS). The concession contract was executed in February 2020.

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 amount of the investment is €76 M, of which 75% has been financed with bank loans (Itaú, Bancolombia and Davivienda) and 25% with equity.

Duration of the concession: 18 years starting in 2020

Project Revenue

- Post-dated payment periods
- Commercial revenue.

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.

It enters into operation in December 2023.

<u>Lines and substations in Barranquilla</u>

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.

<u>Transversal del Sisga:</u>

SPV: Concesión Transversal del Sisga S.A.S.

In 2023, 100% of the project was completed. It has been refinanced and is now in operation.

Half (50%) of the SPV is owned by Ortiz, at 25.01%, and COFIDES, at 24.99%. The latter 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.

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, made up of payments for availability and income from traffic (70% guaranteed by State + 30% direct Tolls).

Conexión Norte:

SPV: Autopistas de Nordeste S.A.S.

Functional Unit 2 (FU2) of the highway is in operation, and will be completed in 2024, the concession is expected to be refinanced this year.

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 the SPV: €2,830 M, made up of payments for availability and income from traffic (90% guaranteed by State and 10% direct tolls).

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 first 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 operating 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 healthcare services included in the concession are: sterilisation, 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 €50 M.

Shareholders' equity contributed by Grupo Ortiz: €7 M.

Spain

Transport concessions:

2 motorways: 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 2023 show a growth of more than 27% on 2021. Revenue in 2023 was €8.96 M. EBITDA for 2023 was €7.52 million.

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 2% in 2023 compared with 2022 and is now at pre-COVID levels.

Revenues in 2023 were €19.37 M. EBITDA for 2023 was €16.49 M.

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 Scheme.

Increase of 1% in production in 2023.

Revenues in 2023 were €2.01 M and EBITDA, €1.63 M.

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 street lights.

Car park concessions:

7 car parks, with 3,550 spaces in total.

Parking Collado Villalba

A concession contract for the construction, conservation and operation of the underground car park under calle Honorio Lozano street, as well as the operation of the existing Miguel Hernández Municipal Library car park, both in Collado Villalba (Madrid) with 1,023 spaces in total.

The remuneration of the Concessionaire is obtained by charging the users of the parking spaces, both short-stay and with season tickets, plus charging an annual amount from the town council for 40 years.

The short-stay rate in 2023 was 2.87%, still below the 2019 (pre-COVID) level.

The level of occupancy in 2023 was 71%, still below the 2019 (pre-COVID) level.

GO Barajas

Located in the international Madrid Barajas-Adolfo Suárez airport, it has two car parks, 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 2023 was 67%, above the 2019 (pre-COVID) level, which was 48%.

Reyes Católicos car park in Zamora.

A concession contract for the construction, maintenance and operation of the underground car park of 538 parking spaces in Zamora. Short-stay and season-ticket car park.

Currently we have 326 season ticket holders. Annual revenue in 2023 increased by 26%

The turnover rate in 2023 was 14%.

The occupancy rate in 2023 was 68%.

Residential car parks (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 spaces.

The spaces are sold as right of use and as monthly season tickets. They have not been affected by the pandemic.

Juan Ramón Jiménez PAR: Juan Ramón Jiménez PAR: by Plaza de Cuzco, with 401 spaces.

Ilíada PAR: by Wanda Metropolitano stadium, with 333 spaces.

Pamplona PAR: by Plaza de Castilla, with 314 spaces.

Andorra PAR: by Campo de las Naciones, with 280 spaces.

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.

Bulevar del Arte y la Cultura, S.A. (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 through royalties paid by 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.

The following milestones are worth noting in 2023:

- Entry into operation of Bosa Hospital in December 2023 (Colombia).
- Entry into service of lines and substations in Barranquilla in November 2023 (Colombia). Negotiation of the refinancing in the closure phase (planned for the first half of 2024)
- Full start-up and refinance of the Transversal del Sisga motorway (Colombia).
- Negotiation of the refinancing of Conexión Norte in Colombia (planned for the first half of 2024).
- Negotiation of financing of the 2 5G concessions in Colombia: Troncal I and Troncal II
- Renegotiation with the National Infrastructure Agency (ANI) on the scope of the Ruta Caribe motorway and the number of toll stations.

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 3.4 MWp under construction or already installed in renewable energy plants, over 1,200 km energy transmission lines of up to 400 kV and over 25 transmission substations.

The revenues in the Energy Area in 2023 amounted to €458.32 M, which is 56% of all the consolidated revenues in 2023 and 31% more than in 2022. In 2023 more than 1,528 MWp was under construction and more than 560 MWp awarded, all in photovoltaic projects. The experience testimonials acquired have allowed Grupo Ortiz to consolidate a solid position in the global renewable energy market.

The Spanish electrical system is continuing firmly on the path of decarbonisation. 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 118,150 GW of total installed capacity, accounting for 59% of renewable capacity installed in the country. 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 transmission and distribution (T&D) needs this involves and the Operation & Maintenance services for these generation and transport infrastructures.

We would like to highlight the following projects by geographic areas/countries:

United States:

In the United States, the Group has constructed three photovoltaic plants in 2023, totalling 739 MWp:

- 7V Solar Ranch in Texas, of 300 MWp, for our customer NATURGY.
- Grimes Texas, of 278 MWp, also for NATURGY.
- Elisabeth Louisiana, of 160 MWp, for our customer OPDE.

Colombia:

In 2023 Grupo Ortiz made progress in the construction of the EPC project for an energy transmission concession in the city of Barranquilla for UPME. The concession was for a 110 kV ring and 8 associated substations in the city itself. Work began in December 2021 and were completed in November 2023. This infrastructure is now fully operational.

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” (due to their location 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 electricity supply restrictions.

Japan:

Grupo Ortiz has been established in Japan since 2017, where it has constructed seven photovoltaic plants. Among the projects under construction in 2023 are the following:

- Sukagawa 30 MWp photovoltaic plant. This plant was completed in 2023 and Grupo Ortiz will then be responsible for its Operation and Maintenance.

- Moreover, Grupo Ortiz carries out the O&M of the Mine I and II plants and will begin the O&M of a 30 MW plant (Sukagawa).

Peru:

This country is now firmly committed 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. 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 O&M 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 2023:

- The 478 MWp photovoltaic plant for the company FRV in Badajoz (Carmonita Ministerio project). This is the biggest photovoltaic plant ever constructed by Grupo Ortiz.
- Hipódromo (188 MWp) and Rotasol (22 MWp) photovoltaic parks, for the company Everwood. They are located in the province of Seville.
- Cerrillares 50 MWp photovoltaic park 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 2024.

In addition, the following plant was contracted at the end of 2023:

- 79 MWp photovoltaic park for Everwood, in Badajoz (Salsolito Project)

The presence of Grupo Ortiz should also be noted in the activities relating to the construction of Transmission & 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 construction of another transmission project with 2 substations and a line of 220 kV with the customer NATURGY (Nudo de San Servan project) in Badajoz.

As well as this, the activities being carried out in the service sector continue. Of these, worth noting 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 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, we have continued with the provision of Operation & Maintenance services for renewable energy generation services. Currently, they amount to O&M of more than 1,443 MW in seven 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 in the Spanish market, as a result of the efforts of recent years, market positioning and the reputation acquired at international level.

The following is a summary of the main milestones for 2023:

ENERGY & INDUSTRY in 2023:

- ✓ 1,528 MWp in photovoltaic projects in operation in 2023.
  - 7V project (USA): 300 MW
  - Grimes Project (USA): 278 MW
  - Elisabeth project (USA): 160 MW
  - Carmonita project (Badajoz): 478 MW
  - Carousel and Rotasol projects (Seville): 188 MW + 22 MW
  - SOLCAN project (Canary Islands): 52 MW
  - Cerrillares project (Murcia): 50 MW

- ✓ 6 photovoltaic projects awarded in 2023 (561 MW).
  - Grimes (USA): 278 MW
  - Hipódromo and Rotasol (Spain): 188 MW + 22 MW
  - Salsolito (Spain): 73 MW.

OPERATION & MAINTENANCE in 2023:

- ✓ Solem 1&2 (350 MW), Terranova (93 MW) and Navojoa (260 MW) and La Lucha (163 MW) in Mexico.
- ✓ La Independencia (13 MW) in El Salvador.
- ✓ Marcovia (45 MW) and Pacific Solar (15 MW) in Honduras.
- ✓ Uribe (58 MW) and La Cruz (58 MW) in Chile.
- ✓ Mine 1 & 2 (14 MW) in Japan.
- ✓ Samoussy (88 MW) in France.
- ✓ El Casar, Guadalajara (13 MW), San Servan 220 (138 MW) and San Servan 400 (150 MW) Badajoz and Aliagar (50 MW) Zaragoza, in Spain.

TRANSPORT & DISTRIBUTION in 2023:

- ✓ Construction of high-voltage infrastructure projects: 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 transmission project for Barranquilla is completed, consisting of:
    - eight 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. INFRASTRUCTURES AREA

The revenues of the Infrastructures Area of Grupo Ortiz amounted to €343.71 M in 2023. Grupo Ortiz has 63 years of experience as an EPC contractor for sustainable infrastructure: road, rail, healthcare, hydraulic, as building, renovation of historic buildings and services related to infrastructures.

The project portfolio of the Infrastructures Area is €1,286 M.

Grupo Ortiz has continued to operate this year in Spain, as well as Colombia and Panama.

The most important projects in this area by country are detailed below:

COLOMBIA.

In 2023 work has continued on the construction and/or completion of the following projects:

- Bosa Hospital, Bogota.

- 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.

- Troncal I and II of the Magdalena River.

- Setback in the BTA network aqueduct.

- Construction of the Magangué bypass and the upgrade, renovation and maintenance of the Transversal de Momposina.

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At the end of 2023, we started to analyse two tenders: The La Dorada-Chiriguaná railway project and the reform and construction of Engativá hospital, both under a concession scheme.

The following are some project milestones:

Transversal del Sisga:

The works were completed at 100%. This year the project was refinanced. We are focused on the operation phase, as well as on collecting the amount confirmed by the arbitration award for unstable sites.

CONEXIÓN NORTE:

Project 99% completed.

Completion in the first week of February 2024 by Instable Site 19, affecting 100 ml of track due to the presence of geotechnical anomaly by colluviation at 10 m. This required a greater number of anchors, a doubling of the depth and re-injections for consolidation. Double shifts and backup machinery were used, with conventional and self-drilling anchors.

The rest of the project was completed and at the project audit phase.

BOSA HOSPITAL:

The construction project was completed in December 2023, and entered into operation on 4 December.

On 11 December, the hospital was officially opened by the Health Secretary of Bogota and the Mayor of Bogota.

RUTA CARIBE II:

This year 2023 the ANI maintained its policy of not increasing the toll rates as planned for 2022 and 2023. Certificates of suspension of liability were once more signed so that the concession was contractually safeguarded from contractual requirements with respect to contributing equity and the financial close.

The special pleading in the Concession Agreement continues in force, which extended the deadline for installation of the Arroyo de Piedra Toll to April 2024. A commitment in writing was given that ANI should compensate the lower collection associated with this event.

Work is being carried out exclusively on maintenance, while the viability of the tolls under pressure from social opposition is being assessed.

TRONCAL DEL MAGDALENA I and II:

The main activities carried out in 2023 in these trunk roads are as explained below.

1 <u>Land rights</u>

In 2023, the owners of the properties affected by the works were contacted and the different land register entries were adjusted for both trunk roads. These register entries were submitted to project auditor for review.

2 <u>Environment</u>

In 2023, the ANI granted us the environmental licences for the branches. The environmental licence for the straight sections is still pending, and this is a priority for the construction of the project. This is because the latter include the areas for the deposit of surplus excavated materials and sources of the material needed for the execution of the works. Furthermore, once we had the designs we could identify the modifications of the necessary environmental licences in accordance with the new designs. New licences are now being processed with the authorities to allow the works to proceed more satisfactorily.

3 Networks

The different networks that have an impact on the works have been identified. Designs have been created to allow the change in use of the works and were have contacted the different operators to sign the collaboration agreements between the parties and thus to propose the different solutions to the necessary deviations.

4 Engineering

The designs of the trunk roads were developed in 2023 and delivered for review to the auditor and customer within the contractual deadlines.

They consist of the following volumes:

- Vol. I: Transit
- Vol. II: Geometric design
- Vol. III: Geology
- Vol. IV: Foundations
- Vol. V: Geotechnics
- Vol. VI: Paving
- Vol. VII: Hydraulics
- Vol. VIII: Structures
- Vol. IX: Urban planning
- Vol. XV: Final executive report
- AT-5: Network Transfer Plan

5 Purchases

- Properties for the installation of workshops along the trunk roads (El Hato, PR33, Lizama)
- Design and construction contracts for the workshops
- Progress has been made in the contract for the precast plant.
- Purchase of the machinery needed to execute projects
  - Earthmoving machinery
  - Aggregate equipment
  - Asphalt equipment
  - Crushers
  - Concrete plants
  - Asphalt plants
  - Plant machinery
- Lease and construction of site offices in Lizama
- Supply and construction contracts required for the construction of the Functional Unit O&M - 180 days
- Supply and construction contracts required for the construction of Functional Unit O&M Final

6 Construction

- Setup of machinery workshops. Setup of offices.
- Setup of industrial units. Start of production of industrial units. Construction Functional Unit O&M 180 days.
- Construction of Functional Unit O&M Final (monthly compliance with minimum indicators) Extension of Peaje la Gómez.
- Interventions of the crossings with by-passes. Test drillings.
- Construction of shafts both in existing pavement and on newly constructed pavements.
- Draft certificates of damage to existing bridges.
- Topographic field surveys.
- Repair of the槽Pararé and Vizcaína bridges in TM-01.

MAINTENANCE OF MAGANGUÉ:

Transversal Momposina (maintenance 230 km):

Pavement under construction; maintenance and signage.

Opening of four new work fronts in parallel planned for 2024 on surfacing, according to the contingency plan, to recover production delayed in 2023.

Bypass:

Designs in response to comments and in the development and negotiations of solutions for the road surface with the public auditor / Invías.

EIA pending resolution by the Ministry of the Interior on the application of Prior Consultation, and the concept of ANLA, after the start.

Work is being carried out to improve processes and economies of scale through possible synergies with the Troncales trunk road project due to the proximity between them.

BTA NETWORKS:

Project 99% completed.

Planned completion in January 2024, pending:

1 Last pressure test in the Parent Network, scheduled for the third week of January.
2 Construction site signage.
3 Comments by the public auditor for final delivery at 90%.

Deliveries of documents for settlement scheduled for March 2024, pending:

1 Tax clearance certificate for corporate, property tax, environmental, industrial safety and occupational health and utility companies.
2 Economic settlement and receipt by EAAB.

1501 NETWORKS:

Project 99% completed.

Planned end in March 2024, pending:

1 Response to guarantees in drains.
2 Tax clearance certificate for corporate, property tax, environmental, industrial safety and occupational health and utility companies.
3 Economic settlement and receipt by EAAB.

The new projects awarded - Ruta Caribe, Troncales I and II, as well as the maintenance of Magangué, are being fully digitalised.

PANAMA

In 2023 the project for the construction of the second module and refurbishment of the first module of the drinking water plant for the city of Santiago de Veraguas was operating and producing 40% more flow than in the design. After long negotiations, the customer finally acknowledged ASEISA (the company that built and operated the plant during the contract) a claim worth $528,000, due to the recognition of additional actions not included in the original project.

In addition, the project for the extension and rehabilitation of the North Panama Aqueduct (originally USD 82 M, and USD 115 M following its extension by the new Addendum No. 3) is being carried out by a consortium made up of two Group companies, Ortiz (70%) and Asteisa (30%).

On 4 October 2023, Addendum No. 3 of this project was endorsed. It represents an increase in time and budget, extending the deadline until May 2024 and increasing the budget by USD 26 M, which means that the budget to date amounts to the USD 115 mentioned above. In 2023 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 2023, a total of USD 18 M was executed, with progress on the start being 97% 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%. We are currently analysing new good business opportunities in the country.

Finally, on 11 January 2023, the Fourth Chamber of General Business of the Supreme Court declared the validity of the arbitration decision on the SAN MIGUELITO project in favour of ORTIZ, and on 21 June of that same year, the Enforcement Order was issued.

SPAIN

Road infrastructure and urban development

In road and rail transport infrastructure, we continued in 2023 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 have also continued for Adif, between Toril and Malpartida de Plasencia. Also for Adif, we have been awarded the contract for the construction of Parla station, which will begin in 2024.

In the city of Madrid, the following contracts are of note:

We have worked on the following urban development contracts with the City Council of Madrid:

- Repaving of the pavements in the districts of Latina, Carabanchel, Usera and Villaverde. Group 3, leaving the Camino de Perales lower-level agreement for 2024.
- 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.
- Of note in the works contract for the construction of the development Group 2 are: Avenida de la Ilustración north and south, Plaza de la Vaguada and Irún.
- In the framework agreement for the execution of the works to improve roads and access in Group 1 are: Schools, Sta. Cruz de Marcenado, Colegio Osa Menor, Colegio Unamuno and Colegio Claudio Moyano.

For the Junta de Compensación de Valdecarros, we are working on stage 1 of the “Development of the East”, and we have been awarded stage 3, whose works will begin in 2024.

Railway Infrastructures

The Group’s railway company COSFESA has increased its revenues in 2023 to €43,044 thousand (2022: €26,365 thousand), which represents an increase of 63% with respect to the previous year.

COSFESA had a project backlog of €93,216 thousand at December 2023, corresponding basically to maintenance activities and railway work.

In 2023 the Company has continued its activity through the Maintenance Services, Emergencies and Track Renovation Works contracts on the RFIG lines (Conventional, High-Speed, Metre Gauge).

In 2023 the following contracts were completed:

- Maintenance Service Contract for infrastructure, track and switches and crossings for the high-speed Madrid Norte line (Madrid-Leon).
- Execution of works for the project to construct and renew the track. Section: Arahal-Marchena, in the province of Seville.
- 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.

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 is a partner.
- Services for the maintenance of infrastructure and track for the conventional network (MIV) corresponding to Group 2 of the North-west sub-division.
- Maintenance of infrastructure and track for conventional lines and metric gauge of ADIF 2020-2022. Group 1. Sub-directorate of North-West Operations. (The contract has been extended for 2 more years).
- 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.
- Consolidation of the infrastructure at several points due to the effect of the January 2023 rains in Galicia. Group 2 actions on the Salvadara-O Porriño Line section of line 810.
- Execution of the work of the rail and crossings replacement project on line 1 between KP 68/043 And 71/835 and between the PTS. 73/330 and 76/760, on the Ribaforada-Tudela section. Line 700 Intermodal Abando Indalecio Prieto - Casetas.
- Maintenance Service Contract for infrastructure, track and switches and crossings for the high-speed Madrid Norte line (Ámbito Bases de Olmedo y Villada).

As well as the above, this year we have been awarded the following contracts:

- Consolidation of the infrastructure at several points due to the effect of the January 2023 rains in Galicia. Group 2 actions on the Salvadara-O Porriño Line section of line 810.
- Execution of the work of the rail and crossings replacement project on line 1 between KP 68/043 And 71/835 and between the PTS. 73/330 and 76/760, on the Ribaforada-Tudela section. Line 700 Intermodal Abando Indalecio Prieto - Casetas.
- Maintenance Service Contract for infrastructure, track and switches and crossings for the high-speed Madrid Norte line (Ámbito Bases de Olmedo y Villada).
- Execution of works for the project to construct and renew the track in Parla Norte New Station (Madrid).

Water treatment infrastructures

- 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 Tercer Depósito 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.

Building and rehabilitation

In 2023, 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).

    a. In September 2023 works were completed on the Ramón y Cajal Hospital in Madrid for Phase 1 of the extension of the Magnetic Resonance Imaging area. The award of Phase 2 is projected for the first quarter of 2024.

    b. In September 2023, emergency work was carried out in the same Hospital in the A&E due to damage caused by the heavy rains of the "cold drop".

2. Comprehensive reform and adaptation of a building for administrative use:

    a. Building in Plaza Juez Borrull in Castellón for the Tax Department of the Regional Government of Valencia. Work continues, with a second budget increase of close to another 20% and price review of an additional 20%. Delivery is scheduled for March 2024. Final budget approx. €20 M.

3. Rehabilitation:

    a. Expansion of the headquarters of the Ávila Provincial Council. Completed in due time and delivered in November 2023.

    b. Rehabilitation works were begun on the building in Paseo de la Castellana 19 for the Insurance Compensation Consortium. In November, an addendum was signed with an increase of 18%. Included in the works are some pioneering certifications for work of this type, such as Passive House.

4. Restoration:
    a. In July 2023, work began for the rehabilitation and restoration of facades, roofs and carpentry of the old Tabacalera building in Madrid with the Infrastructure Management department of the Ministry of Culture.

5. New building construction:

    a. New Centre for Internment of Foreigners in Algeciras for the SIESPE (Company for Penitentiary Infrastructures and Equipment and State Security). Work continued in 2023. It is a joint venture at 50% with Díaz Cubero, S.A.

    b. In June 2023, work was initiated for the construction of the Gredas San Diego school in Valdebebas. Madrid. Phase 1 was delivered in December, and phase 2 is currently under construction. It should be completed in September this year. It has a budget of approx. €26 M.

Building Refurbishment

In 2023 there was a significant increase in the number of contracts, which led to an increase of 44% for the portfolio backlog to be executed in the years 2024, 2025 and 2026 compared to the previous year.

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This increase has occurred in both the loyal customers of previous years in framework agreements of different areas and boards of the City Council of Madrid, as well as in private customers of institutional, commercial, hotel, religious, educational etc. sectors. It has also increased in new customers of various city councils both in the Region of Madrid and the Balearic Islands.

Main works completed and under construction in 2023:

Residential:

- 99 housing units in Calviá, Majorca

Hotels

- Refurbishment for a Hotel of the Cines Callao building in C/Jacomotrezo 1 in Madrid.

Health:

- Health clinic in Montecarmelo. Madrid
- Rehabilitation and refitting of Hospital Clínico San Carlos.
- Refurbishment of the Madrid Social Services Agency buildings
- Rehabilitation of Facades of Clínica Lopez Ibor, Madrid

Educational:

- Refurbishment of the Gamo Diana school library, Madrid
- Infant/primary school in Campos, Mallorca
- Sports Education school in the Príncipes de España Centre, Palma de Mallorca
- Rehabilitation of Formación building in Calle Alhambra, Madrid

Institutional

- Refurbishment of the ONCE Headquarters in Palma de Mallorca
- Rehabilitation of a historic building in Toledo as the site of the Correos Museum.
- Refurbishment of the Madrid amusement park Auditorium
- New headquarters of the District Council of Puente Vallecas. Madrid

Maintenance and framework agreements

- Maintenance of the Congress of Deputies.
- WiZink Center Madrid.
- Removal of asbestos from the rolling stock of the Metro.
- Tender for Subsidiary Action. Deficient Building and Ecological Restoration of land.
- Maintenance of the municipal car parks in Madrid.
- Integrated maintenance of buildings and schools in Madrid: San Bias, Moncloa and Vicálvaro.
- Framework agreements of works on city council buildings, schools and sports facilities in Madrid: Carabanchel, San Blas, Moncloa, Arganzuela, Centro, Vallecas, Vicálvaro, Retiro
- Framework agreements of works on city council buildings, schools and sports facilities 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 remodelling of non-university buildings in the Community of Madrid.
- Framework Agreement for Buildings of Rey Juan Carlos University.

INDAGSA Industrial Construction System

In 2023, Indagsa has continued its collaboration through technical assistance in various works and projects of the Ortiz Group, offering individual construction solutions for each case in both national and international projects and works.

Production at its El Casar factory has focused on the manufacture and commissioning of bespoke architectural concrete façades, mainly in the building sector, having constructed more than 1,100 housing units, of which 180 have been for public bodies (EMV and City Councils) and the rest for private customers (San Jase, Aldara, Vidas, Dragados, Amenabar, Pryconsa, etc.). The new building of the Faculty of Economics and Business Studies for the UCM in the Somosaguas Campus is being built, as well as 2 University Residences for students at Plaza Madre Molas (Chamartín) and La Ventilla.

The rest of the works have been executed across the whole of Spain.

Services associated with infrastructure and environmental works.

SERVICES.

The contracts for service, maintenance and conservation provide a recurring portfolio in the medium term and offer recurring cash flows.

Turnover for the year amounted to 34.58 M (an increase of 48% compared to the previous year), with a gross margin of 15%, improving the objectives set out in the 2023-2027 Strategic Plan.

The portfolio backlog of work for maintenance services in green areas, road cleaning and collection of waste in the medium term for the following years has practically tripled with respect to the previous year, at €90.12 M, mainly due to the contracting of integrated conservation services by the parks of Madrid City Council (Group 4: Parques Singulares Oeste and Group 6: Casa de Campo and Finca de Tres Cantos).

The main contracts performed in 2023 were: maintenance of green zones and urban furniture in Ciudad Real, urban conservation service for parks, gardens and trees in Marbella (Malaga), integrated management service for 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) and the road cleaning and urban waste collection services in Xàtiva (Valencia).

Progress has been made in the contracting of maintenance and conservation services in the medium term, in contracts which provide stability to the company, such as, basically in the integrated conservation contracts for the parks of the council of Madrid (Group 4: Parques Singulares Oeste and Group 6: Casa de Campo and Tres Cantos). Also, other service agreements such as the maintenance and conservation of green areas in Ciudad Real, Godella (Valencia), Marbella (Malaga) and La Coruña (Group 3), and extensions of the road cleaning and waste collection services in Xàtiva (Valencia), green zone conservation and service for parks and road cleaning services in El Casar (Guadalajara), cleaning of buildings in Enguera (Valencia) and the integrated parks and nurseries service for the City Council of Madrid, Group 3: Forest parks and nurseries.

In addition, relevant contracts have been obtained, such as the service of clearing and refurbishment of the facilities of Canal de Isabel II, the conservation of Parque Princesa Leonor for the City Council of Madrid, the environmental recovery of the Saja River in Cabezón de la Sal (Cantabria) for the Ministry of Ecological Transition, the conservation of the agricultural and forestry heritage for the Tagus River Basin Authority, the construction of the park to pay tribute to the victims of COVID for the Ciudad Real City Council and the renewal and adaptation of pathways in the Casa de Campo for the Madrid City Council.

We have also continued with the service contracts performed last year, such as conservation 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 in Xàtiva (Valencia), conservation of beaches in Benalmádena (Malaga), cleaning of municipal buildings in Enguera (Valencia) and the integrated management of municipal parks and nurseries for 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 Company is expected to be positive in 2024, thanks to the continuity of the ongoing contracts and the award of other new ones due to the planned increase in tenders for many conservation and maintenance services already studied in 2023, in particular the contracts for the maintenance of green zones in Estepona, Mijas, Cadiz, Soria, Guadalajara, San Fulgencio, Caceres, Elda, Almussafes, Fuenlabrada and Leganés, road cleaning and waste collection in Alboraya, Sueca and Xàtiva, conservation of urban furniture and children's playgrounds in Madrid and the conservation of beaches in Marbella and Santander.

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 for innovative services, in line with the development of services demanded by society, and this has been included in the Strategic Plan 2023-2027.

10. PROPERTY ASSET AREA (SOCIMI)

At 31 December 2023, the share capital of GOP Properties SOCIMI, S.A. was distributed as follows; 49.30% owned by Ortiz; 6.42% of the shareholders are distributed among 3 institutional investors, 40.56% among 182 investors and 3.71% are treasury shares.

The share capital of the SOCIMI is divided into 6,187,505 shares, with a price of €15.20 per share as at 31/12/2022, giving a market capitalisation of €94.05 M. This capitalisation puts SOCIMI in 29th place (out of 75) out of the companies listed on BME-Growth.

At the close of the year, the SOCIMI owned a total of **43,070** m2 of property in the tertiary sector, **484 housing units and 940 parking spaces**. With an **occupancy of 96%**, the **gross rentals generated** have **increased by 9%** with respect to those obtained in 2022, due mainly to:

- A **higher average occupancy**, mainly in residential assets (97% in 2023; 93% in 2022)
- The **increase in rents**, whether by application of the **CPI**, by the application of bands already established contractually, or by **the increment of rents to market prices.**
- The **conclusion of the grace periods granted to contracts signed in 2022.**

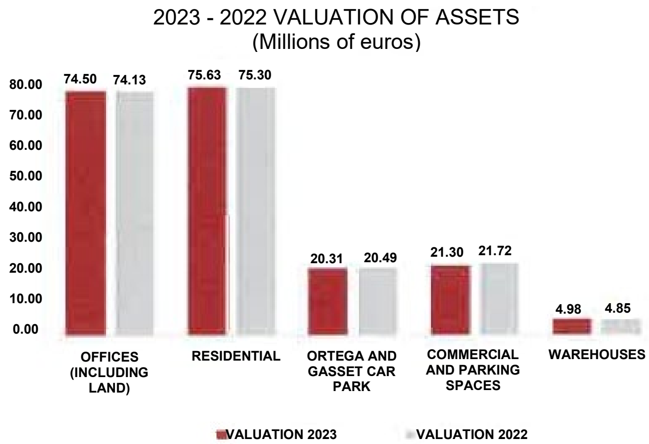
	% of type	Area, No. units/spaces	% occupancy close of 2023	Annual contracted rent (€M)	Average Monthly Contracted Rent (€/m² - €/unit)
Offices	56%	24,368	97%	3.938	14
Commercial Premises	17%	7,206	97%	0.931	11
Warehouses	14%	5,996	100%	0.304	4
Sports Centre	13%	5,500	100%	0.432	7
Tertiary	**100%**	**43,070**	**98%**	**5.695**	**11**
Paracuellos	36%	176	98%	1.455	705
Colmenar	20%	96	99%	0.833	731
Alcalá	17%	80	99%	0.597	630
Chopera	17%	84	95%	0.643	670
Huerta	10%	48	100%	0.440	764
Housing units	**100%**	**484**	**98%**	**3.969**	**698**
Ortega y Gasset	86%	814	100%	1.276	160
Other places	14%	126	30%	0.010	40
Ortega y Gasset and Spaces	**100%**	**940**	**91%**	**1.286**	**156**

Of note are the following: the acquisition of a plot in which the Company will develop the construction of an office building of 6,350 m2 for lease and that is expected to be completed in the first quarter of 2026; and the sale of an empty residual property assets that did not generate commercial profitability (three commercial premises with a total area of 555 m2 and 12 parking spaces) for a total amount of €614 thousand.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

CONSOLIDATED DIRECTORS' REPORT FOR 2023

The portfolio value of the Company's assets is €196.71 M, according to the appraisal value at 31 December 2023, which represents a slight increase of 0.12% on the portfolio value at 31 December 2022. In 2023, tertiary and residential assets have maintained their value, and concessions (Ortega y Gasset car park and Sports Centre) mainly reflect a slight decrease due to the reduction in the concession period over the previous year.



With this portfolio value, the Company's loan to value (LTV) ratio as at 31 December 2023 stands 33.09%, with a Net Asset Value (NAV) of €131.62 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 POLICIES

11.1. Financial risk factors

The Group's activities expose it to a variety of 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 global risk management programme 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 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 Group's Finance Department, which identifies, evaluates and hedges against financial risks, in accordance with the policies approved by the Board of Directors. The Board provides written policies for global risk management, as well as for specific areas such as interest rate risk, liquidity risk, use of derivative and non-derivative financial instruments and the investment of excess liquidity.

f) Market risk

Exchange rate risk

The Group operates internationally in more than 10 countries and is therefore exposed to exchange rate 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 the interest rate in cash flows and fair value

The Group's interest rate risk arises from borrowings. Loans issued at variable rates expose the Company to interest rate risk in cash flows, which is partially offset by cash deposits held at variable rates. Fixed-rate loans expose the Company to fair-value interest rate risk.

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.

Exposure to variable interest rate risk at the close of the 2023 and 2022 financial years is as follows:

	Thousands of euros	
Indexed to Euribor	**2023**	**2022**
Variable rate borrowings not hedged by financial derivatives (A)	50,106	32,257
Fixed rate borrowings, or hedged by derivatives	60,909	110,930
Group borrowings (B)	111,015	143,187
Borrowings exposed to interest rate risk (%) (A)/(B)	**45%**	**23%**

"Group Debt" includes "Debentures and other marketable liabilities", "Bank borrowings", "Finance leases", as well as 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 2023 totalled €496 thousand (31 December 2022: €44 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 these arrangements 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.

g) 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, which plays a major role in the global economy, 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. Their latent effects continued into 2023. However, the impact of this risk lessened, given that in March 2022, with the entry into force of Royal Decree-Law 3/2022, contractors have been allowed to make exceptional price revisions in public works contracts 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.

h) Credit risk

The Group's credit risk is basically driven by trade receivables. Once contracts are being performed, 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 in credit institutions are contracted with reputable financial institutions.

A significant proportion of customer balances and other accounts receivable relate to transactions with national and international public entities, so that the Group considers credit risk to be very limited. In relation to private sector customers, a significant portion of the balances are related to companies with a high credit rating and 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.

i) 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 jointly-controlled company factoring and reverse factoring lines.

To manage liquidity risk and meet the different needs for funds, the Group uses an annual treasury budget and detailed monthly treasury forecasts to analyse compliance, the latter with daily updates. In these estimates, the Group has taken into account its global strategy and short-term financial commitments. In March 2023 the Parent Company completed the process of refinancing the syndicated loan maturing in the financial year and has repaid the bonds it had issued.

As at 31 December 2023, the Group had a leverage ratio of 12%, 5 basis points better than the figure for the previous year:

	Thousands of euros	
Leverage ratio	**2023**	**2022**
Group non-current debt	65,073	43,836
Group current debt	45,942	99,351
Total current and non-current assets	894,158	864,271
Leverage ratio	**12%**	**17%**

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 2024.

j) 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 an increasingly global and connected economy, the current situation of uncertainty and instability around the world caused by what we have described above has given rise to a change in the Group's risk map.

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

- Supply chain disruption:

The increased interruption of normal operations worldwide has been exacerbated by the conflict in Ukraine and requires continued resilience and comprehensive 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 in the case of materials considered critical, such as photovoltaic panels in EPC contracts in the Energy business area.

- Political instability in the geographic areas of origin/manufacture of the materials and their destination, as well as natural disasters in those areas. Also, wars or armed conflicts that interrupt or disrupt the supply chain.

- Customs: Logistical risks caused by customs must be assessed, to foresee and measure the time required by control systems applied by customs according to the countries in which projects are being developed.

- Reputational risk for the buyer if our suppliers do not comply with human rights or environmental protection, 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), together with the volatility of the economic cycles, generates uncertainty with respect to commodity prices.

In order to minimise this risk the Group aims to be proactive in its purchases, arrange fixed prices before increases in commodity prices and, wherever possible, avoid passing on changes to customers. In addition, it does not rule out the use of derivative hedge contracts in the future to limit price volatility.

- Cybersecurity:

This risk has increased with the growth and increasing sophistication of cyberattacks, driven by digitalisation and the current geopolitical conflicts. The Group analyses vulnerabilities, enhances protocols and systems and promotes cybersecurity awareness campaigns for employees.

Finally, it should be noted that the Directors and the Group's Management constantly monitor the progress of the situations described above, with the aim of dealing successfully with any financial and non-financial impacts that may occur.

5.3. Fair value estimation

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

				Thousands of euros
31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets				
Financial assets at fair value through profit or loss				
- Equity securities traded in Spain	2,728	-	690	**3,418**
Financial assets at fair value through profit or loss				
- Hedging derivatives - interest rate	-	-	-	-
- Hedging derivatives - exchange rate	-	25	-	25
Total Assets	**2,728**	**25**	**690**	**3,443**

				Thousands of euros
	Level 1	**Level 2**	**Level 3**	**Total**
Liabilities				
Financial liabilities at fair value with changes in equity				
- Hedging derivatives - interest rate	-	329	-	329
- Hedging derivatives - exchange rate	-	4,425	-	4,425
Total Liabilities	**-**	**4,754**	**-**	**4,754**

				Thousands of euros
31 December 2022	**Level 1**	**Level 2**	**Level 3**	**Total**

<u>Assets</u>				
Financial assets at fair value through profit or loss				
- Equity securities traded in Spain	2,150	-	690	**2,840**
Financial assets at fair value through profit or loss				
- Hedging derivatives - interest rate	-	-	-	-
- Hedging derivatives - exchange rate	-	982	-	982
Total Assets	**2,150**	**982**	**690**	**3,822**

	Thousands of euros			
	Level 1	**Level 2**	**Level 3**	**Total**
<u>Liabilities</u>				
Financial liabilities at fair value with changes in equity				
- Hedging derivatives - interest rate	-	4	-	4
- Hedging derivatives - exchange rate	-	3,610	-	3,610
Total Liabilities	**-**	**3,614**	**-**	**3,614**

- Level 1: The fair value of financial instruments traded on active markets (such as listed derivatives and equity) is based on market prices at the end of the reporting year. The quoted market price used for the financial assets held by the group 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 observable market data inputs and rely as little as possible on entity-specific estimates. If all the significant inputs required to calculate the fair value of an instrument 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 of unlisted equity securities.

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

<u>Valuation techniques used to determine fair values</u>

Specific valuation techniques used to value financial instruments include:

- Quoted market prices, or dealer quotes for similar instruments.

- For interest rate swaps - the current value of estimated future cash flows is based on observable interest rate curves.

- For forward exchange-rate contracts - the current value of future cash flows is based on forward exchange rates at the balance sheet date.

- For exchange rate options - option pricing models (e.g., Black--Scholes model).

- For other financial instruments - analysis of discounted cash flows.

All resulting fair value estimates are included in Level 2, except for unlisted equity securities, contingent consideration receivables and certain derivative contracts, where the fair values have been determined based on current values, and the discount rates used were adjusted for own or counterparty credit risk.

3. DEFERRAL OF PAYMENTS MADE TO SUPPLIERS

The information required by the Second Final Provision of Law 31/2014, of 3 December, which has been prepared in accordance with the Resolution issued by the Accounting and Audit Institute dated 29 January 2016, is presented below:

Days	2023	2022

Average deferral of payment to suppliers (*)	37	46
Ratio of transactions paid	37	46
Ratio of payments pending	37	34
	Amount (Thousands of euros)	**Amount (Thousands of euros)**
Total payments made	532,192	314,202
Total payments pending	3,327	17,797

(*) The effect of confirmings has been taken into account for the calculation
(**) National companies have been taken into account for the purpose of 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	47,252	44,512
Percentage of the total supplier invoices	90%	89%

Volume (thousands of euros)		
Invoices paid before the legal deadline for payment to suppliers	500,365	244,513
Percentage of the total supplier invoices	89%	90%

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 proportion of transactions paid is calculated as a quotient in which the numerator contains the sum of the products corresponding to 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); while 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 products corresponding to amounts pending payment, divided by the number of days payment has been pending (calendar days elapsing between the calculation started and the date on which the financial statements were closed); and the denominator contains the total number of pending.

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 accruing prior to the date on which Law 31/2014 of 3 December entered into force have not been taken into consideration.

According to Law 11/2013 of 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 its capacity and experience to develop major projects at technical, financial, legal, design, maintenance and operational level, sustain the continuity of our development in concessions globally, which is 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 of project types: road infrastructures, healthcare, railway, renewable energies such as photovoltaic, transmission lines and substations, environmental, cultural and sports infrastructures and car parks.

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.

We would like to highlight that two major concession projects in Colombia, Hospital de Bosa and Líneas and Substations Barranquilla, entered into operation in 2023. Similarly, in the concession projects Troncal del Magdalena I and Troncal del Magdalena II, which total 530 km, the preliminary work has been carried out in 2023 and construction will begin in 2024.

Also, in the Energy Area, two major awards were granted for EPC contracts for photovoltaic plants totalling 561 MW: In the United States, a 278 MW plant and in Spain, 3 plants that total 283 MW.

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 way 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 2023, all of them aligned with the strategy it has set out:

- Increase in revenues of 35%
- Reduction in gross debt of 22% and net debt of 73%.
- Refinancing of the Transversal de Sisga highway concession and progress on the financing of the Troncal I and Troncal II concessions in Colombia.
- Award of two new photovoltaic plants in the United States and Spain.

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 corporate debt reduction policy.
- 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 80% 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 2023, the total number of employees in the Group is 2,873, an increase of 3% with respect to the previous year. It should be noted that 1,915 of them are Spanish (including expatriates) and 958 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, 77% men and 23% women.

At the close of 31 December, 62 employees have legal guardianship, 12 of them men and 50 women.

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 56. They have acquired an international experience of great value for their future professional development. These employees from different business areas such as Energy, Construction, Refurbishment, Concessions, Water and the Environment, are based in 13 different countries.

This has led to the establishment of the transformation of the workforce as a corporate strategy, 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 increasing quality and sustainability.

The training policy of Grupo Ortiz provides a response to the transformation and development GRUPO ORTIZ 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 2023 a total of 27,363 hours of training were given to 2,090 employees.

Training has been condensed into courses with less reading load but open to more workers, such as courses on on-site recycling and data protection. In digitalisation, training has continued in BIM methodology and the first training has been given to a group in drone handling.

15. QUALITY, ENVIRONMENT, OCCUPATIONAL RISK PREVENTION AND RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION ACTIVITIES

QUALITY AND ENVIRONMENTAL MANAGEMENT

In 2023, 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 2023, 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 29 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 168 inspection and control visits to a number of Grupo Ortiz workplaces.

OCCUPATIONAL RISK PREVENTION.

In 2023, 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 July 2023 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 11 workplaces across the whole of Spain and in international delegations, and interviews with a total of 32 workers.

The Prevention Service has carried out a total of 1,051 inspection and control visits to a variety of workplaces, with 225 Notes on Safety/EPH/Fixed Centres and Internal Audit processes, in addition to 247 prevention committee meetings held with subcontractors on site.

Grupo Ortiz has also boosted its systematic supervision, monitoring and control of projects which are being carried out abroad with respect to Occupational Risk Prevention, with the implementation of weekly follow-ups of all the international projects, as well as implementation of daily remote control through a smartphone app.

In this respect, internal audits have been carried out in the delegations in Colombia, United States and Mexico by the companies' prevention services.

RESEARCH, DEVELOPMENT AND TECHNOLOGICAL INNOVATION

In 2023, 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 2023, research and development and technological innovation (R&D&I) projects have been developed for a total of €1,820 M, of which €157 M correspond to R&D and €1,663 M to technological innovation.

The outstanding R&D&I projects which have been developed in 2023 are as follows:

- Digitalisation Innovation (IT) and Process Reengineering Project in Grupo Ortiz.
- "EREXT2023" ERP Navision Innovation (IT) Project
- R&D&I project for materials based on cement to guarantee the robustness of the industrial processes for 3D printing in prefabricated product plants.

16. ACQUISITION AND DIVESTMENT OF TREASURY SHARES

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 2023 and 2022, the Parent Company did not have treasury shares registered, reducing the value of shareholders' equity.

17. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE YEAR

On 18 January 2024, the Constitutional Court unanimously declared unconstitutional and null several provisions introduced by Royal Decree Law 3/2016 that amended Corporation Tax in order to raise revenue and reduce the public deficit; they included limiting the offsetting of negative tax bases and deductions for double taxation. The effects of the unconstitutionality and nullity of the provisions of Royal Decree Law 3/2016 apply to the settlement of corporation tax for 2023 and subsequent years. However, for the purposes of the previous years, as indicated in the judgment itself, tax obligations accrued by the tax which have been definitively declared by a judgment with res judicata effects or by a final administrative decision may not be considered subject to review. Also not subject to review are settlements that have not been appealed at the date the judgment was handed down, or self-assessments whose rectification has not been requested at that date.

On 29 February 2024, the Parent Company Ortiz Construcciones y Proyectos, S.A. was offered a proposal for purchase in an arbitration for an amount owed by the Ministry of the Republic of Panama (MINSA) with respect to the contract for Redes de Saneamiento Lote I y III in San Miguelito, Panama, worth US$27 M. The proposal has been accepted, so during the 2024 financial year, a cash deposit for this amount will be deposited.

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 2023.

18. NON-FINANCIAL INFORMATION STATEMENT

In compliance with Act 11/2018 of 28 December, on non-financial information and diversity, the Group has presented a separate report on non-financial information, which is drawn up by the Parent Company's Directors in conjunction with this Consolidated Management Report.

ORTIZ CONSTRUCCIONES Y PROYECTOS, S.A. AND SUBSIDIARIES

PREPARATION OF THE ANNUAL CONSOLIDATED FINANCIAL STATEMENTS 2023

The Board of Directors of Grupo Ortiz Construcciones y Proyectos, S.A. on 29 February 2024, 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 2023, which are made up of the appendices preceding this document.

Signed: Juan Antonio Carpintero López	Signed: Javier Carpintero Grande
Signed: Sara Carpintero Grande	Signed: Juan Antonio Carpintero Grande
Signed: Carlos Cuervo-Arango Martínez	Signed: Juan Luis Domínguez Sidera
Signed: Raúl Arce Alonso	Signed: Alejandro Moreno Alonso
Signed: Francisco de Borja Carpintero García-Arias	