

**Audit Report on Financial Statements  
issued by an Independent Auditor**

**FCC Servicios Medio Ambiente Holding, S.A. and Subsidiaries  
Consolidated Financial Statements and  
Consolidated Management Report  
for the year ended  
December 31, 2023**



## **AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

Translation of a report originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 32)

To the shareholders of FCC Servicios Medio Ambiente Holding, S.A.:

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### **Opinion**

We have audited the consolidated financial statements of FCC Servicios Medio Ambiente Holding, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2023, the consolidated income statement, the consolidated statements of recognised income and expense, the statement of changes in consolidated equity, the statement of consolidated cash flows, and the notes thereto, for the year then ended.

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

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### **Basis for opinion**

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

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

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

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## Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the consolidated financial statements of the current period. These risks were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

### *Recognition of uninvoiced accrued revenue*

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**Description** The Group recognises part of its revenue with a balancing entry to uninvoiced work for those contracts in which the amount accrued for the service rendered is higher than the amount invoiced, i.e., those for which part of the revenue has not yet been invoiced at the reporting date.

“Trade and other receivables” on the consolidated balance sheet as at 31 December 2023 includes 342,076 thousand euros relating to uninvoiced work recognized as revenue at the reporting date.

The recognition and measurement of uninvoiced accrued revenue at each reporting date entails estimates that require Parent’s Management to make judgements to establish the assumptions underlying those estimates, e.g., estimating work carried out based on contractual terms and the actual invoicing for the remaining months of the year.

Given the complexity of making the estimates to determine uninvoiced accrued revenue, and due to the relevance of the amount of uninvoiced completed work recognized as revenue at 31 December 2023, we determined this to be a most relevant audit issue.

The information related to the measurement policies and principal assumptions applied when determining uninvoiced accrued revenue, as well as the disclosures related to uninvoiced completed work, is provided in Notes 3.q) and 14.a) of the accompanying consolidated financial statements.

### **Our response**

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Our audit procedures related to this matter included:

- ▶ Understanding the process designed by Parent’s Management to recognise uninvoiced accrued revenue, assessing the design and implementation of the relevant controls in place in that process.
- ▶ Selecting a sample of contracts obtained from supporting documentation, including evidence of subsequent certification, invoicing and/or collection to evaluate the reasonableness of Parent’s Management’s assumptions in connection with these estimates.
- ▶ Assessing the reasonableness of the amounts recorded for uninvoiced completed work for a selected sample of contracts, taking into account, among other factors, trends observed in comparable prior years.
- ▶ Reviewing the disclosures made in the notes to the consolidated financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

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### **Other information: consolidated management report**

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

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

- a. Checking only that the consolidated non-financial statement has been provided as stipulated by applicable regulations and, if not, disclose this fact.
- b. Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

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

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### **Responsibilities of the parent company's directors for the consolidated financial statements**

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

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

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

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

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

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


- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the significant risks communicated with the directors of the parent company, we determine those that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the most significant assessed risks.

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

ERNST & YOUNG, S.L.



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Alfonso Balea López

March 21, 2024

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**FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A.  
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

**Financial Statements 2023**

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

## CONSOLIDATED BALANCE SHEET

**FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A. AND SUBSIDIARIES**  
at 31 December 2023 (in thousands of euros)

ASSETS	31/12/2023	31/12/2022
<b>NON-CURRENT ASSETS</b>	<b>3,442,319</b>	<b>3,179,953</b>
<b>Intangible assets</b> (Note 6)	<b>926,629</b>	<b>932,528</b>
Concessions (Notes 6 and 9)	375,937	387,317
Goodwill	510,975	506,667
Other intangible assets	39,717	38,544
<b>Property, plant and equipment</b> (Note 7)	<b>1,944,256</b>	<b>1,713,055</b>
Land and buildings	374,906	345,181
Plant and other items of property, plant and equipment	1,569,350	1,367,874
<b>Investments accounted for using the equity method</b> (Note 10)	<b>233,202</b>	<b>194,887</b>
<b>Non-current financial assets</b> (Note 12)	<b>245,660</b>	<b>258,315</b>
<b>Deferred tax assets</b> (Note 22)	<b>59,040</b>	<b>64,839</b>
<b>Non-current receivables and other non-current assets</b> (Note 14)	<b>13,532</b>	<b>16,329</b>
<b>CURRENT ASSETS</b>	<b>1,690,534</b>	<b>1,590,027</b>
<b>Non-current assets held for sale</b>		
<b>Inventory</b> (Note 13)	<b>87,211</b>	<b>57,101</b>
<b>Trade and other receivables</b>	<b>1,080,802</b>	<b>957,658</b>
Trade receivables for sales and services (Note 14.a)	1,021,525	897,990
Other receivables (Note 14.b)	52,191	57,434
Current tax assets (Note 14.b)	7,086	2,234
<b>Other current financial assets</b> (Note 12)	<b>96,503</b>	<b>86,471</b>
<b>Other current assets</b>	<b>29,693</b>	<b>31,457</b>
<b>Cash and cash equivalents</b> (Note 15)	<b>396,325</b>	<b>457,340</b>
<b>TOTAL ASSETS</b>	<b>5,112,853</b>	<b>4,769,980</b>

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



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## CONSOLIDATED BALANCE SHEET

### FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

LIABILITIES AND EQUITY	31/12/2023	31/12/2022
<b>EQUITY</b> (Note 16)	<b>1,102,481</b>	<b>911,090</b>
<b>Equity attributable to the Parent</b>	<b>992,987</b>	<b>806,420</b>
Shareholders' equity	1,103,085	910,081
Capital	10,000	10,000
Accumulated earnings and other reserves	896,378	715,997
Shares and equity interests		
Profit for the year attributable to the Parent company	196,707	184,084
Interim dividend	-	-
Other equity instruments		
Valuation adjustments	(110,098)	(103,661)
<b>Non-controlling interests</b>	<b>109,494</b>	<b>104,670</b>
<b>NON-CURRENT LIABILITIES</b>	<b>2,879,179</b>	<b>2,231,018</b>
<b>Grants</b>	<b>4,285</b>	<b>4,265</b>
<b>Non-current provisions</b> (Note 17)	<b>561,787</b>	<b>544,159</b>
<b>Non-current financial liabilities</b> (Note 18)	<b>2,052,887</b>	<b>1,418,164</b>
Debt instruments and other held-for-trading liabilities	1,210,870	617,575
Bank borrowings	301,207	275,193
Other financial liabilities	540,810	525,396
<b>Deferred tax liabilities</b> (Note 22)	<b>128,817</b>	<b>129,455</b>
<b>Other non-current liabilities</b> (Note 19)	<b>131,403</b>	<b>134,975</b>
<b>CURRENT LIABILITIES</b>	<b>1,131,193</b>	<b>1,627,872</b>
<b>Current provisions</b> (Note 17)	<b>4,992</b>	<b>5,004</b>
<b>Current financial liabilities</b> (Note 18)	<b>480,190</b>	<b>918,310</b>
Debt instruments and other held-for-trading liabilities	236,530	740,271
Bank borrowings	113,657	68,345
Other financial liabilities	130,003	109,694
<b>Trade and other accounts payable</b> (Note 20)	<b>640,882</b>	<b>699,506</b>
Suppliers	261,744	307,222
Other payables	343,399	383,897
Current tax liabilities	5,739	8,387
<b>Other current liabilities</b>	<b>5,129</b>	<b>5,052</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,112,853</b>	<b>4,769,980</b>

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## CONSOLIDATED INCOME STATEMENT

### FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

	31/12/2023	31/12/2022
<b>Net business turnover (Note 25)</b>	<b>3,852,994</b>	<b>3,615,676</b>
Own work capitalised	46,683	27,896
Other operating income (Note 25.a)	86,062	78,621
Changes in finished goods and work in progress inventories	784	720
Supplies (Note 25.b)	(960,952)	(850,297)
Staff expenses (Note 25.c)	(1,610,133)	(1,474,948)
Other operating expenses	(768,226)	(804,054)
Depreciation and amortisation (Notes 6 and 7)	(303,218)	(267,899)
Non-financial and other capital grants taken to income (Note 7)	897	724
Impairment and gains/(losses) on disposal of non-current assets (Note 25.d)	1,558	(9,998)
Other losses	(8,310)	(11,096)
<b>OPERATING PROFIT/(LOSS)</b>	<b>338,139</b>	<b>305,345</b>
Financial income (Note 25.e)	28,458	15,665
Financial expenses (Note 25.e)	(91,147)	(81,214)
Other financial losses (Note 25.f)	(622)	(1,004)
<b>FINANCIAL PROFIT/(LOSS)</b>	<b>(63,311)</b>	<b>(66,553)</b>
Profit/(loss) of companies accounted for using the equity method (Note 25.g)	22,289	27,986
<b>PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS</b>	<b>297,117</b>	<b>266,778</b>
Corporate tax (Note 22)	(73,132)	(56,517)
<b>PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>223,985</b>	<b>210,261</b>
Profit or loss for the financial year from interrupted economic activities after tax		
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD</b>	<b>223,985</b>	<b>210,261</b>
Profit/(loss) attributable to the Parent	196,707	184,084
Profit attributable to non-controlling interests (Notes 16 and 25)	27,728	26,177
<b>EARNINGS PER SHARE (Note 16)</b>	<b>19.67</b>	<b>18.41</b>

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## CONSOLIDATED STATEMENTS OF RECOGNISED INCOME AND EXPENSE

### FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A. AND SUBSIDIARIES at 31 December 2023 (in thousands of euros)

	31/12/2023	31/12/2022
<b>CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD</b>	<b>223,985</b>	<b>210,261</b>
<b>Other comprehensive income - Items that are not reclassified to profit/(loss) for the period</b>	<b>(4,014)</b>	<b>2,914</b>
Actuarial gains and losses and other adjustments	(4,014)	2,914
<b>Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period</b>	<b>(4,830)</b>	<b>26,538</b>
<b>Financial assets at fair value with changes in other comprehensive income</b>	<b>(1,452)</b>	<b>1,875</b>
Valuation gains/(losses)	(1,452)	1,875
Amounts transferred to the income statement		
<b>Cash flow hedges</b>	<b>(9,619)</b>	<b>44,250</b>
Valuation gains/(losses)	(5,221)	41,332
Amounts transferred to the income statement holding	(4,398)	2,918
<b>Translation differences</b>	<b>4,596</b>	<b>(13,167)</b>
Valuation gains/(losses)	4,596	(13,167)
Amounts transferred to the income statement holding		
<b>Participation in other comprehensive income recognised by investments in joint ventures and associates</b>	<b>(23)</b>	<b>3,146</b>
Valuation gains/(losses)	(23)	3,146
Amounts transferred to the income statement		
<b>Tax effect</b>	<b>1,668</b>	<b>(9,566)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>215,141</b>	<b>239,713</b>
<b>Attributable to the Parent</b>	<b>186,893</b>	<b>212,599</b>
<b>Attributable to non-controlling interests</b>	<b>28,248</b>	<b>27,114</b>

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## TOTAL STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A. AND SUBSIDIARIES as of December 31, 2023 (in thousands of euros)

	Capital stock (Note 16.a)	Share premium and reserves (Note 16.b)	Interim dividend (Note 16.e)	Profit/(loss) for the year attributed to the Parent Company	Valuation adjustments (Note 16.c)	Equity attributable to shareholders of the Parent Company (Note 16)	Non-controlling interests (Note 16.II)	Total equity
<b>Equity as at 31 December 2021</b>	<b>10,000</b>	<b>539,569</b>	-	<b>172,917</b>	<b>(128,595)</b>	<b>593,891</b>	<b>96,550</b>	<b>690,441</b>
<b>Total income and expenses for the year</b>	-	<b>3,134</b>		<b>184,084</b>	<b>25,381</b>	<b>212,599</b>	<b>27,114</b>	<b>239,713</b>
<b>Transactions with shareholders or owners</b>	-	<b>172,480</b>	-	<b>(172,917)</b>	<b>(155)</b>	<b>(592)</b>	<b>(18,881)</b>	<b>(19,473)</b>
Capital increases				-	-	-	225	225
Distribution of dividends	-	-					(21,837)	(21,837)
Distribution of profit/(loss) for 2020		172,917		(172,917)				
Increases/(reductions) by business combinations		(437)			(155)	(592)	2,731	2,139
<b>Other changes in equity (Note 16)</b>	-	<b>814</b>		-	<b>(292)</b>	<b>522</b>	<b>(113)</b>	<b>409</b>
<b>Equity as at 31 December 2022</b>	<b>10,000</b>	<b>715,997</b>	-	<b>184,084</b>	<b>(103,661)</b>	<b>806,420</b>	<b>104,670</b>	<b>911,090</b>
<b>Total income and expenses for the year</b>	-	<b>(3,719)</b>		<b>196,707</b>	<b>(6,095)</b>	<b>186,893</b>	<b>28,248</b>	<b>215,141</b>
<b>Transactions with shareholders or owners</b>	-	<b>184,092</b>	-	<b>(184,084)</b>	-	<b>8</b>	<b>(23,466)</b>	<b>(23,458)</b>
Capital increases							320	320
Distribution of dividends	-						(23,778)	(23,778)
Distribution of profit/(loss) for 2021		184,084		(184,084)				
Increases/(reductions) by business combinations		8				8	(8)	
<b>Other changes in equity (Note 16)</b>	-	<b>8</b>		-	<b>(342)</b>	<b>(334)</b>	<b>42</b>	<b>(292)</b>
<b>Equity at 31 December 2023</b>	<b>10,000</b>	<b>896,378</b>	-	<b>196,707</b>	<b>(110,098)</b>	<b>992,987</b>	<b>109,494</b>	<b>1,102,481</b>

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**STATEMENT OF CONSOLIDATED CASH FLOWS (INDIRECT METHOD)**  
**FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A. AND SUBSIDIARIES**  
**at 31 December 2023 (in thousands of euros)**

	31/12/2023	31/12/2022
<b>Profit/(loss) before tax from continuing operations</b>	<b>297,117</b>	<b>266,778</b>
<b>Adjustments to profit</b>	<b>335,157</b>	<b>315,431</b>
Depreciation and amortisation (Notes 7, 8 and 9)	303,218	267,899
Impairment of goodwill and fixed and non-current assets (Notes 7 and 8)	(1,558)	9,998
Other adjustments to profit (net) (Note 25)	33,497	37,534
<b>Changes in working capital</b> (Notes 11 and 16)	<b>(197,878)</b>	<b>(19,800)</b>
<b>Other cash flows from operating activities</b>	<b>(34,267)</b>	<b>(32,817)</b>
Dividend collections	39,561	24,153
Collections/(payment) for corporate tax	(73,828)	(56,970)
Other collections/(payments) from operating activities		
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>400,129</b>	<b>529,592</b>
<b>Investment payments</b>	<b>(546,584)</b>	<b>(426,573)</b>
Group companies, associates and business units	(46,302)	(45,688)
Property, plant and equipment, intangible assets and real estate investments (Notes 7, 8 and 9)	(496,332)	(376,868)
Other financial assets	(3,950)	(4,017)
<b>Proceeds from divestments</b>	<b>13,241</b>	<b>20,571</b>
Group companies, associates and business units	1,908	9,350
Property, plant and equipment, intangible assets and real estate investments (Notes 7, 8 and 9)	10,540	9,285
Other financial assets (Note 11)	793	1,936
<b>Other cash flows from investing activities</b>	<b>3,442</b>	<b>13,814</b>
Interest received	13,293	15,347
Other collections/(payments) from investing activities	(9,851)	(1,533)
<b>TOTAL CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(529,901)</b>	<b>(392,188)</b>
<b>Proceeds and (payments) from equity instruments</b> (Note 18)	<b>378</b>	<b>63</b>
Issue/(redemption)	432	63
(Acquisition)/disposal of own shares	(54)	
<b>Proceeds from (payments on) financial liabilities</b> (Note 20)	<b>141,690</b>	<b>6,207</b>
Issuance	1,742,094	807,195
Repayment and amortisation	(1,600,404)	(800,988)
<b>Dividend payments and payments on equity instruments</b> (Note 5)	<b>(27,463)</b>	<b>(17,986)</b>
<b>Other cash flows from financing activities</b>	<b>(48,240)</b>	<b>(37,717)</b>
Interest paid	(48,404)	(37,705)
Other collections/(payments) from financing activities	164	(12)
<b>TOTAL CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>66,365</b>	<b>(49,433)</b>
<b>EFFECT OF VARIATIONS IN EXCHANGE RATES</b>	<b>2,391</b>	<b>(6,736)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(61,016)</b>	<b>81,235</b>
<b>Cash and cash equivalents at the start of the period</b>	<b>457,340</b>	<b>376,105</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>396,324</b>	<b>457,340</b>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U. AND SUBSIDIARIES at 31 December 2023**

CONTENTS PAGE	
1. GROUP ACTIVITY	1
2. BASIS OF PRESENTATION AND BASIS OF CONSOLIDATION OF THE CONSOLIDATED INCOME STATEMENT	2
3. ACCOUNTING POLICIES	5
4. CHANGES IN THE SCOPE OF CONSOLIDATION	22
5. DISTRIBUTION OF PROFIT/LOSS	23
6. INTANGIBLE ASSETS	24
7. PROPERTY, PLANT AND EQUIPMENT	30
8. LEASES	33
9. SERVICE CONCESSION ARRANGEMENTS	35
10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	39
11. JOINT AGREEMENTS. JOINTLY CONTROLLED OPERATIONS	43
12. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS	44
13. INVENTORY	46
14. TRADE AND OTHER RECEIVABLES	47
15. CASH AND CASH EQUIVALENTS	49
16. EQUITY	50
17. NON-CURRENT AND CURRENT PROVISIONS	54
18. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES	58
19. OTHER NON-CURRENT LIABILITIES	65
20. TRADE AND OTHER PAYABLES	66
21. DERIVATIVES	68
22. TAX MATTERS	70
23. PENSION PLANS AND SIMILAR OBLIGATIONS	76
24. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES	79
25. INCOME AND EXPENDITURE	79
26. INFORMATION BY ACTIVITY SEGMENTS	84
27. ENVIRONMENTAL INFORMATION	89
28. FINANCIAL RISK MANAGEMENT POLICIES	91
29. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES	99
30. FEES PAID TO AUDITORS	105
31. EVENTS AFTER THE REPORTING CLOSE	105
32. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH	105

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails*

## CONTENTS

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Annex I — Fully consolidated subsidiaries

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Annex II — Companies jointly controlled with third parties outside the Group (consolidated using the equity method)

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Annex III — Associates consolidated using the equity method

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Annex IV — Changes in the scope of consolidation

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Annex V — Temporary Joint Ventures and other contracts jointly managed with third parties outside the Group

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## 1. GROUP ACTIVITY

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FCC Servicios Medio Ambiente Holding, S.A. (hereinafter the Parent) was incorporated in Madrid on 10 July 2008 under the name Dédalo Patrimonial, S.L. On 20 May 2019, the agreement to change the company's name was executed in a public deed; accordingly, it became known as FCC Servicios Medio Ambiente Holding, S.A.

The Environmental Services Group is made up of the Parent FCC Servicios Medio Ambiente Holding, S.A. and a group of investees at national and international level, which carry out different activities associated with Environmental Services in different business divisions, classified by region and grouped together as follows:

- Spain and Portugal.
- United Kingdom.
- Central Europe.
- United States of America.

All of these business areas provide services related to the collection and processing of solid waste, sanitation of public roads and drainage, the treatment of industrial waste, including both the construction and operation of plants, and energy recovery from waste.

The joint ventures in which the Environmental Services Group participates perform the same activity and are detailed in Annex V.

Also, the Parent has equity interests in companies with similar corporate purposes and activities to those described above. The details of the companies consolidated by the global integration method and by the equity method are included in ANNEXES I, II and III.

The Parent is part to a higher group subject to the current Spanish laws, of which, in turn, Fomento de Construcciones y Contratas, S.A. is the parent, with registered address in Barcelona, Calle Balmes, 36. Grupo FCC Fomento de Construcciones y Contratas, S.A. (hereinafter "FCC Group") prepared its consolidated financial statements for 2022, which were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas S.A. held on 14 June 2023 and filed with the Barcelona Mercantile Register. Likewise, the consolidated annual accounts for the financial year 2023 have been prepared and are pending approval by the General Meeting of Shareholders.

The Environmental Services Group prepared its 2022 consolidated financial statements, which were approved by the Sole Shareholder of FCC Servicios Medio Ambiente Holding, S.A.U., on 23 June 2023 and deposited at the Madrid Mercantile Registry.

International activity accounts for approximately 46% of FCC Servicios Medio Ambiente Holding's revenue ("Environmental Services Group"), mainly in European (Austria and the United Kingdom) and the United States.



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During the financial year 2023, the parent company Fomento de Construcciones y Contratas, S.A. has sold a 24.99% stake in the capital of FCC Servicios Medio Ambiente Holding, S.A. to CPP Investment Board Private Holding INC belonging to the Canada Pension Plan Investment Board ("CPP Investments").

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

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### a) Basis of presentation

FCC Servicios Medio Ambiente Holding, S.A.U. voluntarily presents the consolidated financial statements and management report as parent company of the group of subsidiaries, which are detailed in these Notes to the Financial Statements, under Article 42.6 of the Spanish Commercial Code, despite being exempt from the obligation pursuant to the applicable legislation, Articles 43 of the Spanish Commercial Code and 7 of the Rules for the Preparation of the Consolidated Financial Statements of Royal Decree 1159/2010 of 7 September: it is a subsidiary of the FCC Group, whose parent is Fomento de Construcciones y Contratas, S.A., with registered office at c/ Balmes, 36, Barcelona 08007, Spain, and whose shares have been admitted for official trading on the four Spanish stock markets (Madrid, Barcelona, Bilbao and Valencia) through the stock exchange interconnection system (Continuous Market). The consolidated financial statements and management report of Fomento de Construcciones y Contratas, S.A. are filed in the Barcelona Mercantile Register.

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

The consolidated financial statements of the Environmental Services Group for 2023 were authorised for issue by the Board of Directors of FCC Servicios Medio Ambiente Holding, S.A., and will be presented for approval by the General Shareholders' Meeting. However, no amendments are expected as a result of the fulfilment of said requirement.

These consolidated financial statements of the MA Servicios Group presents fairly the equity and financial position at 31 December 2023 and 2022, as well as the results of its operations, changes in equity and consolidated cash flows that occurred at the Group during those years.

The consolidated financial statements of the Environmental Services Group have been prepared from the accounting records of FCC Servicios Medio Ambiente Holding, S.A. and its investees. These records, in accordance with the procedures and operating systems established in the Group, justify and support the consolidated financial statements prepared in accordance with current international accounting regulations.

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

The consolidated financial statements are expressed in thousands of euros.

#### Reclassifications made

During 2023 and 2022, there have been no other significant reclassifications.

#### Rules and interpretations issued but not in force

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

#### Significant rules and interpretations applied in 2023

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

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

IAS 12 "Corporate tax" has also been amended in relation to the new tax regulations of the Second Pillar of the OECD Inclusive Framework. These modifications provisionally introduce a mandatory temporary exemption for the accounting and breakdown of deferred taxes that may arise from said legislation. This modification also requires additional disclosures to facilitate understanding of exposure to said tax regulations. Note 22 includes a qualitative description of the expected impacts of the aforementioned regulations.

### **b) Basis of consolidation**

#### Subsidiaries

The consolidation is carried out using the global integration method for the dependent companies indicated in Annex I, in which FCC Servicios Medio Ambiente Holding S.A. exercises control, i.e. when it has the power to direct their relevant activities, is exposed to variable returns as a result of its involvement with the subsidiary and has the capacity to exercise

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this power to influence their performance, directly or through other companies controlled by it.

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

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

#### Joint agreements

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

The Group applies its professional judgement to evaluate its rights and obligations over joint agreements taking into account the financial structure and legal form of the agreement, the terms agreed by the parties and other relevant facts and circumstances to evaluate the type of joint agreement. Once such an analysis has been carried out, two types of joint agreements are distinguished:

- a) Joint operation: When the parties hold rights over the assets and obligations over the liabilities.
- b) Joint business: When the parties hold only rights over the net assets.

In accordance with IFRS 11 "Joint agreements", participations in joint ventures are integrated according to the equity method and are included in the accompanying consolidated balance sheet under the heading "Investments accounted for using the equity method". These companies' participation in the net income of the business year is included under the heading "Profit/(loss) of entities valued using the equity method" of the accompanying consolidated income statement.

The joint operations, which mostly take the form of temporary joint ventures and other similar entities, have been integrated in the accompanying financial statements, based on the percentage of participation in assets, liabilities, income and expenses derived from the operations carried out by them, eliminating the reciprocal balances in assets and liabilities, as well as the income and expenses not incurred against third parties.

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

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### Associates

The companies listed in Annex III, in which FCC Servicios Medio Ambiente Holding S.A. does not exercise control but has significant influence, are included in the accompanying consolidated balance sheet under the heading "Investments accounted for by applying the equity method", integrated using said method. These companies' contribution to the net income of the business year is included under the heading "Profit of entities accounted for using the equity method" of the accompanying consolidated income statement.

### Transactions between Group companies

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

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

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

### Changes in the scope of consolidation

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

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

## **3. ACCOUNTING POLICIES**

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The accounting policies applied to the consolidated financial statements of the Environmental Services Group are detailed below:

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### a) Service concession arrangements

Concession contracts are arrangements between a public sector grantor and Environmental Services Group companies, to provide public services, such as industrial waste treatment, energy recovery, etc., through the operation of infrastructures. Meanwhile, revenue from providing the service may be received directly from the users or, sometimes, through the concession grantor itself, which regulates the prices for providing the service.

The concession right generally means that the concession operator has an exclusive right to provide the service under the concession for a given period of time, after which the infrastructure assigned to the concession required to provide the service is returned to the concession grantor, generally for no consideration. Concession contracts are required to provide for the management or operation of this infrastructure. They also typically establish obligations to acquire or build all the elements that will be needed to provide the concession service over the contract term.

When the above conditions are met, said concession contracts are registered by the provisions of IFRIC 12 "Service Concession Arrangement". In general, we must highlight two clearly differentiated phases, the first one in which the concessionaire provides construction or improvement services that are recognised according to the degree of progress, with a counterpart in an intangible or financial asset, and a second phase in which a series of maintenance or operation services are provided for the aforementioned infrastructure. In both cases, income is recognised in accordance with the provisions of IFRS 15 "Ordinary income from contracts with clients" (Note 3.q).

An intangible asset is recognised when the demand risk is borne by the concessionaire and a financial asset is recognised when the demand risk is borne by the concession grantor, since the concessionaire has an unconditional contractual right to receive the proceeds of the construction or upgrade services. These assets also include the amounts paid in relation to the fees for the award of the concessions.

There may be mixed situations in which the demand risk is shared between the concessionaire and the grantor.

For concessions classified as intangible assets, provisions for dismantling, removal or restoration and any steps to improve and increase capacity, the revenue from which is envisaged in the initial contract, are capitalised at the start of the concession and the amortisation of these assets and the discounting of such provisions are recognised in profit or loss. Also, provisions to replace and repair the infrastructure are systematically recognised in profit or loss as the obligation is incurred.

Borrowing costs attributable to infrastructure financing are recognised as an expense in the period, capitalising, only in the intangible asset model, those that accrue during the construction phase and until the related infrastructure is put to use.

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The amortisation of these intangible assets is carried out according to the consumption pattern, understanding as such the performance and best estimation of the production units in each of the different activities. The amortisation is completed in the concession period, which is generally between 25 and 50 years.

Concession arrangements recognised as financial assets are measured at the fair value of the construction or upgrade services rendered. In accordance with the amortised cost method, the corresponding income is recognised in profit or loss as revenue based on the effective interest rate resulting from forecasts of the concession's cash flows and payments. Finance expenses arising from the financing of these assets are classified under "Financial expenses" in the consolidated income statement. As stated above, for the provision of maintenance or operating services, income and expenses are allocated to profit/(loss) in accordance with IFRS 15 "Ordinary income from contracts with clients".

#### **b) Business combinations and goodwill**

The assets and liabilities of the companies and subgroups over which control is acquired are recognised in the consolidated balance sheet at their fair value together with the related deferred taxes. However, in accordance with regulations, the initial measurement of the assets and liabilities and their allocation to the various headings may be reviewed within the twelve months following the acquisition date, should it be necessary to consider new data.

The date of inclusion in the scope of consolidation is the date on which effective control of the company is obtained, which normally coincides with the acquisition date.

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

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

If control over a business combination is achieved in stages, the difference between the fair value at the time control over the preceding interest is obtained and the carrying amount of that interest is recognised in profit/(loss).

Once control is obtained over an investee, and until that control is lost, the difference between the amount of any additional equity interest acquired or sold and its carrying amount is accounted for in equity.

Goodwill is not amortised. However, it is tested for impairment at least at each balance sheet date, in order to recognise it at the lower of its recoverable value, estimated on the basis of expected cash flows, or acquisition cost, less any

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prior years' impairment losses. The accounting policies used to determine impairment are detailed in section e) of this note.

### c) Intangible assets

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

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

### d) Property, plant and equipment

Property, plant and equipment are recorded at their cost price (updated, where appropriate, with various legal provisions prior to the date of transition to IFRS), less accumulated depreciation and any loss due to impairment of recognised value. The cost of those assets includes the estimated present value of their dismantling or the withdrawal of the affected items and, in those cases in which they were acquired through business combinations as described in section b) of this note, they are initially recognised at their fair value on the acquisition date.

The work carried out by the Group for its fixed and non-current assets is valued at production cost.

Conservation and maintenance expenses that do not involve an extension of the useful life or productive capacity of the corresponding assets are charged to the profit/(loss) of the year in which they are incurred.

When the construction and commissioning of fixed and non-current assets require a period of long construction, the interests derived from their financing accrued during said period are activated.

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

Natural assets and buildings	25-50
Plant, machinery and transport items	5-12
Furniture and tools	5-12
Other property, plant and equipment	4-10

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

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

At least at the end of each reporting period, the companies shall determine whether there is any indication that an item or group of items of fixed and non-current assets is impaired on a regular basis, so that, if applicable, and as indicated in section e) of this note, an impairment loss, or the reversal of such losses, can be recognised or reversed in order to adjust the carrying amount of the assets to their value in use. Under no circumstances do reversals exceed all prior impairment recognised.

#### **e) Impairment of the property, plant and equipment and intangible asset value**

Intangible assets with finite useful lives and property, plant and equipment items are tested for impairment when there is any indication that the assets might have become impaired, in order to adjust their net carrying amount to their value in use (if this is lower).

The Group uses both internal and external sources of information to assess possible signs of impairment. External sources include market value decreases beyond the passage of time or normal use or possible adverse future changes in the legal, economic or technological environment that could reveal a loss of the recoverable value of its assets. The Group internally assesses whether there has been a physical deterioration or obsolescence of the assets, if the future situation itself may produce a change in the expected use of the asset, for example if the asset is expected to be idle for a significant period of time or due to restructuring plans or if it is detected that the return on the asset is worse than expected.

Goodwill and intangible assets with indefinite useful lives must be tested for impairment at least once a year in order to recognise possible impairment losses.

Impairment losses recognised in prior years on assets other than goodwill may be reversed if the estimates used in the impairment test show a recovery in the value of these assets. The carrying amount of the assets whose recoverable amount increases must in no case exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years.

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



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

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

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

#### **f) Leasing**

As indicated in Note 2.a, as a result of the application of IFRS 16 "Leases", as at 1 January 2019 all lease operations (with certain exceptions for small amounts or short durations) in which the Group acts as the lessee, require the accounting of an asset corresponding to the right in use, fundamentally recognised by nature as a material asset, and a liability for the future payment obligations that are incurred. This liability is recognised at the present value of the future cash flows for each lease and the asset in an equivalent amount, adjusted for any early payment made.

A contract contains a lease when the lessor transfers control of an identifiable underlying asset for a certain period of time in exchange for a consideration. An asset is identifiable when it is explicitly specified in the contract or implicitly when it is made available to the customer. However, if the supplier has the right to replace the asset during the period of use, that is, when it has alternative assets and can economically benefit from such substitution, the asset is not considered identifiable and therefore the contract will not contain a lease.

To estimate the duration of the contract, extensions that are reasonably expected to occur and the period in which the lessee does not expect to terminate the contract (when they have the power to do so) are considered, without exclusively taking into account the minimum term established in the contract, as the term during which the lessee expects to continue using the underlying asset, depending on its particular circumstances, is estimated. To determine

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whether an extension is expected to take place, the economic incentives that the lessee may have to extend the contract are taken into account, considering factors such as the existence of advantageous conditions compared to market conditions in case of an extension, if the lessee has incurred significant costs in adapting the underlying asset to its needs that it must reapply in case of contracting a new lease, any possible costs for the termination of the contract in case it is not extended or the importance of the asset to the lessee, especially if it is a specialised asset that is not readily available on the market. Furthermore, the background in terms of the period of use in the past of certain assets is also taken into account.

Subsequently, during the term of the lease contract, the right of use is systematically amortised and the financial expenses associated with the affected liability are recorded applying the amortised cost method.

When the Group acts as the lessor, income and expenses arising from operating lease agreements are charged to the income statement during the year they are accrued.

#### **g) Investments accounted for using the equity method**

The participation in joint ventures and associates is initially recognised at acquisition cost and is subsequently revalued to take into account the share with the profit/(loss) of these companies not distributed in the form of dividends. Also, the value of the investment is adjusted to reflect the proportion of the changes in these companies' equity that were not recognised in their profit or loss. These include the conversion differences and the adjustments caused by changes in the fair value of financial derivatives of cash flow hedges acquired by the companies themselves.

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

#### **h) Financial assets**

Financial assets are initially recorded at fair value, which is generally the same as their acquisition cost, adjusted for the operation costs directly attributable to it, except in the case of financial assets at fair value with changes in profit/(loss) that are attributed to that year's profit/(loss).

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

The Group manages its financial assets in order to obtain its contractual cash flows, so it values them according to the amortised cost method, that is, initial cost less principal charges plus accrued income based on its effective interest rate pending collection, adjusted for any recognised impairment loss. The effective interest rate consists of the rate that equals the initial cost of the total cash flows estimated for all the items throughout the remaining life of the investment. As an exception to the above,

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it should be noted that the Group values certain financial assets at fair value in the following cases:

- Financial assets at fair value with changes in profit/(loss): This category includes derivatives that do not meet the conditions to be considered as hedging, financial assets that other standards establish must be valued at fair value charged to profit/(loss), such as contingent considerations in business combinations and financial assets that, if valued differently, would generate an accounting asymmetry.
- Financial assets at fair value with changes in other comprehensive income: The Group values its interests in companies in which it does not have control, joint control or exert significant influence at fair value charged to reserves.

Financial assets at fair value have been recorded at fair value at the closing date of the financial statements. Fair value is understood as the value by which a financial instrument could be exchanged between informed and experienced parties in a free transaction (independent between third parties).

In the case of financial assets at fair value with changes in the profit/(loss), the profits or losses resulting from the change in fair value are attributed to the net profit/(loss) of the year, while financial assets at fair value with changes in other comprehensive income are attributed to equity, until the asset is disposed of, at which time the profit previously accumulated in equity will be included in that year's profit/(loss).

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

Collection rights arising from a service concession arrangement are valued according to the criteria indicated in section a) of this note.

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

The Group, based on the short-term cash flow needs, transfers credit from clients to financial entities. The amount of the aforementioned credit assignments is reported in Note 14.a). These operations accrue interest under usual market conditions and the collection management is still carried out by the Group companies, although the costs associated with such management are residual.

To the extent that the risks and rewards inherent to the accounts receivable are substantially transmitted through these sales and assignments of collection rights, as well as the control

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over them, without there being any repurchase agreements signed between the Group companies and the credit institutions that have acquired the assets and that they can freely dispose of said acquired assets without the Group companies being able to limit that right in any way, the aforementioned sales and assignments are recognised as "without recourse". Consequently, in accordance with the criteria established by IFRS, balances receivable from debtors assigned or sold under the conditions indicated are written off in the consolidated balance sheet.

### **i) Inventory**

Inventories are stated at the lower of acquisition or production cost or net realisable value. Trade discounts, rebates, other similar items and interest included in the nominal amount of the payables are deducted when determining the acquisition cost.

Production cost includes the costs of direct materials and, where applicable, direct labour costs and manufacturing overheads incurred.

Net realisable value represents the estimated selling price less all estimated costs of completion and the costs to be incurred in the marketing, sale and distribution of the product.

The Group recognises the appropriate impairment losses and records them as an expense in the consolidated income statement when the net realisable value of inventories is lower than their acquisition cost (or production cost).

### **j) Foreign currency**

#### **j.1) Conversion differences**

In general, the financial statements of foreign operations denominated in currencies other than the euro have been translated to euros, with the exception of:

- Capital and reserves, which were converted at historical exchange rates.
- The income statement items of foreign operations that were converted at the average exchange rates for the period.

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

#### **j.2) Exchange differences**

Balances receivable and payable in foreign currencies are translated to euros at the exchange rates prevailing at the date of the consolidated balance sheet, and the differences that arise are taken to income, except as regards

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advances, which, since they are considered non-monetary items, are converted at the exchange rate prevailing at the time of the transaction.

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

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

#### **k) Grants**

Grants are recognised according to their nature.

##### **k.1) Capital grants**

Capital grants are those that involve the acquisition or construction of assets. These grants are measured at the amount received or the fair value of the asset received; they are recognised as deferred income on the liability side of the accompanying consolidated balance sheet and are taken to income as the asset or assets to which they relate are depreciated.

##### **k.2) Operating grants**

Operating grants are those other than those defined above that do not relate directly to an asset or group of assets. Operating income is considered the amount received at the time of its concession, except if it is granted to finance specific expenses, in which case its allocation to profit/(loss) will be made as those expenses accrue.

#### **l) Provisions**

The Group companies recognise provisions on the liability side of the accompanying consolidated balance sheet for present obligations arising from past events for which the companies consider it probable that there will be an outflow of funds to settle them on maturity.

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

Provisions for dismantling, removal or restoration and environmental provisions are recognised by increasing the value of the related asset by the present value of the expenses that will be incurred when operation of the asset ceases. The effect on income occurs when the asset is depreciated in accordance with the preceding paragraphs of this

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note and due also to the discounted present value mentioned in the preceding paragraph.

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

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

#### **m) Financial liabilities**

Financial liabilities are initially recognised at the fair value of the consideration received, adjusted by the directly attributable transaction costs. These financial liabilities are subsequently measured at amortised cost.

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

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

#### **n) Financial derivatives and hedge accounting**

A financial derivative is a financial instrument or another type of contract whose value varies in response to changes in certain variables, such as an interest rate, financial instrument price, foreign exchange rate, credit rating or credit index or any other variable that may not be financial.

Apart from giving rise to gains or losses, financial derivatives may, under certain conditions, fully or partially offset foreign currency or interest rate risks or risks relating to the value associated with balances and transactions. Hedges are accounted for as follows:

- Cash flow hedges: in hedges of this type, the changes in value of the hedging instrument are recognised provisionally under equity, and are taken to income when the hedged item materialises.
- Fair value hedges: in this case, changes in the value of the hedging instrument are recognised in income by offsetting changes in the fair value of the hedged item.
- Hedges of a net investment in a foreign operation: this type of hedges are aimed at covering foreign currency risk and are treated as cash flow hedges.

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

The qualitative requirements that must be met are as follows:

- Formal designation and documentation, at inception of the hedge, of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge.
- Documentation identifying the hedged item, the hedging instrument and the nature of the risk being hedged.
- The effectiveness requirements must be met. This means that there is a financial relationship between the hedged item and the hedging instrument such that both generally move in opposite directions upon the occurrence of the hedged risk. Credit risk must not have a dominant effect on the changes in the value of the hedged items and the hedging ratio must be equivalent to the percentage of the exposure to the covered risk.

The hedge is considered to be fully effective provided that the qualitative effectiveness test shows that it complies with those criteria. If not, the hedge would cease to be treated as a hedge and the hedge relationship would cease, recognising the derivative at its fair value through changes in profit or loss.

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

The retrospective assessment analysis is adapted to the type of the hedge and the nature of the instruments used, and all of the financial derivatives contracted by the Group consist of cash flow hedges (Note 21):

- In the case of interest rate swaps (IRSs) in Cash flow hedges, the Group charges a variable rate equal to that of the hedged borrowings and pays a fixed rate, since the objective is to reduce the variability of the borrowing costs, the effectiveness test determines whether changes in the fair value of the IRS cash flows offset changes in the fair value of the hedged risk.
- The hypothetical derivative method is used for accounting purposes when performing the quantitative assessment of effectiveness, which establishes that the company will recognise in equity the lower of the absolute change in the value of the hypothetical derivative (hedged position) and the change in the value of the contracted derivative. The difference between the value of the recognised change in equity and the fair value of the derivative on the date of the effectiveness test will be considered to be the ineffective portion and it will be directly recorded in the income statement.

A distinction must be made between the designated portion and the non-designated portion of cash flow hedges in which the derivative hedge instrument is an option or a forward and not an IRS:

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- The treatment of the designated portion will be similar to that indicated for IRSs.
- The fair value of the non-designated portion (forward points or the temporary value of the options) will be recognised in other comprehensive income when related to the hedged portion and will be accumulated in a separate component of equity. This amount will be reclassified from the separate component of equity to the income statement for the period as a reclassification adjustment in the same period or periods in which the expected future cash flow hedges affect results for the period (for example, when a planned sale takes place).

Changes in the fair value of financial derivatives that do not qualify for hedge accounting are recognised in the consolidated income statement as they arise.

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

- The interest rate swaps were measured by discounting all the flows envisaged in each contract on the basis of its characteristics, such as the notional amount and the collection and payment schedule. This measurement was made using the zero-coupon rate curve determined by employing a bootstrapping process for the deposits and swaps traded at any given time. This zero-coupon rate curve was used to obtain the discount factors for the measurements, which were made assuming the absence of arbitrage opportunity (AAO). When there were caps and floors or combinations thereof, on occasions conditional upon special conditions being met, the interest rates used were the same as those used for the swaps, although in order to introduce the component of randomness in the exercise of the options, the generally accepted Black - Scholes model was used.
- The methodology used in the case of a cash flow hedge derivative associated with inflation is very similar to that used for interest rate swaps. Expected inflation is estimated based on observed inflation and is embedded in the swaps indexed to the ex-tobacco European inflation rate used in the market, and translated to the Spanish rate using a convergence adjustment.

Furthermore, a sensitivity test is carried out on the derivatives and net financial debt in order to be able to analyse the effect that a possible fluctuation in interest rates might have on the Group's accounts, given different interest rate increase and decrease scenarios at year-end (Note 28).

Note 21 to this Report provides details of the financial derivatives that the Group has arranged and other matters related thereto.

### **o) Corporate tax**

The expense for corporate tax is calculated on the basis of the consolidated profit before tax, increased or decreased, as appropriate, by the permanent differences between tax loss/taxable profit and accounting profit/(loss). The corresponding tax rate based on applicable legislation for each company is applied to this adjusted accounting profit.



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Tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge.

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

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

FCC Servicios Medio Ambiente Holding, S.A., as well as the Spanish companies in which it holds a stake of over 75%, pay taxes under a consolidated tax system, in accordance with the regulations established in this regard by current laws, and are included in Tax Group 18/89, of which Fomento de Construcciones y Contratas, S.A. is the Parent.

#### **p) Pension commitments**

The Group companies have certain specific cases related to pension plans and similar obligations that are developed in Note 23 of this Report.

#### **q) Operating income and expenses**

Revenue is recognised when the control of the good or service is transferred to the customer, in general, only when there is approval from the customer applying a homogeneous method to contracts of a similar nature. Revenue is valued at the expected amount of the consideration that is to be received that can be estimated reliably and that is not expected to be reversed in the future. After analysing its portfolio of contracts, the Group has concluded that, except in very specific cases, there is no more than one performance obligation in the contracts being executed, since either integration services are provided for the different activities carried out, or because they are highly interrelated.

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

In general, the Group has not identified significant financial components in its contracts with clients. The financial component is only separated from the consideration to be received and the

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corresponding financial income is recorded in those contracts in which the time between when a service is provided or a good is delivered and when the payment is received is greater than 12 months.

Revenue and expenses are recognised on an accrual basis, i.e. when the actual flow of the related goods and services occurs, regardless of when the resulting monetary or financial flow arise. These are performance obligations that are satisfied over time as the customer receives and consumes the profits at the same time as the service is provided. Consequently, revenue is recognised by measuring the value of the services actually provided to the customer using a product-based method.

The costs of obtaining the contract are not incremental, so they are not activated and are recognised based on their accrual. Meanwhile, no relevant contract fulfilment costs are incurred and are therefore recorded as operating expenses in general.

Regarding service concession agreements, it should be noted that the Group recognises interest income derived from the collection rights of the financial model as revenue, as it is considered that since both models are related to the Company's activity of exploitation, the true and fair view is best represented by including the income derived from the financial asset as belonging to the exploitation (Note 3.a).

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

#### **r) Related-party transactions**

The Group performs all of its transactions with related parties on an arm's length basis. In addition, transfer prices are duly supported and, therefore, the Board of Directors considers that there are no significant risks in this regard that could lead to significant liabilities in the future.

#### **s) Consolidated statement of cash flows**

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

- Cash flows are the inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, as well as other activities that cannot be classified as investment or financing activities. Among the operating cash flows, it is worth highlighting the heading "Other adjustments to profit/(loss)" which basically includes items that are included in the Profit/(Loss) Before Tax but have no impact on the change in cash, as well as items that are already included in other headings of the Cash Flow Statement according to their nature.

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- Investing activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are activities that produce changes in the size and composition of the Group's own capital and loans taken out.

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

#### **t) Activities with an environmental impact**

In general, environmental activities are those operations whose main objective is to prevent, reduce or repair damage caused to the environment. In this regard, investments arising from environmental activities are valued at acquisition cost and capitalised as an addition to fixed assets in the year in which they are incurred.

Expenses arising from business activities aiming to protect and improve the environment are expensed in the year in which they are incurred.

#### **u) Earnings per share**

For the purposes of IAS 33, basic earnings per share are calculated by dividing net profit for the period attributable to the Parent by the weighted average number of ordinary shares outstanding during the year, excluding the number of Parent shares held as treasury shares by Group companies. Diluted earnings per share are calculated by dividing the net profit for the year attributable to ordinary shareholders, adjusted by the effect attributable to dilutive potential ordinary shares and by the weighted average number of ordinary shares outstanding during the year, adjusted by the weighted average number of ordinary shares that would be issued assuming the conversion of all the potential ordinary shares into ordinary shares of the Parent. For these purposes, it is considered that the shares are converted at the beginning of the year or at the date of issue of the potential ordinary shares, if the latter were issued during the year itself.

Since the scope of application of IAS 33 is the consolidated financial statements whose parent meets one of the following requirements:

- Its ordinary shares or potential ordinary shares are traded in a public market (a domestic or foreign stock exchange or over-the-counter market, including local and regional markets), or
- It files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any form of instrument in a public market.

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At 31 December 2023 and 31 December 2022, the Parent's directors considered that basic earnings per share were the same as diluted earnings per share since none of the aforementioned circumstances arose.

#### v) Use of estimates

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

- Impairment losses on certain assets (Notes 6, 7, 9, 10, 12, 13 and 14)
- The useful life of PP&E and intangible assets (see Notes 6 and 7)
- Goodwill measurement (Note 6)
- The recoverability of services rendered pending certification (Notes 3.q and 14)
- The recoverability of deferred tax assets (Note 22)
- The amount of certain provisions (Note 17)
- The assumptions used in the actuarial calculation of liabilities and commitments for post-employment compensation (notes 17 and 23)
- The market value of derivatives (Note 21)

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

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

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

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

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#### 4. CHANGES IN THE SCOPE OF CONSOLIDATION

In December 2023, FCC Servicios Medio Ambiente has reached an agreement to buy the business of its subsidiary in the United Kingdom from Urbaser. The estimated enterprise value of the transaction (including debt and equity) is £398 million (about €458 million). The transaction is expected to be completed in the second quarter of 2024, subject to the satisfaction of certain conditions customary in this type of transaction.

In December 2023, the company Golrib, Soluções de Valorização de Resíduos Lda. reached an agreement to purchase the company Resicorreia, Gestão e Serviços de Medio Ambiente, Lda. The estimated purchase value is €10.4 million. Subject to certain conditions precedent, the transaction is expected to be completed in January 2024.

On 1 December 2022, 100% of two companies was acquired in the United States; Houston Waste Solutions, LLC and Houston Waste Services, LLC. On 31 December 2022, 98.54% of Industria de Reciclaje de RAEEs, S.L., was acquired.

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

The composition of the incorporated balance sheets of the business combinations carried out in the aforementioned fiscal year 2022 is detailed below:

2022	Ind.Reciclaje de RAEEs, S.L.	Houston Waste Services, LLC	Houston Waste Solutions, LLC
<b>Non-current assets</b>	<b>2,647</b>	<b>4,288</b>	<b>27,634</b>
Intangible assets	-	4,078	23,671
Property, plant and equipment	2,466	210	3,963
Other non-current assets	181	-	-
<b>Current assets</b>	<b>1,677</b>	<b>611</b>	<b>1,701</b>
Trade and other receivables	979	595	1,594
Other current assets	54	6	60
Cash and cash equivalents	644	10	47
<b>Total assets</b>	<b>4,324</b>	<b>4,899</b>	<b>29,335</b>
<b>Equity</b>	<b>3,695</b>	<b>3,750</b>	<b>27,658</b>
<b>Non-current liabilities</b>	<b>79</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>	<b>550</b>	<b>1,149</b>	<b>1,677</b>
Trade and other payables	550	1,149	1,677
<b>Total equity and liabilities</b>	<b>4,324</b>	<b>4,899</b>	<b>29,335</b>

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A reconciliation between the consideration transferred and the fair value of the net assets acquired is provided below:

2022	Houston Waste Solutions, LLC	Houston Waste Services, LLC	Industria de Reciclaje de RAEES, S.L.
Acquisition value	27,658	3,750	3,695
- Fair value of net assets	(3,987)	328	(3,695)
<b>Goodwill</b>	<b>23,671</b>	<b>4,078</b>	<b>-</b>

Had the company been consolidated since 1 January 2022, the revenue and profit/(loss) it would have contributed would have been as follows:

2022	Houston Waste Solutions, LLC	Houston Waste Services, LLC	Industria de Reciclaje de RAEES, S.L.
<b>Net business turnover</b>	<b>14,845</b>	<b>6,799</b>	<b>3,179</b>
Other income	-	332	21
<b>Operating profit/(loss)</b>	<b>2,635</b>	<b>1,748</b>	<b>421</b>
<b>Profit/(loss) before tax from continuing operations</b>	<b>2,582</b>	<b>1,657</b>	<b>397</b>
<b>Profit/(loss) attributable to the Parent Non-controlling interests</b>	<b>2,582</b>	<b>1,657</b>	<b>397</b>

These initial estimates were provisional and the Group has a period of one year from the control date to adjust them in line with subsequent more relevant and complete information that it has been able to obtain.

In addition, changes in the scope of consolidation are shown in Annex IV.

## 5. DISTRIBUTION OF PROFIT/LOSS

The proposal for the distribution of results for fiscal year 2023 of the Parent Company that will be submitted for approval by its Shareholders' Meeting is as follows:

PROPOSED DISTRIBUTION OF PROFIT	
<i>(Amounts in thousands of euros)</i>	
<b>Profit/(loss) for the year</b>	<b>10,344</b>
<b>Distribution:</b>	
To the legal reserve	-
To voluntary reserves	10,344
To dividends	-
<b>Total</b>	<b>10,344</b>

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## 6. INTANGIBLE ASSETS

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

	Cost	Accumulated amortisation	Impairment	Net Value
<b>2023</b>				
Concessions (Note 9)	558,823	(182,072)	(814)	375,937
Goodwill	988,170	-	(477,195)	510,975
Other intangible assets	94,397	(51,860)	(2,820)	39,717
	<b>1,641,390</b>	<b>(233,932)</b>	<b>(480,829)</b>	<b>926,629</b>
<b>2022</b>				
Concessions (Note 9)	545,060	(157,153)	(590)	387,317
Goodwill	975,957	-	(469,290)	506,667
Other intangible assets	87,173	(45,925)	(2,704)	38,544
	<b>1,608,190</b>	<b>(203,078)</b>	<b>(472,584)</b>	<b>932,528</b>

### a) Concessions

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

	Concessions	Depreciation Accumulated	Impairment	Net value
<b>Balance at 31.12.22</b>	<b>545,060</b>	<b>(157,153)</b>	<b>(590)</b>	<b>387,317</b>
Additions or allocations	11,048	(24,545)	(223)	(13,720)
Derecognitions, disposals or reductions	(198)	102		(96)
Translation differences	2,864	(547)	(1)	2,316
Change in scope, transfers and other changes	49	71		120
<b>Balance at 31.12.23</b>	<b>558,823</b>	<b>(182,072)</b>	<b>(814)</b>	<b>375,937</b>

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	Concessions	Depreciation Accumulated	Impairment	Net value
<b>Balance at 31.12.21</b>	<b>533,995</b>	<b>(135,526)</b>	<b>(711)</b>	<b>397,758</b>
Additions or allocations	10,114	(24,181)	(101)	(14,168)
Derecognitions, disposals or reductions	(1,595)	972	101	(522)
Translation differences	(8,835)	1,582	(1)	(7,254)
Change in scope, transfers and other changes	11,381	-	122	11,503
<b>Balance at 31.12.22</b>	<b>545,060</b>	<b>(157,153)</b>	<b>(590)</b>	<b>387,317</b>

This heading includes the intangible assets corresponding to the service concession arrangements (Note 9).

The most significant entries for fiscal year 2023 correspond, within the Services Group, to the ongoing projects carried out by the companies FCC Medio Ambiente, S.A. for the amount of 7,075 thousands of euros (6,445 thousand euros in 2022), Ecoparque Mancomunidad del Este, S.A. for an amount of 1,818 thousand euros (2,858 thousand euros in 2022) and by companies of the FCC CEE Group for an amount of 2,155 thousands of euros (753 thousand euros in 2022).

There were no significant derecognitions in 2023 and 2022.

Changes in scope, transfers and other movements in the service concession agreements in 2023 include the recognition of future investment commitments included as an increase in the value of intangible assets with a balancing entry in provisions (note 17) amounting to €808 thousand (€10,758 thousand at close of 2022).

The additions and derecognitions that have led to a cash outflow or entry are recorded in the accompanying statement of cash flows as "Payments on investments" and "Proceeds due to divestments" of "Property, plant and equipment, intangible assets and real estate investments", respectively.

No interest was capitalised in 2023 (2022: no interest capitalised) and total capitalised interest amounts to 20,128 thousand euros (19,773 thousand euros at 31 December 2022).

## b) Goodwill

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



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	2023	2022
FCC Environment Group (UK)	301,064	294,994
FCC Group - CEE	136,793	136,793
FCC Ambito, S.A.	23,311	23,311
Tratamientos y Recuperaciones Industriales, S.A.	869	869
FCC Group – PFI Holdings (UK)	-	-
Premier Waste Services, LLC	22,154	22,951
Houston Waste Services, LLC	3,936	4,078
Houston Waste Solutions, LLC	22,848	23,671
	<b>510,975</b>	<b>506,667</b>

The movements of goodwill in the accompanying consolidated balance sheet in 2023 were as follows:

<b>Balance at 31.12.21</b>		<b>493,960</b>
<b>Exchange differences, change in consolidation scope and others:</b>		
FCC Environment Group (UK)	(15,593)	
Premier Waste Services, LLC	1,337	
Houston Waste Solutions, LLC	23,671	
Houston Waste Services, LLC	4,078	
Other	(786)	12,707
<b>Balance at 31.12.22</b>		<b>506,667</b>
<b>Exchange differences, change in consolidation scope and others:</b>		
FCC Environment Group (UK)	6,070	
Premier Waste Services, LLC	(797)	
Houston Waste Solutions, LLC	(142)	
Houston Waste Services, LLC	(823)	
Other		4,308
<b>Balance at 31.12.23</b>		<b>510,975</b>

In the item "Changes in the scope of consolidation, translation differences and other movements", in 2023, the effect of the appreciation of the pound sterling against the euro stands out with an increase in the associated goodwill fund by an amount of 6,070 thousand euros (depreciation of the pound in 2022 with a decrease of 15,593 thousand euros).

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The impairment analysis policies applied by the Group to its goodwill are described in Note 3.b). In accordance with the methods used and in accordance with the estimates, projections and valuations available to the Group Management, there have been no indications that could entail additional losses of value to those shown in the table above.

The most significant aspects of the estimates made and the sensitivity analysis in the impairment tests of goodwill are as follows.

It should be noted that in the preparation of the following impairment tests, cash flows were estimated based on the best estimates of the Group's Management and that upward or downward changes in the key assumptions contemplated, both in the discount rate and in the operating margins, among other factors, may affect the recoverable amount of the cash generating unit considered.

#### **FCC Environment Group (UK)**

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

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

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

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

The impairment test has been carried out using conservative and continuous projections based on historical performance in recent years and based on the foreseeable performance of the businesses. The main hypotheses used contemplate the historical trend of strengthening waste treatment/recovery and incineration activities in the face of a gradual decrease in landfill management activity. The income considered during the period reflects decreasing volumes in landfill activity, partially offset by the increase in other related activities, while treatment activity shows stable tonnages, the performance of which depends on inflation, except in 2025

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when the Lostock complex is due to come online. The pre-tax discount rate used was 11.75% with a 10-year time line used from estimates given the structural characteristics of the business and the long useful life of the assets. A growth rate of 1% has been considered in the calculation of perpetual income, which represents 29,0% of the total recoverable value. The test result shows an excess of the recoverable amount over the carrying amount of the cash-generating unit of 128,397 thousand euros, an increase of more than 1,100 basis points without incurring impairment, a decrease in the present value of cash flows of 10% would reduce the excess to 103,333 thousand euros. If a zero growth rate had been considered, the aforementioned excess would have decreased to 122,214 thousand euros.

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

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

### **FCC Environment Group (CEE)**

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

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

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

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

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

### c) Other intangible assets

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

	Other intangible assets	Accumulated amortisation	Impairment	Net value
<b>Balance at 31.12.22</b>	<b>87,173</b>	<b>(45,925)</b>	<b>(2,704)</b>	<b>38,544</b>
Additions or allocations	8,255	(7,485)	(76)	694
Derecognitions, disposals or reductions	(1,816)	1,792		(24)
Translation differences	318	(205)	(40)	73
Transfers and other movements	467	(37)		430
<b>Balance at 31.12.23</b>	<b>94,397</b>	<b>(51,860)</b>	<b>(2,820)</b>	<b>39,717</b>

	Other intangible assets	Accumulated amortisation	Impairment	Net value
<b>Balance at 31.12.21</b>	<b>220,810</b>	<b>(178,290)</b>	<b>(6,768)</b>	<b>35,752</b>
Additions or allocations	10,327	(5,729)	(1)	4,597
Derecognitions, disposals or reductions	(143,329)	137,642	5,141	(546)
Translation differences	(849)	393	(25)	(481)
Transfers and other movements	214	59	(1,051)	(778)
<b>Balance at 31.12.22</b>	<b>87,173</b>	<b>(45,925)</b>	<b>(2,704)</b>	<b>38,544</b>

In 2022, assets at market price from combined business with a gross value of 130,396 thousand euros are removed from the balance sheet as they have a net book value of zero.

This heading mainly includes:

- All amounts corresponding to the payment to public or private entities as fees for the awarding of contracts that are not classified as concessions, within the scope of IFRIC12 "Service concession agreements"
- All amounts recorded in the initial recognition of certain business combinations representative of concepts such as client portfolios and contracts in force at the time of purchase;
- Software applications.

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## 7. PROPERTY, PLANT AND EQUIPMENT

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

	Cost	Accumulated amortisation	Impairment	Net value
<b>2023</b>				
<b>Land and buildings</b>	<b>607,512</b>	<b>(222,653)</b>	<b>(9,953)</b>	<b>374,906</b>
Land and natural resources	117,972	(9,641)	(5,576)	102,755
Buildings for own use	489,540	(213,012)	(4,377)	272,151
<b>Plant and other items of property, plant and equipment</b>	<b>5,473,864</b>	<b>(3,286,398)</b>	<b>(618,116)</b>	<b>1,569,350</b>
Plant	3,017,658	(1,917,594)	(596,444)	503,620
Machinery and vehicles	1,904,073	(1,070,321)	(20,882)	812,870
Advances and PP&E under construction	62,465			62,465
Other PP&E	489,668	(298,483)	(790)	190,395
	<b>6,081,376</b>	<b>(3,509,051)</b>	<b>(628,069)</b>	<b>1,944,256</b>
<b>2022</b>				
<b>Land and buildings</b>	<b>563,535</b>	<b>(207,774)</b>	<b>(10,580)</b>	<b>345,181</b>
Land and natural resources	107,512	(10,664)	(6,125)	90,723
Buildings for own use	456,023	(197,110)	(4,455)	254,458
<b>Plant and other items of property, plant and equipment</b>	<b>5,115,945</b>	<b>(3,143,532)</b>	<b>(604,539)</b>	<b>1,367,874</b>
Plant	2,926,733	(1,822,783)	(582,836)	521,114
Machinery and vehicles	1,692,714	(1,035,980)	(20,047)	636,687
Advances and PP&E under construction	45,139			45,139
Other PP&E	451,359	(284,769)	(1,656)	164,934
	<b>5,679,480</b>	<b>(3,351,306)</b>	<b>(615,119)</b>	<b>1,713,055</b>

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

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
<b>Balance at 31.12.22</b>	<b>107,512</b>	<b>456,023</b>	<b>563,535</b>	<b>2,926,733</b>	<b>1,692,714</b>	<b>45,139</b>	<b>451,359</b>	<b>5,115,945</b>	<b>(3,351,306)</b>	<b>(615,119)</b>
Additions or allocations	17,718	45,196	<b>62,914</b>	25,958	308,949	54,084	63,262	<b>452,253</b>	(271,188)	(8,815)
Derecognition s, disposals or reductions	(11,928)	(14,689)	<b>(26,617)</b>	(2,199)	(110,569)	(1,118)	(14,301)	<b>(128,187)</b>	134,399	7,624
Translation differences	1,089	1,575	<b>2,664</b>	52,028	764	821	(96)	<b>53,517</b>	(35,526)	(12,549)
Change in scope, transfers and other changes	3,581	1,435	<b>5,016</b>	15,138	12,215	(36,461)	(10,556)	<b>(19,664)</b>	14,570	790
<b>Balance at 31.12.23</b>	<b>117,972</b>	<b>489,540</b>	<b>607,512</b>	<b>3,017,658</b>	<b>1,904,073</b>	<b>62,465</b>	<b>489,668</b>	<b>5,473,864</b>	<b>(3,509,051)</b>	<b>(628,069)</b>
	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
<b>Balance at 31.12.21</b>	<b>117,787</b>	<b>432,582</b>	<b>550,369</b>	<b>3,016,086</b>	<b>1,497,838</b>	<b>39,100</b>	<b>398,400</b>	<b>4,951,424</b>	<b>(3,284,534)</b>	<b>(649,389)</b>
Additions or allocations	8,075	28,857	<b>36,932</b>	22,105	253,263	32,757	57,129	<b>365,254</b>	(237,989)	(15,191)
Derecognition s, disposals or reductions	(1,286)	(14,696)	<b>(15,982)</b>	(3,926)	(67,862)	(650)	(9,249)	<b>(81,687)</b>	79,097	4,446
Translation differences	(1,529)	991	<b>(538)</b>	(132,797)	(2,365)	(968)	2,176	<b>(133,954)</b>	84,076	33,281
Change in scope, transfers and other changes	(15,535)	8,289	<b>(7,246)</b>	25,265	11,840	(25,100)	2,903	<b>14,908</b>	8,044	11,734
<b>Balance at 31.12.22</b>	<b>107,512</b>	<b>456,023</b>	<b>563,535</b>	<b>2,926,733</b>	<b>1,692,714</b>	<b>45,139</b>	<b>451,359</b>	<b>5,115,945</b>	<b>(3,351,306)</b>	<b>(615,119)</b>

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Significant "Additions" in 2023 include investments made for the performance of the agreements for the Environmental Services activity, mainly in different companies that carry out their activity in the United States for a total of 59,771 thousand euros (90,391 thousand euros in 2022), in FCC Medioambiente, S.A. (Spain) for a total of 288,013 thousand euros (160,731 thousand euros in 2022), at the FCC Environment group (UK) for a total of 43,691 thousand euros (34,957 thousand euros in 2022), and at FCC Environment CEE (Central Europe) for a total of 80,078 thousand euros (64,681 thousand euros in 2022).

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

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

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

As at 31 December 2023, in property, plant and equipment, 897 thousand euros was charged as income from capital grants (2022: 724 thousand euros).

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

Fully depreciated property, plant and equipment used in production due to being in a good state of use totalled a gross amount of 1,326,353 thousand euros at 31 December 2023 (1,256,759 thousand euros at 31 December 2022).

The property, plant and equipment net of depreciation on the accompanying consolidated balance sheet located outside the Spanish territory amount to 1,138,905 thousand euros at 31 December 2023 (1,105,550 thousand euros at 31 December 2022).

#### Restrictions on title to assets

Of the total property, plant and equipment on the consolidated balance sheet, at 31 December 2023, 531,744 thousand euros (492,569 thousand euros at 31 December 2022) are subject to ownership restrictions according to the following detail:

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	Cost	Accumulated amortisation	Impairment	Net value
<b>2023</b>				
Buildings, plants and equipment	1,131,982	(659,380)	(4,274)	468,328
Other property, plant and equipment	164,006	(100,590)	–	63,416
	<b>1,295,988</b>	<b>(759,970)</b>	<b>(4,274)</b>	<b>531,744</b>
<b>2022</b>				
Buildings, plants and equipment	1,050,806	(611,772)	(4,534)	434,500
Other property, plant and equipment	153,735	(95,666)	–	58,069
	<b>1,204,541</b>	<b>(707,438)</b>	<b>(4,534)</b>	<b>492,569</b>

The restrictions on ownership of these assets originate from the lease agreements that are explained in Note 8 of this Report, as well as for those assets related to the exploitation of certain concession contracts to which IFRIC 12 does not apply. "Concession agreements" (Note 3.a).

#### Purchase commitments

As part of the performance of their activities, Group companies have formalised commitments to acquire property, plant and equipment, mainly machinery and vehicles following the renewal Environmental Services activity contracts, which as at 31 December 2023 amounted to 90,400 thousands euros (173,171 thousand euros at 31 December 2022).

	2023	2022
Plant	2,898	-
Machinery and vehicles	70,706	138,207
In-progress property, plant and equipment and advances	-	610
Other PP&E	16,796	34,354
	<b>90,400</b>	<b>173,171</b>

## 8. LEASES

In its position as lessee, the Group has signed lease contracts for different kinds of underlying assets, mainly machinery and technical facilities and constructions for its own use in all the activities that the Group develops.

In general, the leases signed by the Group do not include variable payments, there are only clauses for updating the rent in certain contracts, mainly based on inflation. In some cases, these agreements contain restrictions on use, the most common restrictions being those limiting the use of the underlying assets to geographical areas or to use as office or production premises. Lease contracts do not include significant residual value guarantee clauses.



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

The carrying amount of the right-of-use assets amounts to €173,079 thousand at 31 December 2023 (€164,554 thousand at 31 December 2022). Below is a detail of the carrying amount and the additions and amortisations during the year by classes of underlying asset:

	Cost	Accumulated amortisation	Net value	Additions and other changes	Changes in depreciation and amortisation
<b>2023</b>					
<b>Land and buildings</b>	<b>156,791</b>	<b>(45,830)</b>	<b>110,961</b>	<b>17,667</b>	<b>(17,357)</b>
Land and natural resources	39,775	(9,353)	<b>30,422</b>	(1,105)	(3,510)
Buildings for own use	117,016	(36,477)	<b>80,539</b>	18,772	(13,847)
<b>Plant and other items of property, plant and equipment</b>	<b>106,443</b>	<b>(44,325)</b>	<b>62,118</b>	<b>1,290</b>	<b>(10,974)</b>
Plant	1,027	(456)	<b>571</b>	-	(91)
Machinery and vehicles	91,623	(38,561)	<b>53,062</b>	2,951	(9,715)
Other PP&E	13,793	(5,308)	<b>8,485</b>	(1,661)	(1,168)
	<b>263,234</b>	<b>(90,155)</b>	<b>173,079</b>	<b>18,957</b>	<b>(28,331)</b>
<b>2022</b>					
<b>Land and buildings</b>	<b>139,124</b>	<b>(40,292)</b>	<b>98,832</b>	<b>(23,251)</b>	<b>(15,387)</b>
Land and natural resources	40,880	(10,358)	<b>30,522</b>	(11,015)	(3,140)
Buildings for own use	98,244	(29,934)	<b>68,310</b>	(12,236)	(12,247)
<b>Plant and other items of property, plant and equipment</b>	<b>105,153</b>	<b>(39,431)</b>	<b>65,722</b>	<b>(13,058)</b>	<b>(11,225)</b>
Plant	1,027	(365)	<b>662</b>	-	(91)
Machinery and vehicles	88,672	(34,239)	<b>54,433</b>	(7,204)	(9,583)
Other PP&E	15,454	(4,827)	<b>10,627</b>	(5,854)	(1,551)
	<b>244,277</b>	<b>(79,723)</b>	<b>164,554</b>	<b>(36,309)</b>	<b>(26,612)</b>

The amount of liabilities recognised for leases amounts to 162,692 thousand euros (157,040 thousand euros in 2022, of which 42,088 thousand euros (40,335 thousand euros in 2022) are classified as current in the accompanying consolidated balance sheet, as they expire within the next twelve months (Note 18.d). Lease liabilities have generated an interest charge of 5,201 thousand euros (4,902 thousand euros in 2022). Lease payments made during the year amount to 52,890

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thousand euros (40,897 thousand euros in 2022) and are recorded under the headings "Proceeds and payments from financial liabilities" and "Interest paid" of the attached consolidated statement of cash flows. The breakdown by maturity of non-current lease liabilities is shown below:

	2025	2026	2027	2028	2029 and beyond	Total
<b>2023</b>						
Liabilities for non-current leases	21,123	9,347	10,433	11,772	73,494	<b>126,169</b>

Certain contracts are excluded from the application of the aforementioned IFRS 16, mainly either because they are low value assets or because their duration is less than twelve months (note 3.f) and is recorded as an expense under the heading "Other operating income/(losses)" in the accompanying consolidated income statement, with the amount during the year being as follows:

	2023	2022
Low value assets	2,582	1,297
Leases with term less than 12 months	33,439	31,090
	<b>36,021</b>	<b>32,387</b>

## 9. SERVICE CONCESSION ARRANGEMENTS

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

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

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	Intangible assets (Note 6)	Financial assets (Note 12)	Loans to Consolidated Concessionaires Equity Method	Value of consolidated concessionaires - equity method	Total investment
<b>2023</b>					
Services	558,823	211,652	813	16,475	787,763
<b>TOTAL</b>	<b>558,823</b>	<b>211,652</b>	<b>813</b>	<b>16,475</b>	<b>787,763</b>
Depreciation	(182,072)	-	-	-	(182,072)
Impairment	(814)	-	-	-	(814)
	<b>375,937</b>	<b>211,652</b>	<b>813</b>	<b>16,475</b>	<b>604,877</b>
<b>2022</b>					
Services	545,060	218,117	2,245	19,411	784,833
<b>TOTAL</b>	<b>545,060</b>	<b>218,117</b>	<b>2,245</b>	<b>19,411</b>	<b>784,833</b>
Depreciation	(157,153)	-	-	-	(157,153)
Impairment	(590)	-	-	-	(590)
	<b>387,317</b>	<b>218,117</b>	<b>2,245</b>	<b>19,411</b>	<b>627,090</b>

The most significant variations in financial year 2023 correspond to the ongoing projects carried out by Ecoparque Mancomunidad del Este S.A. for an amount of 1,818 thousand euros and FCC Medio Ambiente, S.A. for an amount of 6,683 thousand euros, particularly an expansion of the Campello plant (Alicante) and the start of construction on the Valladolid treatment plant and the Las Calandrias Plant – Jerez (Cadiz).

The most significant additions in 2022 correspond to the projects in progress carried out by the company Ecoparque Mancomunidad del Este S.A. in the amount of 2,858 thousand euros, and by the company FCC Medio Ambiente, S.A., in the amount of 18,338 thousand euros, among which stand out the extension of the Campello plant (Alicante). The work pending at the Granada plants is valued at December 2022.

Below are details of the main concessions included in the previous categories with their main characteristics:

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	Net book value as at 31 December 2023		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Buckinghamshire plant (United Kingdom)	123,764	8,960	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Campello plant (Alicante, Spain)	45,072		Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Loeches Plant (Alcalá de Henares, Spain)	105,662		Commonwealth of the East	According to tons treated
Edinburgh plant (United Kingdom)	20,118	86,838	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	28,047		Provincial Council of Granada	According to tons treated
Houston plant	17,165		City of Houston	According to tons treated
RE3 plant (United Kingdom)		26,403	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Gipuzkoa II plant		27,506	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
Manises plant (Valencia, Spain)		17,262	Metropolitan entity for waste treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)		16,388	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)		14,692	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Giref plant (Ibiza, Spain)	1,357	13,477	Island Council of Ibiza-Formentera	According to tons treated
Other contracts	34,752	126		
<b>Total</b>	<b>375,937</b>	<b>211,652</b>		

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	Net book value at 31 December 2022		Granting entity	Collection mechanism
	Intangible assets	Financial assets		
Buckinghamshire plant (United Kingdom)	126,763	8,851	Buckinghamshire County Council	Fixed amount plus variable amount per ton
Campello plant (Alicante, Spain)	49,280		Plan Zonal XV Consortium of the Community of Valencia	According to tons treated
Loeches plant (Alcalá de Henares, Spain)	109,651		Commonwealth of the East	According to tons treated
Edinburgh plant (United Kingdom)	20,681	87,567	City of Edinburgh and Midlothian Council	Variable per ton with guaranteed minimum
Granada plant (Granada, Spain)	29,174		Provincial Council of Granada	According to tons treated
Houston plant	19,592		City of Houston	According to tons treated
RE3 plant (United Kingdom)		27,620	Councils of Reading, Bracknell Forest and Workingham	Fixed amount plus variable amount per ton
Gipuzkoa II plant		28,631	Gipuzkoa Waste Consortium	Variable per ton with guaranteed minimum
Manises plant (Valencia, Spain)		18,717	Metropolitan entity for waste treatment	Fixed amount plus variable amount per ton
Wrexham I plant (United Kingdom)		17,457	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Wrexham II plant (United Kingdom)		15,267	Wrexham County Borough Council	Fixed amount plus variable amount per ton
Giref plant (Ibiza, Spain)	1,195	13,873	Island Council of Ibiza-Formentera	According to tons treated
Other contracts	30,981	134		
<b>Total</b>	<b>387,317</b>	<b>218,117</b>		

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

Likewise, it should be noted that in accordance with the concession contracts, the concessionaires in which the Group is an investee are obliged to acquire or build items of property, plant and equipment for an amount of 128,799 thousand euros (36,000 thousand euros in 2022).

## 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	2023	2022
<b>Joint ventures</b>	<b>48,289</b>	<b>59,134</b>
Investment value	48,289	59,134
<b>Associates</b>	<b>184,913</b>	<b>135,753</b>
Investment value	66,652	57,136
Loans	118,261	78,617
	<b>233,202</b>	<b>194,887</b>

### a) Joint ventures

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

The transactions for 2023 by items are as follows:

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	Balance at 31.12.2022	Profit/(loss) for the year (Note 25.g)	Distributed dividends	Changes in the fair value of financial instruments allocated to reserves	Translation differences	Change in Loans granted and Others	Balance at 31.12.2023
Atlas Gestión Medioambiental, S.A.	7,548	1,719	(2,708)	-	-	-	6,559
Ebesa	8,398	3,242	(6,106)	-	-	-	5,534
Ingeniería Urbana, S.A. + JVs	4,250	94	(660)	-	-	-	3,684
Mercia Waste Management, LTD	17,414	8,537	(10,644)	-	351	0	15,658
Reciclado de Componentes Electrónicos, S.A.	-	(6)	-	-	-	(1,909)	-
Seurmasa	1,915	168	(666)	-	-	-	483
Tratam. Indust. De Residuos Solidos, S.A.	981	711	(3,600)	-	-	-	13,100
Zabalgardi, S.A.	15,989	305	-	-	-	-	2,047
Electrorecycling, S.A	1,742	1,157	(1,130)	-	-	-	943
Other	897	319	(32)	(23)	37	(1)	281
<b>Total joint ventures</b>	<b>59,134</b>	<b>16,246</b>	<b>(25,546)</b>	<b>(23)</b>	<b>388</b>	<b>(1,910)</b>	<b>48,289</b>

	Balance at 31.12.2021	Profit/(loss) for the year (Note 25.g)	Distributed dividends	Changes in the fair value of financial instruments allocated to reserves	Translation differences	Change in Loans granted and Others	Balance at 31.12.2022
Atlas Gestión Medioambiental, S.A.	8,628	1,591	(2,671)	-	-	-	7,548
Ebesa	7,389	3,164	(2,216)	61	-	-	8,398
Ingeniería Urbana, S.A. + JVs	4,209	51	(10)	-	-	-	4,250
Mercia Waste Management, LTD	8,714	11,721	(2,288)	-	(733)	-	17,414
Reciclado de Componentes Electrónicos, S.A.	3,129	-	-	-	-	(3,129)	-
Seurmasa	3,191	(26)	(1,250)	-	-	-	1,915
Tratam. Indust. De Residuos Solidos, S.A.	1,036	141	(196)	-	-	-	981
Zabalgardi, S.A.	13,834	3,593	(4,500)	3,062	-	-	15,989
Electrorecycling, S.A	1,319	423	-	-	-	-	1,742
Other	1,424	(807)	(1,291)	-	118	1,453	897
<b>Total joint ventures</b>	<b>52,873</b>	<b>19,851</b>	<b>(14,422)</b>	<b>3,123</b>	<b>(615)</b>	<b>(1,676)</b>	<b>59,134</b>

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

	2023	2022
Non-current assets	120,673	126,517
Current assets	67,452	78,790
Non-current liabilities	106,486	112,100
Current liabilities	32,025	32,666
<b>Profit/(loss)</b>		
Net business turnover	133,254	131,758
Operating profit/(loss)	26,028	33,092
Profit before tax	21,845	27,690
Profit/(loss) attributable to the Parent	16,252	21,208

The main activities carried out by joint ventures are associated with urban sanitation.

In relation to joint ventures with third parties outside the Environmental Services Group, it should be noted that guarantees have been provided for an amount of 13,349 thousand euros (12,912 thousand euros in 2022), mostly for public bodies and private clients to guarantee the successful execution of the contracts of the different Group activities. There are no relevant commitments or other significant contingent liabilities in relation to joint ventures.

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

## b) Associates

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

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



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	Balance at 31.12.2022	Profit/(loss) for the year (Note 25.g)	Distributed dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Translation differences	Change in Loans granted and Others	Balance at 31.12.2023
A.K.S.D. Városgazdálkodási Korlátolt Felelősségű Társaság	3,421	840	(699)	-	-	224	-	3,786
Betearte, S.A.	1,845	258	-	-	-	-	(1,432)	671
Gestión Integ. Resid. Solidos, S.A. + JVs	5,341	184	-	-	-	-	-	5,525
Killer GMBH & CO.KG	2,601	1,134	(853)	10	-	0	-	2,892
Mac Insular	4,242	956	(883)	-	-	-	-	4,315
Tirme, S.A.	4,938	3,880	(3,936)	-	-	-	-	4,882
Aprochim Getesarp Rymoil, S.A.	1,348	542	(450)	-	-	-	-	1,440
Huber Entsorgungsgesellschaft M.B.H.NF	608	200	(122)	-	-	-	-	686
Aragonesa de Tratam. Mediamb.XXI, S.A.	606	(57)	-	-	-	-	-	549
Lostock – PFI Group	108,667	(1,971)	-	-	-	1,310	50,822	158,828
Other	2,136	77	(71)	-	-	3,224	(4,027)	1,339
<b>Total associates</b>	<b>135,753</b>	<b>6,043</b>	<b>(7,014)</b>	<b>10</b>	<b>0</b>	<b>4,758</b>	<b>45,363</b>	<b>184,913</b>

	Balance at 31.12.2021	Profit/(loss) for the year (Note 25.g)	Distributed dividends	Changes in the fair value of financial instruments allocated to reserves	Acquisitions	Translation differences	Change in Loans granted and Others	Balance at 31.12.2022
A.K.S.D. Városgazdálkodási Korlátolt Felelősségű Társaság	3,540	830	(593)	-	-	(356)	-	3,421
Betearte, S.A.	1,797	269	-	-	-	-	(221)	1,845
Gestión Integ. Resid. Solidos, S.A. + JVs	5,331	10	-	-	-	-	-	5,341
Killer GMBH & CO.KG	1,896	625	(631)	23	-	-	688	2,601
Mac Insular	4,030	907	(594)	-	-	-	(101)	4,242
Tirme, S.A.	2,041	4,230	(2,979)	-	-	-	1,646	4,938
Aprochim Getesarp Rymoil, S.A.	1,204	498	(354)	-	-	-	-	1,348
Huber Entsorgungsgesellschaft M.B.H.NF	608	204	(204)	-	-	-	-	608
Aragonesa de Tratam. Mediamb.XXI, S.A.	608	(2)	-	-	-	-	-	606
Lostock – PFI Group	121,585	(791)	-	-	-	(1,640)	(10,487)	108,667
Other	3,586	1,355	(60)	-	-	(4,802)	2,057	2,136
<b>Total associates</b>	<b>146,226</b>	<b>8,135</b>	<b>(5,415)</b>	<b>23</b>	<b>-</b>	<b>(6,798)</b>	<b>(6,418)</b>	<b>135,753</b>

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

	2023	2022
Non-current assets	259,877	200,044
Current assets	35,101	43,120
Non-current liabilities	164,671	128,133
Current liabilities	23,939	28,490
<b>Profit/(loss)</b>		
Net business turnover	39,378	35,933
Operating profit/(loss)	6,784	7,561
Profit before tax	5,113	6,929
Profit/(loss) attributable to the Parent	3,769	5,114

## 11. JOINT AGREEMENTS. JOINTLY CONTROLLED OPERATIONS

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

The main aggregates of the jointly operated agreements included under the various headings of the accompanying consolidated balance sheet and consolidated income statement are presented below, in proportion to the interest held in them, at 31 December 2023 and 2022.

	2023	2022
Non-current assets	151,121	130,844
Current assets	239,355	197,713
Non-current liabilities	36,782	36,310
Current liabilities	336,297	274,769
<b>Profit/(loss)</b>		
Net business turnover	324,275	318,433
Gross operating profit/(loss)	20,009	20,849
Net operating profit/(loss)	16,612	16,705

At year-end 2023 there are commitments to acquire property, plant and equipment amounting to 23,072 thousand euros, formalised directly by the joint management contracts, after applying the percentage of ownership held by the Group companies.

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Contracts managed through temporary joint ventures, joint ventures and other entities with similar characteristics imply that shareholders must share the joint responsibility for the activity carried out.

In relation to contracts managed jointly with third parties outside the Group, it should be noted that guarantees have been provided for an amount of 92,552 thousand euros (67,023 thousand euros in 2022), mostly for public bodies and private clients to guarantee the successful execution of the municipal sanitation contracts.

## 12. NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

There are no "Non-current financial assets" or "Other significant non-current financial assets" in default. The most significant items in the accompanying consolidated balance sheet of the aforementioned headings present the following breakdown:

### a) Non-current financial assets

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

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
<b>2023</b>					
Equity instruments	-	10,151	-	-	10,151
Derivatives	-	-	-	21,578	21,578
Collection rights concession arrangements	196,185	-	-	-	196,185
Other financial assets	17,746	-	-	-	17,746
	<b>213,931</b>	<b>10,151</b>	<b>-</b>	<b>21,578</b>	<b>245,660</b>
	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
<b>2022</b>					
Equity instruments	-	10,743	-	-	10,743
Derivatives	-	-	-	30,141	30,141
Collection rights concession arrangements	201,253	-	-	-	201,253
Other financial assets	16,178	-	-	-	16,178
	<b>217,431</b>	<b>10,743</b>	<b>-</b>	<b>30,141</b>	<b>258,315</b>

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The most significant addition in 2023 is the valuation of hedging derivatives (Note 21) and, within equity instruments, the fair valuation of the stake in Vertederos de Residuos, S.A. for 9,147 thousand euros (10,639 thousand euros in 2022).

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

	% Effective ownership	Fair value
<b>2023</b>		
<b>Participations equal to or greater than 5%:</b>		
Vertederos de Residuos, S.A.	16.03%	9,147
Resicorreia, Lda	--	900
Tratamientos Metálicos S.A.	16.03%	0
M Capital SA	11.18%	0
Tecnología Eta Ikerketa Zentrua, S.L.	10.00%	36
Other		68
		<b>10,151</b>
<b>2022</b>		
<b>Participations equal to or greater than 5%:</b>		
Vertederos de Residuos, S.A.	16.03%	10,639
Tratamientos Metálicos S.A.	16.03%	-
M Capital S.A.	11.18%	-
Tecnología Eta Ikerketa Zentrua, S.L.	10.00%	36
Other		68
		<b>10,743</b>

The maturity/due dates for “Collection rights under concession agreements” and “Other financial assets” are as follows:

	2025	2026	2027	2028	2029 and beyond	Total
<b>2023</b>						
Deposits and guarantees	496	36	56	7	6,358	<b>6,953</b>
Collection rights concession agreements (Note 9)	10,203	7,775	10,438	12,157	155,612	<b>196,185</b>
Non-commercial loans and other financial assets	279	35	36	38	10,408	<b>10,796</b>
	<b>10,978</b>	<b>7,846</b>	<b>10,530</b>	<b>12,202</b>	<b>172,378</b>	<b>213,934</b>

Non-trade receivables mainly include amounts granted to public entities for 2,001 thousand euros in FCC Medio Ambiente S.A. (2,050 thousand euros in 2022) that accrue interest in accordance with market conditions. There were no events during the year that suggests uncertainty regarding the recovery of these loans.

The deposits and guarantees basically correspond to those established according to legal or contractual obligations and in relation to the activities of the Group companies, such as deposits for electrical supply connection work, real estate rentals, etc.

#### b) Other current financial assets

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This heading of the accompanying consolidated balance sheet includes the financial deposits constituted by contractual guarantees, the collection rights derived from concessionary financial assets (note 9) maturing within less than twelve months, current financial investments made for more than three months to meet certain specific treasury situations, credits granted to companies accounted for using the equity method and loans to current third parties.

The details for “Other current financial assets” at 31 December 2023 and 2022 are as below:

	Financial assets at amortised cost	Total
<b>2023</b>		
Collection rights concession agreements (Note 9)	15,467	15,467
Deposits and guarantees	39,135	39,135
Other financial assets	41,901	41,901
	<b>96,503</b>	<b>96,503</b>
<b>2022</b>		
Collection rights concession agreements (Note 9)	16,865	16,865
Deposits and guarantees	35,517	35,517
Other financial assets	34,089	34,089
	<b>86,471</b>	<b>86,471</b>

Other financial assets mainly include current loans granted and other accounts receivable from FCC Group companies, joint ventures and associates in the amount of 12,949 thousand euros (20,225 thousand euros in 2022), current loans to third parties for 10,413 thousand euros (8,205 thousand euros in 2022) and deposits in credit institutions amounting to 18,494 thousand euros (5,918 thousand euros in 2022).

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

### 13. INVENTORY

The composition of the stock balance net of impairments as of December 31, 2023 and 2022 was as follows:

2023	Gross value	Impairment	Net value
Raw materials and other supplies	85,167	(6,403)	78,764
Finished goods	1,702	-	1,702
Advances to suppliers and subcontractors	6,745	-	6,745
	<b>93,614</b>		<b>87,211</b>
2022	Gross value	Impairment	Net value
Raw materials and other supplies	57,724	(5,105)	52,619
Finished goods	1,499	-	1,499
Advances to suppliers and subcontractors	2,983	-	2,983
	<b>62,206</b>		<b>57,101</b>

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

## 14. TRADE AND OTHER RECEIVABLES

### a) Trade receivables for sales and services

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

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

	2023	2022
Progress billings receivable and trade receivables for sales	683,575	625,634
Completed output pending certification	342,076	284,998
Warranty retainers	4,702	50
Production billed to group companies, associates and jointly controlled entities	4,704	3,637
Trade receivables for sales and services	1,035,057	914,319
Advances received for orders (Note 20)	(45,137)	(25,447)
<b>Total trade receivables for sales and services</b>	<b>989,920</b>	<b>888,872</b>

The total amount corresponds to the net balance of receivables, having considered the corrections for insolvency risk amounting to 19,806 thousand euros (21,541 thousand euros in 2022) and having deducted the advances received for orders listed under "Trade and other payables" on the liability side of the accompanying consolidated balance sheet. This item also includes the certified amounts of advances for various items, regardless of whether or not they have been paid.

Credits for commercial operations in arrears not provisioned at the Environmental Services Group amount to 247,268 thousand euros (238,529 thousand euros in 2022). They constitute the total assets in arrears in the Company, since there are no significant financial credits in arrears.

Balances are considered to be in default when their due date has passed and they have not been paid by the counterparty. However, it must be taken into account that given the varying characteristics of the different sectors in which the Environmental Services Group operates, although certain assets are in default, there is no risk of non-payment, since most of its clients are public bodies, in which only delays in collections can occur, generating the right to claim late-payment interest.

The item "Construction certificates receivable and trade receivables for sales" mainly includes services rendered that are billed for periods of more than one month, basically corresponding to the work carried out in the normal course of business, for the amount of the certificates issued to clients for services executed, worth 683,574 thousand euros (625,633 thousand euros in 2022), receivable at the consolidated balance sheet date. In general, there are no disputes in relation to the above.

The difference between the amount of progress recorded at the origin of each of the works and contracts in progress, valued according to the criteria set out in note 3.q), and the amount certified to date from the consolidated financial statement is collected as "Completed output pending

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The "Completed output pending certification" heading includes the difference between the output recognised by the Company for each contract and the invoices sent to clients. This amount relates basically to the estimate of work carried out that has been invoiced monthly in arrears and price revisions under the terms of the various contracts pending approval, which the Company considers likely to be accepted in order to bill in due time, and for services rendered that have not yet been billed. The amount at year-end is 342,076 thousand euros (284,998 thousand euros in 2022), highlighting the contributions of FCC Medio Ambiente S.A.U. for estimates of work carried out that has been billed monthly in the amount of 111,112 thousand euros (107,014 thousand euros in 2022) and price reviews covered by the terms of the different contracts pending approval, which the Company considers likely to be accepted in order to invoice them, and the services provided that have not yet been invoiced, in the amount of 76,819 thousand euros (52,511 thousand euros in 2022).

Assignment of client receivables to financial institutions without recourse against Group companies in the event of non-payment amounts to 6,793 thousand euros at year-end (2,094 thousand euros in 2022), FCC Medio Ambiente S.A. has assignments for a maximum limit of 115,000 thousand euros. The impact on cash flows of loan assignments is reflected in the "Changes in working capital" heading of the Statement of Cash Flows. This amount has been reduced from the "Progress billings receivable and trade receivables for sales".

#### b) Other receivables and current tax assets

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

	2023	2022
Public Administrations - VAT receivable (Note 22)	9,649	9,486
Public administrations - Other taxes payable (Note 22)	9,202	11,083
Other receivables	32,100	36,006
Advances and loans to staff	1,240	859
Current tax assets (Note 22)	7,086	2,234
<b>Total other receivables</b>	<b>59,277</b>	<b>59,668</b>

## 15. CASH AND CASH EQUIVALENTS

This heading includes the Group's cash flow, as well as bank deposits and taxes with an initial due date of three months or earlier. These balances were remunerated at market interest rates in both 2023 and 2022.

The breakdown by currency of the cash and cash equivalents position for 2023 and 2022 is as follows:

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	2023	2022
Euro	167,599	166,927
United States dollar	3,949	49,116
Pound sterling	208,070	226,462
Czech koruna	9,799	12,764
Other European currencies	6,908	2,071
<b>Total</b>	<b>396,325</b>	<b>457,340</b>

In addition to Euro, the above table highlights the balance corresponding to Pounds Sterling, due to the magnitude of the services that the Group has provided in the United Kingdom in the corresponding year (Note 26).

Restrictions to dispose of the Group's treasury: the assets related to Project Financing for 6 million euros in Spain (9 million euros in 2022), together with the development of activity for 75 million in Spain and the development of activity for 181 millions euros in the United Kingdom (192.7 million euros in 2022).

## 16. EQUITY

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

### I. Equity attributable to the Parent

#### a) Capital

On 6 November 2019, the public deed for the corporate restructuring was filed at the Barcelona Mercantile Registry (Note 1), thus formalising the capital increase by 9,939 shares each with a par value of 1 thousand euros and a share premium of 19.18 euros. The transaction therefore entailed a capital increase of 9,939 thousand euros and an increase in the share premium of 190,632 thousand euros.

As a consequence of the foregoing, the capital of FCC Servicios Medio Ambiente Holding, S.A. is represented by 10,000 ordinary shares, represented through book entries with a nominal value of 1,000 euros each.

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

During financial year 2023, Fomento de Construcciones y Contratas, S.A. has sold a 24.99% stake in the capital to CPP Investment Board Private Holding INC, owned by the Canada Pension Plan Investment Board ("CPP Investments"), leaving the shareholder structure distributed as follows:



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Shareholder	No. of shares	% direct participation
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	7,501	75.01
CPP INVESTMENT BOARD PRIVATE HOLDINGS INC	2,499	24.99
	<b>10,000</b>	<b>100</b>

As at 31 December 2022, Fomento de Construcciones y Contratas, S.A. owned 100% of the shares of the Parent Company.

### b) Accumulated earnings and other reserves

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

	2023	2022
Reserves of the Parent	244,207	234,118
Consolidation reserves	652,171	481,879
	<b>896,378</b>	<b>715,997</b>

#### b.1) Reserves of the Parent

Corresponds to the series of reserves set up by FCC Servicios Medio Ambiente Holding, S.A., parent of the Group, mainly based on retained profits and capital gains and, where appropriate, in compliance with the different applicable legal provisions, as well as the capital repayment issue premium for the 2019 financial year.

##### Share premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the share premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

##### Legal reserve

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

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

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

##### Voluntary reserves

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

### b.2) Consolidation reserves

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

and other social benefits. The breakdown of this item as at 31 December 2023 and 2022 is as follows:

	2023	2022
Spain-Portugal	452,740	307,989
United Kingdom	73,866	76,744
CEE	122,627	99,120
USA	2,938	(1,974)
	<b>652,171</b>	<b>481,879</b>

### c) Valuation adjustments

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

	2023	2022
Changes in the fair value of financial instruments	15,508	21,466
Translation differences	(125,606)	(125,127)
	<b>(110,098)</b>	<b>(103,661)</b>

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

Changes in the fair value of taxes of financial assets at fair value with changes in other comprehensive income (Note 12) and of cash flow hedging derivatives (Note 21) are included in this heading.

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

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	2023	2022
Financial assets at fair value with changes in other comprehensive income	<b>8,080</b>	<b>9,532</b>
Vertederos de Residuos, S.A.	8,080	9,532
Financial derivatives	<b>7,428</b>	<b>11,394</b>
FCC Group - EUK	7,701	10,756
WRG Group	(881)	(188)
PFI Group	(342)	
Other	950	1,366
	<b>15,508</b>	<b>21,466</b>

### c.2) Conversion differences

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

	2023	2022
United Kingdom	(137,105)	(126,097)
Central Europe	4,351	2,020
United States of America	7,148	(1,050)
	<b>(125,606)</b>	<b>(125,127)</b>

### d) Earnings per share

The basic result per share is obtained as the quotient between the result attributed to the Parent and the weighted average number of ordinary shares outstanding during the year.

	2023	2022
<b>Profit/(loss)</b>		
Profit/(loss) attributed to the Parent	196,692	184,084
<b>Outstanding shares</b>		
Weighted average shares	10,000	10,000
<b>Basic earnings per share</b>	<b>19.67</b>	<b>18.41</b>

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

## II. Non-controlling interests

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

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

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

	Equity	Profit/(loss)	Total
<b>2023</b>			
ASA Group	5,617	2,839	8,456
ECODEAL – Gestao Integ.Resid.Indust.S.A.	3,624	2,281	5,905
Green Recovery Group	60,915	19,260	80,175
Recuperacion de Pedreres, S.L.	1,231	(99)	1,132
Gestion y Recuperaion de Terrenys, S.A.	(715)	501	(214)
Valorizacion y Tratam.de Resid.Urbanos, S.A.	2,652	287	2,939
Other	8,892	2,209	11,101
	<b>82,216</b>	<b>27,278</b>	<b>109,494</b>

	Equity	Profit/(loss)	Total
<b>2022</b>			
ASA Group	4,650	2,822	7,472
ECODEAL – Gestao Integ.Resid.Indust.S.A.	3,526	2,452	5,978
Green Recovery Group	58,932	18,129	77,061
Recuperacion de Pedreres, S.L.	1,263	(53)	1,210
Gestion y Recuperaion de Terrenys, S.A.	(543)	321	(222)
Valorizacion y Tratam.de Resid.Urbanos, S.A.	2,371	351	2,722
Other	8,294	2,155	10,449
	<b>78,493</b>	<b>26,177</b>	<b>104,670</b>

## 17. NON-CURRENT AND CURRENT PROVISIONS

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

	2023	2022
<b>Non-current</b>	<b>561,787</b>	<b>544,159</b>
Liabilities for long-term employee benefits	9,799	9,816
Dismantling, removal and restoration of fixed assets	111,330	108,805
Environmental actions	299,390	295,197
Contractual and legal guarantees and obligations	68,508	54,224
Actions to improve or expand the capacity of concessions	71,826	72,847
Other provisions	934	3,270
<b>Current</b>	<b>4,992</b>	<b>5,004</b>
Other provisions	4,992	5,004

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

	Non-current provisions	Current provisions
<b>Balance at 31/12/2022</b>	<b>544,159</b>	<b>5,004</b>
Asset withdrawal or dismantling expenses	11,259	
Change of obligations for employee benefits for actuarial profits and losses	5,098	
Endowments/(Reversals)	40,042	1,067
Applications (payments)	(57,901)	(1,088)
Financial Update	16,792	9
Change of scope, conversion differences and other movements	2,338	
<b>Balance at 31/12/2023</b>	<b>561,787</b>	<b>4,992</b>

	Non-current provisions	Current provisions
<b>Balance at 31/12/2021</b>	<b>520,355</b>	<b>4,927</b>
Asset withdrawal or dismantling expenses	14,213	-
Change of obligations for employee benefits for actuarial profits and losses	(3,976)	0
Actions to improve or expand the capacity of concessions	10,470	
Endowments/(Reversals)	48,749	1,092
Applications (payments)	(58,698)	(1,029)
Financial Update	24,913	10
Change of scope, conversion differences and other movements	(11,867)	4
<b>Balance at 31/12/2022</b>	<b>544,159</b>	<b>5,004</b>

Of note within "Provisions/(reversals)" were the provisions for environmental procedures amounting to 46,594 thousand euros (55,793 thousand euros in 2022), as well as provisions for future replacements or major repairs in concessions for 10,066 thousand euros (8,736 thousand euros in 2022).

In the "Applications (payments)" item, it should be noted that there are payments of 29,048 thousand euros (22,018 thousand euros in 2022) and 10,189 thousand euros (14,099 thousand euros in 2022) for environmental actions, and for replacement and large repair in concessions, respectively, in addition to Guarantees and contractual obligations for 2,382 thousand euros (7,753 thousand euros in 2022) that impact the heading "Other collections/(payments) from operating activities" in the consolidated statement of cash flows. Moreover, 2,520 thousand euros (2,218 thousand euros in 2022) and 12,220 thousand euros (11,201 thousand euros in 2022) were included for actions to improve or expand capacity in concessions, and provisions for the dismantling and removal of fixed and non-current assets, respectively. These amounts have an impact on the "Payments for investments of property, plant and equipment and intangible assets" heading of the Consolidated Statement of Cash Flows.

The financial update item impacts the Financial Expenses heading of the income statement.

The other changes item is mainly the variations in the year's translation differences.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

The item "Actions to improve or expand the capacity of concessions" included, in 2022, the actions carried out in FCC Medio Ambiente for 10.47 million euros at the Granada and Campello (Alicante) plants.

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

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

	Up to 5 years	Beyond 5 years	Total
Liabilities for long-term employee benefits	3,582	6,217	9,799
Dismantling, removal and restoration of fixed assets	63,192	48,341	111,532
Environmental actions	57,900	241,490	299,390
Contractual and legal guarantees and obligations	60,794	7,713	68,507
Actions to improve or expand the capacity of concessions	13,882	13,881	27,763
Other provisions for risks and expenses	30,957	13,838	44,795
	<b>230,307</b>	<b>331,480</b>	<b>561,787</b>

#### Liabilities for long-term employee benefits

The non-current provisions of the accompanying consolidated balance sheet include those that cover the commitments of the Group companies in matters of pensions and similar obligations, such as medical and life insurance (Note 23).

#### Dismantling, removal and restoration of fixed assets

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

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#### Actions to improve or expand the capacity in concessions

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

#### Environmental actions

The Environmental Services Group implements an environmental policy based not only on strict compliance with current legislation regarding environmental improvement and protection, but also on the establishment of preventive planning and an analysis and minimisation of the environmental impact of Group activities.

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

Note 27 to this review of the consolidated financial statements, which is devoted to information on the environment, complements the foregoing in relation to environmental provisions.

#### Contractual and legal guarantees and obligations

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

#### Other provisions for risks and expenses

This heading includes those items not included in the previous denominations, including certain provisions, which are discussed in greater detail in the following paragraphs.

Provisions for litigation cover the contingencies of the Environmental Services Group acting as

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

The consolidated financial statements include the provisions mentioned above to cover the probable risks relating to any of these lawsuits. In terms of the other disputes, the Group and its legal advisors do not believe there will be any future outflows of cash or prior to the issuance of the next report; therefore, no provisions have been set aside, as the Group believes that they represent contingent liabilities (Note 24).

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## 18. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

The general policy of the Environmental Services Group is to provide all companies with the most adequate financing for the normal performance of their activities.

Whenever the financial operation so requires, and following a hedging criterion for economic and accounting purposes, the Group contracts interest rate risk hedging operations according to the type and structuring of each operation (Note 21).

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

### a) Non-current and current obligations and loans

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

	Non-current	Current	Total
<b>2023</b>			
FCC Servicios Medio Ambiente Holding, S.A.	1,096,115	229,044	1,325,159
Green Recovery Group	114,755	7,486	122,241
	<b>1,210,870</b>	<b>236,530</b>	<b>1,447,400</b>
<b>2022</b>			
FCC Servicios Medio Ambiente Holding, S.A.	498,361	733,794	1,232,155
Green Recovery Group	119,214	6,477	125,691
	<b>617,575</b>	<b>740,271</b>	<b>1,357,846</b>

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

- FCC Servicios Medioambiente Holding S.A., on December 4, 2019, successfully completed two simple bond issues. One for the amount of 600 million euros, annual yield of 0.815% and maturity in 2023; and the second for the amount of 500 million euros,

annual yield of 1.661% and maturity in 2026. The latter has the personal guarantee of FCC Medio Ambiente, S.A. and FCC Ámbito, S.A.



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

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

Both bonds have been issued under the classification of Green Bonds in accordance with the GBP principles (Green Bonds Principles) which are reviewed and certified annually by independent entities (SPOs).

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

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

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

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

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

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

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

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

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## b) Non-current and current payables to credit institutions

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

	Non-current	Current	Total
<b>2023</b>			
Credits and loans	118,552	98,255	216,807
Debts with limited recourse for project financing	182,655	15,402	198,057
Green Recovery Group	119,570	7,053	126,623
FCC Environment Group (UK)	35,252	5,214	40,466
Other	27,833	3,135	30,968
	<b>301,207</b>	<b>113,657</b>	<b>414,864</b>
<b>2022</b>			
Credits and loans	81,538	55,179	136,717
Debts with limited recourse for project financing	193,655	13,166	206,821
Green Recovery Group	122,858	6,651	129,509
FCC Environment Group (UK)	39,959	3,602	43,561
Other	30,838	2,913	33,751
	<b>275,193</b>	<b>68,345</b>	<b>343,538</b>

The previous table shows two different debt groups:

### 1. Credits and loans.

As at 31 December 2023, this item mainly includes financing arrangements such as credit lines and bilateral loans.

FCC Medio Ambiente S.A. had arranged credit facilities at 31 December 2023 for an amount of 270,000 thousand euros, of which 92,320 thousand euros had been drawn down at 31 December 2023 (from a total of 130,000 thousand euros, 48,645 thousand euros drawn down at 31 December 2022). In 2023, two long-term bilateral loans were signed for a total amount of 150,000 thousand euros drawn down to 40,043 thousand euros as at 31 December 2023.

FCC Environmental Services LLC has a credit facility for an amount of 75.0 million dollars, with a maturity of 5 years, 4 linear amortisations with a one-year grace period, interest rate SOFR +

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1.35% at the time of quarterly accrual, drawn down in full for 67,874 thousand euros as at 31 December 2023 (70,317 thousand euros as at 31 December 2022).

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

## **2. Debts with limited recourse for project financing.**

Covering all financings that are only guaranteed by the project itself and by its cash generation capacity, which will bear the total payment of the debt servicing and which, under no circumstance, will be guaranteed by the Parent or any other company of the Environmental Services Group.

- **FCC Medio Ambiente UK:**

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

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

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

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

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

As a result of the foregoing, at 31 December 2023, of the total bank borrowings of FCC Medio Ambiente Reino Unido, S.L.U., relate to FCC Energy Ltd. 52,679 thousand euros (54,148 thousand as at 31 December 2022) and FCC E&M (Edinburgh), a subsidiary of FCC Environment Developments Ltd., 73,944 thousand euros (75,360 thousand as at 31 December

2022). The rest of the debt with limited recourse for project financing, up to the total amount of 167,089 thousand euros, corresponds to debt of other companies that make up the FCC Group in the United Kingdom.

- **Rest of "Debts with limited recourse for project financing":**

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

This section highlights the debt contributed by Ute Sav Installation III (35% group) in the amount of 9,863 thousand euros at 31 December 2023 (13,002 thousand euros at 31 December 2022). The financing of the Ute Sav Installation III was signed on 25 October 2010 (modified on 30 November 2017) and matures in October 2028, with semiannual amortizations. The interest rate is referenced to Euribor plus a margin of 2.20%.

The debt contributed by Gipuzkoa Ingurumena Bi, S.A. is 21,108 thousand euros as at 31 December 2023 (22,293 thousand euros as at 31 December 2022). The financing for the construction and start-up of the concession was signed by the Company on February 7, 2019 with maturity on June 30, 2035 and semiannual amortizations. The interest rate is referenced to the six-month Euribor plus a margin of 2.25%.

This financing is associated with a mandatory interest rate hedge, as outlined in note 21 of Derivative Financial Instruments.

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

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

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

	Euros	Pounds sterling	United States dollar	Polish zloty	Other	Total
<b>2023</b>						
Credits and loans	147,094	-	67,873	1,839	-	216,806
Debts with limited recourse for project financing	30,969	167,089	-	-	-	198,058
	<b>178,063</b>	<b>167,089</b>	<b>67,873</b>	<b>1,839</b>	<b>-</b>	<b>414,864</b>
<b>2022</b>						
Credits and loans	63,218	-	70,317	3,021	161	136,717
Debts with limited recourse for project financing	33,751	173,070	-	-	-	206,821
	<b>96,969</b>	<b>173,070</b>	<b>70,317</b>	<b>3,021</b>	<b>161</b>	<b>343,538</b>

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

Those arranged in pounds sterling correspond to the financing of assets of the FCC Environment UK Group in the United Kingdom, while those arranged in US dollars finance the assets of FCC Environmental Services, LLC. All other operations come from FCC Environment CEE, financed in Czech crowns in the Czech Republic; in Polish zloty in Poland and with regards to financing in other currencies it is also worth highlighting Serbian dinar in Serbia.

### c) Other non-current financial liabilities

	2023	2022
<b>Non-current</b>		
Lease debt (Note 8)	126,169	116,705
Financial debts with Group companies (Note 29.e)	393,105	380,469
Third party financial debts outside the Group	16,814	24,089
Financial liabilities from derivatives (Note 21)	1,758	862
Other items	2,964	3,271
	<b>540,810</b>	<b>525,396</b>

The balance of financial debts with Group companies mainly includes two subordinated loans granted by Fomento de Construcciones y Contratas S.A. due to the corporate reorganisation and restructuring operations of the Services Group mentioned in Note 1, the first with a principal of 275,376 thousand euros, maturing at 15 years, without partial repayments and at a fixed interest rate of 2.5% per year, which will be capitalised. Any amount, whether interest or principal, to be collected by the lender will be subordinated to the full repayment of the bonds issued by the borrower. A second loan with a principal of 69,827 thousand euros for transactions with FCC Environmental Services USA. It matures in 15 years, has no partial repayments and it has a fixed interest rate of 2.5% a year, which will be capitalised.

In "Third-party financial debts outside the group" the balance is mainly contributed by Green Recovery due to the long-term loan that its owners hold with the company FCC E&M (Edinburgh), contributing 13,603 thousand euros at 31 December 2022 (17,169 thousand euros at 31 December 2022).

"Derivative financial liabilities" mainly include financial derivatives for risk hedging, mainly interest rate swaps.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

#### d) Other current financial liabilities

	2023	2022
<b>Current</b>		
Lease debt (Note 8)	42,088	40,335
Third party financial debts outside the group	3,940	4,500
Suppliers of fixed assets and bills payable	54,069	49,251
Debts with Group companies	22,827	7,102
Tax effect debts, tax Group	4,775	2,921
Financial liabilities from derivatives (Note 21)	19	15
Deposits and guarantees received	1,988	1,654
Other items	297	3,916
	<b>130,003</b>	<b>109,694</b>

#### e) Schedule of expected due dates

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

	2025	2026	2027	2028	2029 and beyond	Total
<b>2023</b>						
Debt instruments and other held-for-trading liabilities	7,658	507,384	8,221	7,257	680,351	1,210,870
Non-current bank borrowings	36,354	45,331	55,695	31,178	132,649	301,207
Other financial liabilities	22,496	10,421	10,922	12,149	484,822	540,810
	<b>66,508</b>	<b>563,136</b>	<b>74,838</b>	<b>50,584</b>	<b>1,297,821</b>	<b>2,052,887</b>

#### Changes in financial liabilities that affect cash flows from financing activities

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

	Without an impact on cash flows						Balance at 31 December 2023
	Balance at 01 January 2022	Cash flows from financing activities	Exchange differences	Change in fair value	Change consolidation method	Other changes	
<b>Non-current</b>	<b>1,418,164</b>	<b>672,851</b>	<b>(971)</b>	<b>479</b>	<b>-</b>	<b>(37,635)</b>	<b>2,052,888</b>
Debt instruments and other held-for-trading liabilities	617,575	597,340	2,453			(6,498)	1,210,870
Bank borrowings	275,193	39,017	907			(13,910)	301,207
Other financial liabilities	525,396	36,494	(4,331)	479		(17,228)	540,810
<b>Current</b>	<b>918,310</b>	<b>(473,911)</b>	<b>6,357</b>	<b>-</b>	<b>-</b>	<b>30,584</b>	<b>481,340</b>
Debt instruments and other held-for-trading liabilities	740,271	(510,372)	133			6,498	236,530
Bank borrowings	68,345	31,023	379			13,910	113,657
Other financial liabilities	109,694	4,288	5,845			10,176	130,003

	Balance at 01 January 2021	Cash flows from financing activities	Exchange differences	Change in fair value	Change consolidation method	Other changes	Balance at 31 December 2022
<b>Non-current</b>	<b>1,993,950</b>	<b>95,099</b>	<b>(28,062)</b>	<b>(18,586)</b>	<b>6,636</b>	<b>(630,873)</b>	<b>1,418,164</b>
Debt instruments and other held-for-trading liabilities	1,228,206		(6,945)			(603,686)	617,575
Bank borrowings	221,749	72,623	(11,901)		5,492	(12,770)	275,193
Other financial liabilities	543,995	22,476	(9,216)	(18,586)	1,144	(14,417)	525,396
<b>Current</b>	<b>305,785</b>	<b>(21,510)</b>	<b>(777)</b>	<b>209</b>	<b>2,637</b>	<b>631,966</b>	<b>918,310</b>
Debt instruments and other held-for-trading liabilities	188,209	(51,276)	(348)			603,686	740,271
Bank borrowings	24,110	29,705	(878)		2,637	12,771	68,345
Other financial liabilities	93,466	61	449	209		15,509	109,694

## 19. OTHER NON-CURRENT LIABILITIES

This heading mainly includes performance obligations under the Buckinghamshire plant concession (note 11) arising from the collection of the intangible component in accordance with the conditions set out in the agreement amounting to 111,022 thousand euros at 31 December 2023 (112,588 thousand euros at 31 December 2022).

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Up to 5 years	Between 5 -10 years	Beyond 10 years	Total
23,538	24,173	82,182	131,043
<b>23,538</b>	<b>24,173</b>	<b>83,332</b>	<b>131,043</b>

## 20. TRADE AND OTHER PAYABLES

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

	2023	2022
Suppliers	257,832	302,870
Current tax liabilities (Note 22)	5,738	8,387
Other payables to public administrations (Note 22)	151,757	162,431
Customer advances (Note 14)	45,137	25,447
Remuneration payable	64,090	56,311
Other payables	116,328	144,060
	<b>640,882</b>	<b>699,506</b>

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

It should be noted that Article 228.5 of the current consolidated text of the Public Sector Contracts Law applies to works and supplies derived from contracts signed by the Group with various public administrations.

Due to these circumstances, and with the aim of adapting the Group's financial policy to reasonable levels of efficiency, the Group has been working throughout 2023 to reduce, as far as possible, the usual payment periods to suppliers of the sectors in which the Group operates.

The Group's payment policy to suppliers, indicated in the foregoing two paragraphs, hence finds support in: a) Payments to suppliers of contracts signed by the Group with Public Administrations in accordance with the requirements of article 228.5 of the TRLCSP and, b) Payments to

remaining suppliers, in the Second Transitional Provision of Law 15/2010, as well as, where appropriate, in the provisions of Article 9 of Law 3/2004, which excludes the "postponement of payment for objective reasons" from being abusive, taking into consideration, in both cases a) and b), the usual payment period in the sectors of activity in which the Group operates.

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



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

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

	2023	2022
	Days	Days
Average payment period to suppliers	59	76
Ratio of paid operations/transactions	58	71
Ratio of operations/transactions pending payment	67	101
	Amount	Amount
Total payments pending	59,760	128,921
Total payments made	629,037	641,497
Total payments made in a period less than the maximum established in the late-payment regulations	284,987	249,936
Ratio %	45%	39%
	Number	Number
Total number of invoices paid during the period	270,620	233,711
Number of invoices paid in a period less than the maximum established in the late-payment regulations	119,563	70,444
Ratio %	44%	30%

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## 21. DERIVATIVES

In general, financial derivatives entered into by the Environmental Services Group receive the accounting treatment provided for in the regulations for accounting hedges set forth in Note 3.n) to these financial statements, that is, they are operations that hedge real positions.

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

At 31 December 2023, the MA Services Group had arranged derivative hedging transactions at its fully consolidated companies for a total amount of 227,704 thousand euros (31 December 2022: 217,491 thousand euros) mainly in the form of interest rate swaps (IRS), where the Group companies pay fixed rates and receive floating rates.

Companies fully consolidated	Derived type	Hedging type	% hedge	Notional 31.12.23	Notional 31.12.22	Valuation at 31.12.23	Valuation at 31.12.22	Due date
FCC Medio Ambiente S.A.	IRS	EF	57%	4,965	6,083	12	(11)	02/04/2024
	IRS	EF	22%	3,032	3,204	27	91	02/04/2024
	Option	EF	57%	4,965	6,083	0	0	02/04/2024
RE3 Ltd.	IRS	EF	82%	13,808	15,686	(199)	(204)	30/09/2029
FCC Energy Ltd.	IRS	EF	100%	8,668	8,914	979	1,450	17/06/2038
	IRS	EF	100%	54,156	55,680	6,104	9,046	17/06/2038
FCC Wrexham PFI Ltd.	IRS	EF	95%	14,978	15,429	(643)	(658)	30/09/2032
FCC Wrexham PFI (Phase II) Ltd.	IRS	EF	50%	5,855	6,263	238	473	30/09/2032
	IRS	EF	50%	5,855	6,263	238	469	30/09/2032
FCC (E&M) Ltd.	IRS	EF	50%	37,722	38,449	6,139	8,355	06/05/2042
	IRS	EF	50%	37,722	38,449	6,007	8,282	06/05/2042
Gipuzkoa Ingurumena	IRS	EF	38%	8,031	8,493	645	974	30/06/2034
	IRS	EF	38%	8,031	8,493	673	1,012	30/06/2034
FCC ENVIRONMENT CEE GMBH	FX	EF	100%	19,916	7,260	(361)	99	29/06/2026
<b>Total full consolidation</b>				<b>227,704</b>	<b>224,750</b>	<b>19,859</b>	<b>29,378</b>	

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

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

	2024	2025	2026	2027	2028 and beyond
Companies fully consolidated	31,252	14,942	22,553	13,200	145,757

As at 31 December 2023 and 2022 there are no hedging derivatives of companies consolidated under the equity method.

The following table details the financial derivatives that the fully consolidated companies have entered into for hedging purposes, but which cannot be considered as such for accounting purposes:

	Derived type	Hedging type	Notional 31.12.23	Notional 31.12.22	Valuation at 31.12.23	Valuation at 31 December 2022	Due date
<b>Companies fully consolidated</b>							
FCC Environment CEE GmbH	FX	EF	19,916	7,260	(361)	99	29/06/2026
<b>Total full consolidation</b>			<b>19,916</b>	<b>14,422</b>	<b>(361)</b>	<b>99</b>	

Below are the maturities of the notional amount of those derivatives that do not meet the hedging conditions:

	Notional maturity				
	2024	2025	2026	2027	2028 and beyond
Companies fully consolidated	19,916	-	-	-	-

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

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	Balance at 1 January 2023	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2023
<b>2023</b>							
Hedging	29,279	(5,221)	-	(4,398)	-	199	19,859
Speculative	99	-	-	-	-	(99)	-

	Balance at 1 January 2022	Profit/(loss) from valuation of reserves	Profit/(loss) from valuation of results	Transfers to the income statement	Inefficiency of the hedging	Other changes	Balance at 31 December 2022
<b>2022</b>							
Hedging	(15,697)	41,332	-	2,917	-	727	29,279
Speculative	125	-	(26)	-	-	-	99

## 22. TAX MATTERS

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

In accordance with file 18/89, the Parent of the Environmental Services Group is subject to the Corporate Income Tax consolidation regime, with all the companies that meet the requirements established by the tax legislation being integrated into said regime. In addition, part of the subsidiaries that carry out the Environmental Services in the United Kingdom and the CEE Group in Austria also pay taxes in their own consolidated tax group.

In relation to the years and taxes open for review, as a result of the criteria that the tax authorities may adopt in the interpretation of the tax regulations, the outcome of the inspections currently under way, or those that may be performed in the future for the years open for review, could generate contingent tax liabilities whose amount cannot currently be quantified objectively. However, Group management considers that the liabilities resulting from this situation would not have a significant effect on the Group's equity.

### a) Deferred tax assets and liabilities

Deferred tax assets are mainly due to provisions provided, non-deductible financial expenses that will be tax deductible against the tax base of Corporate Income Tax in future years, deductions and tax bases pending application/offsetting, differences between accounting and tax depreciation and the losses of temporary joint ventures that will be included in the corporate tax base of the following tax year.

Specifically, the Environmental Services Group has recorded deferred tax assets corresponding to the negative tax losses pending application, considering that there are no doubts about their recoverability, for an amount of 22,499 thousand euros (25,128 thousand euros at 31 December 2022).

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

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted. During the period in which these financial statements were prepared, specifically on 20 February 2024, the ruling the Constitutional Court declaring Royal Decree-Law 3/2016 as partially unconstitutional was published in the Official State Gazette. In particular, the provisions introduced by these to limit the compensation of tax loss carryforwards and to limit the application of deductions for double taxation, as well as the reversal of portfolio tax impairments that took place between 2016 and 2020 were considered unconstitutional. As a result, and to the extent that, at the time of preparing these financial statements, there was no evidence of any law in the pipeline that would reintroduce these limits, with the Group management considering that, in the coming years, only the limits to the compensation of tax loss carryforwards indicated in the current regulations will be applicable, and equivalent to 70% of the tax base prior to compensation. Taking regulatory change into consideration and based on the profit projections made, it is estimated that the tax group headed by Fomento de Construcciones y Contratas, S.A. will be able to substantially absorb the negative taxable amounts and deductions recognised on the balance sheet within an estimated period of 6 years. Regarding the rest of the deferred assets, it is estimated that they may be recovered substantially over a period of 11 years. In the hypothetical case that the limits on the compensation of negative tax bases annulled by our constitutional court were reintroduced, the recoverability period for these tax credits would be extended to 11 years. Additionally, as a consequence of the above, an additional tax credit derived from negative tax bases is applied in the amount of 1,135 thousand euros.

The estimated accounting profit for the year for the tax group headed by Fomento de Construcciones y Contratas, S.A. is based on the planning prepared by the Group for the 2024-2026 period. Turnover growth of 10.4% in 2024, 1.5% in 2025 and 2.9% in 2026 is assumed. In turn, the projected Ebitda margin is 11% for 2024 and 12% for 2025 and 2026. During subsequent periods, vegetative growth is projected at the level of pre-tax profit equal to 2%.

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The estimates used to assess the recoverability of deferred tax assets are based on the forecast of future taxable bases, based on the year's consolidated accounting result before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each year have been adjusted.

The deferred tax liabilities recorded by the group mainly originate from:

- From the tax amortisation of leasing contracts and that of certain items of property, plant and equipment under accelerated tax amortisation plans, and from the unrestricted amortisation on the investments made, which allows them to be fully amortised as long as certain requirements are fulfilled.
- From the profits of temporary joint ventures that will be included in the tax base of the following year's corporate tax.

The Group, pursuant to IAS 12 "Corporation Tax", has offset the deferred tax assets and liabilities corresponding to the entities that, in line with the applicable tax legislation, have the legal right to offset these assets and liabilities, which will be settled at their net amount based on their schedule. At 31 December 2023, deferred tax assets and liabilities were offset in the amount of 24,942 thousand euros (21,995 thousand euros at 31 December 2022).

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

ASSETS	2023			2022		
	Tax Group Spain	Other	TOTAL	Tax Group Spain	Other	TOTAL
Provisions and impairments	9,008	26,814	35,822	9,058	28,590	37,648
Activated tax credit	17,476	3,889	21,365	13,076	12,052	25,128
Non-deductible financial expense	-	-	-	93	-	93
Profit/(loss) of Joint Ventures	2,664	125	2,789	2,174	124	2,298
Pension plans	693	1,073	1,766	744	700	1,444
Amortisation/depreciation differences	6,662	3,036	9,698	6,669	3,464	10,133
Offsetting under IAS 12	-	(24,942)	(24,942)	-	(21,995)	(21,995)
Other	2,711	9,831	12,542	2,746	7,344	10,090
<b>Total</b>	<b>39,214</b>	<b>19,826</b>	<b>59,040</b>	<b>34,560</b>	<b>30,279</b>	<b>64,839</b>

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The capitalised tax credit item includes tax losses and deductions that are considered to be recoverable.

LIABILITIES	2023			2022		
	Tax Group Spain	Other	TOTAL	Tax Group Spain	Other	TOTAL
Fair value assets from allocation of acquisition differences (IFRS 3)	3,323	49,020	52,343	3,341	52,642	55,983
Accelerated amortisation/depreciation	1,809	81,167	82,976	389	73,870	74,259
Profit/(loss) of Joint Ventures	7,395	-	7,395	6,902	268	7,170
Finance leases	3,103	-	3,103	4,241	-	4,241
Offsetting under IAS 12	-	(24,942)	(24,942)	-	(21,995)	(21,995)
Other	420	7,522	7,942	433	9,364	9,797
<b>Total</b>	<b>16,050</b>	<b>112,767</b>	<b>128,817</b>	<b>15,306</b>	<b>114,149</b>	<b>129,455</b>

Below are the expected maturity dates of deferred taxes:

	2024	2025	2026	2027	2028 and beyond	Total
Assets	17,473	10,833	7,577	3,807	19,350	<b>59,040</b>
Liabilities	18,716	11,014	10,408	10,297	78,382	<b>128,817</b>

The Group has tax credits corresponding to negative tax bases (NTBs), mainly abroad, which have not been activated in the financial statements on the basis of a prudent criterion, for the amount of 491 thousand euros from companies abroad. The estimated due date of the tax credits for non-activated NTBs is as follows:

Maturity time frame	Tax credits (in thousands of euros)
From 2024 to 2028	107
From 2029 to 2033	0
From 2034 onwards	384
No maturity	0
	<b>491</b>

## b) Public administrations

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

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#### Current assets

	2023	2022
Value Added Tax receivable (Note 14)	9,649	9,486
Social Security, receivable (Note 14)	6,021	4,509
Current tax (Note 14)	7,086	2,234
Other tax items (Note 14)	3,177	6,574
	<b>25,933</b>	<b>19,900</b>

#### Current liabilities

	2023	2022
Value Added Tax payable (Note 20)	40,816	50,169
Current tax (Note 20)	5,739	8,387
Social Security, receivables (Note 20)	36,248	33,658
Discharge tax (Note 20)	39,790	40,355
Other tax items (Note 20)	29,165	38,249
	<b>151,758</b>	<b>170,818</b>

### c) Corporate tax expense

The corporate tax expense incurred in the year amounted to 73,147 thousand euros (56,517 thousand euros in 2022), as detailed in the accompanying consolidated income statement. Below is the reconciliation between expense and consolidated tax base:

	2023		2022			
<b>Consolidated profit/(loss) for the period before taxes from continuing activities</b>		<b>297,117</b>		<b>245,613</b>		
	<u>Additions</u>	<u>Reductions</u>		<u>Additions</u>	<u>Reductions</u>	
Permanent differences	27,486	(40,943)	(13,457)	25,867	(39,121)	(13,254)
<b>Adjusted consolidated accounting profit on continuing activities</b>			<b>283,660</b>			<b>232,359</b>
Temporary differences						
- Arising in the year	49,248	(71,295)	(22,047)	53,551	(50,290)	3,261
- Arising in prior years	60,843	(46,979)	13,864	58,094	(31,667)	26,427
Profit/(loss) directly attributed to Equity						
<b>Consolidated tax base of continuing activities (taxable profit)</b>			<b>275,477</b>			<b>262,047</b>



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From the previous table, given the magnitude of the amounts, it should be noted that the tax base is the best estimate available at the date of preparing the accounts. Permanent differences include the result of the companies consolidated by the equity method and the United Kingdom treatments with amortisations and investment incentives. The final amount to be paid will be determined in the tax settlement that will be carried out in 2024, so the final settlement may vary as explained in Note 3.o) of this Report.

Below is the reconciliation of the expense for corporate tax:

	2023	2022
Adjusted consolidated accounting profit on continuing activities	297,117	266,778
Corporate tax	65,948	57,666
Tax credits and tax relief	(1,450)	(576)
Adjustments for tax rate change	685	(100)
Other adjustments	7,949	(473)
<b>Corporate tax</b>	<b>73,132</b>	<b>56,517</b>

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

	2023	2022
Current tax	67,405	58,177
Deferred taxes	5,042	(1,560)
Adjustments for tax rate changes	685	(100)
<b>Corporate tax</b>	<b>73,132</b>	<b>56,517</b>

#### d) Financial years pending verification and inspection actions

The Group is open to inspection of all applicable taxes for the years for which the statute of limitations has not expired. From the criteria that the tax authorities may adopt in interpreting the tax rules, the results of current inspections or those that may be carried out in the future for the years open for inspection could give rise to contingent tax liabilities and the amount of which cannot be objectively measured at present. However, the company's directors believe that the resulting liabilities would not have a material effect on the company's equity.

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In order to comply with the legal requirements regarding transfer prices, the Company has established the necessary procedures to justify them and it is considered that there are no significant risks from which contingent liabilities may arise.

### 23. PENSION PLANS AND SIMILAR OBLIGATIONS

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

Certain foreign companies belonging to the Group assumed the commitment of supplementing the retirement and other similar commitments of its employees through defined benefit plans. Independent actuarial experts measured the commitments accrued and, where appropriate, the assets used, through generally accepted actuarial methods and techniques included, where appropriate, in the accompanying consolidated balance sheet under the "Non-current provisions" heading within "Non-current employee benefit obligations", in line with the criteria set forth by IFRSs (Note 17).

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

- The companies that form part of the FCC Environment (UK) group, residing in the United Kingdom, contribute to the accompanying consolidated balance sheet at 31 December 2023 the benefits undertaken with their employees, after deducting the assets used to meet these benefits. The actuarial value of the accrued obligations comes to €42,373 thousand (€40,876 thousand at 31 December 2022), while the fair value of the affected assets stands at €44,261 thousand (€45,678 thousand at 31 December 2022). The net difference represents an asset balance of €1,888 thousand euros (€4,802 thousand euros at 31 December 2022), which is not recognised in the accompanying consolidated balance sheet as the company is not entitled to repayments or reductions in future contributions. The "Staff expenses" heading of the accompanying consolidated income statement includes a cost of 83 thousand euros (336 thousand euros as at 31 December 2022) for the net difference between the cost of services and returns on assets affected by the plan. The average actuarial rate used was 4,75% (4,95% in 2022).

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

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

**2023:**

### Actual performance of the current value of the obligation

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

### Actual performance of the fair value of affected assets

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

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

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

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2022

**Actual performance of the current value of the obligation**

	FCC Environment Group (UK)
<b>Balances of obligations at the beginning of the year</b>	<b>70,353</b>
Cost of services for the current year	221
Interest costs	1,183
Contributions of the participants	18
Actuarial profits/losses	(25,343)
Exchange differences	(3,701)
Benefits paid during the year	(1,855)
Cost of past services	
Settlements	
<b>Balance obligations at end of year</b>	<b>40,876</b>

**Actual performance of the fair value of affected assets**

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

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

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

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## 24. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 31 December 2023, the Group had incurred contingent liabilities, mainly guarantees vis-à-vis third parties, mostly before public bodies and private clients, to secure the correct performance of the municipal sanitation contracts, in the amount of 1,133,249 thousand euros (1,202,954 thousand euros in 2022).

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

The Group is involved in other lawsuits and legal procedures aside from those already described that it considers will not generate significant cash outflows.

The shareholding of Group companies in jointly controlled operations managed through temporary joint ventures, participation accounts and other entities of similar legal characteristics means that participants must share joint and several liability with respect to the activity carried on (Note 11).

The company has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

## 25. INCOME AND EXPENDITURE

### a) Operating income

The Group records operating income under the "Net business turnover" heading, including interest income derived from the collection rights on the concessions financial model

under IFRIC 12, in the amount of 11,754 thousand euros (12,601 thousand euros in 2022), except for work carried out on own fixed and non-current assets and other operating income.

Note 26 "Information by activity segments" shows the contribution to the consolidated turnover.

The breakdown of the other operating income for 2023 and 2022 is as follows:

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	2023	2022
Income from sundry services	34,711	31,692
Reimbursement from insurance compensation	2,129	938
Grants related to income	7,180	4,692
Provision surpluses	41,446	40,782
Other income	596	517
	<b>86,062</b>	<b>78,621</b>

"Income from sundry services" mainly includes additional services derived from provision of services not included in the main contracts and income derived from the provision of technical assistance to entities accounted for using the equity method. The "Other income" heading mainly includes income from leases when the Group acts as lessor in operating leases.

At year-end 2023, the Group had outstanding obligations to satisfy the provision of services in the Environmental Services segment worth 13,328,357 thousand euros, which it expects to reallocate as income in accordance with the following schedule:

	up to 1 year	2 to 5 years	beyond 5 years	Total
Environmental Services	1,957,078	4,868,745	6,502,534	<b>13,328,357</b>
	1,957,078	4,868,745	6,502,534	<b>13,328,357</b>

## b) Supplies

The breakdown of the balance of supplies and other external expenses as at 31 December 2023 and 2022 is as follows:

	2023	2022
Subcontracting and work performed by other companies	545,580	551,549
Purchases and supplies	415,372	298,748
	<b>960,952</b>	<b>850,297</b>

## c) Staff costs

Below is a breakdown of staff expenses for 2023 and 2022:

	2023	2022
Wages and salaries	1,208,256	1,105,120
Social security contributions	364,844	335,513
Other staff costs	37,033	34,315
	<b>1,610,133</b>	<b>1,474,948</b>

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The information regarding the number of employees at year-end and its distribution by functional level is as follows:

	2023 workforce			2022 workforce		
	Male	Female	Total result	Male	Female	Total result
DIRECTORS AND GRADUATES	142	36	178	140	35	175
TECHNICIANS AND GRADUATES	2,755	1,206	3,961	2,726	1,184	3,910
CLERICAL AND RELATED	238	770	1,008	253	742	995
REMAINING EMPLOYEES	30,245	9,039	39,284	29,694	9,072	38,766
<b>Total result</b>	<b>33,380</b>	<b>11,051</b>	<b>44,431</b>	<b>32,813</b>	<b>11,033</b>	<b>43,846</b>

The average number of employees by category is as follows:

	Average Workforce 2023	Average Workforce 2022
DIRECTORS AND GRADUATES	178	175
TECHNICIANS AND GRADUATES	3,961	3,911
CLERICAL AND RELATED	1,008	967
REMAINING EMPLOYEES	39,284	37,746
<b>Total result</b>	<b>44,431</b>	<b>42,799</b>

The number of employees with a disability equal to or greater than 33% was 1,555 of Spanish staff at 31 December 2022 (1,295 of Spanish staff in December 2022).

#### d) Impairment and gains on disposals of fixed and non-current assets

The breakdown of the balance of the impairments and gains due to the disposal of fixed and non-current assets in 2023 and 2022 is as follows:

	2023	2022
Depreciation and amortisation of other property, plant and equipment and intangible assets (endowment) / reversal	(1,964)	(11,074)
Profit/(loss) from disposals of other PP&E and intangible assets	3,522	1,076
	<b>1,558</b>	<b>(9,998)</b>

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

#### e) Financial income and financial expenses

The breakdown of the financial income, according to the assets that generate said income, in 2023 and 2022 is as follows:

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	2023	2022
Interests in equity instruments	7,104	3,051
Other financial income	21,354	12,614
	<b>28,458</b>	<b>15,665</b>

Income from holdings in equity instruments are dividends received from Vertederos de Residuos, S.A. (Effective ownership of 16.03%)

The heading "Other financial income" includes interests with associates for 6,779 thousand euros in 2023 (5,631 in 2022), the rest being mainly the repercussion of financial expenses agreed in relation to third-party loans.

The breakdown of financial expenses in 2023 and 2022 is as follows:

	2023	2022
Debt instruments and other held-for-trading liabilities	31,408	22,145
Credits and loans	19,411	12,200
Debts with limited recourse for project financing	9,659	9,851
Creditors from leases	5,725	4,902
Assignment of credits	270	133
Financial update of provisions and other liabilities	16,792	25,726
Other financial expenses	7,882	6,257
	<b>91,147</b>	<b>81,214</b>

The total amount of financial income and expenses impacts the accompanying statement of consolidated cash flows under the "Other adjustments to profit/(loss) (net)" and "Interest collection" and "Interest payments" headings at the time of collection or payment thereof.

#### f) Other financial profit/(loss)

The breakdown of other financial expenses in 2023 and 2022 is as follows:

	2023	2022
Change in fair value of current financial instruments	119	26
Exchange differences	351	882
Impairment and profits/losses on disposal of financial Instruments	152	96
	<b>622</b>	<b>1,004</b>

The amount of this heading is shown in the accompanying consolidated statement of cash flows under the heading "Other adjustments of profit/(loss) (net)".

#### g) Profit/(loss) of entities valued using the equity method



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The breakdown for this heading is as follows:

	2023	2022
Profit/(loss) for the year (Note 10)	22,289	27,986
Joint ventures	16,246	19,851
Associates	6,043	8,135
Profit/(loss) on disposals and other	-	-
	<b>22,289</b>	<b>27,986</b>

#### h) Profit attributable to non-controlling interests

At 31 December 2023, the profit attributed to non-controlling interests amounted to 27,278 thousand euros (26,177 thousand euros in 2022).

## 26. INFORMATION BY ACTIVITY SEGMENTS

### a) Activity segments

The activity segments presented coincide with the business divisions, by region, as described in Note 1. The information for each segment, reflected in the tables presented below, has been prepared in line with the management criteria established internally by the Group's management, which are consistent with the accounting policies adopted to prepare and present the Group's consolidated financial statements.

As it is contributory information and the relationships between segments are minimal, there are no eliminations.

#### Income statement by segments

In particular, the information reflected in the following tables includes the information below as segment results in 2023 and 2022:

All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.

- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(loss) of companies accounted for using the equity method.
- Corporation tax payable corresponding to the transactions carried out by each segment.
- The heading "Contribution to the profit/(loss) of the FCC Group" shows the contribution of each area to the equity attributed to Fomento de Construcciones y Contratas, S.A., sole shareholder of FCC Servicios Medio Ambiente Holding, S.A. until 31 October 2020; the current interest held is 75.01% (note 16.a)

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2023	Total Group	Spain/Portugal	United Kingdom	CEE	United States of America
Net business turnover	3,852,994	2,115,958	778,736	606,985	351,315
<i>External clients</i>	3,852,994	2,115,958	778,736	606,985	351,315
Other income	132,745	84,613	28,048	13,680	6,404
<i>External clients</i>	132,745	84,613	28,048	13,680	6,404
Operating expenses	(3,338,527)	(1,885,997)	(631,817)	(511,409)	(309,304)
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(303,218)	(145,067)	(74,588)	(48,335)	(35,227)
Other operating income/(losses)	(5,855)	(8,522)	1,638	1,069	(41)
<b>Operating profit/(loss)</b>	<b>338,139</b>	<b>160,986</b>	<b>102,015</b>	<b>61,991</b>	<b>13,147</b>
<i>Percentage of revenue</i>	8.78%	7.61%	13.10%	10.21%	3.74%
Financial income	28,458	9,888	15,203	3,366	-
Financial expenses	(91,147)	(29,990)	(45,698)	(5,960)	(9,500)
Other financial profit/(loss)	(622)	(23)	(229)	(225)	(145)
Profit/(loss) of companies accounted for using the equity method	22,289	13,485	6,538	2,266	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>297,117</b>	<b>154,347</b>	<b>77,829</b>	<b>61,439</b>	<b>3,502</b>
Corporate tax	(73,132)	(27,350)	(31,288)	(14,494)	-
<b>Profit/(loss) for the year from continuing operations</b>	<b>223,985</b>	<b>126,998</b>	<b>46,541</b>	<b>46,944</b>	<b>3,502</b>
<b>Consolidated profit/(loss) for the period</b>	<b>223,985</b>	<b>126,998</b>	<b>46,541</b>	<b>46,944</b>	<b>3,502</b>
Non-controlling interests	27,278	4,992	19,448	2,839	-
<b>Profit/(loss) attributable to the Parent</b>	<b>196,707</b>	<b>122,006</b>	<b>27,093</b>	<b>44,106</b>	<b>3,502</b>
<b>Contribution to the profit/(loss) of the FCC Group</b>	<b>186,737</b>	<b>113,435</b>	<b>28,534</b>	<b>42,065</b>	<b>2,703</b>

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2022	Total Group	Spain/Portugal	United Kingdom	CEE	United States of America
Net business turnover	3,615,676	2,006,762	794,945	592,166	221,802
<i>External clients</i>	3,615,676	2,006,762	794,945	592,166	221,802
Other income	106,517	59,453	28,950	8,120	9,994
<i>External clients</i>	106,517	59,453	28,950	8,120	9,994
Operating expenses	(3,128,579)	(1,760,410)	(671,323)	(498,526)	(198,319)
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(267,899)	(121,512)	(76,800)	(43,994)	(25,595)
Other operating income/(losses)	(20,370)	(10,174)	(12,041)	1,820	25
<b>Operating profit/(loss)</b>	<b>305,345</b>	<b>174,118</b>	<b>63,731</b>	<b>59,587</b>	<b>7,909</b>
<i>Percentage of revenue</i>	8.45%	8.68%	8.02%	10.06%	3.57%
Financial income	15,665	3,571	7,588	4,434	72
Financial expenses	(81,214)	(30,463)	(41,210)	(4,906)	(4,635)
Other financial profit/(loss)	(1,004)	20	(1,870)	(185)	1,031
Profit/(loss) of companies accounted for using the equity method	27,986	15,407	10,903	1,675	-
<b>Profit/(loss) before tax from continuing operations</b>	<b>266,778</b>	<b>162,653</b>	<b>39,143</b>	<b>60,605</b>	<b>4,377</b>
Corporate tax	(56,517)	(35,965)	(9,756)	(10,891)	95
<b>Profit/(loss) for the year from continuing operations</b>	<b>210,261</b>	<b>126,688</b>	<b>29,387</b>	<b>49,714</b>	<b>4,472</b>
<b>Consolidated profit/(loss) for the period</b>	<b>210,261</b>	<b>126,688</b>	<b>29,387</b>	<b>49,714</b>	<b>4,472</b>
Non-controlling interests	26,177	5,293	18,062	2,822	-
<b>Profit/(loss) attributable to the Parent</b>	<b>184,084</b>	<b>121,395</b>	<b>11,325</b>	<b>46,893</b>	<b>4,472</b>
<b>Contribution to the profit/(loss) of the FCC Group</b>	<b>184,084</b>	<b>121,395</b>	<b>11,325</b>	<b>46,893</b>	<b>4,472</b>

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### Balance sheet by segments

2023	Total Group	Spain/Portugal	United Kingdom	CEE	United States of America
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>3,422,319</b>	<b>1,249,111</b>	<b>1,331,541</b>	<b>510,762</b>	<b>330,905</b>
Intangible assets	926,629	251,954	455,196	144,471	75,008
Property, plant and equipment	1,944,257	820,214	521,554	347,080	255,409
Investments accounted for using the equity method	233,202	48,940	176,503	7,759	-
Non-current financial assets	245,660	74,801	169,608	764	487
Deferred tax assets	59,039	39,670	8,681	10,688	-
Non-current trade receivables	13,532	13,532	-	-	-
<b>Current assets</b>	<b>1,690,535</b>	<b>1,019,234</b>	<b>377,266</b>	<b>168,295</b>	<b>125,740</b>
Inventory	87,211	53,908	20,536	10,566	2,201
Trade and other receivables	1,110,495	781,463	121,385	97,795	109,852
Other current financial assets	96,503	22,147	27,274	37,345	9,737
Cash and cash equivalents	396,325	161,716	208,070	22,589	3,950
<b>Total assets</b>	<b>5,112,853</b>	<b>2,268,344</b>	<b>1,708,807</b>	<b>679,057</b>	<b>456,645</b>
<b>LIABILITIES</b>					
<b>Equity</b>	<b>1,102,481</b>	<b>858,998</b>	<b>50,696</b>	<b>179,198</b>	<b>13,589</b>
<b>Non-current liabilities</b>	<b>2,879,179</b>	<b>696,599</b>	<b>1,460,356</b>	<b>369,649</b>	<b>352,575</b>
Grants	4,285	706	-	3,305	274
Non-current provisions	561,787	133,260	308,606	119,896	24
Non-current financial liabilities	2,052,888	1,635,246	316,637	28,476	72,528
Deferred tax liabilities	128,817	16,657	108,091	4,069	-
Other non-current liabilities	131,402	953	130,449	-	-
Internal relations	-	(1,090,224)	596,571	213,902	279,751
<b>Current liabilities</b>	<b>1,131,194</b>	<b>712,748</b>	<b>197,755</b>	<b>130,210</b>	<b>90,481</b>
Current provisions	4,992	4,962	-	-	30
Current financial liabilities	480,191	410,358	24,671	21,518	23,644
Trade and other payables	646,011	297,428	173,084	108,692	66,807
<b>Total liabilities</b>	<b>5,112,853</b>	<b>2,268,344</b>	<b>1,708,807</b>	<b>679,057</b>	<b>456,645</b>

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2022	Total Group	Spain/Portugal	United Kingdom	CEE	United States of America
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>3,179,953</b>	<b>1,061,449</b>	<b>1,328,631</b>	<b>469,058</b>	<b>320,814</b>
Intangible assets	932,528	254,259	454,713	143,281	80,275
Property, plant and equipment	1,713,055	619,102	548,635	305,283	240,035
Investments accounted for using the equity method	194,887	58,881	129,002	7,003	-
Non-current financial assets	258,315	77,411	179,760	640	505
Deferred tax assets	64,839	35,467	16,521	12,851	-
Non-current trade receivables	16,329	16,329	-	-	-
<b>Current assets</b>	<b>1,590,027</b>	<b>904,235</b>	<b>364,935</b>	<b>167,064</b>	<b>153,793</b>
Inventory	57,101	44,953	3,408	8,643	97
Trade and other receivables	989,115	693,961	117,228	90,207	87,719
Other current financial assets	86,471	21,255	17,837	30,912	16,467
Cash and cash equivalents	457,340	144,066	226,462	37,302	49,510
<b>Total assets</b>	<b>4,769,980</b>	<b>1,965,684</b>	<b>1,693,566</b>	<b>636,123</b>	<b>474,607</b>
<b>LIABILITIES</b>					
<b>Equity</b>	<b>911,090</b>	<b>704,768</b>	<b>32,411</b>	<b>155,504</b>	<b>18,408</b>
<b>Non-current liabilities</b>	<b>2,231,018</b>	<b>69,305</b>	<b>1,451,776</b>	<b>354,042</b>	<b>355,895</b>
Grants	4,265	796	-	3,469	-
Non-current provisions	544,159	131,635	298,115	114,409	-
Non-current financial liabilities	1,418,164	904,844	332,133	26,372	154,815
Deferred tax liabilities	129,455	16,110	110,415	2,930	-
Other non-current liabilities	134,975	1,724	133,251	-	-
Internal relations	-	(985,804)	577,862	206,862	201,080
<b>Current liabilities</b>	<b>1,627,872</b>	<b>1,191,611</b>	<b>209,380</b>	<b>126,577</b>	<b>100,305</b>
Current provisions	5,004	4,979	-	-	24
Current financial liabilities	918,310	841,928	25,728	20,861	29,794
Trade and other payables	704,558	344,704	183,652	105,716	70,486
<b>Total liabilities</b>	<b>4,769,980</b>	<b>1,965,684</b>	<b>1,693,566</b>	<b>636,123</b>	<b>474,607</b>

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### Cash flows by segment:

	Total Group	Spain/Portugal	United Kingdom	CEE	United States of America
<b>2023</b>					
Operating activities	400,129	215,101	93,211	77,052	14,765
From investing activities	(529,901)	(303,399)	(88,640)	(76,589)	(61,273)
Financing activities	66,365	105,098	(26,975)	(15,322)	3,565
Other cash flows	2,391	849	4,012	146	(2,616)
<b>Cash flows for the year</b>	<b>(61,016)</b>	<b>17,649</b>	<b>(18,391)</b>	<b>(14,713)</b>	<b>(45,561)</b>
<b>2022</b>					
Operating activities	529,592	282,685	132,064	97,388	17,455
From investing activities	(392,188)	(186,489)	(29,734)	(52,242)	(123,723)
Financing activities	(49,433)	(90,681)	(66,273)	(30,196)	137,718
Other cash flows	(6,735)	12	(9,039)	173	2,119
<b>Cash flows for the year</b>	<b>81,236</b>	<b>5,527</b>	<b>27,018</b>	<b>15,122</b>	<b>33,568</b>

### **b) Personnel**

The average number of people employed at the close of in 2023 and 2022 by business segment is as follows:

	2023	2022
Spain/Portugal	36,566	35,999
United Kingdom	2,254	2,347
CEE	4,479	4,473
United States of America	1,132	1,023
	<b>44,431</b>	<b>43,842</b>

## **27. ENVIRONMENTAL INFORMATION**

The Corporate Responsibility Master Plan contains the environmental policy, enhancing the socially responsible commitment as part of the strategy of the FCC Group, which is highly involved in environmental services.

The FCC Group carries out its activities on the basis of business commitment and responsibility, compliance with applicable legal requirements, respect for the relationship with its stakeholders and its ambition to generate wealth and social well-being.

Aware of the importance of preserving the Environment and the responsible use of available resources, and in line with the vocation of service through activities with a clear

environmental approach, the Group promotes and energizes throughout the organization the following principles on which the contribution to sustainable development is based:

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#### Continuous improvement

Promote environmental excellence by establishing objectives for the continuous improvement of performance, minimising the negative impacts of the Environmental Services Group's processes, products and services, and enhancing the positive impacts.

#### Monitoring and control

Establish environmental indicator management systems for the operational control of processes, which provide the necessary knowledge for the monitoring, evaluation, decision-making and communication of the Environmental Services Group's environmental performance and compliance with the commitments undertaken.

#### Climate change and pollution prevention

Lead the fight against climate change through the implementation of processes with lower greenhouse gas emissions, and by promoting energy efficiency and renewable energies.

Prevent pollution and protecting the natural environment through the responsible management and consumption of natural resources and by minimising the impact of emissions, discharges and waste generated and managed by the Environmental Services Group's activities.

#### Observation of the environment and innovation

Identify the risks and opportunities of activities in the face of the changing landscape of the environment in order, among other goals, to promote innovation and the application of new technologies, as well as the generation of synergies between the various activities of the Environmental Services Group.

#### Life cycle of products and services

Enhance environmental considerations in business planning, procurement of materials and equipment, and relations with suppliers and contractors.

#### The necessary participation of all parties

Promote the knowledge and application of environmental principles among employees and other stakeholders.

Share experience in the most excellent practices with the different agents in order to promote alternative solutions to those currently in place, which contribute to the achievement of a sustainable environment.

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This Environmental Policy is materialised through the implementation of quality management and environmental management systems, as well as follow-up audits, which accredit the FCC Group's performance in this area. Regarding the management of environmental risks, the Group has implemented environmental management systems certified under the ISO 14001 standards, which focus on:

- a) Compliance with applicable regulations and the achievement of environmental objectives that exceed external requirements.
- b) The reduction of environmental impacts through proper planning.
- c) The continuous analysis of risks and possible improvements.

The basic tool to prevent this risk is the environmental plan that each operational unit must prepare and which consists of:

- a) The identification of environmental aspects and applicable legislation.
- b) Impact evaluation criteria.
- c) The measures to be taken.
- d) A system for measuring the objectives achieved.

The very nature of the activity of the Environmental Services Area is aimed at the protection and conservation of the environment, not only through productive activity: (waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the regulations on these matters.

The development of the production activity of the Environmental Services Area requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment. At 31 December 2023, the acquisition cost of the productive fixed and non-current assets, net of depreciation, of the Environmental Services Area amounted to 2,870,886 thousand euros (2,645,627 thousand euros at 31 December 2022). Environmental provisions, mainly for landfill sealing and closing costs, amount to 482,546 thousand euros (476,679 thousand euros as at 31 December 2022).

Nor is it considered that there are no significant contingencies related to the protection and improvement of the environment as at 31 December 2023 that may have a significant impact on the accompanying financial statements.

## 28. FINANCIAL RISK MANAGEMENT POLICIES

The concept of financial risk refers to the changes in the financial instruments arranged by the Group as a result of political, market and other factors and the repercussion thereof on the consolidated financial statements.

The risk management philosophy of the Environmental Services Group, as per the FCC Group's philosophy, is consistent with the business strategy, seeking at all times maximum efficiency and



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solvency, for which strict criteria for control and management of financial risks are established, consisting of identifying, measuring, analyzing and controlling the risks incurred by the Group's operations, with the risk policy correctly integrated into its organization:

#### **a) Capital risk**

In line with the guidelines set by its majority shareholder, the Environmental Services Group manages its capital to ensure that the Group companies will be able to continue to operate as profitable businesses while maximising shareholder returns through an optimum debt-to-equity ratio.

The fundamental basis that the Group considers as capital is found in the Equity of the balance sheet, which, for the purposes of its management and follow-up, excludes both the "Changes in the fair value of financial instruments" items and the "Conversion differences" item.

The first of these headings is disregarded for management purposes as it is considered as part of interest rate management, since it is the result of the assessment of instruments that transform floating-rate debt into fixed-rate debt. Translation differences, meanwhile, are managed within exchange rate risk.

Given the sector in which it operates, the Group is not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

In July 2020, FCC Servicios Medioambiente Holding S.A.U. registered, and has since renewed annually, a commercial paper programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market, with a total value of 400 million euros; in October 2023, it has refinanced a total of 600 million euros through a new bond.

In 2023, new financing facilities were also renewed and taken out in the form of lines of credit and bilateral loans.

These operations have helped to continue to shore up the financial solvency process and the continuation of the policy of diversifying funding sources. These measures have contributed to achieving a much more robust and efficient capital structure, with suitable volumes, terms and financing costs adapted to the nature of the different business areas.

The Economic-Finance Division, as responsible for financial risk management, regularly reviews the debt-equity ratios and compliance with financing covenants, together with the capital structure of the subsidiaries.

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## b) The FCC Group is exposed to currency exchange risk

A noteworthy consequence of the Environmental Services Group's positioning in international markets is the exposure resulting from net positions in foreign currencies against the euro or in one foreign currency against another when the investment and financing of an activity cannot be arranged in the same currency.

Although the benchmark currency in which the Group mainly operates is the euro, the Group also holds financial assets and liabilities accounted for in currencies other than the euro. Exchange rate risk is primarily located in borrowings denominated in foreign currencies, investments in international markets and payments received in currencies other than the euro.

As shown in the following table, this risk is mitigated by 95,27% of the Group's net debt being denominated in euros at 31 December 2023:

	CONSOLIDATED (thousands of euros)				
	Euro	Dollar	Pound	Rest of Europe non-euro	TOTAL
Gross debt	1,926,490	80,964	303,179	1,839	2,312,472
Financial assets	(192,825)	(13,687)	(235,345)	(50,970)	(492,827)
<b>Total consolidated net indebtedness</b>	<b>1,733,665</b>	<b>67,277</b>	<b>67,834</b>	<b>(49,131)</b>	<b>1,819,645</b>
% Net Debt of the total	95.27%	3.70%	3.73%	(2.70%)	100.00%

Note 15 of these Annual Accounts breaks down the details of Treasury and Equivalents by currency. In this detail we see how 42.3% is denominated in euros (36.5% as of December 31 2022).

The Group's general policy is to mitigate the adverse effect that exposure to the different foreign currencies could have on its financial statements as much as possible, with regard to both transactional and purely equity-related movements. The Group therefore manages the effect that foreign currency risk can have on the balance sheet and the income statement.

Below is a summarised table of the sensitivity to changes in the exchange rate in the main currencies in which the Group operates:

	+ 10% pound sterling and dollar	
	Profit and Loss	Equity
Pound sterling	7,713	85,540
US dollar	372	29,865
<b>Total</b>	<b>8,085</b>	<b>115,405</b>

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-10% pound sterling and dollar		
	Profit and Loss	Equity
Pound sterling	(7,713)	(85,540)
US dollar	(372)	(29,865)
<b>Total</b>	<b>(8,085)</b>	<b>(115,405)</b>

The impact on sterling is mainly due to the translation of the net assets corresponding to the investment held in the FCC Environment (UK) and Green Recovery subgroups.

### c) The Environmental Services Group is exposed to interest rate risk

The Group is exposed to interest rate fluctuations due to the fact that the Group's financial policy aims to ensure that its current financial assets and debt are partially tied to variable interest rates. The benchmark interest rate for the Group's debt arranged with credit entities in euros is mainly the Euribor.

Any increase in interest rates could give rise to an increase in the Group's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to ensure a position that is in the best interests of the Group, an interest rate risk management policy is actively implemented, with on-going monitoring of markets and assuming different positions depending primarily on the asset financed.

In addition, within the framework of the policy for managing this risk carried out by the Group, fixed-rate debt issuance operations have been carried out in capital markets together with interest rate hedges and fixed-rate financing, reaching 87.2% of the Group's total gross debt at the end of the year, including the hedging for Structured Project Financing.

The following table shows a breakdown of the gross debt of the FCC Group as well as the hedged debt, either because it is a fixed rate debt or through derivatives:

	Environmental Services
<b>Total External Gross</b>	2,312,472
Gross External Debt	1,908,765
Fixed-rate headings and financing at 31.12.23	(1,665,034)
<b>Total variable rate debt</b>	<b>243,731</b>
<b>Ratio: Variable rate debt / Gross External Debt at 31.12.23</b>	<b>12.8%</b>

The table below summarises the effect on the Group's income statement of the changes in the interest rate curve with respect to gross debt, excluding fixed rate debt associated with hedging arrangements:

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	+25 bp	+50 bp	+100 bp
Impact on profit or loss	609	1,219	2,437

#### d) Solvency risk

At 31 December 2023, the net financial indebtedness of the Environmental Services Group contained in the accompanying balance sheet amounted to 1,819,645 thousand euros as shown in the following table:

	2023	2022
Bank borrowings	428,411	343,538
Debt instruments and other loans	1,447,400	1,357,846
Other interest-bearing financial debt	436,661	436,015
Current financial assets	(96,502)	(86,471)
Treasury and cash equivalents	(396,325)	(457,340)
<b>Net interest-bearing debt</b>	<b>1,819,645</b>	<b>1,593,588</b>
Net debts with limited recourse	(1,637,621)	(1,561,729)
<b>Net indebtedness with recourse</b>	<b>182,024</b>	<b>31,859</b>

#### e) The Environmental Services Group is exposed to liquidity risk

The Group carries out its operations in industrial sectors that require a high level of financing, and has so far obtained adequate financing to carry out its operations. However, the Group cannot guarantee that these circumstances relating to obtaining financing will continue in the future.

The ability of the Environmental Services Group to obtain financing depends on many factors, many of which are beyond their control, such as general economic conditions, the availability of funds in financial institutions, the depth and availability of the capital markets and the monetary policy of the markets in which they operate. Adverse effects in debt and capital markets may hinder or prevent adequate financing being available to perform the Group's activities.

Historically, the Group has always been able to renew its loan arrangements, and it expects to continue doing so in the coming twelve months. However, FCC Group's ability to renew its financing depends on various factors, many of which are outside the control of the Group, such as general economic conditions, the availability of funds for loans from private investors and financial institutions, and the monetary policy of the markets in which it

operates. Negative conditions in debt markets could hinder or prevent Group's capacity to renew its financing. Therefore, the Group cannot guarantee its ability to renew credit agreements and bond issues under economically attractive terms. The inability to renew said financing or to secure it under acceptable terms could have a negative impact on the Group's liquidity and its ability to meet the working capital needs.

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To adequately manage this risk, the Group performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are unfavourable on a case-by-case basis. The Group is also present in several markets, which facilitates obtaining credit facilities and mitigating liquidity risk.

At 31 December 2023, the Group had the following repayment schedule for gross debt, which will amount to 388,232 thousand euros in 2024:

2024	2025	2026	2027 and beyond	TOTAL
388,232	46,027	553,202	1,325,011	2,312,472

A significant part of the gross financial debt, totalling 1,908,765 thousand euros, is without recourse to the Parent, notably bond and commercial paper issues totalling 1,447,400 thousand euros at 31 December 2022.

As at 31 December 2023, the Group has a positive working capital in the amount of 559,341 (negative of 37,845 thousand euros as at 31 December 2022), particularly the renewal of the bond for 600 million euros that matured on 4 December of 2023 (Note 18.a).

In order to manage liquidity risk, as at 31 December 2023, the Group has undrawn bilateral financing lines in the amount of 287,637 thousand euros, undrawn promissory notes lines in the amount of 266,500 thousand euros, a treasury balance of 249,933 thousand euros, in addition to the following current financial assets and treasury equivalents, whose maturities are shown below:

Thousands of euros	Amount	1-3 months	3-6 months	6-9 months	9-12 months
Other current financial assets	96,503	6,331	6,307	6,310	77,555

Thousands of euros	Amount	1 month	1-2 months	2-3 months
Cash equivalents	146,392	82,656	-	63,736

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The directors and management of the Parent Company are constantly monitoring the development of the current situation and the effects it may have on the credit market, and consider that the situation as at 31 December 2023 ensures that the Group will be able to meet its current on-balance sheet obligations at 31 December 2023 with solvency and ensure the continuity of its operations. Furthermore, the directors state that the Company has the asset and financial support of its sole shareholder (Fomento de Construcciones y Contratas, S.A.) to enable it to meet its commitments and payment obligations and to ensure the continuity of its operations.

#### **f) Concentration risk**

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- **Funding sources:** In order to diversify this risk, the Group works with a large number of national and international financial institutions and capital markets to obtain financing.
- **Markets/geography (domestic, foreign):** The Group operates in a wide variety of national and international markets, with the debt mainly concentrated in euros and the rest in various international markets, with different currencies.
- **Products:** The Group uses various financial products: loans, credit facilities, obligations, syndicated loans, assignments and discounting, etc.
- **Currency:** The Group is financed through many different currencies according to the country of the investment.

The Group's strategic planning process identifies the objectives to be attained in each of the areas of activity, based on the improvements to be implemented, the market opportunities and the level of risk deemed acceptable. This process serves as a base for preparing operating plans that specify the goals to be reached each year.

To mitigate the market risks inherent in each business line, the Group maintains a diversified position between businesses related to the provision of environmental and other services. In terms of geographic diversification, in 2023 the share of foreign activity was 45.8% of total sales.

#### **g) Credit risk**

The provision of services or the acceptance of client engagements, whose financial solvency was not guaranteed at the acceptance date, situations not known or unable to be assessed by the Group and unforeseen circumstances arising during the provision of the service or the execution of the engagement that could affect the client's financial position could generate a payment risk with respect to the amounts owed.

The Group request commercial reports and assess the financial solvency of clients before doing business and perform on-going monitoring, and have put in place a procedure to be adopted in the event of insolvency. In the case of public clients,

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the Group has a policy of not accepting files that do not have an assigned budget and financial approval. Offers that exceed a specific payment period must be authorised by the Finance Division. Likewise, on-going monitoring is performed of debt delinquency in various management committees.

The maximum level of exposure to credit risk has been calculated, with the breakdown of the amount as at 31 December 2023 as shown in the following table:

Financial credits granted	96,503
Trade and other receivables (note 14)	1,080,802
Cash and cash equivalents (Note 15)	396,325
Guarantees granted (Note 24)	1,133,249
<b>TOTAL</b>	<b>2,706,879</b>

In general, the Group does not have collateral guarantees or improvements to reduce credit risk or for financial credits or accounts receivable from operations. There are also offsetting mechanisms in certain contracts, mostly concessions affecting

IFRIC 12 in activities, Environmental Services, making it possible to guarantee the recovery of loans granted to finance early initial fees or investment plans.

In terms of credit quality, the Group applies its best criteria to impair financial assets that are expected to incur credit losses throughout their life (Note 3.h). The Group regularly analyses changes in the public ratings of the entities to which it is exposed.

### **Risk hedging financial derivatives**

In general, the financial derivatives contracted by the Services Group are treated for accounting purposes in accordance with the accounting hedging regulations set out in these financial statements. The main financial risk hedged by the FCC Group through derivative instruments relates to the fluctuations in floating interest rates to which Group company financing is tied. The financial derivatives are measured by experts on the subject using generally accepted methods and techniques. These experts were independent from the Group and the entities financing it.

Sensitivity analyses are carried out periodically with the objective of observing the effect of a possible change in interest rates on the Group's accounts.

In this way, a simulation has been carried out proposing four scenarios of the Euro basic interest rate curve that average around 2.43% in the medium/long term as of December 31, 2023, assuming an increase and reduction of 50 bp and 100 bp.

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The amounts in thousands of euros obtained in relation to derivatives outstanding at year-end with an impact on equity (note 22), after applying, where applicable, the percentage of ownership interest, are shown below.

	Hedging derivatives			
	- 100 bp	-50 bp	+50 bp	+100bp
Impact on Equity:				
Full consolidation	(9,781)	(4,758)	4,509	8,783

## h) Climate change risks

The Group's activities may be impacted by adverse weather conditions, such as floods or other natural disasters, and in some cases by decreases in temperature that may make it difficult, or even impossible in extreme cases, to carry out its activities, such as in the case of severe frost in the construction activity.

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 17).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and, due to the very nature of some of the activities it carries out, it promotes the circular economy. In order to achieve these objectives, the Group implements specific policies in its activities.

The very nature of Environmental Services aims to protect and conserve the environment and contribute to the circular economy by treating waste as resources, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. As for policies aimed at optimising energy consumption, Spain has an Energy Management System certified in accordance with the ISO 50001 standard and projects for the use of landfill gas to generate electricity and hot water.

Due to all of the above and taking into account the limited impact, the measures taken to guarantee the assets and liquidity gaps, the Group prepared the financial statements as per the principle of a going concern, since the continuity of the Group is not in doubt.

## 29. INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

### a) Operations between Group companies or entities



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There are numerous transactions between Group companies that are part of their routine business and that, in any case, are eliminated in the process of preparing the consolidated financial statements.

The revenue shown in the accompanying consolidated income statement includes 6,036 thousand euros (6,645 thousand euros in 2022) from Group company billings to associates and joint ventures.

Purchases made from associates and joint ventures amounting to 4,749 thousand euros (5,114 thousand euros in 2022) are also included in the Group's consolidated financial statements.

### b) Balances between Group companies or entities

The balances and transactions with Environmental Services Group companies, joint ventures and associates are as follows (in thousands of euros):

#### a) Customer and trade receivables from Group companies, joint ventures and associates

Customer and trade receivables from Group companies, joint ventures and associates	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	1,338	11,212
TIRME, S.A.	2,968	1,901
ARAGONESA DE GESTION DE RESIDUOS, S.A.	920	917
EMPR.MIXTA M.A.RINCON DE LA VICTORIA, SA	390	390
EBESA	309	118
REALIA PATRIMONIO, S.L.U	313	349
ATLAS GESTION MEDIOAMBIENTAL, S.A.	670	553
GESTION Y VALOR INT.CENTRO, S.L.	344	443
OTHER	2,971	2,636
<b>Total</b>	<b>10,223</b>	<b>18,519</b>

#### b) Suppliers and payables to Environmental Services Group companies, joint ventures and associates

Suppliers and payables Group companies, joint ventures and associates	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	2,870	16,903
FCC CONSTRUCCION, S.A.	372	642
ARAGONESA DE GESTION DE RESIDUOS, S.A.	830	847
FEDEMES, S.L.	371	2,102
INGENIERÍA URBANA, S.A. + JV	2,565	2,564
OTHER	816	2,389
<b>Total</b>	<b>7,824</b>	<b>25,447</b>

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c) Non-current loans to Environmental Services Group companies

Loans and other financial assets of group companies, joint ventures and associates	2023	2022
FCC AQUALIA	2	2
FCC REAL ESTATE UK	3,997	-
LOSTOCK SUSTAINABLE ENERGY	118,261	77,185
BETEARTE, S.A.	-	1,432
<b>Total</b>	<b>122,260</b>	<b>78,619</b>

d) Current loans to Environmental Services Group companies

Loans and other financial assets of group companies, joint ventures and associates	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	9,136	16,269
GESTION Y VALOR INT.CENTRO, S.L.	2,770	2,915
TRATAM. INDUSTR. DE RESIDUOS SOLIDOS, S.A.	-	-
ARAGONESA DE TRATAM. MEDIAMB. XXI, S.A.	2	13
PALACIO EXPOSICIONES Y CONGRESOS DE GRANADA, S.A.	506	506
OTHER	535	522
<b>Total</b>	<b>12,949</b>	<b>20,225</b>

e) Non-current borrowings with Environmental Services Group companies

Other financial liabilities of group companies, joint ventures and associates	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	380,905	370,469
TIRME, S.A.	10,000	10,000
OTHER	2,200	-
<b>Total</b>	<b>393,105</b>	<b>380,469</b>

f) Current borrowings with Environmental Services Group companies

Other financial liabilities of group companies, joint ventures and associates	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	28,746	9,910
INGENIERÍA URBANA, S.A. + JV	32	631
GESTION Y VALOR UNT.CENTRO, S.L.	152	152
ATLAS GESTION MEDIOAMBIENTAL, S.A.	1,000	500
OTHER	59	125
<b>Total</b>	<b>29,989</b>	<b>11,318</b>

g) Revenue

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Revenue	2023	2022
EBESA	928	1,794
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	155	1,103
ARAGONESA DE GESTION DE RESIDUOS, S.A.	3,164	3,028
FEDEMES, S.L.	1,731	1,779
REALIA PATRIMONIO, S.L.U	674	682
FCC CONSTRUCCION, S.A.	255	615
OTHER	6,907	4,082
<b>Total</b>	<b>10,920</b>	<b>13,083</b>

h) Purchases and other supplies

Purchases and supplies	2023	2022
CEMENTOS PORTLAND VALDERRIVAS, S.A.	225	150
ARIDOS DE MELO, S.L.	236	183
FCC CONSTRUCCION, S.A.	77	78
OTHER	94	49
<b>Total</b>	<b>632</b>	<b>460</b>

i) Subcontracted work

Subcontracted work	2023	2022
FCC CONSTRUCCION, S.A.	6	1,051
ARAGONESA DE GESTION DE RESIDUOS, S.A.	2,786	2,874
ATLAS GESTION MEDIOAMBIENTAL, S.A.	913	1,448
GESTION INTEG. RESID. SOLIDOS, SA + JVs	638	556
OTHER	525	348
<b>Total</b>	<b>4,868</b>	<b>6,277</b>

j) Other operating expenses

Other operating expenses	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	36,074	42,465
FEDEMES, S.L.	3,508	3,302
FCC CONSTRUCCION, S.A.	457	434
ARIDOS DE MELO, S.L.	106	-
OTHER	87	192
<b>Total</b>	<b>40,232</b>	<b>46,393</b>

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## k) Financial income

Financial income	2023	2022
LOSTOCK SUSTAINABLE ENERGY	6,629	5,544
GESTION Y VALOR INT.CENTRO, S.L.	150	87
OTHER	0	58
<b>Total</b>	<b>6,779</b>	<b>5,689</b>

## l) Financial expenses

Financial expenses	2023	2022
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	9,263	9,036
TIRME, S.A.	101	90
OTHER	17	5
<b>Total</b>	<b>9,381</b>	<b>9,131</b>

**c) Transactions with directors of the Parent and senior executives of the Group**

During the financial year 2023, 82 thousand euros were accrued in allowances in favour of the Board of Directors of FCC Servicios Medio Ambiente Holding, S.A.

The board is made up of 6 men and 2 women, the following members:

Director	Position
Alejandro Aboumrad Gonzalez	President
Batiste Thomas Degaris Ogier	Director
Gerardo Kuri Kaufmann	Director
Iñigo Sanz Pérez	Director
Martin Sebastian Berardi	Director
Pablo Colio Abril	Director
Angeles Santamaría Martín	Director
Samantha Ricciardi	Director

The FCC Servicios Group management team is made up of 7 men and 2 women, whose total compensation in 2023 amounted to 3,241 thousand euros (in 2022 it was made up of nine men and one woman, whose total compensation amounted to 3,066 thousand euros).

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There are no advances, loans or other guarantees granted to the Board of Directors, nor are there any pension or life insurance obligations to former or current members of the Board of Directors.

Details of Board members who hold posts at companies in which Fomento de Construcciones y Contratas, S.A., Parent of Environmental Services Group, has a direct or indirect ownership interest, are as follows:

Name or corporate name of the director	Company name of the Group entity	Position
GERARDO KURI KAUFMANN	FOMENTO DE CONSTRUCCIONES Y CONTRATAS SA	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	REALIA BUSINESS, S.A.	NON-EXECUTIVE VICE PRESIDENT
	FCyC, S.A.	PRESIDENT
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DIRECTOR
ALEJANDRO ABOUMRAD GONZÁLEZ	CEMENTOS PORTLAND VALDERRIVAS, S.A.	REPRESENTATIVE OF THE DIRECTOR INMOBILIARIA AEG, S.A. DE C.V.
	FCC AQUALIA, S.A.	PRESIDENT
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	PRESIDENT
PABLO COLIO ABRIL	FOMENTO DE CONSTRUCCIONES Y CONTRATAS SA	CHIEF EXECUTIVE OFFICER
	FCC CONSTRUCCIÓN, S.A.	PRESIDENT
	FCC ENVIRONMENT (UK) LIMITED	DIRECTOR
	FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	DEPUTY PRESIDENT
	FCC MEDIO AMBIENTE, S.A.	PRESIDENT
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DEPUTY PRESIDENT
	FCC AQUALIA, S.A.	DIRECTOR
	CEMENTOS PORTLAND VALDERRIVAS, S.A.	DIRECTOR
	FCC AUSTRIA ABFALL SERVICE AG	PRESIDENT
	FCC ENVIRONMENTAL SERVICES FLORIDA, LLC	DIRECTOR
IÑIGO SANZ PEREZ	FCC ENVIRONMENTAL SERVICES NEBRASKA, LLC	PRESIDENT
	FCC ENVIRONMENTAL SERVICES TEXAS, LLC	DIRECTOR
	FCC ENVIRONMENTAL SERVICES, LLC (USA)	DIRECTOR
	FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.	DIRECTOR
	FCC ENVIRONMENTAL SERVICES TEXAS, LLC	DIRECTOR

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

#### d) Mechanisms established to detect, determine and resolve possible conflicts of interest between the Parent Company and/or its Group and its directors, executives or significant shareholders.

FCC Group has established specific mechanisms to detect, determine and resolve any possible conflicts of interest between the Group companies and their directors, executives and significant shareholders, as indicated in article 20 and thereafter of the Rules and Regulations of the Board of Directors.

### 30. FEES PAID TO AUDITORS

Fees for audit services accrued in 2023 and 2022, relating to audit and other verification services, as well as other professional services, provided to the different Group companies and joint management that comprise the Environmental Services Group, by the main auditor and other auditors participating in the audit of the different Group companies, and by entities related thereto, both in Spain and abroad, are shown in the following table:

	2023			2022		
	Principal auditor	Other auditors	Total	Principal auditor	Other auditors	Total
Audit services	1,779	87	1,866	1,368	82	1,450
Other assurance services	179	11	190	23	11	34
<b>Total audit and related services</b>	<b>1,958</b>	<b>98</b>	<b>2,056</b>	<b>1,391</b>	<b>93</b>	<b>1,484</b>
Tax advisory services	-	514	514	-	290	290
Other services	-	239	239	-	140	140
<b>Total professional services</b>	<b>-</b>	<b>753</b>	<b>753</b>	<b>-</b>	<b>430</b>	<b>430</b>
	<b>1,958</b>	<b>851</b>	<b>2,809</b>	<b>1,391</b>	<b>523</b>	<b>1,914</b>

### 31. EVENTS AFTER THE REPORTING CLOSE

Subsequent to the closing date of these consolidated financial statements, on February 20, 2024, the ruling of the Spanish Constitutional Court that has considered Royal Decree-Law 3/2016 to be partially unconstitutional was published in the Official State Gazette. The Group considers that this event occurred after the closing date of the consolidated financial statements and, therefore, requires the corresponding adjustments to be made, since the ruling has declared part of the Royal Decree mentioned above to be without validity or effect, considering this as a situation that already existed before the consolidated balance sheet closing date. Therefore, as at 31 December 2023, the Group has registered the accounting impacts of this ruling, which has increased the offsetting of negative taxable amounts and the capitalisation of specific deferred tax assets (Note 22).

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails*

In addition to this event, as at the date of preparation of these financial statements, no matters of a nature that could modify them or be the subject of additional information to that included in them had been disclosed.

### **32. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

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These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

**FULLY CONSOLIDATED SUBSIDIARIES**

Company	Address/Registered office	Effective ownership (%)	Auditor
Alfonso Benítez, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Armigesa, S.A.	Plaza de la Constitución s/n – Armilla (Granada)	51.00	Moore
Azincourt Investment, S.L.	Federico Salmón, 13 – Madrid	100.00	
Corporación Inmobiliaria Ibérica, S.A.	Federico Salmón, 13 – Madrid	100.00	
Ecoactiva de Medio Ambiente, S.A.	Ctra. Puebla Albortón a Zaragoza Km. 25– Zaragoza	60.00	Vaciero Auditores
Ecodeal-Gestao Integral de Residuos Industriais, S.A.	Portugal	53.62	Ernst & Young
Ecogenesis Societe Anonime Rendering of Cleansing and Waste Management Services	Greece	51.00	
Ecoparque Mancomunidad del Este, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Egypt Environmental Services, S.A.E.	Egypt	3.00	Ernst & Young
Empresa Comarcal de Serveis Mediambientals del Baix Penedés – ECOBP, S.L.	Plaça del Centre, 5 – El Vendrell (Tarragona)	66.60	Capital Auditors
Energyloop, S.A.	Av. Camino de Santiago, 40 – Madrid	55.00	Ernst & Young
Enviopower Investments Limited	United Kingdom	100.00	
FCC Àmbito, S.A. Unipersonal	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Environment Portugal, S.A.	Portugal	100.00	Ernst & Young
FCC Environment Services (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environmental Services California, LLC	USA	100.00	
FCC Environmental Services Florida, LLC	USA	100.00	
FCC Environmental Services Nebraska Llc.	USA	100.00	
FCC Environmental Services Texas Llc.	USA	100.00	
FCC Environmental Services (USA) Llc.	USA	100.00	
FCC Environnement France	France	100.00	
FCC Equal CEE, S.L.	Federico Salmón, 13 – Madrid	100.00	
FCC Equal CEE Andalucía, S.L.	Av. Molière, 36 – Málaga	100.00	Aranda & Hinojosa
FCC Equal CEE Baleares, S.L.U.	Camino Fondo, 27 – Palma (Balearic Islands)	100.00	
FCC Equal CEE Canarias, S.L.U.	Ctra. Guanarteme a Tamaraceite, Km. 5,1 - Las Palmas de G.C.	100.00	
FCC Equal CEE C. Valenciana, S.L.	Riu Magre, 6 P.I. Patada del Cid – Quart de Poblet (Valencia)	100.00	
FCC Equal CEE Murcia, S.L.	Luis Pasteur, 8 – Cartagena (Murcia)	100.00	
FCC Medio Ambiente, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
FCC Medio Ambiente Reino Unido, S.L.U.	Av. Camino de Santiago, 40 – Madrid	100.00	Ernst & Young



ANNEX 1/2

Company	Address/Registered office	Effective ownership (%)	Auditor
FCC Medioambiente Internacional, S.L.U.	Av. Camino de Santiago, 40 – Madrid	100.00	
Gamasur Campo de Gibraltar, S.L	Antigua Ctra. de Jimena de la Frontera, s/n – Los Barrios (Cádiz)	100.00	
Gandia Serveis Urbans, S.A.	Llanterners, 6 – Gandia (Valencia)	95.00	Vaciero Auditores
Geneus Canarias, S.L.	Electricista, 2 U.I. de Salinetas – Telde (Las Palmas)	100.00	
Gestió i Recuperació de Terrenys, S.A. Unipersonal	Balmes, 36 Entresuelo – Barcelona	80.00	Vaciero Auditores
Gipuzkoa Ingurumena BI, S.A.	Polígono Industrial Zubiondo Par A.5 – Hernani (Gipuzkoa)	92.00	Ernst & Young
Golrib, Soluções de Valorização de Resíduos Lda.	Portugal	55.00	Ernst & Young
FCC Group - CEE			
Agadax s.r.o.	Czech Republic	100.00	
ASMJ s.r.o.	Czech Republic	51.00	
FCC Abfall Service Betriebs GmbH	Austria	100.00	
FCC Austria Abfall Service AG	Austria	100.00	Ernst & Young
FCC BEC s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Bratislava s.r.o.	Slovakia	100.00	
FCC Centrum Nonprofit Kft.	Hungary	100.00	Ernst & Young
FCC Ceska Republika s.r.o.	Czech Republic	100.00	Ernst & Young
FCC České Budějovice s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Dacice s.r.o.	Czech Republic	60.00	Ernst & Young
FCC EKO d.o.o.	Serbia	100.00	Ernst & Young
FCC EKO Polska sp. z.o.o.	Poland	100.00	Ernst & Young
FCC Entsorga Entsorgungs GmbH & Co. Nfg KG	Austria	100.00	
FCC Environment CEE GmbH	Austria	100.00	Ernst & Young
FCC Environment Romania S.R.L.	Romania	100.00	Ernst & Young
FCC Freistadt Abfall Service GmbH	Austria	100.00	
FCC Halbenrain Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Hódmezővásárhely Köztisztasági Kft	Hungary	61.83	Ernst & Young
FCC HP s.r.o.	Czech Republic	100.00	Ernst & Young
FCC Industrieviertel Abfall Service GmbH & Co. Nfg KG	Austria	100.00	
FCC Inerta Engineering & Consulting GmbH	Austria	100.00	
FCC Kikinda d.o.o.	Serbia	80.00	Ernst & Young
FCC Liberec s.r.o.	Czech Republic	55.00	Ernst & Young
FCC Litovel s.r.o.	Czech Republic	49.00	

**ANNEX 1/3**

Company	Address/Registered office	Effective ownership (%)	Auditor
FCC Lubliniec sp. z.o.o.	Poland	61.97	
FCC Magyarország Kft	Hungary	100.00	Ernst & Young
FCC Mostviertel Abfall Service GmbH	Austria	100.00	Ernst & Young
FCC Neratovice s.r.o.	Czech Republic	100.00	
FCC Neunkirchen Abfall Service GmbH	Austria	100.00	
FCC Podhale Sp.z.o.o.	Poland	100.00	Ernst & Young
FCC Pro Eko sp. z.o.o.	Poland	100.00	
FCC Prostějov s.r.o.	Czech Republic	75.00	Ernst & Young
FCC Regios AS	Czech Republic	99.99	Ernst & Young
FCC Slovensko s.r.o.	Slovakia	100.00	Ernst & Young
FCC Tarnobrzeg.sp. z.o.o.	Poland	59.72	Ernst & Young
FCC Textil2Use GmbH	Austria	100.00	
FCC Trnava s.r.o.	Slovakia	50.00	Ernst & Young
FCC Únanov s.r.o.	Czech Republic	66.00	
FCC Vrbak d.o.o.	Serbia	51.00	
FCC Wiener Neustadt Abfall Service GmbH	Austria	100.00	
FCC Zabcice s.r.o.	Czech Republic	80.00	Ernst & Young
FCC Zabovresky s.r.o.	Czech Republic	89.00	
FCC Zisterdorf Abfall Service GmbH	Austria	100.00	Ernst & Young
FCC Znojmo s.r.o.	Czech Republic	49.66	Ernst & Young
FCC Zohor.s.r.o.	Slovakia	85.00	Ernst & Young
FCC Śląsk Sp. z o.o.	Poland	80.00	Ernst & Young
Obsed a.s.	Czech Republic	100.00	
Quail spol. s.r.o.	Czech Republic	100.00	Ernst & Young
Siewierskie Przedsiębiorstwo Gospodarki Komunalnej sp. z.o.o.	Poland	60.00	
<b>FCC Environment Group</b>			
3C Holding Limited	United Kingdom	100.00	Ernst & Young
3C Waste Limited	United Kingdom	100.00	Ernst & Young
Allington O & M Services Limited	United Kingdom	100.00	Ernst & Young
Allington Waste Company Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste (Restoration) Limited	United Kingdom	100.00	Ernst & Young
Anti-Waste Limited	United Kingdom	100.00	Ernst & Young
Arnold Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
BDR Property Limited	United Kingdom	80.02	Ernst & Young

ANNEX I/4

Company	Address/Registered office	Effective ownership (%)	Auditor
BDR Waste Disposal Limited	United Kingdom	100.00	Ernst & Young
Darrington Quarries Limited	United Kingdom	100.00	Ernst & Young
Derbyshire Waste Limited	United Kingdom	100.00	Ernst & Young
East Waste Limited	United Kingdom	100.00	Ernst & Young
FCC Environment (Berkshire) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Environment (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Limited	United Kingdom	100.00	Ernst & Young
FCC Environment Lostock Ltd.	United Kingdom	100.00	Ernst & Young
FCC Lostock Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC Recycling (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Waste Services (UK) Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI Limited	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II Holding) Ltd.	United Kingdom	100.00	Ernst & Young
FCC Wrexham PFI (Phase II) Ltd.	United Kingdom	100.00	Ernst & Young
Finstop Limited	United Kingdom	100.00	Ernst & Young
Focsa Services (UK) Limited	United Kingdom	100.00	Ernst & Young
Hykeham O&M Services Limited	United Kingdom	100.00	Ernst & Young
Integrated Waste Management Limited	United Kingdom	100.00	Ernst & Young
Landfill Management Limited	United Kingdom	100.00	Ernst & Young
Lincwaste Limited	United Kingdom	100.00	Ernst & Young
Norfolk Waste Limited	United Kingdom	100.00	Ernst & Young
Pennine Waste Management Limited	United Kingdom	100.00	Ernst & Young
RE3 Holding Limited	United Kingdom	100.00	Ernst & Young
RE3 Limited	United Kingdom	100.00	Ernst & Young
T Shooter Limited	United Kingdom	100.00	Ernst & Young
Waste Recovery Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Central) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Scotland) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (UK) Limited	United Kingdom	100.00	Ernst & Young
Waste Recycling Group (Yorkshire) Limited	United Kingdom	100.00	Ernst & Young
Wastenotts O & M Services Limited	United Kingdom	100.00	Ernst & Young
Welbeck Waste Management Limited	United Kingdom	100.00	Ernst & Young
WRG (Midlands) Limited	United Kingdom	100.00	Ernst & Young
WRG (Northern) Limited	United Kingdom	100.00	Ernst & Young

Company	Address/Registered office	Effective ownership (%)	Auditor
WRG Environmental Limited	United Kingdom	100.00	Ernst & Young
WRG Adquisitions 2 Limited	United Kingdom	100.00	Ernst & Young
WRG Waste Services Limited	United Kingdom	100.00	Ernst & Young
FCC Group – PFI Holdings			
FCC PFI Holdings Limited	United Kingdom	100.00	Ernst & Young
Green Recovery Group			
Allington Energy Networks Ltd.	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Holdings Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire Limited	United Kingdom	51.00	Ernst & Young
FCC Buckinghamshire (Support Services) Limited	United Kingdom	51.00	
FCC Energy Holdings Ltd.	United Kingdom	51.00	Ernst & Young
FCC Energy Limited	United Kingdom	51.00	Ernst & Young
FCC Environmental Developments Ltd.	United Kingdom	51.00	Ernst & Young
FCC Environment (Lincolnshire) Ltd.	United Kingdom	51.00	Ernst & Young
FCC (E&M) Holdings Ltd.	United Kingdom	51.00	Ernst & Young
FCC (E&M) Ltd.	United Kingdom	51.00	Ernst & Young
Green Energy Finance Solutions Ltd.	United Kingdom	51.00	Ernst & Young
Green Recovery Projects Ltd.	United Kingdom	51.00	Ernst & Young
Kent Energy Limited	United Kingdom	51.00	Ernst & Young
Kent Enviropower Limited	United Kingdom	51.00	Ernst & Young
Wastenotts (Reclamation) Limited	United Kingdom	51.00	Ernst & Young

**ANNEX 1/6**

Company	Address/Registered office	Effective ownership (%)	Auditor
Houston Waste Services, LLC	USA	100.00	
Houston Waste Solutions, LLC	USA	100.00	
Industria de Reciclaje de RAEES, S.L.	Ctra. Nacional 611, Km. 61 - Osorno (Palencia)	100.00	
Integraciones Ambientales de Cantabria, S.A.	Monte de Carceña Cr CA-924 Pk 3,280 – Castañeda (Cantabria)	90.00	Ernst & Young
International Services Inc., S.A. Unipersonal	Av. Camino de Santiago, 40 – Madrid	100.00	
Jaime Franquesa, S.A.	P.I. Zona Franca Sector B calle D 49 – Barcelona	100.00	
Jaume Oro, S.L.	Av. del Bosc, s/n P.I. Hostal Nou – Bellpuig (Lleida)	100.00	
Limpieza e Higiene de Cartagena, S.A.	Luis Pasteur, 8 – Cartagena (Murcia)	90.00	Ernst & Young
Limpiezas Urbanas de Mallorca, S.A.	Ctra. Santa Margalida-Can Picafort – Santa Margalida (Balearic Islands)	100.00	Ernst & Young
Premier Waste Services, LLC.	USA	100.00	
Reciclado de Componentes Electrónicos, S.A.	El Matorral (Parque Actividades Medioambientales) – Aznalcóllar (Sevilla)	50.00	KPMG
Recuperació de Pedreres, S.L.	Balmes, 36 Entresuelo – Barcelona	80.00	
Serveis Municipals de Neteja de Girona, S.A.	Pl. del Vi, 1 - Girona	75.00	Cataudit Auditors Associats
Servicio de Recogida y Gestión de Residuos Sólidos Urbanos del Consorcio Vega Sierra Elvira, S.A.	Antonio Huertas Remigio, 9 – Maracena	60.00	Capital Auditors
Servicios Especiales de Limpieza, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Sistemas y Vehículos de Alta Tecnología, S.A.	Federico Salmón, 13 – Madrid	100.00	Ernst & Young
Societat Municipal Medioambiental d'Igualada, S.L.	Pl. de l'Ajuntament, 1 – Igualada (Barcelona)	65.91	Vaciero Auditores
Telford & Wrekin Services Limited	United Kingdom	100.00	Ernst & Young
Tratamientos y Recuperaciones Industriales, S.A.	Balmes, 36 Entresuelo – Barcelona	75.00	Capital Auditors
Valoración y Tratamiento de Residuos Urbanos, S.A.	Riu Magre, 6 – P.I. Patada del Cid – Quart de Poblet (Valencia)	80.00	Capital Auditors
Valorización y Tratamiento de Residuos, S.A.	Alameda de Mazarredo, 15-4º A – Bilbao (Biscay)	100.00	Vaciero Auditores

## C OMPANIES JOINTLY CONTROLLED WITH THIRD PARTIES OUTSIDE THE GROUP (CONSOLIDATED USING THE EQUITY METHOD)

Company	Address/Registered office	Carrying amount of the backlog		Effective ownership (%)	Auditor
		2023	2022		
Atlas Gestión Medioambiental, S.A.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	6,559	7,548	50.00	Ernst & Young
Ecoparc del Besós, S.A.	Rambla Catalunya, 91-93 – Barcelona	5,534	8,398	49.00	Castellà Auditors Consultors S.L.P.
Ecoserveis Urbans de Figueres, S.L.	Av. de les Alegries, s/n – Lloret de Mar (Girona)	168	121	50.00	
Electrorecycling, S.A.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	2,047	1,742	33.33	Audinfor
Empresa Mixta de Limpieza de la Villa de Torrox, S.A.	Plaza de la Constitución, 1 – Torrox (Málaga)	342	308	50.00	Audinfor
Empresa Mixta de Medio Ambiente de Rincón de la Victoria, S.A.	Av. Zorreras, 8 – Rincón de la Victoria (Málaga)	246	299	50.00	Audinfor
Fisera Ecoserveis, S.A.	Alemanya, 5 – Figueres (Girona)	204	217	36.36	Auditoria i Control Auditors S.L.P.
Gestión y Valorización Integral del Centro, S.L.	De la Tecnología, 2. P.I. Los Olivos – Getafe (Madrid)	576	430	50.00	Capital Auditors and Consultants, S.L.
FCC Environment Group (UK)		17,393	19,131		
Beacon Waste Limited	United Kingdom	—	—	50.00	Ernst & Young
Mercia Waste Management Ltd.	United Kingdom	—	—	50.00	Ernst & Young
Severn Waste Services Limited	United Kingdom	—	—	50.00	Ernst & Young
Ingeniería Urbana, S.A.	Calle 1 esquina calle 3, P.I. Pla de la Vallonga – Alicante	3,684	4,251	35.00	Baker & Tilly
Mediaciones Comerciales Ambientales, S.L.	Av. Barcelona, 109. P.5 – Sant Joan Despí (Barcelona)	943	916	50.00	
Palacio de Exposiciones y Congresos de Granada, S.A.	Paseo del Violón, s/n – Granada	-3,199	-3,312	50.00	Hispanobelga Economistas Auditores, S.L.P.
Pilagest, S.L.	Ctra. BV – 1224 Km. 6,750 – El Pont de Vilomara i Rocafort (Barcelona)	209	209	50.00	
Servicios Urbanos de Málaga, S.A.	Av. Camino de Santiago, 40 – Madrid	—	1,915	51.00	
Tratamiento Industrial de Residuos Sólidos, S.A.	Rambla Catalunya, 91 – Barcelona	483	982	33.33	Castellà Auditors Consultors S.L.P.
Zabargarbi, S.A.	Camino Artigabidea, 10 – Bilbao (Biscay)	13,100	15,988	30.00	KPMG
<b>TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (JOINT VENTURES)</b>		<b>48,289</b>	<b>59,135</b>		

## ASSOCIATES CONSOLIDATED USING THE EQUITY METHOD

Company	Address/Registered office	Carrying amount of the backlog		Effective ownership (%)	Auditor
		2023	2022		
Aprochim Getesarp Rymoil, S.A.	P.I. Logrezana s/n- Carreño (Asturias)	1,439	1,347	32.17	Menéndez Auditores
Aragonesa de Gestión de Residuos, S.A.	Paseo María Agustín, 36 – Zaragoza	39	22	12.00	CGM Auditores, S.L.y Villalba, Envid y Cia. Auditores, S.L.P.
Aragonesa de Tratamientos Medioambientales XXI, S.A.	Ctra. Castellón Km. 58 – Zaragoza	549	606	33.00	
Betearte, S.A.U.	Cr. BI – 3342 pk 38 Alto de Areitio – Mallabia (Biscay)	671	413	33.33	
Gestión Integral de Residuos Sólidos, S.A.	Serrans, 12 – 14 Ent. 1 – Valencia	5,526	5,342	49.00	Grupo de Auditores Públicos, S.A.
Giref Generación Renovable, S.L.	Pedro Lafayo, 6 - Eivissa / Ibiza (Balearic Islands)	1	1	20.00	
FCC Group - CEE		7,759	7,003		
A.K.S.D. Városgazdálkodási Korlátolt FT	Hungary	—	—	25.50	
ASTV s.r.o.	Czech Republic	—	—	49.00	
FCC + NHSZ Környezetvédelmi HKft	Hungary	—	—	50.00	Interauditor
FCC Hlohovec s.r.o.	Slovakia	—	—	50.00	
Huber Abfallservice Verwaltungs GmbH	Austria	—	—	49.00	
Huber Entsorgung GmbH Nfg KG	Austria	—	—	49.00	
Killer GmbH	Austria	—	—	50.00	
Killer GmbH & Co KG	Austria	—	—	50.00	Rittmann
Recopap s.r.o.	Slovakia	—	—	50.00	
Tev-Akva Kft.	Hungary	—	—	8.67	Lazar Eniko
FCC Group – PFI Holdings	United Kingdom	—	32,686		
FCC Environment Group (UK)		40,849	—		
CI III Lostock EFW Limited.	United Kingdom	—	—	40.00	Deloitte
Lostock Sustainable Energy	United Kingdom	—	—	40.00	Deloitte
Lostock Power Limited	United Kingdom	—	—	40.00	Deloitte
Tirme Group		9,819	9,716		
Circulare, S.L.U.	Cr. de Sóller Km. 8.2 – Palma de Mallorca (Balearic islands)	—	—	20.00	
MAC Insular, S.L.	P.I. Ses Veles, (Cl. Romaní), 2 – Bunyola (Balearic islands)	—	—	14.00	Deloitte
MAC Insular II, S.L.	Cr. de Sóller Km. 8.2 – Palma de Mallorca (Balearic islands)	—	—	15.00	
Tirme, S.A.	Ctra. Soller Km. 8,2 Camino de Son Reus – Palma de Mallorca (Balearic islands)	—	—	20.00	Deloitte
<b>TOTAL VALUE OF CONSOLIDATED COMPANIES USING THE EQUITY METHOD (ASSOCIATED COMPANIES)</b>		<b>66,652</b>	<b>57,136</b>		

**ANNEX IV**

# C HANGES IN THE SCOPE OF CONSOLIDATION

**ADDITIONS**

**Address/Registered office**

**FULL CONSOLIDATION**

Allington Energy Networks Ltd.  
FCC Environnement France

United Kingdom  
France

**DERECOGNITIONS**

**Address/Registered office**

**FULL CONSOLIDATION**

FCC Environmental Services Limited

United Kingdom

**DERECOGNITIONS**

**Address/Registered office**

**JOINT VENTURES**

Servicios Urbanos de Málaga, S.A.

Av. Camino de Santiago, 40 – Madrid



## TEMPORARY JOINT VENTURES, ECONOMIC INTEREST GROUPS AND OTHER ENTERPRISES MANAGED JOINTLY WITH NON-GROUP THIRD PARTIES

	Percentage of integration at 31 December 2023
JV A CORUÑA LIMPIEZA	70
JV AGARBI	60
JV AGARBI BI	60
JV AGARBI INTERIORES	60
JV AIZMENDI	60
ALCANTARILLADO ALCOY JV	50
JV ALCANTARILLADO BURGOS	60
JV ALCANTARILLADO MELILLA	50
ALUMBRADO ARGANDA JV	50
JV ALUMBRADO GELVES	50
JV ALUMBRADO GRANADA	50
JV ALUMBRADO LEPE	50
UTE ALUMBRADO LUGO	25
UTE ALUMBRADO MONT-ROIG DEL CAMP	50
JV ALUMBRADO TIAS	33.5
JV ALUMBRADO ÚBEDA	50
JV AMPLIACIÓN VERTEDERO PINTO	50
JV ARAZURI 2020	50
JV ARCOS	51
UTE ARCOS LIMPIEZA VIARIA	51
JV ARTIGAS	60
JV ARUCAS II	70
JV BAIX EBRE-MONTSIÀ	60
JV BERANGO	60
JV BILKETA 2017	60
JV BIO ERAIKIGARBI	60
JV BIOCOMPOST DE ALAVA	50
JV BIZKAIKO HONDARTZAK	50
JV BIZKAIKO HONDARTZAK 2021	50
JV BOADILLA	50
JV CABRERA DE MAR	50
JV CANA PUTXA	20
JV CARMA	50
JV CASTELLANA – PO	50
JV CENTRO AMBIENTAL PAMPLONA	50
JV CHIPIONA	50
JV CMG2 KUDEAKETA	92
JV CMG2 LANAK	92
JV COMPLEJO AMBIENTAL COPER0	33
COMPOSTAJE MCP JV	50
JV CONTENEDORES LAS PALMAS	30
JV CONTENEDORES MADRID	38.25
JV CONTENEDORES MADRID 2	36.5
JV CTR VALLADOLID	80
JV CTR.DE L'ALT EMPORDA	45
JV CTR-VALLES	20
JV CÚA	50
JV DEPENDENCIAS ELCHE	80
JV DESODORIZACIÓN PL. DEHESAS JV	60
JV DONOSTIAKO GARBIKETA	70
JV DOS AGUAS	35
JV EBRE-FLIX	47
JV ECOGONDOMAR	70
JV ECOMILLA BICIPARK	60
JV ECOPARC 3 BCN	50
JV ECOPARQUE CÁCERES	50
JV ECO-TRI	50
JV ECOURENSE	50
JV EFIC. EFFIC. PTO ROSARIO JV	60
JV ELCHE	50
JV ENERGÍA SOLAR ONDA	25
JV ENLLUMENAT SABADELL	50

ANNEX V/2

	Percentage of integration at 31 December 2023
JV ENVASES LIGEROS MALAGA	50
JV EPELEKO KONPOSTA	60
JV EPREMASA PROVINCIAL	55
JV ERETZA	70
JV ES VEDRA	25
JV ETXEBARRI	60
F.S.S. JV	99
JV FCC PERICA I	60
JV FCC SA/CONTENUR SL – PARQUES INFANTILES LP	50
JV FCC-ERS LOS PALACIOS-VILLAFRANCA	50
JV FCC-MCC SANTIAGO DEL TEIDE	80
JV FCC-SUFI MAJADAHONDA	50
FUENTES DE CÁDIZ JV	50
JV FUENTES LAS PALMAS	25
JV FUERTEVENTURA LOTE 2	50
JV GESTIÓ INTEGRAL DE RUNES DEL PAPIOL	40
JV GESTIÓN INSTALACIÓN III	34.99
JV GIPUZKOAKO HONDARTZAK 2020	60
JV GIPUZKOAKO HONDARTZAK 2022	60
JV GIPUZKOAKO PORTUAK 2019	40
JV GIREF	20
GOIERRI BILKETA JV	60
JV GOIERRI GARBIA	60
INDUSTRIALES LEA ARTIBAI JV	60
JV INTERIORES BILBAO	80
JV INTERIORES BILBAO II	70
JV JARD. UNIVERSITAT JAUME I	50
JV JARDINERAS 2019	60
JV JARDINES BOADILLA	70
JV JARDINES PTO DEL ROSARIO	78
JV JARDINES UJI	50
JV JEREZ	80
JV JJ GAIKETA SANMARKO	63
JV JUNDIZ II	51
JV LA LLOMA DEL BIRLET	80
JV LAGUNAS II	33.34
JV LAS CALDAS GOLF	50
JV LEGIO VII	50
JV LEKEITIOKO MANTENIMENDUA	60
JV LEZO GARBIKETA 2018	55
JV LIMPIEZA Y RSU LEZO	55
JV LITORAL ILLES BALEARS	50
JV LOGROÑO LIMPIO	50
JV LUZE VIGO	20
LV COSLADA JV	50
JV LV LOTE IV	65
JV LV RIBERA	90
JV LV RSU MUSKIZ	60
JV LV RSU VITORIA-GASTEIZ	60
JV LV ZUMAIA	60
JV LV ZUMARRAGA	60
JV MANT. EDIF. DIP. VALENCIA	27.5
JV MANT. EDIFICIOS VALENCIA JV	27.5
JV MANT. INSTALACIONES L9	50
JV MANTENIMENT LOT 12	75
JV MEJORAS PARQUE SAN ISIDRO	99
JV MELILLA	50
JV MODIFICACION PLANTA LAS DEHESAS	50
JV MUSKIZ	60
JV NETEJA I RECOLLIDA ANGLÈS	50
JV NETEJA PINTADES BARCELONA	84.2
JV NETIAL	66.66
JV NEUMÁTICA CASCO ANTIGUO	65
NIVARIA JV	29
UTE WORK CUB.CAPAT.CATARROJA	27.5
JV ONDA EXPLOTACION	33.33
JV PÁJARA	70
JV PAMPLONA	80

	Percentage of integration at 31 December 2023
PAP LA CELLERA JV	50
JV PARLA	50
WASTE PLAN JV	47.5
JV PLANTA MATERIA ORGÁNICA	40
JV PLANTA RSI TUDELA	60
JV PLANTA TRATAM. VALLADOLID JV	90
JV PLAYAS GIPUZKOA III	55
JV PONIENTE ALMERIENSE	50
JV PORTMANY	50
PTMR JV	50
JV RBU VILLA-REAL	47
JV RBU. ELS PORTS JV	50
JV REC. NEUM. VALDESPARTERA	49
JV RECOLLIDA SEGRIÀ	60
JV REG CORNELLÀ	60
JV REHAB. PARQUE LA GAVIA JV	45
JV RELIMA	80
REUTILIZA JV	70
JV RSU BILBAO II	60
JV RSU CHIPIONA	50
JV RSU DONOSTI	70
JV RSU INCA	80
JV RSU LV MUSKIZ	60
JV RSU LV S. BME TIRAJANA	50
JV RSU MÁLAGA	50
JV RSU SESTAO	60
JV RSU TOLOSALDEA	60
JV RSU Y LV COLMENAR VIEJO	50
JV RSU Y LV TORREJÓN DE ARDOZ	60
JV S.U. BENICASSIM	35
JV S.U. OROPESA DEL MAR JV	35
S.U.BILBAO JV	60
JV SAN MIGUEL-ANAKA	50
JV SANEAMIENTO EMASA	50
SANEAMIENTO VITORIAGASTEIZ JV	60
JV SANEJAMENT CELLERA DE TER	50
SANEJAMENT GIRONA JV	70
SANEJAMENT GRANOLLERS JV	80
JV SAV-FCC TRATAMIENTOS	35
JV SELEC. UROLA KOSTA II 2017 JV	60
JV SELECTIVA LAS PALMAS	55
JV SELECTIVA SAN MARCOS II	63
JV SELECTIVA SANLUCAR	50
JV SELECTIVA UROLA KOSTA	60
UTE SELL.VERT.GARDELEGUI	50
JV SEVILLA AREAS TERRITORIALES	50
JV SON ESPASES	50
STO. URBANO CASTELLÓN JV	65
JV SU ALICANTE	33.34
JV TOLOSAKO GARBIKETA	40
JV TOLOSAKO GARBIKETA 2020	40
JV TOLOSALDEA RSU 2018	60
JV TOLOSALDEA RSU 2023	60
JV TRANSP. AND ELIM. RSU JV	33.33
JV TRANSPORTE RSU	33.33
UTE TXORIERRI RSU 2023	60
URIBE KOSTA JV	60
JV UROLA ERDIA	60
UTE UROLA KOSTA 2023	60
UTE URRETXU GARBI 2023	60
JV URRETXU GARBIKETA	60
JV VERTEDERO GARDELEGUI III	70
JV VERTRESA	10
JV VIDRIO MELILLA	50
VILOMARA II JV	33.33
JV ZAMORA LIMPIA	30
JV ZARAGOZA ALCANTARILLADO	50
JV ZARAGOZA DELICIAS	51

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 32). In the event of a discrepancy, the Spanish-language version prevails

ANNEX V/4

	Percentage of integration at 31 December 2023
JV ZARAUTZ GARBIA	60
UTE ZARAUZTKO GARBIKETA	60
JV ZUMARRAGA GARBIA	60
ZZVV SANTA CRUZ TENERIFE JV	50

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**FCC SERVICIOS MEDIO AMBIENTE HOLDING S.A.U.  
AND SUBSIDIARIES (CONSOLIDATED GROUP)**

**Management Report 2023**

## 1. BUSINESS MODEL AND STRATEGY

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FCC Servicios is one of the leading European groups that specialises in environment-related services, with a presence in more than 11 countries worldwide and nearly 46% of its turnover generated in international markets, mainly the United Kingdom, Central Europe and the United States.

Its activity focuses on the protection and protection of the environment, not only for the same production activity: waste collection, road cleaning, operation and control of landfills, sewer cleaning, treatment and disposal of industrial waste, etc.), but also for the development of this activity through the use of production techniques and systems aimed at reducing environmental impact even more meticulously than required by the limits established in the regulations on these matters.

The development of the production activity requires the use of buildings, technical installations and specialised machinery that are efficient in protecting and conserving the environment

In general, there is a broad commitment to climate change, as shown not only in the development of new technologies, but also the issuance of green bonds to finance the acquisition of assets to enable the growth of our business.

## 2. MARKET SITUATION, TRENDS AND BUSINESS RESULTS

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### 2.1 Spain / Portugal Market

The Group has a strong presence in Spain, and has maintained a leading position in the provision of urban environmental services for over 110 years.

The Environmental Services Area has a strong presence in Spain, having maintained a leadership position in the provision of urban environmental services for over 110 years.

At the national level, the Group provides environmental services in more than 3,600 municipalities and organisations in all the Autonomous Communities, serving a population of more than 32 million inhabitants. Waste collection and street cleaning are two of the most important services in this sector, representing 63% of revenue. It is followed in order of importance by waste treatment and disposal (12% of turnover), and to a lesser extent by cleaning and maintenance of buildings, parks and gardens and maintenance and upkeep of sewers. More than 90% of the activity is carried out with public clients.

Finally, the Environmental Services area also specialises in the comprehensive management of industrial and commercial waste, recovery of by-products and soil decontamination, through the FCC Ámbito brand, which encompasses a group of companies

with a wide network of management and recovery facilities, for correct waste management, and the protection of the environment and people's health.

Strategically, in Spain, as has been the case for years, actions will focus on maintaining competitiveness and a leading position, combining know-how and the development of innovative technologies, offering respectful, inclusive and sustainable services (combating climate change and reducing the carbon footprint). Efforts shall also be made to harness potential opportunities offered by stricter regulations and new services (smart cities), the ultimate objective of which is to replace the straight-line production model with a circular model that reincludes residual materials into the production process, given the high level of technical knowledge that the company has and the development of new machinery and innovative processes, with a presence, either as leaders or collaborators, in a large number of R&D+i projects.

In Portugal, business opportunities related to processing industrial waste and the disposal of municipal waste is worth particular mention.

## 2.2 International market

Moreover, international business is mainly conducted in the United Kingdom, Central Europe and the USA. For years, the Group has held a leading position in the United Kingdom and Central European markets in the integrated management of municipal solid wastes, as well as in the provision of a wide range of environmental services. The various services provided in this sector include treatment and recycling, disposal, waste collection and the generation of renewable energy, with a growing weight and gradual reduction of disposal in controlled landfills.

In the United Kingdom, the entire municipal waste management chain is operated, with a particular emphasis on the recycling and recovery process, including thermal recovery, of products and by-products, subject to maximum environmental sustainability criteria. It has more than 200 recycling facilities throughout the country and more than 110MW of installed renewable electrical power.

In Central Europe, the Group provides services in seven countries (Austria, Czech Republic, Slovakia, Poland, Hungary, Romania and Serbia) to a total population of 4.4 million inhabitants, 1,400 municipalities and more than 50,000 private clients. The range of services provided and the geographical dispersion is very diverse and balanced, including municipal and industrial collection, mechanical and biological treatment, incineration, landfill, street cleaning, snow collection, recycling, building cleaning, soil decontamination work, etc. This broad diversification ensures great business stability in a market with major barriers to entry and the possibility of providing an integrated service to many clients.

Internationally, there has been strong growth in the USA, where the year-on-year growth in sales in 2023 stood at 58%. FCC now ranks among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next two years. FCC Environmental Services already serves more than 10 million citizens, is the largest recycler in Texas, and has an important presence in Florida in cities as important as Orlando, Tampa, Palm Beach, Daytona Beach, Lakeland and Wellington as well as significant operations

in both the Midwest and the West Coast. The renewal of the contract in Polk County, FL and the award of the collection service in St. Johns, FL, both due in the second half of 2024.

The inclusion of new technologies will make it possible for the company to consolidate itself in the recycling and waste recovery markets in Europe and position itself as a key player in the circular economy, with a change in the business model in the Czech Republic, Slovakia and Poland (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the EU's ambitious targets (Circular Economy) by investing in selective collection and automatic sorting facilities.

As for the United States, in the coming years, the company will continue to consolidate its presence through growth in residential contracts and the strengthening of commercial collection operations. FCC has also begun to develop mechanical-biological treatment plans, in line with new regulations that are beginning to make it mandatory in some states to minimise landfill disposal. The group's significant experience at European and international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country.

### 2.3 Business result

<b>KEY FIGURES</b>			
<i>(Millions of Euros)</i>	<b>Dec. 23</b>	<b>Dec. 22</b>	<b>Chg. (%)</b>
<b>Revenue</b>	3,852.99	3,615.67	6.56%
<b>Gross Operating Profit (EBITDA)</b>	647.21	593.61	9.03%
<b><i>EBITDA margin</i></b>	<b>16.80%</b>	<b>16.42%</b>	<b>2.31%</b>
<b>Net operating profit (EBIT)</b>	338.14	305.34	10.74%
<b><i>EBIT margin</i></b>	<b>8.78%</b>	<b>8.44%</b>	<b>3.92%</b>
<b>Profit attributable to the Parent</b>	196.71	184.08	6.86%



	Dec. 23	Dec. 22	Chg. (%)
<b>Equity</b>	1,102.48	911.09	21.01%
<b>Net financial debt</b>	1,819.65	1,593.59	14.19%
<b>Portfolio</b>	13,328.40	13,255.48	0.55%

The revenue figure for the Environmental area increased by 6.6% year-on-year and reaches 3.853.0 million euros

EBITDA increased by 9.0% to €647.2 million on account of the developments described above for revenue, combined with the increase in the price of energy that has resulted in the recovery activity contributing more in the United Kingdom and Austria and offset by the increase in energy costs linked the collection activities. With this in mind, the operating margin remained at similar levels to the previous year.

EBIT increased by 10.8% year-on-year to 338.1 million euros thanks to the performance of the different components mentioned in the EBITDA and including an increase in the allocation of amortisations made.

At the end of the year, the portfolio increased to 13,328.4 million euros, including, among others, urban sanitation contracts in the northern area of Valencia and a waste treatment plan in Jerez; and internationally, mainly due to new contracts and renewals in USA, in Florida (St. Johns county, contract renewal Polk County).

#### Breakdown of revenue by geographical area

<i>(Millions of Euros)</i>	Dec. 23	(%)	Dec. 22	(%)
Spain/Portugal	2,116.0	54.9%	2,006.8	55.5%
United Kingdom	778.7	20.2%	794.9	22.0%
Central Europe	607.0	15.8%	592.2	16.4%
USA	351.3	9.1%	221.8	6.1%
<b>Total</b>	<b>3,853.0</b>	<b>100%</b>	<b>3,615.7</b>	<b>100%</b>

By geographical area, revenues in Spain/Portugal increased by 5.4% year-on-year to 2,116.0 million euros on account of the high volumes of contracts for street cleaning and collection activities combined with the increase in volume of operations performed in other types of services.

In the United Kingdom, revenues fell by 2.0% to €778.7 million on account mainly of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by recovery plants.

In Central Europe, revenue increased by 2.5% to 607.0 million euros on account of the increase in contribution by all activities, in particular waste collection and the sale of by-products in the Czech Republic, as well as treatment in Austria.

Last but not least, turnover in the United States reached 351.3 million euros, on account of the entry into operation of new contracts, such as integrated management and recycling in Placer county (California) and residential collection in Port Saint Lucie (Florida), as well as the increase in contribution by other existing contracts.

#### **2.4 Business performance.**

Below are the perspectives on the evolution for fiscal year 2024 of the main areas of activity that make up the FCC Group.

In the countries where it operates, the sector is undergoing a major process of transformation, due to the environmental requirements of each country deriving from the European Directives (new opportunities based on the ambitious targets set by the European Union in relation to the circular economy and climate change). The new services will focus on energy efficiency, urban mobility and smart cities.

##### Iberia

In Spain, moderate growth is expected based on the implementation of new contracts, going to all tenders that may be attractive due to their strategy and/or profitability.

With regard to the waste collection and street cleaning activity, it is expected to maintain the current rate of contract renewal above 90% and the rate of new contracts at around 20%, with growth in activity based on obligation to apply current legislation on waste in municipalities with smaller populations.

In relation to waste treatment, the opportunities that may be generated by the new Waste Master Plans of the different regional governments will be harnessed.

In relation to industrial waste activity, the aim is to diversify into other types of processing in addition to those currently being developed and expand the portfolio of services to large clients.

In Portugal, business opportunities related to processing industrial waste and the disposal of municipal waste is worth particular mention.

Consideration shall be given to any growth opportunities (including inorganic growth), especially if they can add value to the Group.

### Rest of Europe

In the United Kingdom, at a macroeconomic level, as in other Western economies, a moderate slowdown in growth is expected in 2024. Inflation (CPI), more persistent than expected, and after the unusual levels reached in 2022, finally appears to be below 4% at the end of 2023 but will still take months to return to the 2% annual target. Consequently, markets expect the sterling interest rate, which reached 5.25% in August 2023, to remain high for longer.

On the environmental side, the Government's targets are generally consistent with those of the EU circular economy, with expectations for 2025 of recycling at 65% and a maximum of 10% of landfill disposals. -The recent (2021) Environmental Law, which covers key aspects of environmental policy such as Extended Producer Responsibility ("EPR"), the "Deposit Return Scheme" ("DRS") or recoverable packaging payments (single-use beverage containers), and there will be some delay in the implementation of the principle of consistency across collection systems, as a result of both political and economic factors. Regarding fiscal measures, the "Plastic Tax" was established in 2022 for packaging with less than 30% recycled content, and an emissions tax has been announced for 2028, which would affect the sector. Within this scenario of uncertainty caused by this delay, FCC continues to pursue its policy of offering a wide range of waste treatment and recycling services, both at municipal and commercial and industrial levels.

In Central Europe, the mid-term strategy is inexorably undergoing a change in the business model in the Czech Republic, Poland and Slovakia (Austria is a mature and developed market) towards further treatment and development of energy recovery technology using waste (incineration and fuel generation) given that the legal situation (prohibition of landfills or taxes on landfills) has already been defined and this transition is essential to maintaining the competitiveness and market share. Another essential strategic objective is the increase in the quality and quantity of reusable raw materials to meet the ambitious objectives of the European Union (Circular Economy) through investment in selective collection and automatic sorting facilities.

In Central and Eastern Europe, GDP growth is expected to be significantly higher than in 2023 due to the moderate decline in inflation, which was completely out of control in 2023 in the seven countries, due to the exponential rise in energy prices, among other reasons. In any case, inflation will continue to be a critical aspect in 2024 since it will imply lower consumption and volume of waste in the market. For this reason, greater emphasis will be placed on increasing energy efficiency in treatment processes, cost reduction and rapid adjustment of rates with clients. On the other hand, electricity and gas prices are expected to remain at lower levels than those observed

in late 2022 and much of 2023 due to the war in Ukraine. This will limit margins at the Zistersdorf incinerator but will also reduce operating costs at the various treatment plants.

Recycling prices are expected to remain stable or very slightly higher than those observed in 2023; a portfolio of soil decontamination projects (solidification and biodegradation) in the Czech Republic and Slovakia very similar to that of the previous year; greater importance of treatment due to legislative changes in several countries where FCC has already made (or has begun to make) the necessary investments to be able to face them; and an increase in rates in practically all commercial activities thanks to contractual flexibility (short duration for industrial clients) or to the price clauses included in municipal contracts (normally also of short duration so prices can also be easily negotiated).

### USA

FCC is already among the Top 15 companies in the sector in the USA, with expectations of being in the Top 10 in the next 2 years. FCC Environmental Services already serves more than 10 million Americans, it is the largest recycler in Texas, boasts a very important presence in the main cities and counties of Florida as well as significant operations in both the Mid-West and the West coast of the country. Growth continues to be exponential, and the company will employ nearly 2,000 people in 2024.

As for the growth in the USA, in 2023, several contracts launched in 2022 were consolidated, including some of the largest contracts for FCC (one in California and another in Florida), and an additional contract was launched in Palm Coast County, Florida. In total, sales in the USA grew by 46% in 2023, consistent with the average annual growth of 52% during the last 5 years. Additionally, the renewal of the contract in Polk County, FL and the award of the collection service in St. Johns, FL, both due in the second half of 2024.

FCC Environmental Services has also begun to promote mechanical-biological treatment plants in the United States, in line with new regulations that are beginning to make it mandatory to minimise waste sent for landfill disposal in some states. The group's significant experience at European and international level will bring considerable development in this business for FCC, which has a clearly differentiating experience in this technology compared to its usual competitors in the country. During mid-2022, the first contract of this type was launched in Placer County (California), renovating and operating facilities where 650,000 tonnes will be treated per year, pursuant to the new and more restrictive environmental regulations in force in California. Throughout 2023, these operations have been consolidated, while the final handover of the facilities is scheduled for December 2024 and we believe that this will shake-up the market once they are fully operational.

### 3. EXCELLENCE AND SUSTAINABILITY

#### 3.1. Excellence

FCC Servicios Medio Ambiente has been developing its activity for years with one objective: operational excellence. A very broad term that includes, among others, commitments to service quality, environmental protection, guarantee of safe work conditions, energy efficiency and compliance with all regulations applicable to the activity.

FCC Medio Ambiente has a Management System in Iberia that, thanks to over 25 years of development and improvement, integrates quality, the environment, occupational hazard prevention, R&D+i, energy efficiency and sustainability. It is based on the most demanding standards and requirements such as the leading and prestigious international standards: ISO 9001, ISO 14001, ISO 45001, ISO 50001 or EMAS, among others. The implementation of these norms and standards ensures standardisation, rigour and safety in all activities carried out in Iberia.

In 2023, efforts have focused on maintaining current certifications, as well as incorporating new applicable regulations, such as the European Taxonomy on sustainability, the Spanish national scheme on information security, or the new WEEELABEX certification from FCC Ámbito. Below is a graph that summarizes the development of the FCC Medio Ambiente integrated system:



In the rest of the jurisdictions, a similar approach is followed, with excellence as the driver of change and the final goal in the operations. In the United Kingdom, FCC Environment UK has 100% of its activity certified under ISO 9001, ISO 14001, ISO 45001 and ISO 50001, guaranteeing compliance with the leading standards in quality, occupational hazard prevention, environmental performance and energy efficiency. At FCC Environment CEE, a demanding level of performance in terms of quality, environment, occupational hazard prevention and energy efficiency is guaranteed. The activity in Austria is certified under ISO 9001, ISO 14001 and ISO 50001; the Czech Republic has ISO 9001, ISO 14001, ISO 45001 and ISO 50001 certifications; and Slovakia, Hungary, Romania and Serbia have an integrated management system with ISO 9001, ISO 14001 and ISO 45001. The following figure

shows the development and maturity of the FCC Servicios Medio Ambiente management system at an international level:



This commitment to excellence in operations of the environmental services area benefits its entire value chain, from clients, suppliers, employees, and, of course, all the citizens who live in the communities in which we mainly serve our state clients. Therefore, our service offering must be based on the alliances of all stakeholders and must respond to their expectations and to the trends set by the environment in the medium to long term in a constantly evolving context.

### Client satisfaction and resolution of claims and complaints

The clients are one of the top priorities of FCC Servicios Medio Ambiente: the business model based on public-private partnerships means that a constant relationship between the company and its clients is essential. In 2023, progress has been made in improving the communication experience and the resolution of claims and complaints in the shortest time possible, always guaranteeing the highest quality of service.

In all the countries in which FCC Servicios Medio Ambiente operates, there are communication channels to address complaints, claims or other communications with clients. Every year the quality and efficiency of the service is evaluated through quality questionnaires addressed to clients with the aim of guaranteeing continuous improvement in the service and ensuring compliance with the highest quality standards.

In the United Kingdom, there are numerous customer communication channels: Telephone, email and online form through its website. These channels are specific for the communication and resolution of service and customer service incidents. A record is kept of all complaints, claims and other communications received through software that then makes it possible to analyse and investigate them, and take corrective actions. During 2023, a total of 1,111 complaints were received, most of them related to odour management during the third and fourth quarters of the year. 100% of the complaints received have been resolved in less than 30 days. Additionally, a client satisfaction survey has been carried out and registered an average result of 4.28 out of 5, which represents a 1.4% improvement over the result for 2022.

In Central and Eastern Europe, client management has been reinforced, setting objectives for improving service and resolving incidents in several of the countries in which it operates. In 2023, more than 6,000

communications were received over client support and service incident resolution channels, and 100% of them have been resolved. As for client satisfaction, all countries conduct an annual service quality survey that analyses, for example, service optimisation, availability and adaptation to the client's needs and collection time. In Austria, satisfaction reached 87.5% (up 1.2% on 2022) and 90% of respondents recommended the service in Slovakia.

FCC Environmental Services USA follows the same principles of maximum client satisfaction. Despite strong growth in the last two years, in 2023, 100% of the communications received through the available channels have been attended to. Most of them have been minor service incidents.

FCC Medio Ambiente Iberia uses its corporate tool VisiOn to manage service incidents, complaints and other claims from clients that arrive through any of the available channels. This application logs and resolves them in the appropriate manner in each case. During 2023, a total of 1,474 complains or incidents were received, 100% of which were managed by the company. Regarding client satisfaction, 403 respondents answered the client satisfaction questionnaire, of which 87% rated the service as satisfactory or very satisfactory.

#### **Milestones in terms of excellence in 2023**

- FCC Environment CEE has been externally audited and has successfully renewed its commitment to environmental management, quality and occupational hazard prevention by renewing the certificates of the ISO 9001, ISO 14001, ISO 45001 standards in Romania and Austria.
- FCC Environment CEE has launched a new and redesigned website for all countries with the aim of facilitating ease of navigation, speed and digital security. Additionally, it has launched an application in Austria, Slovakia and Poland to make it easier for clients to communicate with the company and inform citizens of useful topics such as waste collection schedules.
- FCC Medio Ambiente, as part of the actions aimed at improving occupational hazard prevention in the company, has received the Heart-Protected Company seal awarded by the Salvavidas Cardio entity. The technological equipment has been installed and workers have been provided with the necessary knowledge to respond effectively to cardiac arrest.
- FCC Medio Ambiente renews its adherence to the Spanish Business and Biodiversity Initiative, a public-private collaboration platform that seeks to add the business sector to the improvement and maintenance of biodiversity and natural capital, coordinated by the Biodiversity Foundation of the Ministry for the Ecological Transition and the Demographic Challenge (MITECO).

- FCC Ámbito obtains WEEELABEX certification for its electrical and electronic equipment recycling facility in Palencia. This accreditation recognizes the good practices of certified companies for the treatment of waste from this type of equipment, and aims to develop and provide quality, service and tools to promote the use of the best WEEE recycling facilities on the market. FCC Ámbito is the second company in Spain to receive this recognition.
- FCC Environment UK has achieved five-star rating in the British Safety Council Occupational Health and Safety Audit at its Lincolnshire waste-to-energy plant. The audit measured performance against key indicators of UK health and safety management best practices, and performed a detailed review of over sixty elements of the occupational hazard prevention system. The five-star rating in this audit is testament to an organisation in line with best practices and enormously committed to the safety and health of its workers.

### 3.2. Sustainability

2023 has been a relevant year for FCC Servicios Medio Ambiente in terms of sustainability. Efforts have focused on laying the foundations for global homogenisation of the company and preparing new requirements from new regulations and standards, mainly at the European level. All companies that make up the environmental services area follow the principles of the FCC Group's Corporate Sustainability Policy.

In Iberia, FCC Environment continues to make progress in the development of the actions that will lead it to achieve the commitments acquired through its Sustainability Strategy with a vision to 2050, aimed at all activities in Spain and Portugal. The 30-year project reflects the company's commitment to supporting the fulfillment of the Sustainable Development Goals (SDGs) and addressing economic, social and environmental challenges on a global scale.



### 1 Medio ambiente: economía circular, acción por el clima y protección de la biodiversidad

**ECONOMÍA CIRCULAR**  
Alcanzar los objetivos 2035 de la UE en la gestión de residuos

≥ 65% de los residuos recuperados | ≤ 10% de los residuos depositados en vertederos

**CLIMA, ENERGÍA Y CONTAMINACIÓN**  
Reducir las emisiones de GEI, contaminantes y de ruido

Reducción de los GEI: -35% periodo 2017-2030 | Neutralidad climática en 2050 | Flota de vehículos "ECO" u "0" en 2050: 100%

**AGUA**  
Hacer frente al estrés hídrico fomentando un uso eficiente del agua

Precedencia de fuentes alternativas: 50% en 2030 | 100% en 2050

**BIODIVERSIDAD**  
Proteger el capital natural en el desempeño de nuestra actividad

100% de la plantilla sensibilizada

### 2 Social: el equipo humano y la sociedad

**EMPLEO ESTABLE Y PROMOCIÓN DEL TALENTO**  
Crear empleo de calidad para atraer y retener el talento

Orgullo e identificación del equipo humano con la compañía | Promoción y movilidad interna, nacional e internacional | Incremento del % de las incorporaciones de jóvenes recién titulados

**IGUALDAD DE OPORTUNIDADES**  
Impulsar la diversidad, la inclusión social y la igualdad

Equilibrio de género en 2030 | Aumentar el volumen y la actividad del empleo de inserción

**EMPRESA SEGURA Y SALUDABLE**  
Garantizar condiciones seguras de trabajo, salud y bienestar laboral

Cero accidentes graves o mortales | Índice de absentismo por enfermedad: -50% (2019-2050) | -25%

**ALIANZAS ESTRATÉGICAS**  
Generar uniones y alianzas para la gestión de servicios sostenibles

Creación de nuevas alianzas público-privadas vinculadas a los ODS

### 3 Excelencia: gestión smart, innovación y cadena de valor responsable

**SISTEMAS DE GESTIÓN Y COMPRA RESPONSABLE**  
Ser líderes en la implantación de sistemas, asegurando la calidad y transparencia de la cadena de valor

Digitalización de los procesos de gestión | Implantación de un modelo de compra verde responsable e innovadora

Certificación/acreditación conforme a nuevas normas, especificaciones, protocolos y reglamentos

**INNOVACIÓN**  
Mantener nuestro liderazgo en (I+D+I)

Inversión de, al menos, el 1% de la cifra de negocio en 2050 | FCC Medio Ambiente premiada por la mejor idea innovadora en los Smart City Awards de Barcelona

**SMART CITIES**  
Contribuir al desarrollo urbano sostenible a través de las TIC

100% de los servicios bajo el modelo propio Smart-Human & Environmental

### 4 Gobernanza: gestión de riesgos, ética y lucha contra la corrupción

**GESTIÓN DE RIESGOS**  
Ser una organización resiliente

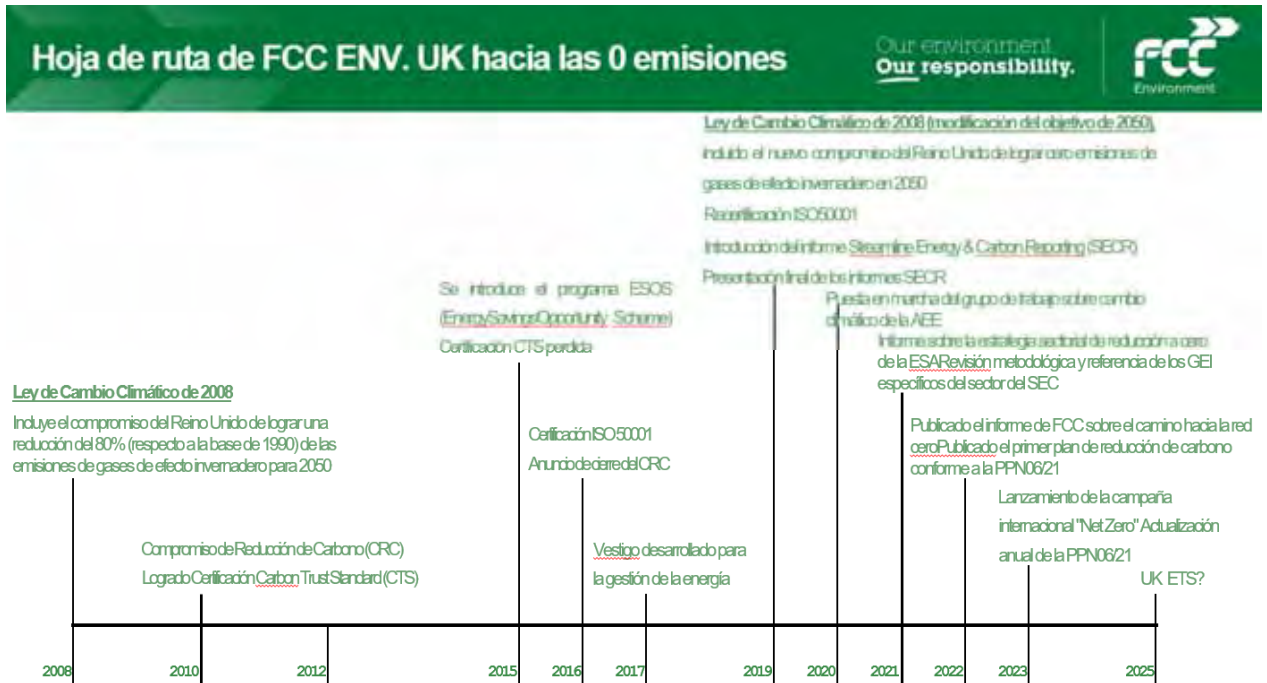
Apoyo a planes de contingencia frente a emergencias

**ÉTICA Y ANTICORRUPCIÓN**  
Ser líderes en el cumplimiento de los principios éticos y en la lucha contra la corrupción

Certificación del Modelo de Cumplimiento bajo la ISO 37301

Una visión estratégica a largo plazo para un MUNDO MÁS VERDE, MÁS INTELIGENTE Y DE BIENESTAR

In the United Kingdom, the sustainability strategy focuses primarily on reducing greenhouse gas emissions. It aligns with the UK government's public commitments on decarbonization and establishes more ambitious reduction objectives and goals than those required for companies in the sector. The goal is to be a leading company in this field.



FCC Environment CEE has created a specific working group made up of experts from different management areas to identify, develop and respond to the new sustainability challenges and requirements that are and will continue to appear in the coming years in Europe.

Finally, in the United States, emissions reduction and energy efficiency criteria are being followed for new projects being developed, especially in the states of California and Florida.

### Highlights in Sustainability and actions against Climate Change 2023

- FCC Medio Ambiente Iberia has published its biennial Sustainability Report, under the motto "Leading the era of change". The report highlights the progress made in the 20-22 Action Plan and presents the main challenges of its new 23-26 Sustainability Action Plan, within the framework of its 2050 Sustainability Strategy.
- FCC Medio Ambiente has renewed its commitment against climate change for another year with the renewal of the "Calculate-Reduce-Offset" seal from the Ministry for the Ecological Transition and the Demographic Challenge. We have participated in this initiative since 2013 without interruption. The company has achieved a 0.67% reduction in its average emission intensity in the three-year calculation period and participates in reforestation projects in the Iruelas Valley, Ávila, Spain.

- FCC Ámbito received the "Calculate-Offset" seal from the Ministry for the Ecological Transition and the Demographic Challenge. In this way, the company shows its commitment to sustainability and the fight against climate change. The "Compenso" seal is awarded for its participation in the reforestation project of the Montes Vecinales en Mano in Valladares, Galicia, Spain.
- The pilot project for waste collection with vehicles powered by HVO (Hydrotreated Vegetable Oil) has been successfully completed at FCC Environment UK. Specifically, there are six vehicles for collecting municipal waste and two more for collecting industrial waste that are powered by HVO. This new fuel is a renewable diesel whose raw material is used cooking oil previously treated with hydrogen as a catalyst. Its use as fuel represents up to 90% reduction in emissions compared to conventional diesel.
- FCC Environment UK has put the new Winterton solar park into operation, in collaboration with Infinis, a leading company in low-emission energy generation. This 18-hectare park is built on top of a sealed landfill, following a strict methodology approved by the UK Environment Agency. Electricity generation is 4,300 MWh, enough to supply more than 1,300 homes.
- FCC Environment UK has been awarded twice in one of the most relevant awards in the environmental services sector in the United Kingdom: "Lets REcycle Awards for Excellence", specifically in the categories of "Contribution to achieving Net Zero" and "Civic Amenity Site of the Year". Both projects are based on citizen and company involvement to repair, reuse and thereby reduce greenhouse gas emissions from waste management.
- The successful operation of the first waste collection truck at FCC Environment CEE has been confirmed. Introduced in June 2022 in the Lower Austria region, in 2023, it has operated in the mountainous region of Styria to collect information on its use in unfavourable environmental conditions and continue the pilot operation project. This collection system allows for lower noise, zero emissions and, in addition, its batteries are 100% recyclable at the end of their life.
- The project for CO<sub>2</sub> absorption at FCC Environment CEE has progressed satisfactorily in 2023. It started in 2022 and, in 2023, 15 new trees have been planted at the facilities in Zabrze, Poland and Zistersdorf, Austria. The idea behind this project is to offset the CO<sub>2</sub> emissions generated by company events and in turn contribute to improved landscape around the industrial facilities.
- A waste collection project using electric bicycles has been launched in the Trnava region, Slovakia. This innovative project by FCC Environment CEE seeks a sustainable and citizen-friendly solution for waste collection.

- FCC Environment CEE has carried out various sustainability awareness actions such as internal training campaigns for employees, a circular economy podcast in Austria with 20 episodes available, or education in schools in the Czech Republic, Slovakia and Poland. In addition, collaborations have been carried out with local associations for various projects such as cleaning and waste collection in the mountains in Austria or an open day for night visits to the plants in Hungary to highlight recycling and waste treatment.
- FCC Environmental Services in the United States has been awarded the waste collection contract for St. Johns county in Florida. More than 300,000 citizens will be served for 7 years plus possible extensions of the contract, and more than 40 million dollars will be invested in the purchase of more than 60 eco vehicles powered by compressed natural gas, a more sustainable and innovative propulsion system that other competitors in the United States.

### Other notable events

In 2023, FCC Servicios Medio Ambiente has published the second **Green Financing Framework**. This new Financing Framework is a reflection of the company's commitment to sustainability. It updates the framework published in November 2019, which led to the issuance of the first green bond for a total value of 1.1 billion euros, and is divided into two tranches, one of 600 million euros maturing in 2023 and another of 500 million euros maturing in 2027.

The Green Financing Framework follows the Green Loan and Green Bond Principles established by the International Capital Market Association (ICMA) and the Loan Market Association (LMA), which encompasses short- and long-term loan and bond financing products. FCC Servicios Medio Ambiente has had the advice of CaixaBank CIB&IB, and DNV has been the third-party company responsible for verifying the Green Financing Framework and issuing a favourable independent opinion.

New in this framework, it includes a reference to the Taxonomy of the European Union, in order to establish a direct link between the projects financed through the investments of this new version of the framework and the sustainable activities defined by the EU Taxonomy.

Thanks to this update to the Green Financing Framework, FCC Servicios Medio Ambiente stresses its ambition to align the use of funds with a positive environmental impact with the objectives of the EU Taxonomy, guaranteeing that all Green Projects incorporated into the framework provide clear environmental benefits and promote the transition to low-carbon technologies.

#### 4. INNOVATION AND TECHNOLOGY

With a view to becoming a leader in innovation, FCC Servicios Medio Ambiente is continually and actively searching for innovative technologies that entail a transformation of the company and the services provided, in order to develop more efficient management models that allow them to adapt to the new realities.

Innovation plays a key role in the growth and sustainability of the group. In 2023, more than 3,700,000 euros were allocated to the research and development of R&D+I projects, mainly in Iberia as part of FCC Medio Ambiente's strategy. Also in Iberia, the R&D+i Management System has been re-certified for another year in accordance with the UNE 166002 standard, in force since 2021.

At FCC Environment CEE and UK, investments are mainly allocated to replacing the fleet with a more efficient, modern and sustainable one, such as collection trucks powered by gas, electricity and other alternative fuels, and in some specific cases, collaboration projects with public and private entities to improve the efficiency of the company's operation.

During 2023, the following projects included within the framework of innovation and technological development have been started or continued.



#### 4.1. Research and development activities carried out in 2023

##### In the field of waste treatment, circular economy and biorefineries

During 2023, development of the projects started in previous years has continued.

- **Life 4 Film** with the aim of avoiding the deposit of LDPE film plastic in landfills.
- **Life Plasmix** which seeks to mechanically recover, separate and recycle plastic waste from mixed waste collection or residual fraction, avoiding its deposit in landfills.
- **Life Infusion** to improve the treatment of liquid fractions from organic waste.
- **Eclosion** provides new technological tools in the renewable energy sector.
- **Deep Purple** for resource recovery from bio-waste and solar energy.
- **Minethic** aims to investigate new sources of strategic raw materials.
- **Life Landfill Biofuel** is focused on enriching landfill biogas to produce biomethane for use in vehicles.

In addition, two other projects have been started:

1. **LIFE ZEROLANDFILLING: "Revaluation of landfill waste through an innovative and integrated process committed to the Circular Economy." (2023-2026)**



The LIFE ZEROLANDFILLING project, led by FCC Medio Ambiente, aims to address the environmental and economic issue of the growing generation of waste by demonstrating for the first time the profitability and sustainability of an innovative, advanced and integrated management system (through a pilot plant) as a solution to treat and recover non-recyclable urban solid waste (mainly composed of non-recyclable plastics and biowaste) that normally ends up in landfills. These non-recyclable waste will be revalued into products (renewable naphtha and solid charcoal) with commercial interest. Under the project, 2,112t of non-recyclable waste will be treated, avoiding 2,069.76 tCO<sub>2</sub>e associated with its disposal. Furthermore, this revaluation will translate into the production of 458t of green naphtha and 583t of solid charcoal, which, compared to conventional competitors, will prevent the generation of 918.56 and 1,700.26 tCO<sub>2</sub>e, respectively.

The project is within the LIFE-2022-SAP-ENV call for submissions and has a budget of €4.93m. It takes place in the La Campiña Environmental Complex, in Loeches, with the following participants: Ecoparque Mancomunidad del Este S.A., Foundation of the University of Alcalá, Neoliquid Advanced biofuels and Biochemicals S.L., Eco al Cuadrado S.L., Mancomunidad del Este and Compañía Española de Petroleos, S.A.

## 2. LUCRA "Sustainable production of succinic acid using an integrated electrochemical bioreactor and renewable raw materials." (2023-2027)

The LUCRA project is within the framework of the HORIZON-JU-CBE-2022 program, within the call aimed at improving the circularity of complex structures. It has a budget of 5.7 million euros and will be developed between 2023-2027.

It is a project that will use municipal solid waste and wood waste from European Union countries as raw materials for the large-scale production of biologically based, high-performing chemical products of great interest for end industrial users, employing a circular bioeconomy biorefinery approach. LUCRA provides an innovative technology to move from pilot-scale fermentation to large-scale integrated fermentation with a novel electrochemical extraction of succinic acid (SA) in TRL7, which will facilitate its industrial implementation and market viability. All of this will be achieved through the circular use of the aforementioned resources, which will greatly reduce dependence on fossil resources and achieve a sustainable succinic acid production route.



LUCRA will optimize the hydrolysis process of the different raw materials to obtain an efficient conversion of cellulose and hemicellulose. The process implemented at LUCRA aims to reduce the cost of bio-succinic acid and will demonstrate a 50% reduction in greenhouse gas emissions compared to conventional succinic acid.

FCC Medio Ambiente participates in this project led by Bio Base Europe Pilot Plant vzw, in which other partners also participate: Universiteit Gent, Hydrohm, Montinutra OY, Covestro Deutschland AG, Geoponiko Panepistimioun Athinon, Consiglio Nazionale delle Ricerche, Steinbeis Innovation GgmbH, Ineuvo LTD.

### In the field of emissions reduction and energy efficiency

FCC Servicios Medio Ambiente has one of the most modern and sustainable vehicle fleets in the world. There is a huge variety of eco-friendly vehicles operating in the various geographies where services are provided. Additionally, there are research projects to reduce emissions from machinery and facilities, such as studies for the use of heat from waste recovery plants in the United Kingdom or R&D+i projects in Spain and Portugal.

During 2023, the sustainable vehicles that were already available in previous years have remained in operation and there has been a push towards vehicles with alternative fuels.

#### In Spain

- H2 Truck, heavy vehicle with hybrid fuel technology powered by hydrogen intended for urban service.
- Electric rear-loading compactor collector with a double-compartment body capable of working in electric mode and self-recharging with a CNG engine.
- 100% electric tank for irrigation and flushing with new generation lithium-ion batteries.
- Street cleaning cart with electric assistance.

#### In Central and Eastern Europe:

- 100% electric medium-sized cab collector with 100% recyclable batteries operating in Austria.

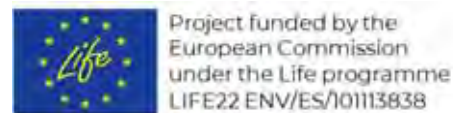
#### In the United Kingdom:

- Collection collectors powered by HVO (Hydrotreated Vegetable Oil), fuel from the recycling of used oils.

In addition, a new project has been launched:

### 3. LIFE ABATE: compact, high-performance marketable technologies for the reduction of VOCs in EU waste treatment plants, reducing CO2 emissions and energy consumption. (2023-2027)

ABATE proposes a solution for the reduction of gaseous emissions from waste treatment processes, seeking the reduction of volatile organic compounds, odours, energy requirements (savings on natural gas and electricity) and operating costs. It will be validated on an industrial scale at the Ecoparc 3 plant (Barcelona) and will be replicated at the Las Dehesas facilities (Madrid).



The project is part of the LIFE Environment and Resource Efficiency call for submissions, has a global budget of €3.25m and will run from 2023 to 2027. It is led by the University of Valladolid, and the following entities also participate: General Foundation of the University of Valladolid, Aeris Tecnologías Ambientales SL, Barcelona Metropolitan Area, Kalfrisa S.A.U., Polytechnic University of Catalonia.



## 5. ETHICS AND INTEGRITY

### 5.1. Our principles and values.

The FCC Code of Ethics and Conduct establishes the guidelines of conduct that guide the actions and behavior of our professionals in ethical, social and environmental matters. It is aimed at encouraging everyone working for and collaborating with FCC Servicios Medio Ambiente to follow the guidelines for behaviour with the highest possible levels of thoroughness, showing the commitment to observe the laws, regulations, contract terms and conditions, and ethical procedures and principles.

It includes issues related, among others, to corruption and bribery, in addition to addressing issues such as human rights, the development of human capital, safety and health in the work environment, and respect for the environment. It applies to all countries in which it operates and affects the workers, management team, partners, suppliers and contractors who collaborate with FCC Servicios Medio Ambiente.

The principles defined in the Code of Ethics and Conduct are:



In addition, the Code of Ethics and Conduct promotes the company's corporate culture. To this end, it has been designed to unify and strengthen its identity, culture and guidelines for conduct.

Our Code of Ethics and Conduct is the practical implementation of the values shared by FCC Servicios Medio Ambiente, strengthening a culture of compliance and supporting the creation of long-term value.

Honestidad y Respeto	Rigor y Profesionalidad	Lealtad y Compromiso
Respetamos la legalidad y los valores éticos.	Rigor en el control, la fiabilidad y la transparencia.	Nuestros clientes están en el centro.
Tolerancia cero ante prácticas de soborno y la corrupción.	Protegemos la reputación y la imagen del Grupo.	La salud y seguridad de las personas son principales.
Actuamos contra el blanqueo de capitales y la financiación de actividades terroristas.	Usamos de forma eficiente y segura los medios y los activos de la compañía.	Promovemos la diversidad y el trato justo.
Protegemos la libre competencia y las buenas prácticas de mercado.	Vigilamos la propiedad y la confidencialidad de los datos y la información.	Estamos comprometidos con nuestro entorno.
Nos comportamos de forma ética en el mercado de valores.		Nos relacionamos de forma transparente con la comunidad.
Evitamos los conflictos de interés.		Extendemos el compromiso a nuestros socios en el negocio.

## 5.2. Compliance model

All FCC Group compliance policies have been approved by the Board of Directors of FCC Servicios Medio Ambiente.

2023 saw the update of the policies and internal regulations related to the whistleblowing channel as a consequence of the transposition of the *Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law* in the different jurisdictions, and the approval of the Conflict of Interest Management Protocol for FCC Medio Ambiente Iberia, which is part of the compliance model.

Further, the FCC Servicios Medio Ambiente compliance model has been approved and is implemented in all companies 100% owned by FCC. Throughout 2023, significant progress has been made in approving a compliance model in subsidiaries and JVs.

The compliance risk assessments have been reviewed and updated, identifying the main risks and evaluating the probability and impact, to finally obtain a matrix of risks and controls that are self-assessed semiannually by the people responsible for implementing and carrying out those controls. These self-assessments make it possible to determine the level of execution of said controls.

From the third line of defence, the Internal Audit Department has carried out a review of the compliance model where the correct development and progress of the compliance management system within FCC Servicios Medio Ambiente has been verified.

### 5.3. Training and awareness

The corporate training tool has been consolidated for the launch of online training, to reach all the jurisdictions where FCC Servicios Medio Ambiente operates and has made it possible to provide training on ethics and the fight against corruption to employees with computer access.

In addition, specific in-person training has continued on relevant topics regarding corruption, anti-competition practices, code of ethics and compliance model in different countries.

Throughout 2023, a communication plan was launched on the Code of Ethics and Conduct and its main principles, both to people with and without computer access.

### 5.4. Due diligence with third parties regarding Compliance

Regarding due diligence of third parties in matters of compliance, 2023 has brought a more in-depth analysis of partners and relevant third parties to learn their alignments with the principles and values of FCC Servicios Medio Ambiente, respecting the principle of proportionality and basing the analysis on a risk-based approach. Depending on the risk levels, mitigation measures have been applied.

### 5.5. Whistleblowing channel.

FCC Medio Ambiente makes a communication channel available to all people to report matters or activities that may involve irregularities, illegal acts or non-compliance with any FCC regulations and/or policies.

The established system guarantees the anonymity of the whistleblower and considers the principle of non-retaliation, in accordance with current legislation.

As at 31 December 2023, 97 communications have been received in the Whistleblowing Channel, of which 74 have been considered applicable. As for topics, 92% of the relevant notifications received have been employment-related, with notifications also received on other topics such as fraud or conflict of interest.

Notifications classified as high or medium risk are analysed in detail and, where appropriate, an investigation is opened to clarify the facts, the appropriate measures are taken and, if necessary, they are addressed through an action plan for improving internal control.

## 6. SAFETY, HEALTH AND WELL-BEING

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### 6.1. Health and safety.

FCC Servicios Medio Ambiente is aware that the safety, health and well-being of workers is a fundamental asset for the competitiveness of the company and the correct development of each worker. The principles of operation are based on guaranteeing safe work environments with the permanent objective of avoiding any damage to the health of workers, in line with the guidelines of the FCC group's Code of Ethics and Conduct.

All the geographical platforms that make up FCC Servicios Medio Ambiente comply with the applicable legislation in each case and, in many cases, the approved occupational hazard prevention systems are stricter than the local legislation itself.

In Spain, all companies operating for FCC Medio Ambiente have a Joint Prevention Service that covers the three technical disciplines across the country: Safety at the Workplace, Industrial Hygiene and Ergonomics and Applied Psychosociology, as well as the Occupational Medicine specialisation in the provinces offering the medical services of FCC Medio Ambiente.

FCC Medio Ambiente permanently improves its activities, guaranteeing an effective rendering of services to our clients, taking into account safety and the promotion of the health of its workers, both at and out of the workplace. For Environmental activities, the Occupational Risk Prevention Management System based on the ISO 45001 standard has been implemented and certified by an independent third party.

The achievement of health and safety objectives and the improvement of the frequency, severity and absenteeism rates require the establishment of priorities associated with training on risk prevention, reinforcing the monitoring and permanent effort to raise awareness and mobilise all collaborators. To this end, FCC Medio Ambiente continues its training plan in occupational hazard prevention, deploying devices of proven effectiveness. It also relies on analysis tools for a better identification of the key aspects in the improvements that we must continue to implement in terms of safety and health.

In the United Kingdom, there is an occupational hazard prevention system recognised for its outstanding performance by the British Safety Council. ISO 45001 certification is available in all the activities carried out by FCC Environment UK. In addition, external software is used to keep records of accidents, investigations and proposals for system improvements that includes both workers, subcontractors, as well as the clients and citizens it serves.

Annually, training and awareness campaigns are carried out for workers, as well as both internal and external audits to guarantee compliance with standards regarding occupational risk prevention. In 2023, FCC Environment UK has been awarded for the third time

by the *British Safety Council* with the prestigious *Sword of Honor Award*, which recognizes companies that achieve excellence in health, safety and environmental management.

In Central and Eastern Europe, FCC Environment CEE guarantees the health and safety of its workers by complying with the requirements and applicable laws for the services it provides in all the countries in which it operates. It has ISO 45001 certification, which guarantees a robust management system that is also externally audited. Likewise, a management tool has been developed through which all accidents are monitored and investigated, possible applicable risks are recorded and evaluated, and continuous improvement objectives are established. Additionally, training is provided annually to all workers and subcontractors, if necessary.

In the United States, FCC Environmental Services has developed safety manuals and internal procedures that ensure its workers operate safely and efficiently. The occupational risk prevention management system is based on the guidelines of the organizations that supervise the company's operations such as the Department of Transportation (DOT) and the Occupational Safety and Health Administration (OSHA). These agencies provide requirements and guidelines to protect employees and ensure proper operation of facilities and fleet.

## 6.2. Healthy company.

The safety, health and well-being of our workers are vital for them and their families, as well as for the productivity, competitiveness and sustainability of our organisation. Therefore, this must translate into effective integration of its management processes across all levels and areas of the company.

To ensure FCC Servicios Medio Ambiente is a healthy company, it has proposed the following general principles:

- Ensure that the company has a healthy work environment and a focus on well-being that guarantees the health of our workers.
- Voluntary promotion of health out of the office, according to the epidemiological characteristics of the population.
- Achieve a safety standard that goes beyond the mere fulfilment of legal requirements in relation to occupational hazard prevention.

In Spain, all FCC Meio Ambiente local offices have the Healthy Business Model certification by AENOR with certificate number: ES-2013/002.

## 7. HUMAN RESOURCES

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### 1. People.

FCC Medio Ambiente's main strategic lines are:

- Championing the company's ethical framework and shared culture.
- Boosting the talent of its human team.
- Improving the health and well-being of its employees.
- Fostering a diverse work environment, with equal opportunities and conditions for all.
- Promoting dialogue with stakeholders.

People are a priority for FCC Medio Ambiente.

A human, professional, qualified, responsible and inclusive team where the values of respect, honesty, transparency, diversity and meritocracy take centre stage.

### 2. Attracting and retaining talent.

FCC Medio Ambiente is committed to talent and fosters the professional development of its employees through training, which improves the efficiency of the organisation and contributes to the attraction and retention of the best professionals.

#### 2.1 Our team in facts and figures.

We are a leading international group when it comes to citizen services. From the outset, and through our activity, we have contributed to the improvement and development of the cities in which we operate.

We are the area of the FCC Group that has been providing environmental services for more than a century, with a permanent commitment to technological innovation to improving the well-being of citizens and making cities increasingly sustainable.

At present, our mission is to improve people's quality of life through the efficient and sustainable design, implementation and management of environmental services, with which our company responds to these challenges.

A company with over 40,000 employees across nearly 5,000 towns and cities in 11 countries

<b>Geographic Grouping</b>		
<b>Iberia</b>		<b>40,576</b>
	Spain	40,168
	Portugal	408
<b>CEE</b>		<b>4,502</b>
	Austria	770
	Slovakia	411
	Hungary	184
	Poland	613
	Czech Republic	2,274
	Romania	152
	Serbia	98
<b>USA</b>		<b>1,135</b>
<b>UNITED KINGDOM</b>		<b>2,254</b>
<b>TOTAL</b>		<b>48,467</b>

## 2.2 Identification and promotion of talent. Skill management model.

FCC Medio Ambiente bases its management model on skill-based criteria, within the integrated management of Human Resources. Management by skills is presented as a great framework for action that encompasses the main processes and policies of personnel management:

- Selection: we identify ideal job profiles to achieve a better match between person and job.
- Training and development: allows us to identify training needs, whether individual or group, thus enabling us to develop and hone the skills needed to successfully fulfil the duties of the required position.
- Career and succession plans: identifying the skills of the most talented employees will help take decisions in new processes.
- Remuneration policy: as in the case of skills, this is a good framework of reference to set the variable salary, based on performance, taking into account the results obtained from a performance appraisal and according to objective and measurable criteria.

### 2.3 Selecting the best professionals.

A new selection and recruitment model is implemented and consolidated, in line with the latest technologies, in order to meet the objective of recruiting and retaining the best professionals.

To achieve this, a process manager allows you to control the before, during and after of all the selection processes from a single platform.

This process is complemented by assessment instruments that provide us with objective solutions in the following critical processes:

1. Job profiles
2. Selection and incorporation of talent
3. Identification of the potential and development of talent

In 2022, more than 500 processes were managed, along with more than 56,000 applications.

The main sources of applications have been:

- Corporate website 9,706.
- Internal mobility 53.
- Portal publishing 46,868

Moreover, FCC Medio Ambiente has signed collaboration agreements with the main schools and universities for the early incorporation of talent into the company, both through university internships and through the employment of graduates fresh out of university.

#### Training and development.

Training is a strategic pillar for FCC Medio Ambiente, the main objective of which is the training and permanent updating of the competencies (knowledge, abilities and skills) of the organisation's human resources.

Our training and development plans are:

- On-going: covering key technical, cross-cutting and experience skills.
- To motivate and generate opportunities: internal promotion and mobility.
- We use different methods and tools: on-site and online.

Our purpose will forever be to train and update knowledge and skills and ensure the personal and social development of our workers.





**¿Qué ofrecemos?**

- Plan de formación** Con los requisitos normativos y acciones formativas, dirigidas al perfil del puesto, objetivos de negocio y carrera profesional de nuestros trabajadores.
- Formación permanente e innovadora** Los equipos de trabajo son cada vez más complejos y esto implica un continuo reciclaje para una "puesta al día" sobre las innovaciones que se vayan produciendo.
- Diferentes modalidades** Existen 3 modalidades de impartición de las acciones formativas: Presencial, E-learning y Mixta (presencial + e-learning).
- Herramienta de gestión** Contamos con una herramienta con diferentes módulos, asociada a cada acción formativa, para la gestión de todo lo relativo a la formación en cualquier etapa.

We deliver more than 217.792 hours of training courses every year, with 2.825 training actions to more than 28.812 participants.

Of this training, 39.2% has been e-learning while the remaining 60.8% has been face-to-face. The digital library project is a particular highlight, whereby digital content specific to the area has been created (set to continue in subsequent years) at no additional cost to effectively quadruple the volume of available content (52 in 2023 compared to 37 in 2022).

A specific training portal has been created for the area, as well as digital tools to ensure the most efficient management of the various training plans.

#### 2.4 Specific programmes.

The Cultural Change area features 6 programmes with their corresponding objectives:

1. Tools for promoting Active Transformation (HITA).
  - Strengthening the sense of belonging and commitment.
  - Improving and updating leadership skills.
  - Addressing cultural change and organisational transformation.
  - Improving leadership and communication skills.
  - Developing and motivating people and teams.
  - Strengthening controls through group and team coaching.
2. Communication and leadership programme in local offices.
  - Providing tools and skills to the staff at local offices.
  - Developing communication and conflict management skills.
  - Strengthening the sense of belonging and commitment.
  - Improving and updating leadership and teamwork skills.
3. Training programme for heads of department.
  - Adapting to the current political and social situation.
  - Adapting to the new community model.
  - Unique comprehensive culture.
  - New way of managing people, while observing the principles of focus on results and profitability at all times.
4. Cultural change programme for subcontractors.
  - Socio-cultural change
  - Adaptation to the new social model.
  - Cleaning professional empowerment
5. Development interviews, talent detection and improvement of the work environment.
  - Assessments of personal and professional profiles, responsibilities and performance levels, in order to establish specific development plans.
6. Launch of FCC Equal as a training organisation.

### 3. Equal opportunities, insertion and diversity.

In line with the Code of Ethics and Conduct, FCC Medio Ambiente advocates respect for diversity and inclusion, rejecting discrimination for any reason.

#### 3.1 Gender equality.

For many years now, FCC Medio Ambiente has been working extensively to instil ethical principles and values, as well as to implement programmes, internal procedures and positive measures to create a working atmosphere that enhances respect amongst employed people, equal opportunities for men and women and the integration of diversity, which imply a growing assumption of sustainability and CSR commitments.

FCC Medio Ambiente has a firm commitment to equal opportunities, promotion, respect for diversity and the eradication of any type of discrimination or harassment.

These transversal values are reflected in three transcendental documents:

Equal opportunities and diversity policy of FCC Medio Ambiente.

Code of ethics and conduct, with the express commitment to implement policies aimed at equal opportunities.

Workplace and sexual harassment prevention protocol.

For this reason, we are committed to creating a culture based on inclusion that seeks, respects and values differences. We are aware that a workforce built from diversity helps us achieve our business objectives if we take advantage of each person's talent and potential and new perspectives that enrich and challenge existing points of view. This is how innovative work methods rise, helping to increase efficiency and improving the quality of our services.

Moreover, equal opportunities go hand-in-hand with diversity, constituting an inalienable principle of action for the company, which means equal treatment for everyone and access to the same opportunities regardless of differences, as well as respect and inclusion of any person regardless of their condition and social group.

Under this principle, we implement and maintain work practices to ensure that no employee or potential candidate receives discriminatory treatment based on age or disability, sex, sexual orientation or condition, origin, marital status, social status, race, nationality or ethnic origin, language, religion or convictions, political ideas, adherence or not to trade unions and their agreements, or for any other unjustified reason and unrelated to professional skills, knowledge and performance.

Likewise, an environment will be fostered in which all people can carry out their work without fear of humiliation, harassment, intimidation, physical or verbal aggression. The procedures are monitored and reviewed to ensure that no discrimination, whether direct or indirect, goes unpunished. To this end, internal mechanisms have been established to guarantee that any complaint is thoroughly investigated and, as a consequence, the appropriate measures are adopted, according to the results of the investigation.

Our commitment to equal opportunities, the promotion and respect of diversity and the eradication of all types of discrimination or harassment, is a corporate value and a call for action by each and every one of the company's employees, in the common effort to maintain an optimal work environment that fosters creativity, efficiency, sustainability and productivity and improves decision-making.

Within FCC Environment, the following equality plans were signed in 2022 by means of an agreement reached with the main trade union organisations with a presence in the area:

- I Equality Plan of the FCC Medio Ambiente S.A. Group and subsidiaries
- I Equality Plan for FCC Ámbito and affiliated companies

In addition, both group plans have been registered with the labour authorities, after successfully completing the required legality analysis.

FCC Medio Ambiente currently holds the equality distinction (DIE), awarded by the Ministry of Health, Social Services and Equality, while FCC Medio Ambiente has requested the transfer of this DIE to its name, as it is the Group company on which the awarding of this distinction was based.

This is a seal of excellence and recognition for equal opportunity policies and the implementation of measures. It has also signed an agreement with the Ministry to increase the number of women in management positions, and the group's equality plans have the corresponding monitoring bodies to ensure that all agreed measures are carried out. This is being undertaken alongside work-life balance; another of the points addressed by the company and for which it is currently performing a diagnosis to establish measures to improve the work-life balance of its employees.

Our commitment against gender violence is another of the points that the company is making every effort to fulfil. It is a standpoint that champions zero tolerance and the social and professional integration of victims. The company maintains its collaboration with the network "Companies for a Society Free of Gender Violence" and also partners various foundations to promote the employability and labour insertion of women affected by this scourge.

### 3.2 Diversity.

Diversity management is integrated as a central piece in the set of activities of our society, and entails the recognition that the workplaces, markets and society in which we operate, are made up of people: men and women, from different nations, of different cultures, ethnic groups, history, generations, abilities and capacities that make each person unique in that conjunction of profiles.

Furthermore, FCC Medio Ambiente has signed its commitment to the Spanish Diversity Charter for the period 2019-2021. The Diversity Charter is an initiative of the Directorate of Justice of the European Commission for the development of its non-discrimination policies. The Diversity Foundation, sponsored by the Alares Foundation, is the only entity responsible for giving this stamp in Spain, which responds to a voluntary commitment code to support and promulgate the principles of the inclusion of diversity and non-discrimination at the workplace.

As a signatory, the company has made a commitment to comply with a decalogue of principles and to communicate its commitment to these values:

- Promote the achievement of the correct work-life balance .
- Raise awareness on the principles of equal opportunities and respect for diversity within the company's values.
- Build a diverse workforce.
- Effectively promote integration with no labour discrimination.
- Implement diversity management across its management policies. The application of these values is ensured by on-going dialogue with social partners. This dialogue translates into reaching important milestones in the field of diversity and equality, such as the development of female employment in sectors with poor representation, specific training for women to occupy leadership positions, the integration of people with disabilities, and recruitment of those from marginal groups and/or at risk of social exclusion.

### 3.3 Different abilities.

At FCC Medio Ambiente, we champion aptitude and talent. We recognise disability as just one element, one which reflects the wealth and diversity of people, acting through our commitment to inclusion with full equality of opportunities.

Our abilities model is based on:

- Technical expertise.
- Key experience.
- Skills and/or qualifications for the position.

FCC Medio Ambiente has a clear commitment to the integration of people with disabilities into the workplace, as a key element for social integration and personal growth. With the aim of promoting equal opportunities and eliminating any type of discrimination and harassment, the company has made several commitments in this area that moves it even closer towards the eradication of any type of segregation.

As a result of our collaboration with different partner entities in the insertion of groups at risk of exclusion, the environmental services area inserted more than 415 people in 2023, bringing together people with disabilities, women victims of gender violence, people at risk of social exclusion and other vulnerable groups.

Despite the adverse effects of the COVID-19 pandemic, the hiring levels of this vulnerable group have remained in a range of (+ -) 0.5% since 2018, the year in which there was a qualitative leap, as shown in the following picture:

2018	2019	2020	2021	2022	2023
372	381	357	300	332	415

### 3.4 Incorpora Project.

FCC Medio Ambiente and Obra Social "la Caixa" maintain a collaboration agreement to promote the employability of people at risk of social exclusion through the Incorpora programme, promoted by the aforementioned financial institution, which aims to increase the hiring of vulnerable groups, as well as to provide information, training and advice to companies involved in this action.

Within the framework of this agreement, FCC Medio Ambiente undertakes to manage the hiring people at risk of exclusion through Incorpora. Through the programme, the company will announce which professional profiles need to be covered; this information will be shared with other social entities that also pertain to the programme and who will draw up a short list of candidates.

This programme boasts a network of 459 social entities, grouped territorially into 22 Incorpora groups managed in coordination. Networking is key to both efficiency and effectiveness by responding to the needs of companies and people.

### 3.5 FCC Equal.

One of the most outstanding projects related to the professional integration of people with disabilities is FCC EQUAL Special Employment Centre (CEE for its acronym in Spanish), spearheaded by FCC Medio Ambiente. FCC EQUAL is a Special Employment Centre with presence and activity in the Autonomous Community of Madrid, the Autonomous Community of Valencia, Castile and Leon, the Balearic Islands and Andalusia, in which 241 people with severe disabilities already

work, eight times the number of employees last year. Through the comprehensive management of these Special Employment Centres (CEE), tasks related to business activities and the provision of auxiliary services for people with disabilities are carried out.

In addition to the Group's own internal work, FCC Medio Ambiente supports and works with specialised entities, organisations and foundations whose corporate purpose is the social and professional integration of people with disabilities, as well as improving their health and safety conditions. Thus, the aim is not only to offer job opportunities to people with disabilities, but also to provide them with skills, qualifications and competencies for their professional development within the company.

### 3.6 Commitment to the victims of the war in Ukraine.

As an unavoidable derivative of FCC Medio Ambiente's commitment to social sustainability, during 2023 and 2022 a series of actions have been carried out to support people affected by the war unleashed in Ukraine.

These actions fall into two distinct categories: focused on refugees and focused on war-affected people in Ukraine itself..

With regard to the former, in collaboration with the Spanish commission for refugee aid and with the agreement of the main trade union organisations represented in the company, a campaign was launched in May to reserve jobs for refugees in Spain as summer holiday substitutes, which was implemented in more than thirty localities creating 106 jobs.

This campaign was then replicated in November with another 146 jobs in 23 locations where the Company operates.

The other line of action was launched in December 2022, in collaboration with the humanitarian organisation ES PER TU, consisting of a campaign to collect aid material (mainly warm clothes, food and medicines) among the Company's employees and with the substantial support of the Company by providing the logistics and international transport of the material, as well as a large part of the almost twelve tonnes distributed among affected families on the ground.

## 4. Commitment to social dialogue.

### 4.1 Our people.

FCC Medio Ambiente understands that to establish a bond with its employees, social dialogue and liaison with its workers, their legal representatives, unions and other social agents are necessary to promote the making of agreements, through collective bargaining and that the different collective processes are carried out with transparency, establishing committees of

monitoring and providing employees and worker representatives with all necessary information.

The Labour Relations area is responsible for monitoring collective procedures, collective bargaining and social dialogue (which is the main tool to identify the needs of different stakeholders), while also defining the general criteria for action, monitoring and coordination of gender equality plans and distinctive aspects and of diversity and disability management.

Collective bargaining is mainly channelled through sector agreements (state and provincial agreements). It also participates via different business associations in the negotiation of different sector collective agreements, within the different areas and activities of FCC Medio Ambiente, as well as collective agreements associated with contractors and work centres.

#### 4.2 Citizen participation.

FCC Medio Ambiente contributes to the creation of social value. Our activities must understand and connect with the real needs of citizens better, while driving changes that promote cleaner, smarter and more inclusive development. To do so, we try to maintain a constant dialogue that helps us know the different expectations of all stakeholders at all times.

We work to maximise the positive impact of FCC activities in the communities, with the promotion among citizens of actions that improve the development of cleaner cities and in dialogue with administrations to understand and respond to the current and future needs of urban centres.

We develop our actions under the principle of precaution, previously establishing systems that allow us to assess and mitigate the impacts that our activities may have on people or the environment.

## 8. OTHER DISCLOSURES

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Regarding the Company's exposure to financial risks, this is detailed in the attached review in Note 28.

With regard to own equity operations, the Company has not purchased any of its own shares, nor does it intend to do so in the future.

As described in Note 19 to the Financial Statements, in Spain, the Group has surpassed the maximum average period of payment to suppliers; measures have been established to adjust said maximum period, such as:



- Review of internal procedures in relation to the payment process (reception of invoices and internal approval processes).
- Optimisation of working capital management, reducing average collection and payment times.
- To study and, where appropriate, implement electronic billing processes.

Any events that may have occurred since 31 December 2023 are detailed in Note 31 of the attached review.

The Group is included in the consolidated Statement of Non-Financial Information that is part of the Consolidated Management Report of Fomento de Construcciones y Contratas S.A. and Subsidiaries, which is filed in the Barcelona Mercantile Register.