Global Dominion Access, S.A. and subsidiaries

Audit Report,
Consolidated Annual Accounts at 31 December 2023
and Directors’ Report

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

Independent auditor's report on the consolidated annual accounts

To the shareholders of Global Dominion Access, S.A.

Report on the consolidated annual accounts

Opinion

We have audited the consolidated annual accounts of Global Dominion Access, S.A. (the Parent company) and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2023, and the profit or loss account, statement of comprehensive income, statement of changes to equity, cash flow statement and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at 31 December 2023, as well as its financial performance and cash flows, all consolidated, for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for opinion

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

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

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matter
Goodwill Recovery	
The Group's goodwill represents a substantial part of its assets and amounts to €362.6 million at 31 December 2023. As indicated in note 2.4.4.a) to the consolidated annual accounts, management conducts annual impairment analyses of goodwill by calculating the recoverable amount of the cash-generating units (CGUs) to which it is assigned. These impairment tests are based primarily on discounted models of future cash flows at the CGU level and require the application of judgment and the use of significant assumptions regarding, among other aspects, sales expectations, EBITDA on sales, projection of growth indices and discount rates (note 4.1.a) to the consolidated annual accounts). Details of the main assumptions made, and the results of impairment tests carried out by management are provided in note 7 to the consolidated annual accounts. This matter is key as it involves the management making critical judgements and significant estimates regarding key assumptions used, which are subject to uncertainty, and the fact that significant future variations in these assumptions could have a significant impact on the Group's consolidated annual accounts.	Our auditing procedures included, among others, the following: • Understanding the internal process and relevant controls established by management that are in place for goodwill recoverability analysis. • Considering the suitability of the allocation of assets, including goodwill, to CGUs and assessing whether the method used to calculate the recoverable amount is reasonable. • Evaluating the adequacy of the valuation models used, verifying that they are based on the plans and budgets approved by management, and validating the key assumptions used, by contrasting them with available comparables, among others, historical results. • With regards to discount rates, working with our valuation experts, verifying that the method used to estimate them is suitable, and that the value of these rates lies within a reasonable range. • Verifying the mathematical accuracy of the models prepared by management and comparing the calculated recoverable amount with the net book value of the assets. • Verifying the reasonableness of the sensitivity analyses carried out, as well as the consistency of the variations in assumptions considered. • Verifying the disclosures included in the consolidated annual accounts according to applicable regulations. Based on our analyses and tests, we believe that the management's approach and conclusions, as well as the information disclosed in the consolidated annual accounts, are consistent with the evidence obtained.

Key audit matters	How our audit addressed the key audit matter
Revenue recognition for contracts corresponding to complex long-term projects in the Projects 360 segment The Group operates, in its 360 Projects segment, in certain circumstances, through contracts corresponding to complex long-term projects that may include different execution or compliance obligations to be developed in differentiated time periods (note 4.1.c) to the consolidated annual accounts) and that, as indicated in note 5 to the consolidated annual accounts, they present high margins. As indicated in notes 2.4.19.b) and 4.1.c) to the consolidated annual accounts, management recognizes the income from these contracts according to the degree of completion or progress thereof, depending on the total costs incurred over the estimated totals for the performance of contract obligations. In fiscal year 2023, the amount of income recorded in relation to these contracts has amounted to 85 million euros (note 24 to the consolidated annual accounts). The accounting recognition of the revenue derived from these contracts requires the management to apply judgement and significant estimates both in the interpretation of the contracts and in the estimate of their costs and percentage of completion. The assumptions made by the management when analysing these contracts, in the assumptions considered and in the estimates made, have a significant impact on the recognition of revenue in the consolidated annual accounts, therefore we consider this area a key matter in our audit.	Our analysis mainly consisted of: • Obtaining and understanding the specific contract terms and conditions and checking the Group management's understanding of them. • Understanding the requirements, responsibilities and compliance obligations assumed by the Group. • Consideration of the contract price and its allocation for each performance obligation. • Verifying the criteria followed to estimate the contract margins for each performance obligation and the percentage of completion used. • Analysis of possible deviations, if appropriate, of work in progress for the main projects and their corresponding impacts on revenue recognition. • Verifying the reasonability of the performance obligation fulfilment for all contracts relating to complex projects. • For a sample of incurred costs, verifying the correct allocation to each project. • Assessing the calculations performed to determine the level of completion of the work and verification of the accounting recognition of collection rights and revenue recognized in 2023 and accumulated at the end of the reporting period. Based on the procedures carried out, we consider that the accounting criteria and the estimates and calculations made by the management are consistent with the evidence obtained.

Other information: Consolidated directors' report

Other information comprises only the consolidated directors' report for the 2023 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated directors' report. Our responsibility regarding the consolidated directors' report, in accordance with legislation governing the audit practice, is to:

a) Verify only that the consolidated statement of non-financial information, certain information included in the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration, as referred to in the Auditing Act, have been provided in the manner required by applicable legislation and, if not, we are obliged to disclose that fact.

b) Evaluate and report on the consistency between the rest of the information included in the consolidated directors' report and the consolidated annual accounts as a result of our knowledge of the Group obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the consolidated directors' report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the consolidated directors' report is consistent with that contained in the consolidated annual accounts for the 2023 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors and the audit and compliance committee for the consolidated annual accounts

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

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

The Parent company's audit and compliance committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.

Auditor's responsibilities for the audit of the consolidated annual accounts

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent company's directors.

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

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

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

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

We also provide the Parent company's audit and compliance committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the aforementioned those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company’s audit and compliance committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of Global Dominion Access, S.A. and its subsidiaries for the 2023 financial year that comprise an XHTML file which includes the consolidated annual accounts for the financial year and XBRL files with tagging performed by the entity, which will form part of the annual financial report.

The directors of Global Dominion Access, S.A. are responsible for presenting the annual financial report for 2023 financial year in accordance with the formatting and markup requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation). In this regard, the Annual Corporate Governance Report and the Annual Report on Directors' Remuneration have been incorporated by reference in the consolidated directors' report.

Our responsibility is to examine the digital files prepared by the Parent company's directors, in accordance with legislation governing the audit practice in Spain. This legislation requires that we plan and execute our audit procedures in order to verify whether the content of the consolidated annual accounts included in the aforementioned digital files completely agrees with that of the consolidated annual accounts that we have audited, and whether the format and markup of these accounts and of the aforementioned files has been affected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital files examined completely agree with the audited consolidated annual accounts, and these are presented and have been marked up, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit and compliance committee of the Parent company

The opinion expressed in this report is consistent with the content of our additional report to the audit and compliance committee of the Parent company dated 27 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 12 July 2023 appointed us as auditors of the Group for a period of one year, for the year ended 31 December 2023.

Previously, we were appointed by resolution of the General Ordinary Shareholders' Meeting for an initial period and we have been auditing the accounts continuously since the year ended 31 December 1999.

Services provided

Services provided to the Group for services other than the audit of the accounts are disclosed in note 35.a) to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by Antonio Velasco Dañobeitia (22286)

February 27, 2024

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

Consolidated Annual Financial Statements and Consolidated Directors' Report for the financial year ended 31 December 2023

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CONSOLIDATED BALANCE SHEET AS OF 31 December 2023 (Thousands of EUR)

ASSETS	Note	As of 31 December 2023	2022 (*)
NON CURRENT ASSETS			
Property, Plant and Equipment	6	175,976	279,280
Goodwill	7	362,623	364,611
Other intangible assets	7	52,461	45,589
Non-current financial assets	8	9,500	9,555
Investments accounted for using the equity method	9	101,689	101,675
Deferred tax assets	21	62,662	51,424
Other non-current assets	10	10,555	11,450
		775,466	**863,584**
CURRENT ASSETS			
Inventories	11	128,011	84,495
Trade and other receivables	10	214,645	248,364
Assets per contract	2.4.19 and 24	237,329	235,603
Other current assets	10	11,766	11,673
Current tax assets	28	32,218	38,338
Other current financial assets	8	66,562	54,084
Cash and cash equivalents	12	224,731	182,383
		915,262	**854,940**
Disposable group assets classified as held for sale	36	**152,975**	**34,523**
TOTAL ASSETS		**1,843,703**	**1,753,047**

(*) Figures restated Notes 2.2, 21, 32 and 36

CONSOLIDATED BALANCE SHEET AS OF 31 December 2023 (Thousands of EUR)

EQUITY AND LIABILITIES	Note	As of 31 December 2023	2022 (*)
EQUITY			
Share capital	13	18,893	19,083
Own shares	13	(5,818)	(3,044)
Share premium	13	79,640	194,640
Retained earnings	14	249,611	113,072
Cumulative exchange differences	14 and 15	(39,943)	(31,365)
Equity attributable to parent company's shareholders		**302,383**	**292,386**
Non-controlling shares	17	**13,619**	**14,746**
		316,002	**307,132**
NON-CURRENT LIABILITIES			
Deferred income		75	12
Non-current provisions	23	25,185	31,163
Long-term borrowed capital	18	187,263	209,212
Deferred tax liabilities	21	26,354	20,026
Other non-current liabilities	20	25,834	91,594
		264,711	**352,007**
CURRENT LIABILITIES			
Current provisions	23	10,015	12,811
Short-term borrowed capital	18	176,067	188,280
Trade and other payables	19	678,896	659,559
Contract liabilities	2.4.19 and 24	92,853	112,863
Current tax liabilities	28	37,411	30,503
Current derivative financial instruments	18	2,929	2,341
Other current liabilities	20	140,585	61,665
		1,138,756	**1,068,022**
Disposable group liabilities classified as held for sale	36	**124,234**	**25,886**
TOTAL EQUITY AND LIABILITIES		**1,843,703**	**1,753,047**

(*) Figures restated Notes 2.2, 21, 32 and 36

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE FINANCIAL YEAR ENDING 31 December 2023 (Thousands of EUR)

	Note	Year ended on 31 December 2023	2022
CONTINUING OPERATIONS			
OPERATING INCOME		**1,197,360**	**1,274,589**
Net turnover	5 and 24	1,192,560	1,227,468
Other operating income	24	4,800	47,121
OPERATING EXPENSES		**(1,118,564)**	**(1,200,039)**
Consumption of raw materials and secondary materials	11	(552,644)	(644,516)
Employee benefit expenses	26	(359,010)	(327,015)
Amortisations	6 and 7	(66,118)	(48,468)
Other operating expenses	25	(138,084)	(178,048)
Profit/(loss) on sale/impairment of assets	30	(2,696)	(1,576)
Other expenses		(12)	(416)
OPERATING PROFIT		**78,796**	**74,550**
Finance income	27	24,030	5,563
Finance costs	27	(48,061)	(7,846)
Net exchange differences	27	(7,994)	(9,999)
Variation in the fair value of assets and liabilities attributed to profit and loss	27	51	611
Share in net income (loss) of associates	9 and 27	380	(3,552)
PROFIT BEFORE TAX		**47,202**	**59,327**
Income tax	28	(794)	(12,406)
PROFIT ON CONTINUING OPERATIONS AFTER TAXES		**46,408**	**46,921**
LOSS ON DISCONTINUED OPERATIONS AFTER TAX	36	**(1,100)**	**(10,931)**
PROFIT FOR THE FINANCIAL YEAR		**45,308**	**35,990**
PROFIT/(LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	17	**986**	**4,973**
PROFIT ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**44,322**	**31,017**
Basic and diluted earnings from continuing and discontinued activities attributable to parent company shareholders (stated in euros per share)			
- Basic and diluted earnings from continuing operations	29	0.3026	0.2699
- Basic and diluted earnings from discontinuing operations	29	(0.0073)	(0.0703)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT FOR THE FINANCIAL YEAR END ON 31 December 2023
(Thousands of EUR)

	Note	Year ended on 31 December 2023	2022
PROFIT FOR THE FINANCIAL YEAR		**45,308**	**35,990**
OTHER COMPREHENSIVE PROFIT/(LOSS)			
Entries that may not be subsequently classified to profit/(loss):			
- Actuarial gains	22	(428)	1,362
- Tax rate		128	(409)
		(300)	953
Entries that may be subsequently classified to profit/(loss):			
- Cash flow hedges	8 and 18	(85)	1,780
- Cash flow hedges for equity-consolidated companies (net of fiscal effect)	9	594	(127)
Conversion differences	14 and 15	(8,532)	(1,419)
		(8,023)	234
Total other comprehensive profit/(loss)		**(8,323)**	**1,187**
TOTAL COMPREHENSIVE PROFIT/(LOSS) OF THE PERIOD NET OF TAXES		**36,985**	**37,177**
Attributable to:			
- Parent company shareholders		35,953	31,989
- Non-controlling interests	17	1,032	5,188
TOTAL COMPREHENSIVE PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		35,953	31,989
Attributable to:			
- Continuing operations		37,053	42,920
- Discontinued operations	36	(1,100)	(10,931)

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES TO EQUITY FOR FINANCIAL YEAR END ON 31 December 2023. (Thousands of EUR)

	Share capital (Note 13)	Own shares (Note 13)	Share premium (Note 13)	Retained earnings (Note 14)	Cumulative exchange differences (Notes 14 and 15)	Non-controlling shares (Note 17)	Total Equity
Balance at 31 December 2021	**20,088**	**(9,113)**	**214,640**	**141,637**	**(29,731)**	**48,872**	**386,393**
Modification application NIC12 (Note 2.2)	-	-	-	(1,141)	-	-	(1,141)
Balance at 01 January 2022	**20,088**	**(9,113)**	**214,640**	**140,496**	**(29,731)**	**48,872**	**385,252**
Profit (Loss) of the financial year	-	-	-	31,017	-	4,973	35,990
Other comprehensive profit/(loss) for the year	-	-	-	2,606	(1,634)	215	1,187
Total comprehensive profit/(loss) for 2022	**-**	**-**	**-**	**33,623**	**(1,634)**	**5,188**	**37,177**
Dividends (Note 13 and 17)	-	-	-	(13,531)	-	(1,802)	(15,333)
Capital decrease from treasury stock (Notes 13 and 14)	(1,005)	33,485	-	(32,480)	-	-	-
Changes in the scope of consolidation and other movements (Notes 1.3, 17 and 32)	-	-	-	(34,662)	-	(36,818)	(71,480)
Treasury share transactions (Note 13)	-	(27,416)	-	-	-	-	(27,416)
Transfers and other movements	-	-	(20,000)	19,626	-	(694)	(1,068)
Balance at 31 December 2022	**19,083**	**(3,044)**	**194,640**	**113,072**	**(31,365)**	**14,746**	**307,132**
Profit (Loss) of the financial year	-	-	-	44,322	-	986	45,308
Other comprehensive profit/(loss) for the year	-	-	-	209	(8,578)	46	(8,323)
Total comprehensive profit/(loss) for 2023	**-**	**-**	**-**	**44,531**	**(8,578)**	**1,032**	**36,985**
Dividends (Note 13 and 17)	-	-	-	(14,749)	-	(2,556)	(17,305)
Capital decrease from treasury stock (Notes 13 and 14)	(190)	5,623	-	(5,433)	-	-	-
Changes in the scope of consolidation and other movements (Notes 1.3, 17 and 32)	-	-	-	(2,652)	-	(124)	(2,776)
Treasury share transactions (Note 13)	-	(8,397)	-	-	-	-	(8,397)
Transfers and other transactions (Notes 13 and 17)	-	-	(115,000)	114,842	-	521	363
Balance at 31 December 2023	**18,893**	**(5,818)**	**79,640**	**249,611**	**(39,943)**	**13,619**	**316,002**

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED CASH FLOW STATEMENT FORT THE YEAR ENDED 31 December 2023 (Thousands of EUR)

		Year ended on 31 December	
	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from continuing and discontinued activities.	30	109,504	101,688
Interest paid	27	(45,336)	(6,155)
Interest received	27	24,030	5,563
Taxes paid		(10,337)	(5,501)
		77,861	**95,595**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition/(Sale) of subsidiaries, net of cash acquired	20 and 32	(5,640)	(969)
Acquisition of property, plant and equipment and intangible assets	6 and 7	(52,710)	(38,693)
Income from sale of tangible fixed assets and intangible assets	30	8,183	6,342
Acquisition of financial assets	8	(79,764)	(89,469)
Withdrawals of financial assets	8	66,169	8,350
		(63,762)	**(114,439)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Own shares	13	(8,397)	(27,416)
Receivables from external resources received	18	148,140	32,239
Amortization of loans	18	(70,215)	(20,890)
Payments for operating leases	6	(23,297)	(18,371)
Dividends paid	14 and 17	(17,305)	(15,333)
		28,926	**(49,771)**
EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**(645)**	**1,300**
NET (DECREASE)/INCREASE IN CASH, CASH EQUIVALENTS AND BANK OVERDRAFTS		**42,380**	**(67,315)**
Cash, cash equivalents and bank overdrafts at the beginning of the year	12	182,383	254,205
Cash assets classified as held for sale	36	32	4,507
Cash, cash equivalents and bank overdrafts at the end of the year	12	224,731	182,383

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

CONSOLIDATED ANNUAL REPORT 2023 (Thousands of EUR)

1. GENERAL INFORMATION

1.1. ACTIVITY

Global Dominion Access, S.A., hereinafter the Company or Parent Company, was incorporated on 1 June, 1999 for an indefinite term and its registered domicile for mercantile and tax purposes and its corporate seat have been located in Bilbao (Spain), since 18 May, 2022 at plaza Pío Baroja, número 3, 1º planta, post code 48001.

In accordance with Article 2 of its articles of association, Global Dominion Access, S.A. engages in the preparation of studies regarding the creation, structure and viability of companies and markets both in Spain and abroad, developing, promoting, directing and managing business activities grouped by production sectors by organizing human and material resources for the group of companies, acquiring those that are already in operation and creating new companies, merging, taking over, spinning off or liquidating them in order to directly carry out the activities as is most appropriate in each case for the most efficient management of the business. Its corporate purpose also includes, amongst other things, assessment, design, analysis, review, consultancy, assessment, supervision, technical assistance, development, updating, manufacturing, supply, installation, assembly, purchase, sale, rental, storage, distribution, deployment, importing, exporting, operations, repairs, maintenance, guarantees, training, education, educational support and the general marketing of products, solutions, equipment, systems and services that are either required or appropriate for their proper use or performance, of any material or immaterial nature, and other lawful activities involving the activities specified below and, in general, related to telecommunications and IT services, specifically those related to the implementation of complex projects that involve joint execution of a number of the aforementioned activities, through a turn-key model or not.

The Group defines itself as a global Services and Projects company with the aim of providing comprehensive solutions to maximise business process efficiency and sustainability by means of sector knowledge and applying technology with a different approach.

After completing the Strategic Plan for the 2019-2023 period, in May 2023 the Group's management presented the new 2023-2026 Strategic Plan, which takes account of current uncertainties and new trends in the market and the current macroeconomic climate. The Group's management believed that the way the Group's activity is structured needed to be reworded to make it simpler and more efficient. Sustainability is a key aspect of the Strategy Plan whereby the solutions provided help customers progress towards a more efficient and sustainable world.

The 2023-2026 Strategic Plan introduces a new understanding of the Group based on simplification, recurrence and sustainability, and borrows from reflecting on three types of transition (energy, industrial and digital), as the core drivers for future Group growth.

This plan marks a return to the core of the Group's historical business which focused on two main segments: Services and Projects, to which a third segment called Holdings in Infrastructures is added looking to finance 360 sustainable projects of the companies with minority shareholdings included in this segment and the direct operation of certain energy generation projects.

Accordingly, from financial year 2023 onwards, we shall distinguish between three different segments:

- Sustainable Services
- 360 Projects
- Stake in infastructures

Note 5 on Segmentation provides a detailed explanation of the contents of each segment and the areas of activity.

The Group operates in more than 35 countries around the world. Appendices I and II to these consolidated annual financial statements list the subsidiaries, joint ventures and associates included in the scope of consolidation, as well as the joint ventures and joint operations included, providing the details of their location.

The Parent Company has been listed on the stock exchange since 27 April 2016.

1.2. GROUP STRUCTURE

The Company is the Parent of a Group of companies (hereafter, the Group or Dominion Group) in accordance with current legislation. The reporting of consolidated annual financial statements is necessary in accordance with accounting principles generally accepted in Spain in order to present a true and fair view of the Group's equity, financial situation and the results of its operations as well as its cash flows.

Appendix I hereto sets out the identification details of the Subsidiaries, partnerships and affiliates included in consolidation under the full consolidation method and equity method, as well as their locations.

Appendix II hereto sets out the identification details of the joint ventures (UTEs) and joint operations included in consolidation under the proportional method.

The Group assesses the existence of significant influence not only by the shareholding percentage but also by qualitative factors such as presence on the Board of Directors, participation in decision-making processes, exchange between management personnel as well as access to technical information.

For joint arrangements, besides assessing the rights and obligations of the parties, other facts and circumstances are taken into account in determining whether the arrangement is a joint venture or a joint operation.

- Joint ventures: Investment in joint ventures are recorded applying the equity method (Note 2.4.1).
- Joint operations: For joint operations the Group recognises the following in the consolidated annual financial statements:
    - Its assets, including its interest in the jointly-held assets;
    - Its liabilities, including its share in the jointly-incurred liabilities;
    - Its revenue from ordinary activities arising on the sale of its interest in the product deriving from the joint venture;
    - Its share in the revenue from ordinary activities arising on the sale of the product produced by the joint venture; and
    - Its expenses, including its share in the jointly-incurred expenses.

The companies accounted for using the equity method are included in Note 9 of these notes to the consolidated statement.

1.3. CHANGES IN THE SCOPE OF CONSOLIDATION

Financial year 2023

a) 360 Projects

On 27 February 2023, the Spanish subsidiary BAS Projects Development 2, S.L. exercised its right to acquire the remaining shares in its Argentinean subsidiary **Genergiabio Corrientes, S.A.**, which were held by the hitherto minority shareholder and represented 25% of the subsidiary's shareholding. This transaction has been carried out by partial offsetting of a loan that was available with the minority shareholder and therefore did not involve any cash outlay.

On 10 April 2023, an additional 0.66% of the subsidiary **BAS Projects Corporation, S.L.** was purchased for EUR513, settled at that date.

On 28 December 2023, a contract was signed to sell the subsidiary of the BAS Projects Corporation subgroup, **Generación Fotovoltáica El Llano, S.L.**, holder of the Valdecarretas photovoltaic solar farm, located in Zamora (Spain), with an installed capacity of 37.83 MWp, which has been in operation generating energy since July of this year.

The sale price of the company amounted to EUR37m and did not generate a significant result after derecognition of its net assets, including goodwill amounting to EUR3.9m (Note 7). This transaction is part of Dominion's strategy to divest its renewable assets portfolio and its positioning as a provider of turnkey renewable projects for IPP customers, as specified in the Group's Strategic Plan. This sale price includes the buyer's assumption of the financing of the project, whereby the cash inflow, which will occur in FY 2024, amounts to EUR5.5m.

b) Sustainable Services

On 9 March, 2023, the contract for the sale and purchase of the shares of **Gesthidro, S.L.U.** And its wholly-owned subsidiary **Recinovel, S.L.U.** was recorded in public form by the parent company of the Group. Both are Spanish companies, with registered offices in the province of Cordoba, the corporate purpose of which comprises the collection, transport, storage and treatment of all types of waste, trading in recycling and similar equipment, in the case of Gesthidro, and the sorting of solvent, paint and related waste, as well as waste water from industrial processes, in the case of Recinovel. These activities strengthen the scope of environmental services performed by the group company Dominion Servicios Medioambientales, S.L., thereby strengthening the activities which serve to maximize the beneficial effect in terms of sustainability.

The acquisition was completed with the outright purchase of 80% of Gesthidro's shares and a cross call/sell option on the remaining 20%, accordingly deemed a 100% takeover from the acquisition date, 9 March 2023.

The price associated with the acquisition of 80% of the shares consists of a fixed price amounting to EUR 5.4m, which has been settled in the current year. It also consists of a variable price calculated by means of a multiplier of the EBITDA generated in financial years 2023, 2024 and 2025, which is reduced by the Net Financial Debt and increased by 31% of the dividends distributed in those financial years.

Furthermore, the call/cross put option can be executed between 1 March and 30 June 2028 and is priced according to the mean EBITDA formula for financial years 2026 and 2027 minus Net Financial Debt. There is also a stipulation that the seller shall receive 20% of the dividends distributed up until the call/cross put option consummation date.

As of 31 December 2023, the amount pending payment which includes the variable price and the price of the call/cross put option amounts to EUR7.4m recorded in the "Other non-current liabilities" heading of the consolidated balance sheet (Note 20).

Also, in March 2023, the remaining 49% of the German subsidiary **F&S Beteiligung GmbH** and its subsidiary **F&S Feuerfestbau GmbH & Co KG** were acquired, paying a price of EUR 100 thousand, settled as of today.

The shares representing the remaining 49% of the Spanish subsidiary **Original Distribución Spain Iberia, S.A.** were acquired on 26 May, 2023. The agreed price amounted to EUR 1,020 thousand, of which EUR 420 thousand has been settled to date (Note 20).

In July 2023, an additional 3.98% of the Spanish subsidiary **Dominion Servicios Medioambientales, S.L.** was acquired for a total price of EUR 1,162 thousand, which is pending payment at the end of this financial year.

In addition, on 9 November 2023, the instrument for the agreement to increase the capital of the Spanish subsidiary **Interbox Technology, S.L.**, approved by the Annual General Meeting in June 2023, for a total amount of EUR60m, was executed, resulting in the dilution of the minority shareholder's stake, after it did not exercise its pre-emptive rights, and the Dominion Group now holds a 99.99% stake in the subsidiary. This extension was fully paid up in FY 2023.

Also, in FY 2023, various companies were incorporated with a minimum capital and whose activity has been residual in the financial year. These are specified in Appendix I of the Group's subsidiaries with a (1) showing all the companies that have been incorporated into the Group's scope, together with those mentioned in the preceding paragraphs.

Financial year 2022

c) 360 Projects (formerly B2B 360 Projects)

The resolution to extend the share capital of the company **BAS Projects Corporation, S.L.** was raised to a public instrument on 19 December 2022, and was recorded in the Registry of Companies that December. The resolution, adopted by the General Shareholders' Assembly on 4 November 2022, involved a capital increase by offsetting credits, after the shareholders waived the option to a cash capital increase in proportion to their ownership percentages so as to prevent its dilutive effect, for a total of EUR101,256,054.63. Accordingly, the Group, through its subsidiary Dominion Energy, S.A., gained control over this company to hold a 98.66% stake.

The company BAS Projects Corporation, S.L., together with its subsidiaries and associate companies (hereinafter BAS) is devoted to promoting and implementing renewable energy projects. With BAS' integration into the Group, the infrastructure assets it promoted were integrated and the 360 businesses underwent transformation towards a Renewable IPP as part of the Group's commitment to energy transition, sustainability and resilience, enabling long-term cash flow recurrence.

As a result of the evolution of the energy businesses mentioned in the previous paragraph, in September 2022 the Group acquired the stake of the minority shareholder in the subsidiary **Dominion Energy, S.A.** As a result, and following this acquisition in 2022, the Group now holds a 100% stake in the subsidiary The agreed price amounted to EUR66.9m. At 31 December 2023 this amount is outstanding under "Other current liabilities" in the accompanying consolidated balance sheet (2022: recorded in the long term under "Other non-current liabilities" in the accompanying consolidated balance sheet). This amount was paid up in January 2024.

During financial year 2022, a number of companies of various nationalities were incorporated by the subsidiary Dominion Energy, S.A. to take on the various renewable energy projects being executed in these markets. These companies are listed in Appendix I.

d) Sustainable services (formerly B2B Services)

On 30 May, 2022 the purchase and sale contract for 100% of the shares of the Spanish company **Servishop Manlogist, S.A.** was recorded in public form by the parent company, Global Dominion Access, S.A. This company is dedicated to the provision of recurrent or occasional services for the management of maintenance and repairs of properties and a range of technical facilities for multi-point companies in Spain (Core business) and has as a complementary activity the performance of "Image Express" services consisting in the execution of micro reforms (together with the core business) complementing the business of the subsidiary of Facility Management Exchange, S.L. (FAMAEX).

The transaction purchase price has two parts: fixed and variable. The fixed price amounted to EUR 600 thousand, of which EUR 500 thousand were settled on signing the instrument and the remaining amount of EUR 100 thousand were paid in January 2023. The variable price depends on the trend of the company's net working capital over the course of the two years following the purchase date. At 31 December, 2023, the variable price was estimated at an amount of EUR 153 thousand (Note 20).

On 30 September 2022, the trade agreement was closed whereby the parent Company acquired 75% of the Colombian company **ZH Ingenieros, S.A.S.**, a company devoted to carrying out civil, mechanical, electrical, instrumentation and control works for basic hydrocarbon, mining, gas and energy industry, maintenance, repairs, cleaning and the application of surfacing on storage tanks, piping and structures in service or not in operation and to general engineering projects in Columbia and countries the Republic of Colombia has mutual cooperation pacts or agreements with. This activity supplements the activity of the Environmental Services area, which is essentially operating in Spain.

The transaction purchase price was established as having two parts; fixed and variable. The fixed price amounted to a total of 13 billion Colombian pesos (EUR2.5m at the exchange rate of the transaction) of which 6 billion Colombian pesos were paid in cash and the remaining amount (equivalent to EUR1.2m) was settled in 2023 (Note 20).

Also, the variable price was in turn divided into two parts: one referring to the turnover generated by the customer portfolio acquired and the other referring to the volume of turnover made with the existing suppliers coming from agreements with the seller, and both parts considered in the two years following the date of acquisition. As at 31 December 2023, the Group's management has estimated this price to be zero (Note 20) (2022: estimated at EUR1.3m).

1.4. PREPARATION OF THE FINANCIAL STATEMENTS

These consolidated annual financial statements were prepared by the Board of Directors on 27 February 2024 and are pending approval by Shareholders at a General Meeting, however, the Management of the parent company understands that they will be approved without modifications.

2. CRITERIA FOR DRAWING UP THESE ANNUAL FINANCIAL STATEMENTS

The main accounting policies adopted when preparing these consolidated annual financial statements are described below. The accounting policies have been uniformly applied for all the presented years.

2.1. GENERAL CRITERIA AND BASIS FOR PRESENTATION

The Group's consolidated annual financial statements at 31 December 2023 have been drawn up in accordance with the International Financial Reporting Standards (IFRS) and the interpretations issued by the Committee for the Interpretation of the IFRS (CIIFRS) adopted for application in the European Union (IFRS-EU) and approved under European Commission Regulations in force at 31 December 2023.

The consolidated annual financial statements have been prepared on a historical cost basis, with the exception of assets and liabilities that must be recorded at fair value and the derivatives that qualify as hedge accounting.

The preparation of consolidated annual financial statements in accordance with IFRS-EU requires the application of certain significant accounting estimates. It also requires that Management exercise judgement in the process of applying the accounting policies. Note 4 details the areas that require a higher level of judgement or entail greater complexity, and areas where assumptions and estimates have a significant effect on the consolidated annual financial statements.

The consolidated annual financial statements are not affected by any aspect that may contravene applicable reporting bases.

The Parent Company Administrators have drafted the consolidated annual financial statements on a going concern basis. There are no indications or circumstances to suggest any doubts regarding this basis.

2.2. COMPARISON OF INFORMATION

The consolidated annual financial statements for FY 2022 were approved by the Company's Ordinary General Shareholders Meeting on 26 April, 2023.

To apply the amendment to IAS 12 "Deferred tax relating to assets and liabilities arising from a single transaction", Group Management has recognised the deferred tax associated with the recognition of the corresponding rights in use and liabilities in the application of IFRS 16.

For correct application, management has restated the comparative figures for FY 2022. Accordingly, the following changes have been made to the consolidated balance sheet items for FY 2022:

(Thousands of EUR)

	Debit	Credit
Deferred tax assets	7,259	-
Deferred tax liabilities	-	8,437
Disposable group assets classified as held for sale	2,952	-
Disposable group liabilities classified as held for sale	-	2,915
Retained earnings - reserves in consolidated companies	1,141	-
	11,352	11,352

In addition, Group management has retroactively adjusted the provisional amounts recognised in the business combination of BAS Projects Corporation, S.L. (as it was within the assessment period) at the acquisition date to include new information obtained on facts or circumstances which existed on the acquisition date and which, had they been known, would have affected the assessment of the amounts recognised on that date.

Accordingly, the comparative figures for FY 2022 have been restated, making the following adjustment to the consolidated balance sheet items for FY 2022:

	Debit	Credit
Goodwill	7,208	-
Investments accounted for using the equity method	-	2,000
Current provisions	-	5,208
	7,208	7,208

In addition, as described in Note 5 of the consolidated annual report, new segmentation has been implemented as a result of the approval of the 2023-2026 Strategic Plan and with it a new conceptualisation of the CGU groupings. Accordingly, the comparative figures as at 31 December 2022 have been restated to reflect segmentation change.

2.3. NEW ACCOUNTING STANDARDS

2.3.1 NEW IFRS ACCOUNTING STANDARDS

a) Mandatory standards, amendments and interpretations for all years starting on or after 01 January 2023.

- IFRS 17 "Insurance Contracts".
- IFRS 17 (Amendment) " application of IFRS 17 and IFRS 9 – Comparative information".
- IAS 1 (Amendment) "Breakdown of Accounting Policies".
- IAS 8 (Amendment) "Definition of Accounting Estimates".
- IAS 12 (Amendment) "Deferred taxation relating to assets and liabilities arising from a single transaction".
- IAS 12 (Amendment) "International tax reform: Pillar 2 model standards".

The group has considered these amendments for the preparation of these consolidated Annual Financial Statements. In this regard, the consolidated balance sheet for FY 2022 has been restated to reflect deferred tax assets and liabilities from leases (Note 2.2).

b) Standards, amendments and interpretations not yet in force, although could be taken in advance

- IFRS 16 (Amendment) "Lease Liability in a Sale and Leaseback".

- IAS 1 (Amendment) "Classification of liabilities as current or non-current" and IAS1 (Amendment) "Non-current liabilities with conditions".

The Group has not opted for advance application and is studying these amendments, however it does not consider that their future application will have a significant impact on it.

c) Standards, interpretations and amendments of existing standards that cannot be early adopted or have not been adopted by the European Union

On the date these Consolidated Annual Financial Statements were prepared, the IASB and IFRS Interpretations Committee had published the following standards, amendments and interpretations that have not yet been adopted by the European Union.

- IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or contribution of assets between an investor and its associate or joint ventures".
- IAS 7 (Amendment) and IFRS 7 (Amendment) "Supplier financing arrangements ("confirming")".
- IAS 21 (Amendment) "Lack of Exchangeability".

The Group is studying these amendments, however it does not consider that their future application will have a significant effect on it.

2.3.2 OTHER ACCOUNTING STANDARDS

On 19 December 2023, the Government approved, via the Council of Ministers, the draft bill transposing the European directive to guarantee a minimum overall taxation of 15% for multinational and large national groups of companies.

This draft project follows the recommendations established in Pillar II of the OECD (Organisation for Economic Co-operation and Development) BEPS (Base Erosion and Profit Shifting Initiative) programme, which aims to combat aggressive tax planning of large companies.

In recent years, the European Union has adopted measures to increase the fight against aggressive tax planning in the internal market, including anti-tax avoidance directives, Council Directive (EU) 2016/1164 of 12 July 2016, laying down rules against tax avoidance practices that directly affect the functioning of the internal market, and Council Directive (EU) 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries, known as ATAD1 and ATAD2, respectively. These directives transposed the recommendations made by the OECD into EU law in the context of the Base Erosion and Profit Shifting Initiative.

The approved text aims to establish an overall minimum level of taxation for multinational groups or domestic groups, so-called large domestic groups, with a net turnover of EUR750m or more, according to the consolidated financial statements of the ultimate parent entity, in at least two of the last four immediately preceding financial years.

The EU directive provides that Member States may choose to levy a supplementary tax on multinationals or large national groups established in their territory and which do not achieve a minimum taxation of 15% in the jurisdiction of that Member State. Spain will apply such a supplementary tax, which has three supplementary configurations:

- National supplementary tax: its main purpose is to ensure that the entities constituting the large multinational or national group in Spanish territory, and which do not reach a minimum tax rate of 15% in Spain, reach this rate by means of this tax. On the other hand, if the group's taxation was already above 15%, this would not be affected by this supplementary tax.

- Primary supplementary tax: the tax will apply when the parent company of a multinational group is located in Spain and obtains income from subsidiaries located abroad that apply a tax rate of less than 15%. When this happens, the supplementary tax is applied (income inclusion rule).

- Secondary supplementary tax: This serves as a closure system and is applied when some of the companies of the multinational group have earned income abroad that has not been taxed at 15%, provided that the parent company is in a country that applies the EU Directive standards. The difference between the primary tax and the secondary tax is that the latter is not levied on the parent company, but on the group's subsidiaries located in Spain (under-taxed profits rule).

The tax period for the supplementary tax of the constituent entities of a multinational group or large domestic group shall coincide with the financial year of the ultimate parent entity of the multinational group or large domestic group if it prepares consolidated financial statements or, failing that, shall coincide with the calendar year.

The draft project has also approved various cases of non-liability for supplementary tax, known as safe harbours, which, if any of them are met, the supplementary tax would not be payable. The safe harbours are as follows:

- De minimis: The average of the eligible revenues of the constituent entities located in this jurisdiction is less than EUR10m, and the average of the eligible profits or losses of all constituent entities in this jurisdiction results in a profit and loss of less than EUR1m. The use of this option shall be assessed on an annual basis. Furthermore, compliance will have to be in the fiscal year itself, as well as the two previous fiscal years.

- Simplified effective rate: the result of dividing the amount of simplified hedged taxes by the results before corporate income tax or tax of the same or similar nature reported in the eligible country-by-country information received by the Spanish Tax Administration for the concerned jurisdictions. If the simplified effective rate is higher than 15% for tax periods starting in 2023 and 2024, 16% for tax periods starting in 2025 and 17% for tax periods starting in 2026, the supplementary tax is considered to be zero.

- Non-liability to primary supplementary tax: this will occur when the applicable percentages are met in relation to the exclusion of income related to the economic substance. The primary supplementary tax will be zero when the jurisdiction's pre-tax profit is less than 10% of personnel costs and 5% of fixed assets. These percentages will decrease according to tables published in the Law draft project until 2032.

This law will come into force on the day after it is published in the Official State Gazette and will be effective for tax periods beginning on or after 31 December, 2023. However, the provisions relating to the under taxed profit rule will be effective for tax periods beginning on or after 31 December, 2024.

A preliminary quantitative and qualitative analysis of the impact that this regulation could have on the Group's consolidated tax expense has been conducted in relation to the draft project establishing a supplementary tax to ensure an overall minimum level of taxation for multinational groups and large domestic groups. This analysis is based on the information in the Country-by-Country report for the FY 2022. This report must be submitted by the parent company, in the tax domicile of residence, for groups with a turnover of more than 750 million euros, for all the entities that form part of the tax group. In particular, an analysis has been carried out by jurisdiction and for each of the safe harbours.

Based on the above analysis, our conclusions are that the various jurisdictions of the Group are eligible for one of the safe harbours set out in the draft legislation, except for the jurisdictions of Panama and the United Arab Emirates. However, no significant supplementary payment has resulted from these jurisdictions as a result of the insignificance of Group activity.

Also, Note 28 provides details of the nominal tax rate for the different jurisdictions, concluding that all of them, except for the one specified in the previous section, exceed 15%.

Finally, Note 21 provides a breakdown of the unrecognised tax loss carryforwards recognised in 2022 as well as the estimate for 2023.

2.4. PRINCIPAL ACCOUNTING POLICIES

These Consolidated Annual Financial Statements do not include the information or breakdowns that are not required given their qualitative importance, or have been deemed immaterial or that are not significant with regards to the concept of materiality or relative importance established in the conceptual framework of the IFRS, taking the Consolidated Annual Financial Statements of the Group into account as a whole.

2.4.1 BASIS OF CONSOLIDATION

a) Subsidiaries and business combinations

Subsidiaries are all entities (including special-purpose companies) over which the Group has control. The Group controls an entity when it is exposed, or has right, to obtain a few variable performances for his implication in the informed one and has aptitude to use his power on her to influence these performances.

Subsidiaries are consolidated from the date on which control is transferred to the Group, and they are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration paid for the acquisition of a subsidiary consists of the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability that originates from a contingent consideration agreement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit and loss.

Whenever there is a difference in the settlement of any part of the consideration in cash, then the future amounts to be paid shall be discounted at their current value on the date of exchange. The discount rate used is the entity's incremental borrowing rate of interest, with the rate being the one that could be obtained for a similar loan from a financial institution under comparable terms and conditions.

Any contingent compensation to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to fair value of the contingent consideration that is deemed to be a financial liability, are recognised in the profit and loss account. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for under the equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group’s share of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, in case of being a purchase on favourable terms, the difference is recognised directly in profit and loss.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. The accounting policies followed by subsidiaries have been modified where necessary to ensure consistency with policies adopted by the Group.

The accompanying Exhibit I sets out the identification particulars of subsidiaries.

31 December is the year end for all the annual financial statements used in the consolidation process.

Non-controlling interests in subsidiaries' profit and loss and equity will be recognised separately in the following consolidated accounts: the balance sheet, profit and loss account, comprehensive income statement and the statement of changes in equity.

b) Changes in the ownership interests in subsidiaries without any change in control

The Group recognises transactions involving non-controlling interests that do not result in loss of control as transactions with the owners of the Group's equity in their capacity as owners. In acquisitions of non-controlling interests, the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recognised in equity. Gains or losses on disposals of non-controlling interests are also recognised in equity.

c) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to fair value at the date when control is lost, with the change in carrying amount recognised in profit and loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit and loss.

d) Equity method

Associates are all entities over which the Group has significant influence but not control, generally accompanying a equity interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the profit and loss of the investee after the date of acquisition. The Group's investment in associates includes any goodwill (net of impairment) identified on acquisition (Note 2.4.4.a). Note 2.4.5 outlines the impairment policy in respect of non-financial assets, including goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit and loss.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated income statement and its share of movements in reserves is recognised in other consolidated comprehensive income.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

At each reporting date, the Group determines if there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment loss as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount adjacent to "share of profit/(loss) of associates" in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with policies adopted by the Group.

Dilution gains or losses arising in associates are recognised in the consolidated income statement.

2.4.2 FOREIGN CURRENCY CONVERSION

a) Functional and reporting currency

Items included in the annual financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). All Group companies use the currency of their country of domicile as their functional currency, with the exception of some subsidiaries of the subgroup BASE Projects Corporation, S.L. in Argentina, the Dominican Republic and Ecuador, whose functional currency has been pegged to the US dollar as this is the currency that best reflects the economic activity of the aforementioned subsidiaries

The consolidated annual financial statements are reported in euro, which is the Parent Company's functional and reporting currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Exchange gains and losses are reported in the consolidated income statement under "Net exchange differences".

The non-monetary items assessed on the basis of fair value in foreign currency are converted using the exchange rates based on which the fair value was determined. The exchange differences in assets and liabilities recorded based on fair value are featured as parts of the profit and loss in the fair value. For example, the exchange differences in non-monetary assets and liabilities, such as shares in capital maintained at fair value with changes in profit and loss, are recognised in the result of the financial year as part of the profit and loss in the fair value and the exchange differences in non-monetary assets, such as shares in capital classified as being at fair value with changes in other comprehensive profit/loss being included in other comprehensive profit/loss.

c) Group companies

The results and the financial situation of all the Group companies who have an operating currency different from the reporting currency, except for the two subsidiary companies in Argentina, considered a hyperinflationary economy in 2018, are exchanged into the reporting currency as follows:

(i) Assets and liabilities for each balance sheet reported are translated at the closing rate at the date of the balance sheet;

(ii) Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) All resulting Exchange differences are recognized as a separate component of the consolidated equity.

On consolidation, any exchange differences arising from the translation of net investments in foreign operations and loans and other instruments in foreign currency and designated as hedges of such investments are taken to equity. When realised, or when the investment ceases to be classified as a net investment in a foreign operation, these differences are recognised in the income statement as part of the gain or loss on the sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

The Group has designated certain loans granted to foreign subsidiaries as net investments in a foreign business and the exchange differences arising during the year have been classified under the heading "Cumulative differences on exchange rate" of the equity in the positive amount of EUR 7,336 thousand in 2023 (in 2022 positive differences on exchange totalled EUR 3,565 thousand). The cumulative amount of differences on exchange deriving in this respect and included under the heading Cumulative differences on exchange rate in equity at 31 December 2023 amounted to EUR 6,655 thousand (2022: EUR 13,991 thousand negative). The liquidation of these loans is not provided or is likely to be done in the near future.

d) Financial information in hyperinflationary economies

The financial statements of Argentine subsidiaries whose operating currency is that of a hyperinflationary economy were restated in financial year 2018 for the purposes of being presented in uniform currency at the closing date in accordance with the provisions in the NIC 29 "Financial Information in Hyperinflationary Economies":

Argentina was declared as a hyperinflationary economy since 1 July 2018, due to accrued inflation over the last three years having exceeded 100% in accordance with the variation in the Internal Wholesale Price Index published by the National Institute of Statistic and Census of Argentina.

Argentina recorded a cumulative inflation rate of 211.4% in 2023 (2022: 94.8%) and the average exchange rate of the Argentine peso against the euro was 322.1610 (2022: 137.0815).

As a result of this, the balance sheets at 31 December 2018 of subsidiary companies which the Group maintains in Argentina (See Appendix I), were retroactively restated as from the last adjustment undertaken by these companies which dates back to 2003, following the indications of the IFRIC 7 "Application of the Restatement Procedure according to the IAS 29". With regard to the restatement calculation, the indexes set forth by the Technical Resolution of the Governing Board 439/18 published by the Argentine Federation of Professional Councils were used. The effect of this restatement was not significant in 2023 and 2022.

2.4.3 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses, except for land, which is reported net of impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment assets transferred from equity.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The expenses made during the financial year due to the works and jobs the Company carried out on its own account are charged to the corresponding expense accounts. The current tangible fixed assets will be charged for the amount of said expenses, charged to income which covers the work performed by the company.

Lands are not depreciated. Depreciation of other productive assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

	Estimated Operating Life (years)
Buildings	25 - 50
Plant and machinery (including energy transition infrastructures)	10 - 20
Other fittings and furniture	6 - 15
Other fixed assets	2 - 4

The asset's residual value and useful life are reviewed and adjusted, if appropriate, at each consolidated balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.4.5).

Profit and loss on the sale of tangible fixed assets are calculated by comparing the revenue obtained against the carrying value and are included in the income consolidated profit and loss statement.

2.4.4 INTANGIBLE ASSETS

a) Goodwill

Goodwill represents the excess of acquisition cost over the Group's interest in the acquisition-date fair value of the net identifiable assets and contingent liabilities of the subsidiary acquired. Goodwill arising on acquisitions of subsidiaries is included in intangible assets. The Group performs annual tests to determine whether goodwill has suffered any impairment losses and, if so, these are recorded as a reduction in cost, and this impairment cannot be reversed in the future. The calculation of profit and loss on the sale of an entity includes the carrying amount of goodwill allocated to the entity sold.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (CGUs), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying amount of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

b) Research & development expenses

Research expenditure is recognised as an expense as incurred. The costs incurred in development projects (associated with the design and testing of new products or product upgrades) are recognised as an intangible asset when the success of the development is deemed probable taking into account its technical and commercial feasibility, management intends to complete the project and has the technical and financial resources to do so, has the ability to use or sell the asset and generate potential economic benefits and the costs involved may be reliably estimated. Other development expenses are recognised as costs when they are incurred. Development costs previously recognised as expenses are not recognised as an asset during subsequent financial years. Development costs with a finite useful life that have been capitalised are amortised from the start of commercial production of the product on a straight-line basis over the period in which it is expected to generate economic benefits, which does not exceed five years.

Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that are deemed likely to generate economic benefits in excess of costs beyond one year, are recognised as intangible assets. Directly attributable costs include software developer costs and those overheads that are attributable to them. In FY 2023, the Group capitalised as computer applications the amount of EUR 6,934 thousand relating to the cost of work carried out internally to develop software, charged to the item "Employee benefit expenses" in the consolidated income statement for 2023 (2022: EUR 6,425 thousand).

In-house developed software, recognised as assets, are amortised over their estimated useful lives, which do not exceed 4 years.

Any intangible assets so recognised are subject to impairment testing under IAS 36. In financial years 2023 and 2022, the relevant impairment tests were performed and no impairment was detected.

c) Trademarks and licences

Trademarks and licences acquired from third parties are reported at cost. Those acquired through business combinations are recognised at fair value at the acquisition date.

In 2019, the useful life of the "Phone House" brand was re-estimated as a result of the changes in the Group's strategy for its adaptation and market trend in the retail sector, where The Phone House operates predominantly. Accordingly, a defined useful life of ten years has been considered, with the "Phone House" brand starting to amortise on a straight-line basis from the middle of the 2019 financial year.

In financial year 2021, the company Miniso Lifestyle Spain, S.L. was taken over and when determining the purchase price of the net assets acquired at fair value, the MINISO brand name was recognised as an intangible asset with a useful life of 10 years.

In financial year 2023 with the takeover of the Spanish company Gesthidro, S.L.U. and its subsidiary Recinovel, S.L.U. (Notes 1.3 and 32), activity licences were obtained for the processing and storage of hazardous and non-hazardous waste and the management of organic solvents for subsequent recovery, granted for an indefinite period of time in a specific geographical area.

Furthermore, at 2023 and 2022 year-end, impairment tests were performed with no indications of any impairment to be recorded.

d) Customer portfolio and order backlog

Under this heading the Group includes the associated value of the customer and order backlog acquired for consideration as part of the business combinations carried out in each financial year. These assets arise when the purchase price of the assets acquired is allocated and are initially carried at fair value using the "Multi-period excess earnings (MPEE) valuation method," which is based on the present value of operating cash flows net of supporting asset charges. Following recognition, the Group amortises the customer portfolio and order backlog on a straight-line basis over the estimated period in which they will contribute cash flows to the Group, generally 4 to 10 years for the customer portfolio and 4-5 years for the order backlog.

In financial years 2023 and 2022, the relevant impairment tests were performed and no impairment was detected.

e) Computer Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Computer software recognised as assets are amortised over their estimated useful lives (which do not exceed 4 years).

2.4.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level where cash flows can be separately identified (cash generation units).

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.4.6 FINANCIAL ASSETS

CLASSIFICATION

The Group has classified its financial assets in the following evaluation categories:

- Those which are evaluated subsequent to fair value (either with changes in other comprehensive profit/loss or in profit/loss), and
- those valued at their amortised cost.

The classification depends on the entity business model to manage the financial assets and the contract terms of the cash flows of the assets and investments.

For assets valued at fair value, profits and losses are registered in profit/loss or in other comprehensive profits/losses. Investments in equity instruments not held for trading will depend on whether or not the Group made an irrevocable decision at the time of initial recognition for accounting for investment in equity at fair value with changes in other comprehensive profit/loss.

The Group reclassifies the investments in financial assets when, and only when, the business model used to manage these assets changes.

RECOGNITION AND VALUATION

Investments and financial assets

Regular purchases and sales of financial assets are recognised on the trade date; the date on which the Group commits to purchase or sell the asset. The Group removes financial assets when they mature or when the rights to the cash flows for the financial assets have been transferred, and the Group has performed a substantial transfer of all the risks and benefits inherent in its ownership.

At the time of initial recognition, the Group assessed financial assets at fair value and, if a financial asset is not at reasonable value with changes in results (VRR), the costs of the transaction that are directly attributable to the purchase of the financial assets. The transaction costs of financial assets registered at fair value with changes in results are recorded as expenses in profits/losses.

Financial assets with embedded derivatives are considered in their entirety when determining if their cash flows are exclusively the payment of principal and interests.

Debt instruments

The subsequent appraisal of the debt instruments depends on the business model of the Group to manage the assets and the characteristics of the cash flow of the assets. There are three evaluation categories in which the Group classifies its debt instruments:

- Amortised cost: The assets maintained for contract cash flow hedges (as applicable) when these cash flows only represent the principal payments and interests are appraised at amortised cost. The interest income of these financial assets is included in financial income pursuant to the effective interest rate method. Profit and loss arising from deregistering is directly recorded in profits/losses and is included in other profits/(losses), together with the profits and losses arising from exchange rate differences, as applicable. Impairment losses are recorded in a separate section of the profit and loss account.

- Fair value with changes in other comprehensive profit/loss: The assets maintained for contract cash flow hedges and to sell financial assets, when the cash flows of the assets only represent the payments of principal and interests. They are appraised at fair value with changes in other comprehensive profit/loss. Book value transactions are carried over to other comprehensive profit/loss, except the recognition of profit and loss from impairment, ordinary income from interests and profit and loss from differences in exchange rates which are recorded in profit/loss. When the financial assets are derecognised, the cumulative profit and loss previously recorded under other comprehensive profit/loss is reclassified from equity to profits/losses and also recorded under other profits/(losses). Income from interest on these financial assets are included in financial income following the effective interest rate method. Profit and loss from exchange rate differences are recorded under other profits/(losses) and expenses due to impairment losses are recorded in a separate section of the profit and loss account.

- Fair value with changes in profit/loss: Assets which do not meet the criteria for amortised cost of for fair value with changes in other comprehensive profits/losses are recorded at fair value with changes in profits/losses. Profit and loss from a debt investment subsequently recognised at fair view with changes in profits/losses is recognised in profits/losses and is recorded as net under other profits/(losses) in the financial year in which they arise.

Equity instruments

The Group appraises all investments in equity at fair value. When the Group Management opted to record profit and loss at fair value for investments in equity in other comprehensive profit/loss, there is no subsequent reclassification of profits and losses at fair view in profits/losses, following investment account deregistering. Dividends from these investments remain recorded as profit and loss for the financial year as part of other income when the company's right to receive payments is established.

Changes in the fair value of the financial assets at fair value with changes in profit and loss are reported in other profit/(loss) the income statement, when applicable. Loss from impairment (and reversal of losses from impairment) related to investment in equity valued at fair value with changes in other comprehensive profits (losses) are not presented separately from other changes in fair value.

IMPAIRMENT LOSS

The Group appraisal is based on the expected credit losses related to its assets at amortised cost and at fair value with changes in other comprehensive profit/loss. The method applied for impairment losses depends of whether or not there has been a significant credit risk increase.

The value correction for losses of financial assets is based on the hypothesis on default risk and expected rates of losses. The Group exercises judgement when performing these hypotheses and selecting the variables for the calculation of the impairment loss based on past experience, the existing market conditions, as well as the probable estimates at the end of each financial year on which is being reported.

2.4.7 DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITY

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

a) Hedges of the fair value of recognised liabilities (fair value hedge);
b) Hedges of a particular risk associated with a recognised asset/liability or a highly probable forecast transaction (cash flow hedge); or
c) Hedges of a net investment in a foreign operation (net investment hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, including whether changes in cash flows of the hedging instruments are expected to offset changes in cash flows of the hedged items. The Group documents its risk management goals and strategy for undertaking its hedge transactions.

The fair values of the derivative financial instruments designated in hedging relations are described in Note 18. The total of the fair value of a hedging derivative is classified as asset or non-current liability if the remaining maturity of the hedged item is greater than 12 months; it is classified as asset or current liability if the remaining maturity of the hedged item is less than 12 months. The business derivatives are classified as assets or current liabilities.

Cash flow hedges that qualify for hedge accounting

The efficient part of the changes in fair value of derivatives which are assigned and classified as cash flow hedges are recorded in the cash flow hedges reserve in equity. The profit and loss related to the inefficient part are immediately recorded in profit/loss, under other income/(expenses).

Profit and loss relating to the efficient part of the interest rate swaps which are generated by variable loans are recorded as profit/loss under the section "Financial expenses" as soon as the interest expense is accrued by the hedged loans.

When term contracts are used to cover envisaged transactions, the Group generally only assigns the change in the fair value of the term contract related to the spot component as the hedging instrument. Profit and loss relating to the efficient part of the change in component spot of term contracts are recorded in the cash flow hedges reserve in equity. A change in the forward item of the contract in relation to the hedged item ("aligned term item") is recognised under other comprehensive profit/loss in the costs of the hedging reserve under equity. In some cases, profit and loss relating to the efficient part of the change in fair value of complete term contracts are recorded in the cash flow hedges reserve in equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit and loss as follows: Gains or losses corresponding to the effective portion of interest rate swaps covering floating rate loans are recognised in profit and loss under finance cost at the time as the interest cost on hedged loans.

When a hedging instrument matures, is sold or terminates, or when hedging no longer meets the hedging accounting criteria, any accumulated deferred profit and loss of the hedging in equity at that time remains as equity until the envisaged transaction takes place, resulting in the recognition of a non-financial asset such as inventories. When the envisaged transaction is no longer expected, the cumulative profit and loss and deferred hedge costs that figured in equity are immediately reclassified under profit and loss for the year.

Net investment hedge

The net investment hedges in business abroad are recorded similarly to the cash flow hedges.

Any profit and loss in the hedge instrument related with the efficient part of the hedge is recognised in comprehensive profit/loss and accumulates in reserves in equity. The profit and loss related to the inefficient part are immediately recorded in profit/loss.

The cumulative profit and loss in equity are reclassified to profit/loss when the business is partially disposed of abroad.

Derivatives which are not qualified for hedge accounting

Specific derivative instruments are not qualified for hedge accounting. The changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit / loss under "Change in fair value of assets and liabilities attributed to profit and loss".

2.4.8 INVENTORIES

Inventories are measured at the lower of purchase cost and net realisable value. The purchase price is calculated in accordance with the weighted average price method. In the case of product manufacturing, production costs include the direct and indirect manufacturing costs.

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

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.4.9 TRADE ACCOUNTS RECEIVABLE

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets.

Furthermore, pursuant to IFRS 15, advance commission payments for the acquisition of new customers by a network of distributors in the business of providing telephone and energy supply services (Sustainable Services Segment) are recorded in the consolidated balance sheet as prepayments and are amortised on a straight-line basis over the customer's expected useful life.

Trade accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For trade payable, the Group applies a simplified approach permitted by IFRS 9, which requires that the forecast lifecycle losses be recognised from the initial recognition of the accounts payable. For the calculation, the Group considers the clients' markets for each line of activity, past experience on the percentage of default or the volumes of receivables and another series of variables (Note 3.1. c)).

Financing through the discounting of bills of exchange is not written off from trade receivables until they are collected and is reflected as bank financing.

Financing by means of non-recourse factoring or the sale of trade receivables triggers the derecognition of the receivable as all associated risks are transferred to the financial institution in question (Note 10).

2.4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities. Note 12 specifies whether any of the items included in cash and cash equivalents are subject to any restrictions and consequently not available for general use.

2.4.11 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will primarily be recovered through a sale transaction rather than through continued use and it is considered highly likely that they will be sold. They are measured at the lower of the carrying amount and fair value less cost to sell, except for assets such as deferred tax assets, assets from employee benefits, financial assets and real estate investments recorded at fair value and contractual rights from insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent impairment of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell an asset (or disposal group), but not above the impairment loss previously recognised. Loss or gain not previously recognised at the date of sale of a non-current asset (or disposal group) is recognised on the date it is de-recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated whilst they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. Liabilities from a disposal group classified as held for sale are presented separately from other liabilities on the balance sheet.

A discontinued activity is a component of an entity that has been disposed of or classified as held for sale and which represents a business line or a significant geographical area of operation and is separate from the rest of the business, is part of an individual and coordinated plan to alienate such business line or operating area, or is a dependent entity acquired exclusively for the purpose of reselling it. The results of discontinued operations are presented separately in the consolidated profit and loss account.

See summarised information in Note 36.

2.4.12 SHARE CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When a Group company acquires shares of the parent company (treasury shares), the consideration paid, including any directly attributable incremental cost (net of income tax) is deducted from equity attributable to the parent's equity owners until the shares are cancelled, reissued or sold. When these shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the parent's shareholders.

2.4.13 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to tangible fixed assets are included in deferred income as deferred government grants and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

The benefit of a loan at a lower rate than that of the market granted by a public entity is valued as the difference on the accounts and the amount received; a subsidy is recognised in the amount of this difference and is recorded in the consolidated income statement or in liabilities as a deferred government subsidy depending on whether the loan finances current expenses or investments in tangible fixed assets.

2.4.14 SUPPLIERS – TRADE ACCOUNTS PAYABLE

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.4.15 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer their settlement for at least 12 months after the end of the consolidated reporting period.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Financial liabilities are eliminated when the specific obligation in the contract has been fulfilled, cancelled or expired. The difference between the book value of a financial liability that has been cancelled or transferred to another party and the consideration paid, including any non-cash or liability transferred asset assumed, is recognised in the income statement as financial income or expenses.

In the event of renegotiation of existing debts, no substantial modifications to the financial liabilities will be deemed to have taken place if the lender of the new loan is the same as the lender that granted the original loan and the current value of the cash flows, including net commissions, does not differ by more than 10% from the current value of the cash flows for the original liability on which payment is pending, calculated using the same method.

If the exchange is accounted for as an extinguishment of the original financial liability, any costs or fees incurred are recognised as part of the profit and loss on the extinguishment. Otherwise, the modified cash flows are discounted at the original effective interest rate, with any difference with the previous carrying amount recognised in profit and loss. In addition, any costs or fees adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

2.4.16 CURRENT AND DEFERRED TAXES

a) Corporate income tax

Corporate Income Tax expense for the year comprises current and deferred tax and is calculated on the basis of profit before tax, adjusted for any permanent and/or temporary differences envisaged in the tax laws enacted or substantively enacted at the balance sheet date regarding the calculation of taxable income in the countries where the Company and its subsidiaries operate. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. The tax is also recognised in the income account except when it relates to items recognised in other global results or directly in equity. In this case this is also recognised in the other global results or directly in equity respectively.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and if necessary, it establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax credits and deductions and the tax effect of applying unused tax losses that have not been capitalised are treated as a reduction in income tax expense for the year in which they are applied or offset.

On the other hand, and as of 1 January, 2015, the regional consolidated tax group was created, being its head company Global Dominion Access, S.A. The rest of companies are the following:

- Dominion Investigación y Desarrollo, S.L.U.
- Dominion E&C Iberia, S.A.
- Dominion Energy, S.A.
- Instalaciones Eléctricas Scorpio, S.A.
- Energy Renewables 8, S.L.
- Dominion Servicios Medioambientales, S.L.
- Desarrollos Green BPD 1, S.L.U.
- Desarrollos Green BPD 2, S.L.U.
- Desarrollos Green BPD 3, S.L.U.
- Desarrollos Green BPD 4, S.L.U.
- Desarrollos Green BPD 5, S.L.U.
- Desarrollos Green BPD 6, S.L.U.
- Dominion Renewable 1, S.L.U.
- Dominion Renewable 2, S.L.U.
- Dominion Renewable 3, S.L.U.
- Dominion Renewable 5, S.L.U.
- Dominion Renewable 6, S.L.U.
- Dominion Renewable 7, S.L.U.
- Linderito Solar, S.L.U.
- Pamaco Solar, S.L.U.
- Pico Magina Solar, S.L.U.
- Proyecto Solar Pico del Terril, S.L.U.
- Rio Alberite Solar, S.L.U.
- Villaciervitos Solar, S.L.U.
- Wydgreen, S.L.U.
- Kinabalu Solar Park I, S.L.U.
- Cerro Torre Solar, S.L.U.
- Basde Solar I, S.L.U.
- Jambo Renovables I, S.L.U.
- Pico Abadias Solar, S.L.U.
- Tormes Energías Renovables, S.L.U.
- Cayambe Solar Power, S.L.U.
- Cerro Bayo Renewable Energy, S.L.U.

- Cerro Galan Solar, S.L.U.
- El Pedregal Solar, S.L.U.
- Cero Lastarria, S.L.U.
- Cerro Acotango, S.L.U.
- Cerro Las Tórtolas, S.L.U.
- Cerro Juncal, S.L.U.
- Cerro Marmolejo, S.L.U.
- Cerro Vicuña, S.L.U.
- Dominion Energy Projects, S.L.U.
- Pico Ocejón Solar, S.L.U.
- Torimbia Green Energy, S.L.U.
- Bas Buelna Solar, S.L.U.
- Desarrollos Green Ancón, S.L.U.
- Domwind Solar, S.L.U.
- Desarrollos Piedralaves, S.L.U.
- Vidiago Energy, S.L.U.
- Peñalara Energía Green, S.L.U.
- Rancho Luna Power, S.L.U.
- Chinchilla Green, S.L.U.
- Somontín Power, S.L.U.
- Generación Cobijeru, S.L.U.
- Generación El Turbón, S.L.U.
- Bakdor Renovables, S.L.U.
- Molares Green Renovables, S.L.U.
- Pecan Green Soluciones, S.L.U.
- Sajas Renewable Energy, S.L.U.
- Trujillo Vatios, S.L.U.
- Albala Energy, S.L.U.
- Coderland España, S.L.U.
- Greenmidco 1, S.A. (Established in 2023)
- Bas Project Corporation, S.L. (Established in 2023)
- Bas Project Development 1, S.L. (Established in 2023)
- Bas Project Development 2, S.L. (Established in 2023)
- Bas Project Development 4, S.L. (Established in 2023)
- Bas Project Development 5, S.L. (Established in 2023)
- Bas Project Development 7, S.L. (Established in 2023)
- Bas Project Development 8, S.L. (Established in 2023)
- Bas Project Development 9, S.L. (Established in 2023)
- Bas Project Development 10, S.L. (Established in 2023)
- Generación Fotovoltaica El Llano (Established in 2023)
- Bas Caribe 1, S.L. (Established in 2023)
- Fase 2 WCG, S.L. (Established in 2023)
- Puerto Villamil, S.L. (Established in 2023)
- Caliope Energy, S.L. (Established in 2023)

The Spanish tax group was set up on 1 January 2015 with Bilcan Global Services, S.L being the controlling party and the rest:

- Dominion Centro de Control, S.L.U.
- Sur Conexión, S.L.
- Tiendas Conexión, S.L.
- Eurologística Directa Móvil 21, S.L.U.
- Dominion Industries & Infraestructures, S.L.
- The Phone House Spain, S.L.U.
- Connected World Services Europe, S.L.U.

- Smart House Spain, S.A.U.
- Netsgo Market, S.L.
- Dominion Tanks Dimoin, S.L. formerly (Dimoin Calderería, S.L.)
- The Telecom Boutique, S.L.
- Facility Management Exchange, S.L.
- Zwipit, S.A.
- Butik Telco, S.L.
- Plataforma de Renting Tecnológico, S.L.
- Miniso Lifestyle Spain, S.L.
- Alterna Operador Integral, S.L.
- Butik Energía, S.L.U.
- Tu Comercializadora de Energía Luz, Dos, Tres, S.L. (Established in 2023)
- Servishop Manlogistic, S.A. (Established in 2023)

Outside Spain it exists the following fiscal groups:

- In Germany: led by the subsidiary Beroa Technology Group GmbH and in which Dominion Deutschland GmbH, Burwitz Montage-Service GmbH and Karrena Betonanlagen und Fahrmischer GmbH (dormant) participate.
- In the USA: led by the subsidiary Global Dominion Access USA and with stakes held by Karrena USA Inc (formerly Karrena Cooling Systems Inc.), Commonwealth Constructors Inc, ICC Commonwealth Corporation and Capital International Steel Works Inc.

The other Dominion Group companies file their tax individually.

b) Deferred taxes

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit and loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except when the Group can control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets deriving from the carryforward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of tax allowances in respect of investments, the tax credit is accrued as a decrease in expense over the period during which the items of tangible fixed assets that generated the tax credit are depreciated; this right is recognised with a credit to deferred income. Tax deductions in respect of R&D investment are classified, depending on the nature of the subsidy, upon recognition as operating grants so long as the R&D costs have not been capitalised (Note 2.4.13).

Deferred tax assets corresponding to utilised or recognised tax credits relating to R&D activities are recognised in profit and loss on a systematic basis over the periods during which the Group companies expense the costs associated with these activities, based on management's assessment that treatment as a grant best reflects the economic substance of the tax credit. Accordingly, in keeping with IAS 20, the Group treats the tax credit recognised or used as other operating income.

The deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and the tax base of the investments in business abroad when the Group is capable of controlling the date on which the temporary differences will be carried forward and it is probable that these will not be carried forward in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the amounts recognised under these headings and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.4.17 EMPLOYEE BENEFITS

a) Pension commitments

The Group's plans are funded through payments to insurance companies or externally-administered funds, determined by periodic actuarial calculations. The Group has deferred contribution of non-significant amounts and defined benefit plans. A defined benefit plan establishes the amount of benefits that an employee will receive, normally on the basis of one or more factors such as age, years of service and compensation.

A defined benefit plan is a plan under which the Group pays fixed contributions to a fund and is required to pay additional contributions if the fund does not have sufficient assets to pay all employees the benefits related to the services provided in the current year and prior years.

The liability recognised in the balance sheet in connection with defined benefit plans is the present value of defined benefit commitments at the reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the obligation is calculated by discounting the estimated future cash outflows using the interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity (in other comprehensive income) in the period in which they arise in the case of post-employment benefits and in the income statement in the case of long-term employee benefits.

The past-service costs are recognised immediately in the income statement.

b) Dismissal compensation

Dismissal benefits are paid to employees as a result of the Group's decision to terminate employment contracts before the retirement age or when employees voluntarily agree to resign in return for benefits offered by the Company. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or as a result of an offer of termination benefits made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

c) Benefit and bonus participation plans

The Group recognizes a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the parent company's shareholders after certain adjustments. The Group recognizes a provision when contractually obliged or when there is a past practice that has created a constructive obligation.

d) Variable remuneration plans based on the value of the Parent Company's shares payable in cash

Liabilities with regard to appreciation rights of cash-settled shares of the Group's controlling Company are recognised as expense for remuneration to employees during the corresponding service period. Liabilities are recalculated on each date on which the information is presented and they are presented as remuneration obligations to employees on the balance sheet.

These plans are not compensation or share-based payments or employee stock option plans.

2.4.18 PROVISIONS

Provisions for specific liabilities and charges are recognised when:

(i) The Group has a present legal or constructive obligation as a result of past events;

(ii) It is probable that an outflow of resources will be required to settle the obligation; and

(iii) The amount has been reliably estimated.

Restructuring provisions include employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the probability of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.4.19 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable on the sale of goods and services in the ordinary course of the Group's business activities, stated net of discounts, returns and value added taxes and after the elimination of intragroup sales. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific performance obligations have been met for each of the Group's activities. The amount of revenue cannot be reliably determined until all of the contingencies associated with the sale have been settled. Revenue is recognised as follows:

a) Sales of goods

Sales of goods are recognised when a Group company has delivered the products to the customer, the customer has accepted the products and it is probable that the future economic benefits will flow to the Group. Accumulated experience is used to estimate and provide for returns at the time of sale.

The Group's activity is focused on the provision of services; nevertheless, in the grouping of Commercial B2B2C Services CGUs, sales are performed of devices along with the corresponding telephone services required for the activity and which do not generate added value for the Group. As indicated in the following section the part of the sales and purchases of devices to operators whose risk does not reside with the Group, where the Group acts as agent, are not recorded as Group transactions, only recognising the commissions which correspond to it as agent.

b) Provision of services

Sustainable Services Segment:

The Group provides a wide range of services to various sectors of activity. In this segment we include activities performed by the Industrial Sustainability Services, Smart Infrastructure Services and Commercial B2B2C Services CGU clusters.

There are two types of Services provided by this segment: those that are recognised over time because the performance produces an asset controlled by the customers and with no alternative use for the Group, or those that are recognised at a point in time because they are services that are performed over a shorter period of time and are recognised by the customer in the month after execution.

This segment includes telecommunications system integration and technological consulting services in networks and automatic mechanisms, carrying out all phases of the project, including engineering, supply, installation and launch of public and private entities and companies and industrial maintenance services, controlling the entire productions process through outsourcing. These services are rendered in accordance with a specific date and materials, or a fixed price contract.

Revenues from specific dates and materials contracts, which normally relate to the rendering of telecommunications integration services, are recognised at the rates stipulated in the contract to the extent that personnel perform the hours and direct expenses are incurred.

The revenue deriving from fixed-price contracts for both engineering maintenance and network installation as well as industrial maintenance is recognized based on the degree of completion method in accordance with the services performed or the percentage completion of the agreements compared with total services or construction contracts to be fulfilled. These types of agreements are short-term in nature and normally the estimated degree of completion does not exceed a 1.5 month invoicing time horizon at the end of the year for technology services and no more than one month for industrial services.

The expected losses in these contracts are immediately recognised as financial year costs provided they are known and can be quantified.

Moreover, the services grouped together in the B2B2C Commercial Services CGUs correspond, in some cases, to services where the companies act in some cases as the principle to the contract concluded with the customer and recognise all sale and purchase transactions and in other cases it acts as,, commission agent only recognising the income from the amount of the fee agreed for each transaction, whilst no risk exists for the Group on the inventory in its power and accounts receivable and it does not have the capacity to set the price of sale.

The commercial transactions income not recognised in the "net turnover" of the Group's consolidated profit and loss account as a result of acting as agent in specific service agreements amounted to EUR407m in 2023 (EUR428m in 2022)(Note 24). These operations have a residual margin.

When the Group acts some cases as principal in the contract with the operator, revenue is recognized when it is probable that the Group will receive economic benefits or income derived from the transaction and the amount of revenue and costs incurred or to be incurred can be measured reliably. Revenue is measured at the fair value of the counterparty received or receivable, less any discounts, sales on price and other similar items that the Company grant an, where applicable, interest included in the nominal value of the loans. The indirect taxes on transactions which can be chargeable to third parties not take of the incomes.

In addition, from the end of financial year 2021, the mobile device leasing activity has been incorporated in the Group, with full rate, insurance, etc. services. This activity requires investments in the devices and their associated services, which are recognised as property, plant and equipment and therefore depreciated over the leasing service period (24 months), except for the residual value thereof, which is recorded as inventory and recovered at the end of the service period through sales on the refurbished devices market. Revenue from this activity corresponds to the monthly installments agreed on with the end-consumer in the leasing contract.

It should be noted that until FY 2022, the Group carried out energy marketing, as a deregulated activity, with remuneration freely agreed between the parties. This marketing activity targeted two types of customers, private individuals (retail) and Companies (SMEs). For the former, electricity was sold at the market cost price plus a fixed management fee, whilst for the latter, a 1-year contract was established and the sale price was fixed, guaranteeing electricity was supplied at a fixed price under contracts with market "traders". In FY 2022, the group's existing order backlog was disposed of.

360 Projects Segment:

When the services rendered are offered to provide increased efficiency and competitiveness to a production process that continues to be managed by the customer, they are classified as Projects. These solutions are normally supplied based on a fixed-price agreement.

The revenue deriving from these types of projects is recognized based on the degree of completion method in accordance with the services performed or the percentage completion of the agreements compared with total services or construction contracts to be fulfilled. The contract assets of minor works does not normally represent a significant percentage of the total income due to the fact that the invoice milestones are normally linked to costs that are incurred and include an adjustment for estimated margins at any given moment. Larger projects or EPCs involve a higher degree of estimates based on the existing situation of the Project at the end of the year and for which the income associated with the costs incurred to date plus the project's estimated margin is recognized. The normal estimation time horizon for the income obtained through the degree of completion of these projects does not exceed three months of invoicing at the end of each year.

When the contracts include multiple execution obligations the transaction price will be allocated to each execution obligation based on the independent sale prices. When these are not directly observable, they are estimated on the basis of the expected cost plus the margin.

In contracts which feature variable prices, these are recognised when it is highly likely that they will not be reversed and are estimated based on the probability that the obligations or conditions determining them are met. To this end, the Group analyses the conditions and the experience from past financial years in similar contracts.

If circumstances arise that modify initial estimations of revenues, costs or degree of completion, these estimations are reviewed. Revisions could lead to increases or decreases in estimated revenues and costs, and are reflected in the income statement in the period in which the circumstances that have led to such revisions are known by client. Specifically, for contract extensions, these sales are only recorded when the income is approved by the client.

The income recognised based on the degree of completion (invoices not yet issued) at 31 December, 2023 amounted to EUR237m (Note 24) (2022: EUR235m) and the provisions recognised as liability related to the analysis of the degree of completion and customer prepayments in connection with these projects, total EUR93m (Note 24) (2022: EUR113m), making a net amount of EUR144m, which represents 12.1% of the consolidated net turnover for the financial year (2022: EUR122m, 9.9%, on the consolidated turnover) (Note 24).

c) Energy Generation and Sale

With regards to revenues from energy generation and sales contracts, the Group recognises revenues when the energy is actually supplied, based on the price established in each contract.

d) Royalty income

Revenue from royalties is recognised on an accruals basis in accordance with the substance of the relevant agreements.

2.4.20 LEASES

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease component based on their relative stand-alone prices. However, for real estate leases in which the Group is a lessee, it has decided not to separate the lease and non-lease components, counting them as a single lease component.

The terms of the lease are negotiated on an individual basis and contain a wide variety of terms and conditions. The lease agreements do not impose any other covenant other than the real guarantees on the leased assets that are maintained by the lessor. Leased assets cannot be used as collateral for the purpose of financial debt.

Leases are recognised as a right-of-use asset and the corresponding liability on the date on which the leased asset is available for use by the Group.

The assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including fixed payments in substance), less any lease incentive to collect
- variable lease payments that depend on an index or rate, initially measured according to the index or rate at the start date
- amounts expected to be paid by the Group as residual value guarantees
- the exercise price of a call option if the Group is reasonably certain that it will exercise that option, and
- penalty payments on termination of the lease, if the term of the lease reflects the Group's exercise of that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted using the interest rate implied in the lease. If that rate cannot be easily determined, which is generally the case for leases in the Group, the lessee's incremental rate of indebtedness is used, being the rate that the lessee would have to pay to borrow the funds needed to obtain an asset of similar value to the asset for right of use in a similar economic environment with similar terms, guarantees and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to index or rate-based lease payments take effect, the lease liability is reassessed and adjusted against the right-to-use asset.

Lease payments are apportioned between principal and finance cost. The finance cost is charged to income over the lease period so as to produce a constant periodic interest rate on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, comprising:

- the amount of the initial measurement of the lease liability
- any rental payments made on or before the start date, less any rental incentives received
- any initial direct costs, and
- restoration costs.

The depreciation of the right-of-use assets is generally on a straight-line basis during the useful life of the asset or the term of lease, whichever is less. If the Group has reasonable certainty that a purchase option will be exercised, the right-of-use asset is depreciated over the useful life of the underlying leased asset.

The payments associated with short term leases for machinery and all leasings of low value assets are recognised on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Most of the extension options for office and vehicle leases have not been included in the lease liability as the group could replace the asset at no significant cost or business interruption.

2.4.21 DISTRIBUTION OF DIVIDENDS

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's consolidated annual financial statements in the period in which the dividends are approved by the parent company's shareholders.

2.4.22 FINANCIAL INCOME AND EXPENSE

a) Financial income - interest

Financial revenue from interest is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, unless it is subsequently impaired. For impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset, after deducting impairment losses.

b) Finance costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. All other costs relating to loans incurred during the year are recognised as expenses in the profit and loss account for the year.

These costs consist of interest and other costs that the entity incurs in connection with the borrowing of funds. These may include: interest expense calculated using the effective interest method and exchange rate differences arising from foreign currency borrowings to the extent

that they are regarded as an adjustment to interest costs.

2.4.23 EARNINGS PER SHARE

a) Basic Earnings per Share

Basic earnings per share are calculated by dividing the profit attributable to the owners of the company, excluding any cost of the service of equity other than ordinary shares, by the weighted average number of outstanding ordinary shares for the year, adjusted for any incentives in ordinary shares issued during the year and excluding treasury shares.

b) Diluted earnings per share

For diluted earnings per share, the figures used to determine basic earnings per share are adjusted to take into account: The effect after income tax of interest and other finance costs associated with the dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.4.24 ENVIRONMENT

Costs incurred by the Group as part of its business activities that are intended to protect the environment and/or improve its environmental record are expensed currently. When these expenses involve incorporations into tangible fixed assets, with the aim of minimising the environmental impact and protecting and improving the environment, they are accounted for as the highest value of the fixed asset.

2.4.25 CURRENT AND NON-CURRENT BALANCES

Those amounts with longer maturity to 12 months from the closing date of the period are considered as non-current balances, assets and liabilities.

2.4.26 RELATED PARTY TRANSACTIONS

Transactions between companies in the same group, regardless of how closely related the participating group companies are, are accounted for in accordance with the general regulations.

The items that are the subject of the transaction will be recognised initially at their market value. If the agreed price for a transaction differs from its fair value, the difference is recorded on the basis of the economic reality of the operation.

Details of the companies that make up the Dominion Group are provided in Appendix I of these consolidated annual financial statements.

2.4.27 STATEMENT OF CASH FLOWS

The statement of cash flows reports the origin and use of monetary assets representing cash and cash equivalents, classifying transactions by activity and indicating the net change in this amount during the financial year.

Cash and cash equivalents are cash and cash equivalents, i.e. cash on hand, demand deposits and financial instruments that can be converted into cash and which, at the time of acquisition, mature in less than three months, provided that there is no significant risk of changes in value and they form part of the company's normal cash management policy.

Also, for the purposes of the statement of cash flows, occasional overdrafts may be included as a portion of cash when they form an integral part of the company's cash management.

Cash flows from operating activities:

These are primarily those arising from activities that account for the company's main source of revenue, as well as from other activities that cannot be classified as investing or financing activities.

Cash flow variations caused by these activities will be presented on a net basis, except for cash flows corresponding to interest, dividends received and income taxes, which will be reported separately. For these purposes, the income for the financial year before taxes will be adjusted to exclude expenses and income that did not result in a cash transaction and to include transactions from previous years that have been collected or paid in the current year.

Cash flows from investing activities:

These are payments arising from the acquisition of non-current assets and other assets not included in cash and cash equivalents, such as intangible assets, property, plant and equipment, investment property or financial investments, as well as receivables from their disposal or amortization at maturity.

Cash flows from financing activities:

These comprise collections from third party acquisition of securities issued by the Company or resources granted by financial institutions or third parties, in the form of loans or other financing instruments, as well as payments made for the amortization or repayment of the amounts they have made. Payments to shareholders as dividends also appear as cash flows from financing activities.

Cash flows from transactions in foreign currencies must be translated to the reporting currency at the exchange rate on the date of the cash flow in question, nothwithstanding the possibility of using a weighted average which represents the exchange rate for the period for cases involving a high volume of transactions.

For discontinued transactions, the cash flows of the various activities will be reported in the corresponding note to the consolidated annual financial report.

3. FINANCIAL RISK MANAGEMENT

3.1. FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk, climate change risk and other circumstantial risks. The Dominion Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

While international market trends have affected market confidence and consumer spending patterns, the Dominion Group is still in good standing to increase ordinary income by means of ongoing innovation and the purchase and sale transactions it has entered into. The Group has reviewed their exposure to climate-related risks and other emerging corporate risks, and from 2022 has incorporated these variables into its asset impairment analysis and earnings forecasts. In addition, the risk analysis conducted on 31 December 2022 already took account of the upward trend in interest rates just as was the case over the course of 2023, despite it stabilising towards the end of said financial year. On the other hand, no significant market changes that could affect the exchange rate risks have been observed. Management is monitoring these risks on an ongoing basis.

The company has sufficient margins to meet its current financial debt covenants and sufficient working capital and undrawn credit facilities to cover its ongoing operating and investment operations.

a) Market Risk

(i) Exchange rate risk

The presence of the Dominion Group in the international market requires it to arrange an exchange rate risk management policy. The basic goal is to reduce the negative impact on operations in general and on the consolidated income statement in particular of the variation in interest rates such that it is possible to protect against adverse movements and, if appropriate, leverage favourable development.

In order to arrange such a policy, Dominion Group uses the concept of Management Scope. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities in foreign currency are subject to management, irrespective of timing scope, while firm commitments for purchases or sales that form part of the management scope will be subject to the same if their forecast inclusion in the balance sheet takes place in not more than 18 months.

Following the definition of Management Scope, in order to manage risks the Group uses a series of financial instruments that in some cases permit a certain degree of flexibility. These instruments will basically be as follows:

- Forward currency purchases/ sales: An exchange rate known at a specific date is fixed which may, moreover, be subject to timing adjustments in order to adapt and apply it to cash flow.

- Other instruments: Other hedging derivatives may also be used, the arrangement of which will require specific approval by the relevant management body. This body will have to be informed beforehand as to whether or not it complies with the necessary requirements to be regarded as a hedging instrument, therefore qualifying for the application of the rule on hedge accounting.

(Thousands of EUR)

Details of open exchange rate insurance contracts for financial years 2023 and 2022 are provided in Note 18. During financial years 2023 and 2022, the Group used certain currency forward contracts in different currencies, the effect of which was basically recorded on the consolidated profit and loss account for each financial year.

The Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative market determine the policy in each country.

The Group has several investments in foreign operations, whose net assets are denominated in the local currency and are exposed to foreign currency risks. The translation volatility of those net assets in currencies other than Euro on equity as well as on profit and loss are detailed below.

If at 31 December 2023 and 2022, the value of the Euro had been reduced / increased by 10% with respect to all other functional currencies, all other variables remaining constant, equity would have been lower/higher, by EUR 5,552 thousand and EUR 5,284 thousand, respectively in 2023, (higher/lower by EUR 8,088 thousand and EUR 6,617 thousand, respectively in 2022) owing to the effect of the assets contributed by the subsidiaries operating in a functional currency different from the Euro.

If the average exchange rate of the Euro in 2023 had fallen / increased by a further 10% with respect to all functional currencies other than the Euro, all other variables being equal, profits after tax for the year would have been EUR 72 thousand and EUR 41 thousand lower/higher respectively (EUR 265 and EUR 201 thousand higher/lower in 2022), mainly as a result of the exchange gains / losses on the conversion of accounts receivable denominated in currencies other than the Euro.

Sensitivity to the exchange rate of the main currencies in the conversion process for the net assets of the subsidiary companies whose operating currency is not the euro is summarised in the table attached (revaluation or devaluation of the euro with regard to other currencies):

Financial year 2023

	Effect on Equity		Effect on income	
	+10%	-10%	+10%	-10%
Mexican peso	(1,817)	1,466	109	(133)
US Dollar	700	(1,008)	(54)	66
Saudi Riyal	(1,007)	1,231	(306)	374
Argentine peso	343	(419)	931	(1,148)
Peruvian sol	(875)	1,070	(267)	326
Australian Dollar	(882)	1,078	(85)	57
Indian Rupee (IR)	(1,239)	1,514	(264)	322
Chilean peso	(305)	373	(109)	133
Polish zloty	(135)	165	(90)	46
Arab Emirates Dirham	(257)	314	98	(120)
Danish krona	229	(280)	(65)	80
Columbian peso	(39)	48	61	(75)

(Thousands of EUR)

Financial year 2022

	Effect on Equity		Effect on income	
	+10%	-10%	+10%	-10%
Mexican peso	(858)	1,048	(280)	363
US Dollar	(1,592)	1,946	101	(173)
Saudi Riyal	(1,050)	1,283	(79)	135
Argentine peso	(4)	5	22	(45)
Peruvian sol	(626)	765	(197)	241
Australian Dollar	(822)	1,005	(47)	-
Indian Rupee (IR)	(1,019)	1,246	(74)	90
Chilean peso	(216)	265	39	(48)
Polish zloty	(66)	81	(22)	29
Arab Emirates Dirham	(364)	444	(93)	160
Danish krona	297	(363)	801	(981)
Columbian peso	(88)	107	30	(36)

(ii) Price risk

The Group generally has zero exposure to equity instrument price risk because it has no investments of this kind held by the Group and/or classified in the consolidated balance sheet for either FY 2023 or 2022 as fair value with changes in profit/loss or fair value with changes in other comprehensive profit/loss.

(iii) Interest rates

Dominion Group's borrowings are largely benchmarked to floating rates, for one part of the financial debt, exposing the Group to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the management strategy will be arranged through financial instruments that enable such flexibility. The possibility is expressly envisaged of arranging hedges for identifiable and measurable portions of flows, which enables, if appropriate, the completion of the efficiency test evidencing that the hedging instrument reduces the risk of the hedged component in the part assigned and is not incompatible with the established strategy and goals.

The Management Scope encompasses the borrowings recognised in the consolidated balance sheet of the Group. Circumstances may occasionally arise in which the hedges arranged cover the loans already committed in the final stage of formalization and where the principal should be protected against an increase in the interest rate.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The relevant accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the conditions required for such consideration. As with respect to the management of the exchange rate risk, the arrangement of any financial derivative which is suspected not to comply with the necessary conditions to be regarded as a hedge will require the express approval of the relevant management body. For reference, the basic hedging instrument will be the following:

(Thousands of EUR)

- Interest rate swaps: Through these derivatives, these Group segments convert the variable interest rate reference of a loan to a fixed reference with respect to either all or part of the amount of the loan, affecting all or part of the life of the loan.

Sensitivity to the interest rates included in the consolidated annual financial statements is limited to the direct effect of changes in interest rates applied to financial instruments subject to recognized interest in the consolidated balance sheet. The sensitivity of the income statement to a 1% change in interest rates (considering financial instruments as hedging derivatives) would have an effect of approximately EUR 2,533 thousand on Profits before tax recorded in FY 2023 (2022: EUR 954 thousand), considering its impact on financial borrowings linked to variable interest rates. In addition, the Group's net financial debt amounts to over EUR 75 million (2022: over EUR 163m) which, combined with an increase in market interest rates, would entail a rise of the profitability of the financial investments contracted. This profitability will partially offset the negative impact of a higher financial cost.

b) Liquidity risk

The prudent management of the liquidity risk entails maintaining sufficient cash and available financing through sufficient credit facilities. In this respect, the Group's strategy is to maintain, through its treasury department, the necessary financing flexibility through committed credit lines. Additionally, and on the basis of its liquidity needs, Dominion Group uses liquidity financial instruments (factoring without recourse and the sale of financial assets representing receivables, through which the risks and rewards on accounts receivable are transferred) that, in accordance with Group policy, do not exceed approximately one-thirds of overdue trade and other receivable balances in order to maintain liquidity levels and the structure of working capital required under its business plans.

Management monitors the Group's liquidity reserve forecasts together with the evolution of the Net Financial Debt. To this regard, as a result of the actions undertaken in previous financial years intended to optimise liquidity possibilities in more precarious moments, as well as the implemented detailed monitoring culture, the Group still preserves solid solvency and liquidity, even taking account of the debt assumed through the activities of the BAS associate acquired at the end of the 2022, which, in part, is debt that is associated with renewable energy projects, each in different stages of progress, which, when Project completion is reached, becomes Project finance with no recourse to the shareholder.

The Group's liquidity reserve calculation and the Net Financial Debt at 31 December 2023 and 2022 is provided below:

	2023	2022
Cash and cash equivalents (Note 12)	224,731	182,383
Other current financial assets (Note 8)	66,562	54,084
Undrawn borrowing facilities (Note 18)	206,643	149,009
Liquidity reserve	**497,936**	**385,476**
Liabilities with credit institutions (Note 18)	363,330	397,492
Derived financial instruments (Note 18)	2,929	2,341
Cash and cash equivalents (Note 12)	(224,731)	(182,383)
Other current financial assets (Note 8)	(66,562)	(54,084)
Net financial debt	**74,966**	**163,366**

The evolution of net debt in the financial years 2023 and 2022 is shown in the following table:

(Thousands of EUR)

Financial year 2023:

	Cash and deferred credits (Note 12)	Other current financial assets (Note 8)	Liabilities with credit institutions (Note 18)	Derived financial instruments (Note 18)	Total
Net financial debt start	**(182,383)**	**(54,084)**	**397,492**	**2,341**	**163,366**
Cash flows	(48,931)	(12,901)	77,925	-	16,093
Foreign exchange adjustments (*)	1,269	441	(2,591)	-	(881)
Changes in consolidated scope (Notes 1.3 and 32)	5,346	(18)	(29,496)	-	(24,168)
Other non-monetary transactions (**)	(32)	-	(80,000)	588	(79,444)
Net financial debt at the end of 2023	**(224,731)**	**(66,562)**	**363,330**	**2,929**	**74,966**

Financial year 2022:

	Cash and deferred credits (Note 12)	Other current financial assets (Note 8)	Liabilities with credit institutions (Note 18)	Derived financial instruments (Note 18)	Total
Net financial debt start	**(254,205)**	**(15,927)**	**204,244**	**434**	**(65,454)**
Cash flows	76,647	(38,151)	15,935	-	54,431
Foreign exchange adjustments (*)	(1,300)	42	(2,688)	-	(3,946)
Changes in consolidated scope (Note 32)	(3,525)	(48)	180,001	-	176,428
Other non-monetary transactions	-	-	-	1,907	1,907
Net financial debt at the end of 2022	**(182,383)**	**(54,084)**	**397,492**	**2,341**	**163,366**

(*) Companies with balance sheets expressed in currencies other than the euro (translation differences in equity), as well as currencies other than the currency of the country where is presented (exchange differences in profit and loss).

(**) Includes, among others, the amounts relating to the Mexican subsidiary Eólica Cerritos, S.A.P.I. de C.V. which has been transferred to Assets and Liabilities held for sale (Note 36).

For the purposes of this calculation the Group does not consider the heading of "Other current and non-current liabilities" to be financial debt (Note 20).

The Finance Department monitors forecasts of the Group's liquidity needs in order to optimise cash while maintaining sufficient availability of credit facilities not drawn by the Group, whilst always considering the need to meet the limits and covenants set forth in financing.

There are no restrictions regarding the use of "Cash and cash equivalents".

(Thousands of EUR)

As shown in the table above, the Group's net financial debt position at 31 December 2023 and 2022 includes Project Finance financing for projects included in the Holdings in Infrastructures segment, financing that has no corporate guarantee. The Group's net financial debt for the main business segments, 360 Projects and sustainable services is still negative (cash position).

Below is a table setting out a breakdown of the working capital reported in the Group's consolidated balance sheet at 31 December 2023, on a comparative basis with the figures at 31 December 2022:

	2023	2022 (**)
Inventories	128,011	84,495
Trade and other receivables	214,645	248,364
Assets per contract	237,329	235,603
Other current assets	11,766	11,673
Current tax assets	32,218	38,338
Operating current assets	**623,969**	**618,473**
Other current financial assets	66,562	54,084
Cash and other cash equivalents	224,731	182,383
CURRENT ASSETS	**915,262**	**854,940**
Trade and other payables	678,896	659,559
Contract liabilities	92,853	112,863
Current tax liabilities	37,411	30,503
Current provisions	10,015	12,811
Other current liabilities (*)	32,385	27,352
Operating current liabilities	**851,560**	**843,088**
Other current liabilities (*)	108,200	34,313
Short-term liabilities with credit institutions	176,067	188,280
Current derivative financial instruments	2,929	2,341
CURRENT LIABILITIES	**1,138,756**	**1,068,022**
OPERATING WORKING CAPITAL	**(227,591)**	**(224,615)**
TOTAL WORKING CAPITAL	**(223,494)**	**(213,082)**

(*) Accrued wages and salaries and accruals and prepayments are included in other operating current liabilities. The other items analysed in Note 20 are carried as non-operating current liabilities.

(**) Balances restated pursuant to Note 2.2.

Although the magnitude of working capital taken into consideration in an isolated manner is not a key parameter for understanding the Group's financial statements, it actively manages working capital through net operating capital and net current and non-current financial debt, based on the solidity, quality and stability of relationships with its customers and suppliers, as well as the exhaustive monitoring of its situation with financial institutions, which in many cases automatically renew loans. It should also be noted that the business covered by the activity of the group of CGU B2B2C Commercial Services in the sustainable Services segment normally operates with negative goodwill and sales that are recovered in cash, and expenses for purchases or services that have normal payment maturity dates.

One of the Group's strategic lines is to ensure the optimisation and maximum saturation of the resources devoted to the business. The Group therefore pays special attention to the net working capital invested in the business. In keeping with this and as in previous years, major efforts have been made to control and reduce the collection periods for trade and other receivables and to minimise services rendered pending invoicing. Similarly, the Company constantly optimises supplier payment terms, standardising policies and conditions throughout the Group.

(Thousands of EUR)

As a result of the above it may be confirmed that there are no liquidity risks at the Group.

The table below sets out an analysis of the Group's financial liabilities that will be settled, grouped together by maturity, in accordance with the time to maturity at the balance sheet date stipulated in the contract. The amounts shown in the table relate to the cash flows (including the interest that will be paid) stipulated in the contract without discounting. Balances payable in the coming 12 months equal their carrying value, given that the effect of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	More than 5 years
At 31 December 2023			
Bank borrowings and promissory notes	187,304	171,582	30,577
Other liabilities	143,514	22,345	3,489
At 31 December 2022			
Bank borrowings and promissory notes	200,142	193,357	45,102
Other liabilities	64,006	82,359	9,235

c) Credit risk

Risk management

Credit risks are managed by customer groups. The credit risk deriving from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the credit standing of the banks with which the Group works. In certain circumstances that give rise to specific liquidity risks at these financial institutions, the appropriate provisions to cover them are allocated if necessary.

Furthermore, the Group maintains specific policies for the management of this customer credit risk, taking into account their financial position, past experience and other factors. It should be noted that a significant part of its customers consist of companies with high credit ratings or official entities whose operations are financed through loans from international financial institutions.

In order to minimise this risk in trade receivable balances, the Group's strategy is based on the arrangement of customer credit insurance policies and the setting of customer credit limits.

Days sales outstanding is within the range of 15 days (mainly for commercial services) and 180 days. However, historically it has been considered that due to the characteristics of the Group's customers balances receivable due in between 120 and 180 days entail no incurred credit risk. It should also be noted that a portion of the sales made by the B2B2C Commercial CGU grouping are received in cash and the credit risk incurred is nearly zero. The Group continues to consider that these outstanding balances still present good credit quality.

The analysis of the age of outstanding assets that are not accountably impaired is provided in Note 10.

Safety

For some trade accounts receivable, the Group can obtain security by way of bonds, deeds of commitment or letters of credit which can be applied if the other party infringes the contract terms.

Financial asset impairment loss

The Group has four types of financial assets which are subject to the model of expected credit losses:

(Thousands of EUR)

- Trade accounts receivable for the sale of services
- Assets per contract related with solutions and services the recognition of which in income is performed based on the degree of project completion
- Loans and credits recorded at amortised cost
- Cash and cash equivalents

Although cash and cash equivalents are also subject to the requirements of impairment loss of the IFRS 9, the impairment loss identified is immaterial.

During FY 2023, as part of the loss forecast estimate, a review has been made of the performance of the credit risk of the different assets, adjusting the percentages for the expected loss considered in its broad spectrum and therefore eliminating a specific additional risk due to the effect of the pandemic which, to this effect, we consider to have been overcome.

Trade accounts receivable and assets per contract.

The Group applies the simplified focus of the IFRS 9 in order to evaluate the expected credit losses which uses a value adjustment due to expected losses during the entire life for the trade accounts receivable and assets per contract.

In order to evaluate the expected credit losses, the trade accounts receivable and assets per contract were regrouped based on the characteristics of the shared credit risk and days past maturity. The assets per contract are related with the work not invoiced based on the degree of completion and fundamentally have the same risk characteristics as the trade accounts receivable for the same contract types. As such, the Group has concluded that the expected loss rates for the trade accounts receivable are a reasonable approximation of the loss rates for the assets per contract.

The expected loss rates are based on the payment profiles for the sales during a period of 36 months before the end of each financial year and the corresponding historical credit losses during this period. The historic loss rates are adjusted to reflect the current and prospective information on macroeconomic factors which affect the clients' capacity to settle accounts receivable. The Group has identified the GDP and the unemployment rate in the countries where it sells its goods and services as the most relevant factors and, as such, adjusts the historic loss rates according to the changes expected in these factors.

On this basis, the value adjustments were determined due to losses at 31 December 2023 and 31 December 2022 as follows, both for the trade accounts receivable (Note 10) and for assets per contract:

At 31 December 2023	**Current**	**More than 60 days past maturity**	**More than 120 days past maturity**	**Total**
Average expected loss rate	1% - 1.5%	5.0% - 10%	55% - 75%	
Gross carrying amount - trade accounts receivable	178,741	22,726	45,688	247,155
Gross carrying amount - assets per contract	237,478	-	-	237,478
Value adjustments for losses	(6,780)	(1,875)	(24,004)	(32,659)

(Thousands of EUR)

At 31 December 2022	Current	More than 60 days past maturity	More than 120 days past maturity	Total
Average expected loss rate	1% - 1.5%	5.0% - 10%	55% - 75%	
Gross carrying amount - trade accounts receivable	208,448	18,641	54,695	281,784
Gross carrying amount - assets per contract	235,454	-	-	235,454
Value adjustments for losses	(2,742)	(843)	(29,984)	(33,569)

The value adjustments for losses for trade accounts receivable and assets per contract at 31 December 2023 are reconciled with the value adjustments for losses at the start as follows:

	Assets per contract	Trade accounts receivable
At 31 December 2022	**149**	**33,420**
Increase in value adjustments for losses of accounts receivable recognised in profit and loss during the financial year	-	2,240
Accounts receivable eliminated during the financial year for uncollectability	-	(2,031)
Carrying forward of the unused amount	-	(1,119)
At 31 December 2023	**149**	**32,510**

	Assets per contract	Trade accounts receivable
At 31 December 2021	**102**	**28,700**
Additions due to scope recognition	-	22
Increase in value adjustments for losses of accounts receivable recognised in profit and loss during the financial year.	47	6,923
Accounts receivable eliminated during the financial year for uncollectability.	-	(273)
Carrying forward of the unused amount	-	(1,952)
At 31 December 2022	**149**	**33,420**

The trade accounts receivable and the assets per contract suffered impairment and are cancelled when there is no reasonable expectation of recovery. The indicators that there is no reasonable expectation of recovery include, amongst others, the fact that a debtor does not commit to a payment plan with the Group and the lack of contractual payments during a period exceeding 180 days as from the due date.

The impairment losses in the trade accounts receivable and assets per contract are presented as net impairment losses as part of operating profit. The subsequent recovery of amounts cancelled previously are credited against the same item.

d) Climate Change Risk

Climate change is one of the key challenges that humanity is currently faced with and calls for the climate change risk to not only be an exercise in compliance but also a priority that must be incorporated as a fundamental basis of the strategic decisions of companies, not only because of its impact on company activities, but also insofar as it opens up new opportunities. Accordingly, the Group's mission is to help its customers introduce more efficient and sustainable business processes, positioning itself as a leader that can facilitate the process that is called for to move industry and society towards sustainability-based models.

Climate change risk management is still performed within the scope of the Sustainability Strategy, with one relevant aspect being the current considerations made by the Group regarding risks and opportunities arising from climate change, which is constantly monitored and reviewed by the Audit and Compliance Committee and the Sustainability Committee, set up by the Board of Directors. This way, climate risk is included in the Group's strategic risk management strategy, and is also included in the governance planned for these matters.

The Group's Sustainability Strategy has been designed around two fundamental pillars: being and doing.

"Being" consists of maintaining and strengthening the Group's sustainable character, ensuring that it maximises its beneficial effect on relationships with stakeholders and that it reduces or eradicates any negative effect or risk, with special emphasis on respect for Human Rights, occupational safety, diversity, risks arising from Climate Change, respect for business ethics, the incorporation of sustainability in Governance and reducing the Group's footprint, ensuring that the net positive effect is maintained, with appropriate progress made towards achieving decarbonisation. This is all in line with the Sustainable Development Goals (SDGs) framework.

"Doing" is related to the Group's mission and vision to help its customers to become more efficient and sustainable, assisting companies and communities in their transformation to Sustainability, with it being clear that all of the Group's activities work towards this goal, having beneficial effects on the environment and society in general.

Both pillars are united by a commitment to transparently disclose to the company all of the efforts made by DOMINION in this area, with a rigorous, certifiable and verified Non-Financial Information, disclosed both through the legally established channels and others recognised by the Company (CDP, S&P, Ecovadis, etc.). DOMINION is also committed to actively taking part in various initiatives which seek to raise sustainability awareness, such as the Global Compact, which the company is party to, the EU Diversity Charter, which three new DOMINION companies and countries have joined, and Operation Clean Sweep (a global initiative by the plastics industry to prevent plastic particle pollution).
This Sustainability Strategy consists of 8 basic pillars that sometimes combine aspects of "Doing- and "Being" and others only "Being" and which, in turn, are related to different specific actions. Of these pillars, two - emissions reduction and renewable energy development, play a direct role in addressing the climate change risk.

As indicated in section 3.3 of the Non-Financial Information Report, the Group regularly updates the materiality analysis regarding the most relevant sustainability factors, not identifying factors related to climate change that pose a significant risk.

The Group also continues to make progress with its in-depth analysis of climate risks, following the TCFD (Task Force on Climate-Related Financial Disclosures) method so as to detect any relevant risks and manage them together with the rest of the Group's business risks. Section 4.4 of the Non-Financial Reporting Report specifies the procedure followed to identify related risks.

With regards to the services provided by the Group, it is important to note that it does not require any significant facilities of its own that could require large amounts of energy or generate significant amounts of greenhouse gas emissions. In general, their services are performed on the customer's own premises or networks, which limits exposure to any significant physical risks.

The projects carried out by the Group are generally for its customers or are sold to other customers in a short period of time, and there is no intention to maintain these assets in the medium and long term. Accordingly, the impact of potential chronic or acute events affects the construction stage more than later stages.

Also, DOMINION's exposure to the Oil & Gas sector is extremely limited, consisting of the supply of environmental services that enable the recovery of waste, which is then reintegrated into the production process.

With regard to physical, acute and chronic risks, the services rendered by the company will be affected by the increasing uncertainty of weather patterns, but they have a modest impact and the company has been taking appropriate measures to keep them under control for some time. With regard to projects, considering the short execution period involved, the likelihood and impact is modest and can be suitable controlled by the impact analyses and measures currently in place. With regards to facilities, the main exposure resides in the photovoltaic energy facilities, which can be affected by extreme phenomena; however, these factors have been taken into account in the design and sizing process, significantly reducing the potential impact.

In terms of transition risks, the company's clear emphasis has been on the services and projects required by its customers to achieve greater sustainability, making it complicated for potential risks to ultimately affect the Dominion Group. Increasingly stringent activity regulations, as well as the existence of new technologies in this field, represent opportunities rather than risks for the Group. There is no doubt that the Group will have to implement electrification of its fleet in the future, but this will be a gradual process and will always go hand in hand with its customers' projects. Finally, the Group's exposure to sectors such as Oil & Gas is limited and always involves services and solutions that are geared towards reducing emissions of the circular economy.

With regards to opportunities, as already explained, if relevant opportunities are identified, in the short, medium and long term, that arise from customers' ability to adapt to these changes (resource efficiency, green services, climate resilience), as well as in new sectors or areas of activity that are making headway as a result of increased awareness of climate change implications (renewable energy generation and support for countries in the adaptation stages). The effects of these opportunities will mainly affect income and expenses and, to a lesser extent, investment in assets that may be required in order to carry out new activities.

In conclusion, it should also be emphasised that, when drawing up its Strategic Plan, the Group has taken into consideration climate risk and the emerging opportunities and maintains an ongoing review process, analysing how the climate risk factors can impact on its consolidated financial statements. To do so, it is using the methodology proposed by the TCFD as a reference and is incorporating the conclusions in the future-related accounting estimates and judgements.

Accordingly, based on the Management's assessment, it has been established that the potential impacts of climate change and the effect of environmental risks on the estimated useful lives of assets, asset impairment analyses, the amount of progress made in service contracts and pension benefits have been insignificant. However, the Group is currently developing and analysing all of these effects in more detail and we will continue to work on any quantification that we may need to consider going forward.

e) Other Circumstantial Risks

Global Geopolitical Situation:

Since war broke out in Ukraine on 24 February 2022, there has been a complex geopolitical situation in Eastern Europe. This was exacerbated in 2023 by the outbreak of war between Israel and Palestine on 7 October, 2023. The world economy is currently experiencing a period of global financial instability as a result of this geopolitical situation; a situation that it is impossible to predict how long it will last.

After analysing and assessing the direct impact that these conflicts could have on the continuity of the Group's business, there are no foreseeable liquidity or market risks for the Group that cannot be covered with the current existing situation. Notwithstanding this, there are a series of indirect impacts, such as a broad-based rise in price levels, a shortage of raw materials and delays in the receipt of purchased products, which, although it is not easy to measure their consequences, it can be said that they will have no significant effect on the Group's business margins in the short term or on the supply chain.

(Thousands of EUR)

Since the beginning of the financial year, there have been no further significant events that need to be stated for this purpose.

3.2. FAIR VALUE ESTIMATION

IFRS 13, 'Fair value measurements' explains how to estimate fair value when other international accounting standards so require. This standard stipulates the fair value disclosure requirements applicable to non-financial assets and liabilities.

IFRS 13 defines fair value as the value that would be received or paid, in an orderly transaction on the measurement date, for an asset or liability, regardless of whether this value is directly observable or has been estimated using valuation techniques. To this end the data used must be consistent with the assumptions that market participants would use in considering such a transaction.

Although IFRS 13 leaves the principles set down in other standards intact, it does establish the overall framework for measuring assets and liabilities at fair value when doing so is mandatory under other standards and stipulates additional fair value disclosure requirements.

The Group complies with IFRS 13 requirements in measuring its assets and liabilities at fair value when such fair value measurement is required under other international financial reporting standards.

On the basis of the contents of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports on how it estimates fair value by level using the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (Tier 1).
- Inputs other than Tier 1 quoted prices that are observable for the asset or liability, either directly (for example, as prices) or indirectly (for example, derived from prices) (Tier 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Tier 3).

The following table presents the assets and liabilities that are valued at fair value at 31 December 2023 and 2022:

	2023	2022
Derived financial instruments (Notes 8 and 18) (Tier 2)	993	1,186
Total assets at fair value.	**993**	**1,186**
Derived financial instruments (Note 18) (Tier 2)	(2,929)	(2,341)
Other liabilities valued at fair value (Note 20) (Tier 3).	(17,864)	(11,439)
Total liabilities at fair value.	**(20,793)**	**(13,780)**

There were no transfers between the tiers during financial years 2023 and 2022.

a) Tier 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flows and makes assumptions based on existing market conditions at each balance sheet date. If the significant inputs that are required to calculate the fair value of an instrument are observable, the instrument is included in Tier 2.

The specific measurement techniques applied to financial instruments are:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- Fair value of forward foreign exchange contracts is determined using forward exchange rates quoted at the consolidated balance sheet date.
- It is assumed that the book value of credits and debits for commercial operations is close to their fair value.
- Fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

Tier 2 instruments relate to the derivative financial instruments (Note 18).

b) Financial instruments at fair value in Tier 3

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Tier 3.

Instruments included in Tier 3 correspond to the contingent compensation of the business combinations performed during recent financial years. Those liabilities have been valued according to the stipulations specified in the contract of purchase, which include financial parameters such as EBITDA (defined as operating profit plus amortization in the consolidated income statement) and net financial debt, which must be estimated in the future (Note 20).

The key assumption to measure these liabilities is based on future expected returns to be generated by the activities/companies acquired (Notes 1 and 20). The assumptions used for these estimates match with the detailed in the impairment test of funds of trade (Note 7.a).

The fair value was at the end of financial year 2023 using an updated version of the key hypothesis for valuation, such as the forecast EBITDA and, in some cases, future cash flow generation, with no significant variations found in the updated assessment.

Modifications of 5% in EBITDA (estimated maximum variation upwards or downwards to which the EBITDA could be exposed), would imply a variation in financial liabilities to pay upwards EUR0.3 million or downwards EUR 0.4 million, taking into account that some agreements include maximum prices to be paid (2022: EUR 0.3 million upwards and EUR 0.3 million downwards), without this implying a need to modify the consolidated goodwill.

At 31 December 2023 and 2022 the Group does not record any agreements to offset financial assets and liabilities.

3.3. CAPITAL RISK MANAGEMENT

The Group's capital management goals are to safeguard its capacity to continue operating on a going-concern basis in order to obtain a return for shareholders and profits for other equity instrument holders and maintain an optimal equity structure by reducing its cost.

In order to maintain or adjust the capital structure, the Group could adjust the dividends payable to shareholders, refunding capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the leverage ratio. This ratio is calculated as net financial debt divided by total capital employed by the business. Net debt is calculated as total borrowings plus current financial liabilities less cash, cash equivalents and current financial assets, all of which as shown in the consolidated annual financial statements. Total capital employed is calculated as equity, as shown in the consolidated annual financial statements plus net financial debt.

(Thousands of EUR)

Leverage ratios at 31 December 2023 and 2022 were as follows:

	As of 31 December	
	2023	**2022 (**)**
Borrowings (Note 18)	363,330	397,492
Derived financial instruments (Note 18)	2,929	2,341
Minus: Cash and cash equivalents and current financial assets (Notes 8 and 12)	(291,293)	(236,467)
Net financial debt (Note 3.1.b) (*)	74,966	163,366
Equity	316,002	307,132
Total capital employed in the business	390,968	470,498
Leverage index	0.19	0.35

(*) For the purposes of this calculation, the Group does not consider the heading of "Other financial liabilities" to be financial debt (Note 20)

(**) Details restated pursuant to Note 2.2

Management considers that the existing treasury and credit facilities not utilised at 31 December 2023 are sufficient to fund the Dominion Group's organic and inorganic growth that is envisaged according to the current Strategy Plan. Combined with efficient management of funds and the focus on improving business profitability, this will allow borrowings to be serviced and shareholder return expectations to be fulfilled.

At 31 December 2023 and 2022, the Group had concluded contracts for loans with financial entities subject to the obligation to comply with specific financial ratios (Note 18), which are being met at year-end.

4. ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. In addition to this, new risks, such as climate change, are added to the equation to be taken into account in these estimates, which increase uncertainty regarding the future. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a) Estimated impairment of goodwill

As explained in Note 1 to the Strategic Plan approved for 2023-2026 has resulted, in the interest of reducing complexity, in a new understanding of the Group's business with the consequent modification of how the business segments are laid out. Note 5 provides in-depth definitions of each segment. This in turn called for the current CGU groupings to be reassessed. It should be pointed out that the Group's business revolves around the knowledge and cross-cutting nature applied to its activities, with technology and sustainability being the common denominators, which means that, regardless of the sector and type of customer, our focus is on how we manage our customers' different production processes to define the CGUs, seeking out a distinguishable and common pattern for each group of assets.

To this regard, in line with the definition of a CGU or CGU group as the smallest group of assets that generates cash inflows irrespective of inflows from other assets or groups of assets, the changes in the CGU groupings one period to the next were as follows:

CGU grouping until 2022	CGU grouping as of 2023
B2B 360 Projects	360 Projects
B2B Industrial Services	Industrial Sustainability Services
B2B T&T Services	Intelligent Infrastructures Services
B2B Commercial Service	B2B2C Commercial Services
B2C	B2B2C Commercial Services
	Stake in infastructures

As illustrated in the table above, the following variations have been taken into account in the reassessment of the CGU groupings:

- 360 Projects: this consists of the same assets as those previously referred to as B2B 360 Projects. All projects, regardless of the sector they are intended for, are managed under the same model of projects with a global vision of the total value chain, typically multi-year and with long-term maturity processes. Project management is identical regardless of the type of activity involved: Industrial, social impact or energy transition infrastructures. This is an activity which does not call for very much CAPEX investment and its decisive factor is the project backlog at any given time, projects with a margin profile of more than 15%.

- Services related to Industrial Sustainability: CGU groupings that include those services performed on site at the customer's own premises, where establishing a position at the customer's premises is very important so as to facilitate rendering new services. The management platform that is used for this CGU grouping focuses on the customers' assets and includes activities that are eligible for compliance with mandatory sustainability standards.

- Intelligent Infrastructure-related Services: CGU grouping that includes offshore services that bring about improvements to customer processes and outsourcing services for certain activities performed at the customers' locations (process improvements in general), with the resource used being mobile, with a semi-fixed cost, and where achieving the utmost productivity is crucial. These are typically high-volume and extremely diversified contracts.

- B2B2C Commercial Services: Services relating to the Retail sector which are geared towards major telephone operators, utilities or financial companies, where outsourcing services are offered for logistics and marketing module activities. The new strategy of the businesses making up the former B2C CGU grouping has been modified from being businesses with their own clients to having clients in management and, therefore, these are activities which are involve another service in the scope of comnmercial services.

- Stake in infastructures: This is a CGU grouping of infrastructure projects that are in the operating phase and in which a majority or minority shareholding is held through shareholding agreements with concession partners. This is a CGU grouping and segment that protects the industrial margin of the Group's traditional business by ensuring that it is present during the entire duration of the projects. The main feature of this CGU grouping is that it is CAPEX intensive and facilitates the recurrence of other Group activities.

Goodwill at 31 December 2022 was also reallocated to the new CGU groupings as described above:

(Thousands of EUR)

Cash-Generating Units Groupings considered until 31.12.2022

	2022
B2B 360 Projects	185,869
B2B T&T Services	46,577
B2B Industrial Services	45,851
B2B Commercial Services	22,116
B2C	56,990
	357,403

Cash-Generating Units Groupings considering new groupings from 2023	2023
360 Projects	185,869
Industrial Sustainability Services	45,851
Intelligent Infrastructures Services	46,577
B2B2C Commercial Services	79,106
Stake in infastructures	-
	357,403

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.4.4.a). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 7).

Any current uncertainties in the market, as well as the climate change, referred to in Note 3.1 have been taken into account when estimating future financial forecasts included in the calculations.

With respect to the assumptions made to project the EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, essential for calculating free cash flow) of the CGUs and their future growth, the most conservative scenario has been used according to the Management model so that underperformance is considered unlikely.

With the introduction of the device leasing business in the B2C CGU grouping (currently B2B2C Commercial Services), involving businesses with EBITDAs well above the CGU mean but with significant requirements for investment in fixed assets (CAPEX), the key parameters for a proper understanding estimates of cash flows for this CGU are the FCF (Free Cash Flow) itself, with EBITDA and CAPEX taken as the main assumptions.

Simulations with zero growth discount rates (g) or 5% reductions in forecast EBITDA show no risk of impairment in FY 2023 as was the case in FY 2022.

If the estimated rate used to discount the cash flows had been 200 basic points higher than management's estimates, the Group would still not have needed to reduce the carrying amount of goodwill (Note 7).

b) Estimate of the fair value of assets, liabilities and contingent liabilities associated with a business combination and effective takeover date

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date in order to subsequently measure the identifiable assets acquired and liabilities assumed, including contingent liabilities, at their acquisition date fair values. It may also be necessary to use estimates in these transactions in order to value the contingent amounts (Note 20).

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual report, broken down by nature. In the case of the fair value of property, plant and equipment, fundamentally consisting of buildings used in operations, the Group uses appraisals prepared by independent experts.

The Company's practices to modify the governing body at the companies and businesses acquired at the time the acquisition is formally concluded and obtains a majority of the members and Chairs of those bodies. From that time on it has the authority to take key decisions regarding the acquired business and the main policies to be followed, regardless of the time at which the payments agreed under the transactions are effectively made (Note 1).

c) Degree of advancement or completion of the service agreements.

The accounting of services provision contracts according to the degree of completion or progress thereof is based, in most cases, on estimations of the total of costs incurred on the total ones estimated for project completion. Changes in these estimations have impact in the recognized results of the works in accomplishment. The estimations are constantly monitored and adjusted if necessary (Note 2.4.19).

As indicated in Note 2.4.19, the Group operates, in its 360 Projects segment, in specific circumstances, via long-term contracts which may include different execution or performance obligations to be undertaken during different time periods.

The accounting recognition of the revenue derived from these contracts requires the Group's Management to apply judgement and significant estimates both in the interpretation of the contracts and in the estimate of their costs and degree of completion and, more specifically in relation with:

- Identification of the different performance obligations.
- Assignment of the individual prices for each performance obligation.
- Identification of the time periods during which the different performance obligations take place.
- Estimate of the total costs required to complete the performance obligations and, subsequently, the planned margins for each of them.
- Control of the real costs incurred.
- Estimate of the amount of revenue to be registered as the specific performance obligation is being met.
- Analysis of other possible agreements not included in the main contract.

The estimates for revenue, the costs or the degree of completion towards finalisation are reviewed if the circumstances change. Any resulting increase or decrease in the estimated revenue or costs is reflected in the financial year result where the circumstances which give rise to the review are known by the Management.

d) Income tax

The Group is subject to income taxes in numerous jurisdictions. A detailed analysis is required in determining the worldwide provision for income taxes. The Group recognises deferred taxes which, in accordance with prevailing legislation in different tax jurisdictions, result from multiple temporary differences in respect of assets and liabilities. Nonetheless, there are certain transactions and calculations with respect to which the ultimate calculation of the tax is uncertain in the ordinary course of business.

The calculation of income tax expense did not necessitate significant estimates except with respect to the amount of tax credits recognised in the year.

The recovery of these deferred tax assets is analysed by the Group on an annual basis by means of an estimate of the future tax bases which is based on the business plans for the different companies in the Group, estimates that have taken the climate change risk into account, and in the planning possibilities as permitted by the applicable legislation. Considering, in each case, the different tax consolidation groups which affect the different Group companies (Note 2.4.16).

If the actual final result differs by -10% in relation to Management estimates, then the variations in the deferred tax assets would decrease and the income tax recorded would increase by approximately EUR4.2m (2022: EUR0.6m) and if these variations develop positively, these asset deferred taxes will increase and income tax will decrease by approximately EUR4.2m (2022: EUR0.6m).

At those companies that still record a negative tax base, the corresponding tax credits are not recognised until the Company is making profit. There also would not be a significant impact for those companies that generated a positive tax base provided the estimated time horizon in which they may be applied is reasonable (Note 21).

e) Fair value of derivatives or other financial instruments

The fair value of financial instruments that are not quoted in an active market (e.g. OTC derivatives) is determined by using valuation techniques. The Group exercises judgement in selecting a range of methods and making assumptions which are based primarily on prevailing market conditions at the consolidated reporting date.

Note 3.2 provides a sensitivity analysis for changes to the main assumptions with regard to the measurement of principal financial instruments.

In relation to the valuation of the derivative associated with the listed price of the Global Dominion Access, S.A.'s (Note 18) share on the market, a variation of 10% downwards or upwards in the share price would affect the result of the financial year by increasing/decreasing by EUR 2,064 thousand respectively. (2022: increasing/decreasing by EUR 1,435 thousand).

f) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Other key assumptions for employee benefits are based in part on current market conditions. Note 22 contains further information and a sensitivity analysis for changes to the most significant estimates.

g) Product or service warranty

Management estimates the related provision for future warranty claims based on historical warranty claim information, by considering the specific conditions of each claim as a function of technical reviews and estimations based on the experience with each of the rendered services, as well as recent trends that might suggest that past cost information may differ from future claims.

4.2. SIGNIFICANT JUDGEMENTS WHEN APPLYING ACCOUNTING POLICIES

The most significant judgements and estimates that have been taken into account when applying the accounting policies described in Note 2 relate to:

- Premises and calculations required in the analysis of the impairment of goodwill, as described in Notes 2.4.4.a), 4.1.a) and 7.
- Estimate of the recognition and application of tax credits, as described in Notes 2.4.16.b), 4.1.d), 21 and 28.
- Degree of advancement or completion of the service agreements in Notes 2.4.19 and 4.1.c).
- Estimate of the useful lives of tangible fixed assets in Note 2.4.3.
- Impairment losses of financial assets based on the indications of the IFRS 9 (Note 3.1.c))

5. SEGMENT FINANCIAL REPORTING

The Group's Management Committee, comprised of a Chief Executive Officer and the members of the Group's executive Management, has been identified as the ultimate decision-making body in the Group. The Management Committee reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments.

Management has determined operating segments based on the structure of the information examined by the Board of Directors. For these purposes, the Group's business is analysed from the point of view of products and services offered, and the information is also classified geographically merely for informational purposes.

The segment definitions used until the last consolidated annual financial statements for financial year 2022 were the ones included in the 2019-2023 Strategic Plan, which was modified in 2023 with the approval of the 2023-2026 Strategic Plan, on the understanding that the previous plan approved for financial years 2019-2023 had already been accomplished and considering that the uncertainties and new market trends and the current macro climate called for a new approach to how the Group's activity is explained in the interest of greater simplicity and efficiency. Sustainability is a key aspect of the Strategy Plan whereby the solutions provided help our clients progress towards a more efficient and sustainable world.

As specified in Note 1, the 2023-2026 Strategic Plan introduces a new concept of the Group based on simplification, recurrence and sustainability, and considers reflecting on three types of transition: energy, industrial and digital, as the core drivers for future company growth.

This plan marks a return to the core of the Group's historical activity, comprising two main segments: Services and Projects, to which a third - Holdings in Infrastructures - can be added, looking to finance 360 sustainable projects with a global vision of the value chain that the Group focuses on.

Accordingly, we shall distinguish three different segments:

- Sustainable Services: based on two fundamental pillars: technological expertise with a sustainable approach. This segment covers all those services required to perform maintenance (O&M) on infrastructures and in-house created processes, remaining committed to efficiency in the long term. In other words, these are operation and maintenance services and process improvements that are applied to industrial sustainability ("on site" services) and intelligent infrastructures ("field" services), including sustainable services geared towards the retail market and related to commercial and logistics management. These contracts typically involve recurring revenues with adjusted margins that should come close to a contribution margin of approximately 12% and reduced investment in fixed assets.

(Thousands of EUR)

- 360 Projects: Engineering and construction of social, industrial and energy transition infrastructures. These are comprehensive projects, with ad-hoc financial solutions to guarantee payment and to protect industrial margins. This is a portfolio-oriented segment, which comprises high-margin projects - typically in excess of 15%, that do not call for investment in fixed assets and which bring about high cash generation.

- Stake in infastructures: This includes those activities involving creating energy in renewable infrastructures and the profitability of investments consisting of concessions in infrastructure projects. The main features of these activities are a need for substantial investment in fixed assets, typically financed with project finance for an average of 70% of the total cost of the projects and with high cash flow generation once the constructed infrastructures are commissioned and with the intention of rotating these assets on the balance sheet.

These activities are carried out in different areas of activity including: Industry, Energy, Telecommunications and Infrastructures.

The Board of Directors manages the aforementioned operating segments relating to continued activities based, mainly, on the evolution of the most relevant figures that are defined as turnover (sales) and the contribution margin (calculated as operating profits excluding depreciation or possible impairment and general structural expenses not directly attributed to the activities of the business segments), for the core segments of the Group's business, its 360 Projects and Sustainable Services; and to values such as the EBITDA (Operating profit plus amortisation), net profit and cashflow, for the Stake in infastructures segment.

The information received by the Board of Directors also includes all other income and expenses that make up the consolidated income statement, as well as investments in assets and the evolution of non-current assets, although all of these items and amounts are analysed and managed jointly and globally at the Group level.

The most significant non-current investment item focuses on goodwill that is distributed among segments as follows:

Segment	**31.12.2023**	**31.12.2022 (*)**
360 Projects (Note 7)	190,033	193,077
Sustainable Services (Note 7)	172,590	171,534
Stake in infrastructures (Note 7)	-	-
	362,623	**364,611**

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative purposes.

b) Segmented information

Segment information submitted to the Board of Directors relates to the contribution margin and this is the indicator that is used to manage the Group's segments.

(Thousands of EUR)

	360 Projects	Sustainable Services	Stake in infastructures	Total
At December 2023				
Consolidated turnover	351,160	824,106	17,294	1,192,560
Other direct operating income and expenses in the segments	(283,207)	(730,315)	(7,513)	(1,021,035)
Contribution margin	**67,953**	**93,791**	**9,781**	**171,525**
At December 2022 (*)				
Consolidated turnover	350,595	876,873	-	1,227,468
Other direct operating income and expenses in the segments	(286,397)	(792,796)	-	(1,079,193)
Contribution margin	**64,198**	**84,077**	**-**	**148,275**

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative purposes.

Transactions between the different companies making up the Group at any given time are executed at market price.

Until the previous financial year, the Group's Management Committee used the adjusted Net Turnover value to assess the performance of the B2C segment, currently incorporated in the Sustainable Services segment. This value was calculated by removing device sales in the B2C Services business from the consolidated Net Turnover (now incorporated in the Sustainable Services segment). The adjusted consolidated turnover at the end of financial year 2022 amounted to EUR1,127m. The Group's management merged the former B2B Services and B2C segments into a single segment called Sustainable Services in its 2023-2026 strategic plan details to more clearly reflect the Group's strategic focus. The effect of the volume of sales of devices with a residual margin on the overall performance of the former B2C segment is therefore diluted and is considered to not distort the actual operating margin of the current segment's business.

Below is a reconciliation between the contribution Margin provided by the segments and consolidated profits at 31 December 2023 and 31 December 2022:

	2023	2022
Contribution margin:	171,525	148,275
- Overall unattributed structural income and expenses (1)	(26,611)	(25,257)
- Amortisations/impairment (Notes 6 and 7)	(66,118)	(48,468)
- Financial income/(expense) (Note 27)	(32,025)	(12,282)
- RV change of Financial Instruments (Note 27)	51	611
- Share in profits obtained by associates (Note 27)	380	(3,552)
- Corporate income tax (Note 28)	(794)	(12,406)
- Result after tax on discontinued operations (Note 36)	(1,100)	(10,931)
Consolidated profit/(loss)	**45,308**	**35,990**

(1) These amounts fundamentally relate to fixed and general structural expenses (indirect personnel costs and other overheads) that are not directly attributable to business segments.

(Thousands of EUR)

Segment assets and liabilities and investments in the year are as follows:

	360 Projects	Sustainable Services	Stake in infastructures	Total
31.12.2023				
Property, Plant and Equipment	24,156	91,161	60,659	175,976
Intangible assets and goodwill	196,733	218,351	-	415,084
Associate investments	-	7,854	93,835	101,689
Remaining Assets	550,597	469,998	130,359	1,150,954
Total assets	**771,486**	**787,364**	**284,853**	**1,843,703**
Total liabilities	**999,112**	**317,586**	**211,003**	**1,527,701**
Fixed asset additions (Notes 6 y 7)	8,781	51,898	22,012	82,691
Withdrawals of fixed assets net of depreciation (Notes 6 and 7)	(5,985)	(38,000)	(6,050)	(50,035)
Net investments during the year (Notes 6 y 7)	**2,796**	**13,898**	**15,962**	**32,656**
31.12.2022 (*)				
Property, Plant and Equipment	30,800	85,506	162,974	279,280
Intangible assets and goodwill	201,654	208,545	1	410,200
Associate investments	8,975	6,684	86,016	101,675
Remaining Assets (**)	420,897	499,252	41,743	961,892
Total assets	**662,326**	**799,987**	**290,734**	**1,753,047**
Total liabilities (**)	**552,220**	**638,964**	**254,731**	**1,445,915**
Fixed asset additions (Notes 6 y 7)	8,272	49,971	-	58,243
Withdrawals of fixed assets net of depreciation (Notes 6 and 7)	(4,257)	(6,520)	-	(10,777)
Net investments during the year (Notes 6 y 7)	**4,015**	**43,451**	**-**	**47,466**

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative purposes. As described in Note 2.2.

(**) Restated figures. See Notes 2.4.11 and 36.

(Thousands of EUR)

Inter-segment sales are performed under market conditions and excluded from consolidation. There are no consolidation adjustments between segments, or any unassigned assets or liabilities.

The amounts presented to the Management Committee for segment assets and ordinary turnover are measured using an approach which is consistent with that used for the financial statements. Segment assets are allocated based on the segment's activities and the physical location of the asset.

c) Information regarding geographical areas

Information relating to the net revenues and non-current assets by geographic area is as follows:

	2023	2022 (*)
Turnover (according to final market)		
360 Projects		
Spain	28,313	20,278
The rest of Europe and Africa	74,870	60,223
America	197,587	237,383
Asia and Oceania	50,390	32,711
	351,160	350,595
Sustainable Services		
Spain	440,906	509,032
The rest of Europe and Africa	101,739	95,754
America	215,731	208,326
Asia and Oceania	65,730	63,761
	824,106	876,873
Stake in infastructures		
Spain	2,486	-
America	14,808	-
	17,294	-
Total	**1,192,560**	**1,227,468**

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative purposes.

Those countries where the Group obtains a significant turnover in large geographical areas shown in the previous table are: Germany with total sales to the tune of EUR 90,873 thousand (2022: EUR 62,151 thousand), Mexico with total sales of EUR 69,988 thousand (2022: EUR 58,664 thousand); the USA with total sales of EUR 59,007 thousand (2022: EUR 37,830 thousand), Argentina with total sales for the amount of EUR 38,874 thousand (2022: EUR 17,488 thousand), Chile with total sales of EUR 84,423 thousand (2022: EUR 47,620 thousand); Middle East countries (Saudi Arabia and the Arabic Gulf countries) with total sales of EUR 39,111 thousand (2022: EUR 27,339 thousand), and Peru with total sales of EUR 48,468 thousand (2022: EUR 46,627 thousand).

(Thousands of EUR)

	2023	2022 (*)
Non-current assets (fixed tangible assets and intangible assets, by geographical location of the activity)		
Spain	390,418	492,105
The rest of Europe and Africa	153,481	147,862
America	32,049	34,340
Asia and Oceania	15,112	15,173
Total	**591,060**	**689,480**

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative purposes, as described in Note 2.2.

Excluding goodwill, those countries where a significant portion of the amount of the remaining non-current assets are concentrated would be Spain with a total of EUR 161,247 thousand (31 December 2022: EUR 270,776 thousand), Germany with a total amount of EUR 11,455 thousand (31 December 2022: EUR 12,476 thousand) and Mexico and Argentina EUR 6,261 thousand and EUR 52,938 thousand, respectively at 31 December 2023 (31 December 2022: EUR 53,590 thousand and EUR 83,382 thousand, respectively).

d) Customer details

During financial years 2023 and 2022, no sales were made in excess of 10% of the consolidated turnover and the turnover for each segment, for any customer individually.

(Thousands of EUR)

6. PROPERTY, PLANT AND EQUIPMENT

Set out below is a breakdown and movements of property, plant and equipment:

Financial year 2023

	Balance at 31.12.22	Entries into the scope of consolidation (Note 32)	Additions	Withdrawals	Transfer to Assets held for sale (Note 36)	Transfers and other movements (*)	Balance at 31.12.23
Cost							
Land	4,829	399	-	(184)	-	-	5,044
Buildings	109,540	799	22,886	(5,392)	(267)	(144)	127,422
Plant and machinery	356,253	1,399	19,360	(40,082)	(95,596)	30,046	271,380
Other Fittings and Furniture	8,563	26	2,450	(1,781)	-	-	9,258
Tangible assets in progress and prepayments	9,709	-	-	(975)	-	-	8,734
Other fixed assets	23,253	1,481	24,023	(4,001)	(5,864)	(15,531)	23,361
	512,147	4,104	68,719	(52,415)	(101,727)	14,371	445,199
Depreciation							
Buildings	(78,630)	(190)	(17,259)	11	-	(105)	(96,173)
Plant and machinery	(112,280)	(864)	(14,678)	8,288	5,469	547	(113,518)
Other Fittings and Furniture	(19,023)	(19)	(2,181)	897	-	58	(20,268)
Other tangible fixed assets	(22,934)	(740)	(15,187)	(97)	-	(306)	(39,264)
	(232,867)	(1,813)	(49,305)	9,099	5,469	194	(269,223)
Net book value	279,280						175,976

(*) It includes the effect of exchange fluctuations affecting tangible fixed assets in the currency of foreign subsidiaries and other movements and other transfers between items.

Financial year 2022

	Balance at 31.12.21	Entries into the scope of consolidation (Note 32)	Additions	Withdrawals	Transfer to Assets held for sale	Transfers and other movements (*)	Balance at 31.12.22
Cost							
Land	3,685	1,150	1	-	-	(7)	4,829
Buildings	120,184	-	12,595	(12,547)	(13,474)	2,782	109,540
Plant and machinery	168,489	171,427	21,425	(4,975)	(4,077)	3,964	356,253
Other Fittings and Furniture	22,186	-	1,607	(1,319)	-	(13,911)	8,563
Tangible assets in progress and prepayments	(66)	9,633	171	-	-	(29)	9,709
Other fixed assets	1,970	-	10,262	(423)	-	11,444	23,253
	316,448	182,210	46,061	(19,264)	(17,551)	4,243	512,147
Depreciation							
Buildings	(64,275)	-	(14,383)	36	-	(8)	(78,630)
Plant and machinery	(89,720)	(18,168)	(9,959)	7,142	3,505	(5,080)	(112,280)
Other Fittings and Furniture	(19,497)	-	(894)	901	-	467	(19,023)
Other tangible fixed assets	(17,670)	-	(6,986)	984	-	738	(22,934)
	(191,162)	(18,168)	(32,222)	9,063	3,505	(3,883)	(232,867)
Net book value	125,286						279,280

(*) It includes the effect of exchange fluctuations affecting tangible fixed assets in the currency of foreign subsidiaries and other movements and other transfers between items.

In FY 2023, the recognitions section primarily includes the effect of leases under IFRS16. Disposals mainly relate to the sale of the Valdecarretas photovoltaic farm.

a) Property, plant and equipment by geographical area

Set out below is a breakdown of tangible fixed assets by geographical location at 31 December 2023 and 2022 (million euro):

	Millions of euros					
	2023			2022		
	Cost	Accrued depreciation	Net book value	Cost	Accrued depreciation	Net book value
Spain	217	(127)	90	199	(114)	85
The rest of Europe	69	(43)	26	65	(43)	22
America	138	(83)	55	227	(60)	167
Asia and Oceania	21	(16)	5	22	(16)	6
	445	**(269)**	**176**	**513**	**(233)**	**280**

(Thousands of EUR)

b) Property plant and equipment not used in operations

At 31 December 2023 and 2022 there are no tangible fixed assets not earmarked for operations.

c) Tangible fixed assets affected by guarantees

At 31 December 2023 and 2022 there were no tangible fixed assets in guarantee of debt with financial entities.

d) Insurance

The Group has taken out a number of insurance policies to cover risks relating to its tangible fixed assets. The coverage provided by these policies is considered sufficient.

e) Right-of-use assets and lease liabilities

The initial impact as well as changes for the year for the right-of-use assets and lease liabilities are as follows:

		Right-of-use assets				Lease liabilities		
		Buildings	Other fixed assets	Accrued depreciation	TOTAL ASSETS	Long-term	Short-term	TOTAL LIABILITIES
At December 2022		89,560	17,509	(73,323)	**33,746**	18,191	10,844	**29,035**
Recognitions		22,518	9,380	-	31,898	28,596	3,302	31,898
Derecognitions		(5,285)	(712)	-	(5,997)	-	(5,452)	(5,452)
Amort expen./Payments		-	-	(22,353)	(22,353)	-	(23,297)	(23,297)
Debt revaluation costs	(Note 27)	-	-	-	-	1,364	-	1,364
Renegotiations		-	-	-	-	-	(723)	(723)
Maturity transfer and other transactions		-	-	961	961	(35,822)	36,426	604
At December 2023		106,793	26,177	(94,715)	**38,255**	12,329	21,100	**33,429**

		Right-of-use assets				Lease liabilities		
		Buildings	Other fixed assets	Accrued depreciation	TOTAL ASSETS	Long-term	Short-term	TOTAL LIABILITIES
At December 2021		93,612	15,583	(58,082)	**51,113**	28,918	17,210	**46,128**
Recognitions		12,172	2,432	-	14,604	8,445	6,159	14,604
Derecognitions		(2,750)	(109)	-	(2,859)	-	(2,599)	(2,599)
Amort expen./Payments		-	-	(17,454)	(17,454)	-	(18,371)	(18,371)
Debt revaluation costs	(Note 27)	-	-	-	-	1,080	-	1,080
Maturity transfer		-	-	-	-	(9,525)	9,525	-
Transfer to Assets held for sale		(13,474)	(397)	2,213	(11,658)	(10,727)	(1,080)	(11,807)
At December 2022		89,560	17,509	(73,323)	**33,746**	18,191	10,844	**29,035**

f) Capitalisation of borrowing costs

The Group did not capitalise any borrowing costs in 2023 and 2022.

(Thousands of EUR)

7. GOODWILL AND INTANGIBLE ASSETS

Details and variations of the main classes of intangible assets are set out below:

Financial year 2023

	Balance at 31.12.22	Entries into the scope of consolidation (Note 32)	Additions	Withdrawals	Transfers and other movements (*)	Balance at 31.12.23
Cost						
Goodwill (**)	364,611	-	21	(3,929)	1,920	362,623
Development	29,600	-	6,934	(2,251)	-	34,283
Trademarks and activity licences	18,345	8,216	-	-	-	26,561
Computer Software	76,396	-	4,820	(2,590)	1,084	79,710
Clients portfolio	33,012	5,756	-	-	-	38,768
Other intangible fixed assets	7,187	-	2,147	(363)	(2,056)	6,915
	529,151	13,972	13,922	(9,133)	948	548,860
Depreciation						
Development	(13,286)	-	(6,457)	-	-	(19,743)
Trademarks and activity licences	(4,350)	-	(1,834)	-	-	(6,184)
Computer Software	(65,069)	(13)	(5,293)	2,051	(762)	(69,086)
Clients portfolio	(29,537)	-	(1,828)	-	-	(31,365)
Other intangible fixed assets	(6,709)	-	(1,401)	363	349	(7,398)
	(118,951)	(13)	(16,813)	2,414	(413)	(133,776)
Net book value	**410,200**					**415,084**

(*) It includes the effect of exchange fluctuations affecting intangible assets in the currency of foreign subsidiaries and other movements and other transfers between items.

(**) Withdrawals relate to the sale referred to in Note 1.3.

(Thousands of EUR)

Financial year 2022

	Balance at 31.12.21	Entry into the scope of consolidation (Note 32)	Additions	Withdrawals	Transfers to held-for-sale assets	Transfers and other movements (*)	Balance at 31.12.22
Cost							
Goodwill (**)	302,820	65,594	603	-	(3,427)	(979)	364,611
Development	23,282	-	6,425	-	-	(107)	29,600
Trade marks	18,345	-	-	-	-	-	18,345
Computer Software	67,446	147	4,696	(995)	(239)	5,341	76,396
Clients portfolio	33,012	-	-	-	-	-	33,012
Other intangible fixed assets	11,008	15	458	(140)	-	(4,154)	7,187
	455,913	65,756	12,182	(1,135)	(3,666)	101	529,151
Depreciation							
Development	(6,167)	-	(5,411)	-	-	(1,708)	(13,286)
Trade marks	(2,516)	-	(1,834)	-	-	-	(4,350)
Computer Software	(60,498)	(144)	(5,643)	419	230	567	(65,069)
Clients portfolio	(27,098)	-	(2,439)	-	-	-	(29,537)
Other intangible fixed assets	(6,097)	(15)	(919)	140	-	182	(6,709)
	(102,376)	(159)	(16,246)	559	230	(959)	(118,951)
Net book value	**353,537**						**410,200**

(*) It includes the effect of exchange fluctuations affecting intangible assets in the currency of foreign subsidiaries and other movements and other transfers between items.

(**) Recognitions in goodwill have been restated as mentioned in Note 2.2.

a) Goodwill and other intangible assets impairment testing

Goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs established by the Group pursuant to the grouping criteria under each CGU or group of CGUs all the Group's assets and liabilities that jointly and indivisibly generate the cash flows of a business area from a technological and/or customer and/or geographical perspective, on the basis of the synergies and risks they share.

As explained in Note 1, the 2023-2026 Strategic Plan approved in May 2023 simplified how the activities carried out by the Group are explained.

Changing the definition of segmentation in 2023 also led to changes in the cash-generating unit (CGUs) groupings, as explained in Note 4.1, with the following CGU groupings identified from 2023 onwards:

- 360 Projects: These include all the businesses that were previously included in the CGU B2B 360º Projects with no changes whatsoever. These are the major EPC 360 and renewable energy projects as well as tall structure projects. This includes the goodwill from the acquisition of the BAS subgroup carried out at the end of financial year 2022.

- Industrial Sustainability Services, basically includes the services that were referred to as B2B Industrial Services in the previous CGU grouping.

(Thousands of EUR)

- Intelligent Infrastructure Services basically includes the services that were referred to as B2B T&T Services in the previous CGU grouping.

- B2B2C Commercial Services basically includes the services that were referred to as B2B Commercial Services and B2C in the previous CGU grouping. Previously, the distinction between the two CGUs was based on the target customer which, in the case of B2C Services, was the end consumer being the company's own customer. The B2C services business has seen a number of changes which date back to as early as 2022, becoming an additional service amongst the Group's range on offer, i.e. becoming a B2B2C business in which the Group no longer has its own customers, but rather customers under management.

- Stake in infastructures includes those activities involving creating energy in renewable infrastructures and the profitability of investments consisting of concessions in infrastructure projects. The main features of these activities are a need for substantial investment in fixed assets, typically financed with project finance for an average of 70% of the total cost of the projects and with high cash flow generation once the constructed infrastructures are commissioned and with the intention of rotating these assets on the balance sheet.

The distribution at the CGU group level is set out below:

	Goodwill	
Groups of Cash-Generating Units	**2023**	**2022 (*)**
360 Projects	190,033	193,075
Intelligent Infrastructures Services	46,848	46,577
Industrial Sustainability Services	46,634	45,851
B2B2C Commercial Services	79,108	79,108
	362,623	**364,611**

(*) The values have been restated pursuant to Notes 2.2 and 32.

The recoverable amount of a CGU or group of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on five-year financial budgets approved by management. Cash flows for periods over five years are extrapolated on the basis of a prudent assumption concerning the estimated growth rates that are always lower than the average long-term growth rate for the business in which each of the CGU groups operates.

The other sections included in intangible assets, which include customer and order backlogs and trademarks, acquired through joint ventures in previous years, are amortized in accordance with their assigned useful lives and, as indicated in goodwill, there are no signs of impairment in any of these.

a.1) Key assumptions used in the calculation of value-in-use

As in prior years, the pre-tax discount rate was determined on the basis of the weighted average cost of capital (WACC) plus a premium to reflect the tax effect. The WACC was determined using the "Capital Asset Pricing Model" (CAPM), which is widely used for discount rate calculation purposes. In certain instances, the discount rate calculation additionally factors in a specific risk premium to reflect the characteristics of each CGU group and the risk profile intrinsic to the cash flow projections of each CGU. The discount rate used in this model is the WACC (Weighted Average Cost of Capital).

The discount rates applied (WACC) to cash flow projections are as follows:

(Thousands of EUR)

	2023	2022
360 Projects	13.0%	12.7%
Intelligent Infrastructures Services	12.5%	12.1%
Industrial Sustainability Services	10.3%	9.8%
B2B2C Commercial Services	6.5%	6.7%
Holdings in Infrastructures	12.3%	-

The WACCs applicable to each group of CGUs will determine the weight of the cash flows generated in different countries with different country risk characteristics that give rise to higher WACCs in Latin America and Asia (between 10% and 15%), for example, than in Spain, the rest of Europe and the USA (between 5% and 7%).

These discount rates are after tax and reflect the specific risk related to significant CGUs and have been applied in the analysis of financial years 2023 and 2022.

EBITDA (earnings before income taxes and depreciation/amortization) is determined by Group management in the strategic plans, taking into account the overall situation in the markets in which the Group operates, their expected evolution, group operations with a similar structure to the current structure and based on prior year experience.

With respect to the assumptions made to project the EBITDA of the CGU groups and their future growth, the most likely scenario has been used according to the Management model taking account of existing uncertainties in the market such that underperformance is considered unlikely. In addition to this, account has been taken of the potential impacts that the increase in interest rates and in consumer prices could have on the assumptions, concluding that there is sufficient slack to withstand these variations which, in any case, have no significant effect.

These EBITDAs vary by type of business as follows.

	EBITDA on sales	
Groups of Cash-Generating Units	**2023**	**2022**
360º Projects	14.1% - 16.5%	14.7% - 16.90%
Intelligent Infrastructures Services	7% - 8%	7.9% - 9.1%
Industrial Sustainability Services	10.2% - 10.5%	9.3% - 10%
B2B2C Commercial Services	10.7% - 16%	7.1% - 7.3%
Holdings in Infrastructures	65% - 66.7%	-

In financial year 2022, it was explained how, with the introduction of the device renting business in the B2C CGU, this comprises business with EBITDAs well above the CGU mean but with significant requirements for investment in fixed assets (CAPEX), the key parameters for a proper understanding estimates of cash flows for this CGU are not only the EBITDA but also the other flows to be included to obtain a free cash flow for each year, i.e. the CAPEX.

In financial year 2023 we included it in the new grouping of Commercial B2B2C Services CGUs in which the effect explained in the previous year was diluted. As a result the overall hypotheses for the grouping of CGUs as a whole were provided.

The approved business plan sales forecasts indicate a generic compound annual growth rate (CAGR) of between 3.79% and 6% (overall 5%) in accordance with the expected organic growth demanded by the Group businesses, which is still being met in the last years of the forecasts used, similar to the previous financial year.

Other expected net cash movements and flows related to taxes are added to these EBITDAs to reach the after tax cash generated in each year are reached.

The result of using cash flows before tax and a discount rate before tax does not differ significantly from the result of using cash flows after tax and a discount rate after tax.

Cash flows beyond five years, which is the period covered by the Group's projections, are calculated using a normalized and sustainable flow over time based on the fifth year estimate, with prudent assumptions with respect to the expected future growth rate (growth rate of 0.5%), eliminating all those extraordinary or non-recurring items and based on estimates of GDP growth and the inflation rate in the various markets, as well as evaluating the necessary level of investment for these growth rates. These flows are updated to calculate residual value, taking into account the discount rate applied in the projections, less the growth rate taken into consideration. We used this future growth rate forecast for the impairment test conducted at 31 December, 2023, as we feel that it is sufficiently restrictive, even in an uncertainty scenario like the current one.

a.2) Analysis results

The Group has verified that in financial year 2023 goodwill did not suffer any impairment and there is sufficient estimated value-in-use in accordance with the assumptions indicated in the preceding paragraphs regarding the CGUs net assets, and the estimate is higher than 33%-100% (2022: 33% - 100%) in all the CGU groups.

Note 4.1 includes a sensitivity analysis of the calculation of the impairment loss on goodwill.

b) Foreign currency goodwill

Goodwill is expressed in the following currencies:

	2023	**2022 (*)**
Euro	331,041	333,529
US Dollar	15,823	16,310
Indian Rupee (IR)	7,459	7,736
Mexican peso	2,654	2,382
Columbian Peso	5,270	4,259
Chilean peso	239	255
Australian dollar	136	140
	362,623	**364,611**

(*) The values have been restated pursuant to Note 2.2.

c) Clients portfolio

The “Clients portfolio” section essentially includes EUR 39 million in cost and EUR 31.4 million in accumulated amortization at 31 December 2023 (EUR 33 million of cost and EUR 29.5 million of accumulated amortization at 31 December 2022) in customer portfolio and backlog resulting from the analysis of the assignment of purchase price by business combinations.

d) Trade marks

The “Commercial Brands” caption includes the fair value assigned to the “Phone House” brand within the context of the business combination of the 2017 financial year and the "MINISO" brand in the business combination in 2021. The useful life for both brands has been set at 10 years.

(Thousands of EUR)

8. FINANCIAL ASSETS AND DERIVATIVES

Movements in the Group's financial assets and derivatives relate to:

	Financial Assets at Amortised Cost	Derived financial assets (Note 18)	Total
At 31 December 2021	**118,817**	**507**	**119,324**
Additions	47,773	-	47,773
Variations in the scope (Note 32)	650	-	650
Withdrawals	(110,350)	-	(110,350)
Financial income (expense)	5,563	(507)	5,056
RV change on equity	-	1,186	1,186
At 31 December 2022	**62,453**	**1,186**	**63,639**
Additions	32,604	-	32,604
Variations in the scope (Note 32)	18	-	18
Withdrawals	(18,297)	-	(18,297)
Financial income (expense)	(1,656)	(193)	(1,849)
Transfer to assets held for sale (Note 36)	(53)	-	(53)
At 31 December 2023	**75,069**	**993**	**76,062**
2023			
Non-current	8,616	884	9,500
Current	66,453	109	66,562
2022			
Non-current	8,369	1,186	9,555
Current	54,084	-	54,084

All financial assets maintained by the Group at 31 December 2023 and 2022 that have not fallen due or suffered impairment during the year are considered to be of high quality.

Financial assets at amortised cost and at fair value

	2023	2022
Long term guarantee deposits	8,507	8,132
Long-term loans	-	237
Short term deposits and deductions	65,363	53,035
Short-term loans	1,199	1,049
	75,069	**62,453**

In financial years 2023 and 2022, no amounts were pledged.

The average returns were between 1.0 % and 6.5% (based on regions) in FY 2023 (2022: 0.1% and 6,5% (based on countries): Spain, Europe, USA and India).

(Thousands of EUR)

Maximum credit risk exposure at the reporting date is the carrying value of assets.

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

a) Investments accounted for using the equity method

The changes in investments accounted for using the equity method in financial years 2023 and 2022 were as follows:

	2023	2022 (*)
Opening balance	**101,675**	**16,658**
Additions	47,160	472
Withdrawals	(47,801)	-
Variations in the scope (Note 32)	-	88,808
Other movements	-	(739)
Dividends		
Financial income (expense): (Note 27)		
On results	380	(3,552)
On equity – cumulative differences on exchange rate	(319)	155
On equity – Cash-flow hedges	594	(127)
Final balance	**101,689**	**101,675**

(*) Figures restated pursuant to Notes 2.2 and 32.

The information relating to investment on associates, equity method companies are:

	% working interest		Value of interest		Interest in results		Total			
							(100%) Assets		(100%) Liabilities	
	2023	2022	2023	2022 (*)	2023	2022	2023	2022	2023	2022
Advanced Flight Systems, S.L.	-	-	-	-	-	(16)	-	-	-	-
Sociedad Concesionaria Salud Siglo XXI, S.A.	15%	15%	5,067	4,417	377	2,151	174,542	191,685	(144,756)	(164,018)
Bas Projects Corporation, S.L.	-	-	-	-	-	(5,972)	-	-	-	-
Ampliffica México, S.A. de CV	49%	49%	2,631	2,355	221	175	3,107	3,678	(1,636)	(2,741)
Medbuying Group Technologies, S.L.	45%	45%	4,500	4,500	-	-	63,453	82,595	(53,354)	(72,544)
Sociedad Concesionaria Hospital Buin Paine, S.A.	10%	10%	1,514	1,595	(22)	110	39,660	26,808	(25,534)	(11,224)
Domcmisolar22, S.L. And subsidiaries in the Dominican Republic	50%	50%	87,250	88,808	(196)	-	384,885	273,686	(213,844)	(92,433)
Ikatz, S.A.	25%	-	727	-	-	-	9,419	-	8,781	-
			101,689	**101,675**	**380**	**(3,552)**				

(*) Figures restated pursuant to Notes 2.2 and 32.

(Thousands of EUR)

In financial year 2023, new investments in the projects undertaken by the companies in the Dominican Republic were made through loans amounting to EUR 47,160 thousand and a total of EUR 47,801 thousand was also recovered from these companies once they had obtained the corresponding bank financing.

In addition to this, in July 2023, the trading of 25% of the shares of the Spanish company Ikatz, S.A., with whom it shares commercial agreements in the business of the B2B2C Commercial Services CGU grouping, was formalised. The acquisition price amounted to EUR 520 thousand added to the already existing credit of EUR 207 thousand.

During FY 2022, a new contribution was made to the capital of the Chilean associated company Concesionaria Hospital Buin Paine, S.A. for a total amount of CLP 4,300 million. 10% of this amount corresponds to the Group's parent company, equivalent to EUR 472 thousand on the date of the transaction.

Likewise, in June 2022, the Parent company sold to a third party 30% of its equity interests in the associated company Advanced Flight Systems, S.L., which it owned until then. The sale price amounted to EUR 300 thousand, generating an insignificant gain for the Group.

Finally, at the end of financial year 2022, taking over BAS Projects Corporation, S.L. (Note 32) was formalised and, as a result, net assets at fair value were included in the Group, including a joint venture headed by the Spanish holding company Domcmisolar22, S.L., which encompasses the energy transition infrastructure projects in the Dominican Republic. This investment relates to companies which are developing and executing a series of photovoltaic projects in The Dominican Republic, of which one is already being executed. As described in Note 2.2, the Group retroactively adjusted the provisional amounts recognised at the acquisition date.

The shares held by the Group in the Chilean company Sociedad Concesionaria Salud Siglo XXI S.A. are pledged in guarantee of a debt that this company has with a number of financial entities.

In both 2023 and 2022, the profit and loss of associate companies adjusted in relation to the margins that had not arisen in relation to third parties on each date was included.

The recoverability of investments accounted for using the equity method was assessed in 2023 and 2022 and no impairment was found.

The breakdown of assets and liabilities as current and non-current of investments in associates is as follows:

	Assets		Liabilities	
At 31 December 2023	**Non-Current**	**Currents**	**Non-Current**	**Currents**
Sociedad Concesionaria Chile Salud Siglo XXI, S.A.	70,588	103,954	(102,485)	(42,271)
Ampliffica México, S.A. de CV	254	2,853	-	(1,636)
Medbuying Group Technologies, S.L.	3	63,450	-	(53,354)
Sociedad Concesionaria Hospital Buin Paine, S.A.	32,773	6,887	(20,496)	(5,038)
Domcmisolar22, S.L. And subsidiaries in the Dominican Republic	376,700	8,185	(196,056)	(17,788)
Ikatz, S.A.	8,346	1,073	(5,239)	(3,542)
	488,664	**186,402**	**(324,276)**	**(123,629)**

(Thousands of EUR)

	Assets		Liabilities	
At 31 December 2022	**Non-Current**	**Currents**	**Non-Current**	**Currents**
Sociedad Concesionaria Chile Salud Siglo XXI, S.A.	100,835	90,850	(131,509)	(32,509)
Ampliffica México, S.A. de CV	215	3,463	-	(2,741)
Medbuying Group Technologies, S.L.	7	82,588	-	(72,544)
Sociedad Concesionaria Hospital Buin Paine, S.A.	23,686	3,122	(9,145)	(2,079)
Domcmisolar22, S.L. And subsidiaries in the Dominican Republic	264,000	9,686	(91,540)	(897)
	388,743	**189,709**	**(232,194)**	**(110,770)**

10. LOANS AND RECEIVABLES AND OTHER ASSETS

a) Trade and other receivables

	2023	**2022**
Customers	234,335	276,677
Minus: Provision for impairment losses on receivables (Note 3.1.c).	(32,510)	(33,420)
Trade receivables - Net	201,825	243,257
Sundry debtors	12,820	5,107
Trade and other receivables	**214,645**	**248,364**

Trade receivable and debtor balances do not vary from their fair value on the basis of their cash flows discounted at market rates.

Since financial year 2018 with the application of the IFRS 15, and as commented in the Notes 2.4.19 and 24, the number of customers by percentage of completion, which forms a part of the " Customers, outstanding invoices to be issued " balance is classified in a differentiated way on the balance sheet under the headings "Assets per contract" and "Liabilities per contract."

At 31 December 2023 and 31 December 2022, there are no balances of customers and accounts receivable prepaid in financial entities.

Amounts factored or contracts for the sale of customer balances at year-end have been derecognised from "Trade and other receivables" as they meet the conditions to be considered as non-recourse factoring and, therefore, all risks of default and non-payment have been transferred to the financial institutions and the Group has no continuing involvement with them. At 31 December 2023 this balance amounts to EUR 102.6 million (2022: EUR 98.4 million).

Based on the calculation performed regarding the recovery of financial assets at amortised cost, not impaired to date, no recoverability risks were identified in relation to these balances.

There is no credit risk concentration in relation to trade receivables, as the Group has a significant number of customers worldwide.

(Thousands of EUR)

Days sales outstanding falls within the range of 15 days (mainly for commercial services) and 180 days. However historically, it has been considered that, given the characteristics of the Group's customers, balances receivable due in less than 120 to 180 days entail no credit risk incurred due to being within the normal collection period in the sector. For the most part, these amounts are payments related to trade discrepancies to be resolved in the short-term. It should also be noted that a portion of the sales made by the activity of group of CGUs of Commercial B2B2C Services are received in cash and the credit risk is nearly zero. The Group considers the creditworthiness of these outstanding balances to be good and understands that there has been no impairment at all and that they are not in arrears.

The analysis of the age of outstanding accounts is as follows:

	2023	2022
Between 2 and 4 months	20,884	18,641
Between 4 months and 12 months	13,172	11,065
Over 12 months	32,515	43,629
	66,571	73,335
(Provision)	(32,510)	(33,420)
	34,061	**39,915**

The credit quality of trade receivable balances not due or impaired may be classed as high and with no credit risk. The Group has no collateral covering the collection on outstanding amounts at 31 December 2023 and 31 December 2022.

The maximum credit risk exposure at the reporting date is the carrying value of each account receivable, as broken down above.

The movement corresponding to financial years 2023 and 2022 in accordance with the requirements of the IFRS 9 are featured in Note 3.1.c).

The carrying value of current trade receivables and assets per contract (Note 24), excluding the effect of impairment provisions, are denominated in the following currencies (thousands of EUR):

	2023	2022
Euro	297,408	241,537
US Dollar	57,787	165,410
Mexican peso	11,006	7,441
Brazilian real	212	212
Pound sterling	248	2,463
Saudi Riyal	11,453	8,275
EAU Dirham	2,679	9,675
Argentine peso	2,705	3,340
Australian dollar	5,444	4,797
Polish zloty	3,366	2,785
Chilean peso	28,038	23,913
Peruvian sol	14,153	12,042
Indian Rupee	17,049	14,992
Columbian peso	10,813	6,274
Canadian dollar	2,668	4,160
Others	6,635	5,113
	471,664	**512,429**

b) Other assets

	2023	2022
Other non-current receivables	3,945	5,637
Non-current accruals	6,610	5,813
Other non-current assets	**10,555**	**11,450**
Other current receivables	2,563	817
Accruals and deferred income	7,396	6,875
Costs of current client acquisition	1,807	3,981
Other current assets	**11,766**	**11,673**

The Group only recognises as an asset all the costs incurred to obtain a new contract with client in those cases in which it is estimated that these costs will be recovered in the future. These client acquisition costs are those in which the Group would not have incurred if the contract had not been obtained and are focused on marketing telephony and other B2B2C services. These costs are allocated to operating profit based on the expected life of customer contracts, "Life Time Value", estimated according to the type of service provided (fibre, mobile phone, etc.) in a range of between 20 and 39 months (2022: between 20 and 45 months).

(Thousands of EUR)

11. INVENTORIES

	2023	2022
Commercial	123,636	78,745
Advance payments to suppliers	4,375	5,750
	128,011	**84,495**

The Group maintains insurance policies to cover the risks affecting its inventories and it considers that this coverage is sufficient.

The cost of assets sold breaks down as follows:

	2023	2022
Opening balance	**78,745**	**64,265**
Entry into the scope of consolidation (Note 32)	-	546
Purchases/Changes in provisions	597,379	658,184
Reclassification to assets held for sale (Note 36)	-	(786)
Other movements	156	1,052
Final balance	**(123,636)**	**(78,745)**
Cost of sales	**552,644**	**644,516**

The value of inventories includes the value of the following provisions for obsolescence, the movements for which are provided below:

	2023	2022
Opening balance	**9,520**	**10,914**
Allowances (Note 25)	959	850
Balance write-offs/Transfers	(2,476)	(2,244)
Final balance	**8,003**	**9,520**

12. CASH AND OTHER CASH EQUIVALENTS

There are no restrictions to treasury disposals or cash equivalents.

(Thousands of EUR)

The carrying amount of cash at Group companies is denominated in the following currencies:

	2023	2022
Euro	125,177	83,174
US Dollar	55,554	56,731
Mexican peso	597	2,824
Pound sterling	1,793	732
Saudi Riyal	7,267	6,120
Chilean peso	6,982	6,752
Argentine peso	928	79
Polish Zlotys	3,083	518
Peruvian sol	7,507	8,536
Indonesian Rupee	1,398	2,343
Vietnamese dong	1,168	70
Canadian dollar	4,879	4,209
Columbian peso	386	1,118
Indian Rupee	147	116
Australian dollar	4,923	5,822
United Arab Emirates Dirham	1,225	2,223
Others	1,717	1,016
	224,731	**182,383**

13. CAPITAL AND SHARE PREMIUM

	No. of shares	Subscribed capital	Share premium	Own shares
At 31 December 2021	**160,701,777**	**20,088**	**214,640**	**(9,113)**
Operations with treasury shares	-	-	-	(27,416)
Capital reduction through cancellation of own shares	(8,035,089)	(1,005)	-	33,485
Pre-dividend transfer	-	-	(20,000)	-
At 31 December 2022	**152,666,688**	**19,083**	**194,640**	**(3,044)**
Operations with treasury shares	-	-	-	(8,397)
Capital reduction through cancellation of own shares	(1,526,667)	(190)	-	5,623
Pre-dividend transfer	-	-	(115,000)	-
At 31 December 2023	**151,140,021**	**18,893**	**79,640**	**(5,818)**

a) Share capital

On July 11, 2023, the corporate resolution to reduce capital through the cancellation of treasury stock authorized by the General Shareholders' Meeting held on April 26, 2023 was made public, whereby the share capital of the Parent Company was reduced by a nominal amount of EUR 190 thousand by amortising 1,526,667 treasury shares, each with a face value of EUR 0.125. Consequently, the share capital of the Parent Company stood at EUR 18,893 thousand at the end of financial year 2023.

Also, on 4 November 2022, the corporate resolution to reduce the share capital through the amortisation of own shares, authorised by the General Shareholders' Meeting held on 10 May 2022, was recorded in a notarial instrument. Based on this resolution, the share capital of the Parent Company was reduced by a nominal amount of EUR 1,005 thousand by amortising 8,035,089 treasury shares, each with a face value of EUR 0.125. Consequently, the share capital of the Parent Company stood at EUR 19,083 thousand.

There are no restrictions on the free transfer of the shares.

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

	2023		2022	
	Number of shares	**Shareholding percentage**	**Number of shares**	**Shareholding percentage**
Acek Desarrollo y Gestión Industrial, S.L.	22,978,560	15.20%	22,978,560	15.05%

b) Share premium

At the General Shareholders' Meeting held on 26 April 2023, prior to the distribution of a dividend out of unrestricted reserves, the shareholders approved a transfer of EUR 115,000 thousand from the unrestricted reserve Additional paid-in capital to the Voluntary reserves accounts in the parent company's financial statement for EUR 56,920 thousand and from Previous years' losses for EUR 58,080 thousand, respectively.

At the General Shareholders' Meeting held on 10 May 2022, prior to the distribution of a dividend out of unrestricted reserves, the shareholders approved a transfer of the additional paid-in capital to the "Previous years' losses" account in the Parent Company's balance sheet for an amount of EUR 20,000 thousand.

This reserve is unrestricted.

c) Treasury shares

Changes in the treasury shares in 2023 and 2022 in terms of the number of shares and in thousands of EUR were as follows:

	No. Shares	**Thousands of Euros**
Initial balance 31 December 2021	**1,973,720**	**9,113**
Acquisitions	6,949,833	27,416
Amortisation of shares	(8,035,089)	(33,485)
Final balance 31 December 2022	**888,464**	**3,044**
Acquisitions	2,164,870	8,397
Amortisation of shares	(1,526,667)	(5,623)
Final balance 31 December 2023	**1,526,667**	**5,818**

At 31 December 2023, the Parent company held a total number of 1,526,667 shares representing 1.01% of the share capital at that date (2022: 888,464 shares representing 0.58%), whose book value on the said date amounted to EUR 5,818 thousand (2022: EUR 3,044 thousand). During financial year 2023, 2,164,870 own shares were acquired (2022: 6,949,833 own shares purchased).

Pursuant to the mandate conferred by the General Shareholders' Meeting held on 26 April 2023, whereby the parent company's Board of Directors is empowered to acquire, at any time and as many times as is deemed appropriate, shares in Global Dominion Access, S.A., through any legal means, including a charge to profits for the year and/or to unrestricted reserves, and to subsequently sell or redeem such shares, in accordance with Article 146 and 509 and concordant articles of the Spanish Companies Act. This mandate is valid for a period of 5 years; i.e. until 10 May 2028. This agreement supersedes the previous one adopted by the General Shareholders' Assembly on 10 May, 2022.

Within the framework of this authorisation, on 2 March 2023, the Board of Directors announced the fourth scheme to buy back its own shares, which ended in June 2023, to reduce the Parent Company's share capital through the amortization of its own shares, thereby contributing to the shareholder remuneration policy by increasing the profit per share, running for a maximum term of two years. The limit established in this scheme is 1% of the share capital, which corresponds to a maximum of 1,526,667 shares for a maximum cash amount of EUR 6 million.

Furthermore, on 2 November 2022, the company announced its resolution for the third scheme to buy back its own shares with the same purpose, with a maximum term of 2 years. The limit established in this scheme was 1% of the share capital (a maximum of 1,526,667 shares for a maximum cash amount of EUR 7.25 million) which ended in March, 2023.

The previous scheme (second scheme), which was published on 27 October 2021 was also in force during the financial year and ended on 21 October 2022, with the established limit of 5% of the share capital having been reached. The shares acquired under this programme were amortised in financial year 2022.

d) Dividends

At the Annual Shareholders' Meeting held on 26 April 2023, the shareholders of the Parent resolved to appropriate a final gross dividend of EUR 0.09858 per share in the Company with entitlement to receive it, and this is recorded under unrestricted reserves. The maximum gross amount to be allocated is EUR 15,050 thousand, if all the Company's ordinary shares are allocated.

The allocations were made on 5 July 2023, for a gross amount of EUR 14,749 thousand.

Also, the Ordinary General Shareholders' Meeting of the Parent Company, held on 10 May 2022, agreed to allocate, charged to unrestricted reserves, a complementary dividend for the gross amount of EUR 0,08757 per share of the Company, to those entitled to receive it.

The allocations were made on 6 July 2022, for an amount of EUR 13,531 thousand.

(Thousands of EUR)

14. RETAINED EARNINGS

The movements in the accounts for Cumulative earnings and Cumulative exchange rate differences were as follows:

	Retained earnings and first-conversion reserves					
	Legal reserve	Reserves in consolidated companies and effect of first conversion (Note 16)	Profits and losses	Subtotal	Cumulative exchange differences (Note 15)	Total
At 31 December 2021	**2,513**	**96,905**	**42,219**	**141,637**	**(29,731)**	**111,906**
Modification application NIC12 (Note 2.2)	-	(1,141)	-	(1,141)	-	(1,141)
Balance at 01 January 2022	**2,513**	**95,764**	**42,219**	**140,496**	**(29,731)**	**110,765**
Distribution of 2021 profit	1,496	27,192	(42,219)	(13,531)	-	(13,531)
Profit/(loss) attributable to parent Company shareholders	-	2,606	31,017	33,623	(1,634)	31,989
Capital reduction through cancellation of own shares	-	(32,480)	-	(32,480)	-	(32,480)
Pre-dividend transfer	-	20,000	-	20,000	-	20,000
Changes in scope and other movements	-	(35,036)	-	(35,036)	-	(35,036)
At 31 December 2022	**4,009**	**78,046**	**31,017**	**113,072**	**(31,365)**	**81,707**
Distribution of 2022 profit	-	16,268	(31,017)	(14,749)	-	(14,749)
Profit/(loss) attributable to parent Company shareholders	-	44,531	-	44,531	(8,578)	35,953
Capital reduction through cancellation of own shares	-	(5,433)	-	(5,433)	-	(5,433)
Pre-dividend transfer	-	115,000	-	115,000	-	115,000
Changes in scope and other movements	-	(2,810)	-	(2,810)	-	(2,810)
At 31 December 2023	**4,009**	**245,602**	**-**	**249,611**	**(39,943)**	**209,668**

As stated in Note 13, the capital reductions due to the amortisation of the Parent Company's own shares, which were recorded on 11 July 2023 and 4 November 2022, resulted in a reduction in the reserves of consolidated companies in each financial year due to the difference between the acquisition value of the amortised own shares and their face value, totalling EUR 5.4 million in financial year 2023 and EUR 32.5 million in financial year 2022.

The consolidation scope changes in financial years 2023 and 2022 are explained in detail in Note 1.3 and mainly relate to changes in shareholdings with minority shareholders of subsidiaries (Note 17), including, where acquisitions are concerned, the total price paid for them.

a) Legal reserve

In accordance with the Spanish Companies Act, 10% of profits of the Parent company must be transferred to the legal reserve each year until it represents at least 20% of share capital. At 31 December 2023 and 2022, this reserve had been fully paid up.

(Thousands of EUR)

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase.

Except for the previously mentioned purpose and as long as it does not exceed 20% of the capital stock, this reserve can only be allocated to the compensation of losses and providing there are no other sufficient reserves available for this purpose.

b) Proposal for profit distribution

The distribution of parent company's profits in 2023, calculated in accordance with accounting principles applicable in Spain (legislation applicable to the parent company) to be submitted to Shareholders at a General Meeting, as well as the approved distribution for 2022, are as follows:

	Under GAAP criterion	
	2023	2022
Distribution base		
Profit/(loss) for the year	12,467	(56,920)
	12,467	**(56,920)**
Distribution		
To voluntary reserves	12,467	-
To deferred losses	-	(56,920)
	12,467	**(56,920)**

15. CUMULATIVE EXCHANGE DIFFERENCES

The breakdown of the cumulative exchange difference by country at the 2023 and 2022 year ends is as follows:

	2023	2022
Coins		
Mexican peso	5,361	(8,068)
Argentine peso	(18,877)	(7,284)
Chilean peso	(8,010)	(7,260)
Peruvian sol	(1,181)	(1,054)
US Dollar	(9,963)	(2,955)
Indian Rupee	(3,203)	(2,150)
Saudi Riyal	(1,913)	(1,244)
Others	(2,157)	(1,350)
	(39,943)	**(31,365)**

(Thousands of EUR)

16. RESERVES IN CONSOLIDATED COMPANIES AND EFFECT OF FIRST CONVERSION

This heading records, in addition to the reserves in consolidated companies, the effects of the adjustments of the conversion to IFRS-EU on the date of first-time application, 1 January 2011.

Reserves and retained earnings that are subject to some kind of legal condition for use originating from fully consolidated companies classified by country relate to:

	2023	2022
Countries		
Spain	4,808	4,808
Italy	12,365	11,832
France	893	893
Poland	3,325	3,156
Others	60	99
	21,451	**20,788**

17. NON-CONTROLLING SHARES

Movements in Non-controlling interests are as follows:

	2023	2022
Opening balance	**14,746**	**48,872**
Net income/(expense) directly recognised in Equity:		
- Profit for the year	986	4,973
- Other comprehensive income for the year	46	215
Changes in the scope and other movements	(124)	(36,818)
Dividends	(2,556)	(1,802)
Other movements	521	(694)
Final balance	**13,619**	**14,746**

Dividends in financial year 2023 relate to subsidiaries in Spain, Panama and Arabia (2022: subsidiaries in Spain, Germany and Arabia)(Appendix I).

The changes in the scope reflected in the variation relate to the acquisition transactions of minority interests specified in Note 1.3. of the subsidiaries Dominion Servicios Medioambientales, S.L., Original Distribución Spain Iberia, S.A., BAS Projects Corporation, S.L. and its subsidiaries, Interbox Technology, S.L. and F&S Beteiligungs GmbH (31 December 2022): ZH Ingenieros SAS and BAS Projects Corporation, S.L. and in the withdrawal of the minority shareholding in Dominion Energy, S.A.).

The distribution by groups of CGUs is set out in the table below:

	2023	2022
CGU Grouping		
360º Projects	1,960	(268)
Intelligent Infrastructures Services	6,682	6,864
Industrial Sustainability Services	2,323	2,180
B2B2C Commercial Services	2,654	5,970
	13,619	**14,746**

The breakdown of non-controlling interests by Company is as follows (thousand euro):

	Non-controlling %	Non-controlling interest	Result attributable to non-controlling interests	100% Assets	100% Liabilities	100% Result
Financial year 2023						
Chimneys and Refractories International S.R.L.	10.00%	1,531	162	24,212	8,898	1,616
Karrena Arabia Co.Ltd	45.00%	2,897	1,403	13,889	7,452	3,117
Abside Smart Financial Technologies, S.L.	49.99%	1,864	(47)	5,350	1,582	(94)
Alterna Operador Integral, S.L.	9.83%	2,807	(370)	37,988	9,425	(3,762)
The Phone House Spain, S.L.	2.36%	462	(293)	87,934	71,971	(12,399)
Dominion Servicios Medioambientales, S.L. and subsidiaries(*)	21.02%	3,050	555	31,126	20,929	2,427
BAS Projects Corporation, S.L. and subsidiaries (*)	1.34%	428	105	285,858	228,841	9,185
Other minor items		580	(529)			
		13,619	**986**			

(*) As a result of the transactions described in Note 1.3, the stake of these minority interests was acquired in 2023, with the result being attributed up to the date of acquisition.

(Thousands of EUR)

	% Non-controlling interest	Non-controlling interest	Result attributable to non-controlling interests	100% Assets	100% Liabilities	100% Result
Financial year 2022						
Chimneys and Refractories International S.R.L.	10.00%	1,370	31	23,892	10,194	311
Karrena Arabia Co.Ltd	45.00%	3,158	441	10,788	3,770	981
Interbox Technology, S.L.	25.00%	2,211	18	204,437	198,908	44
Abside Smart Financial Technologies, S.L.	49.99%	1,931	(2)	5,860	1,997	(4)
Alterna Operador Integral, S.L.	9.83%	3,202	(110)	43,199	8,645	654
The Phone House Spain, S.L.	2.36%	766	(355)	135,346	109,730	(14,661)
Dominion Energy, S.A.	0.00%	-	3,251	-	-	-
Dominion Servicios Medioambientales, S.L.	25.00%	3,302	1,326	24,325	12,746	5,303
BAS Projects Corporation, S.L. and subsidiaries	1.34%	(1,667)	-	292,734	249,523	-
Other minor items		473	373			
		14,746	**4,973**			

Positive differences on exchange generated in financial year 2023 and attributable to non-controlling interests amount to EUR 46 thousand (2022: positive differences amount to EUR 215 thousand).

18. BORROWINGS

a) Bank loans and credit facilities

	2023	2022
Non-current		
Bank loans and credit facilities	187,263	209,212
	187,263	209,212
Current		
Bank loans and credit facilities	67,667	158,280
Promissory Note Programme	108,400	30,000
	176,067	188,280
	363,330	**397,492**

The Group has the policy of diversifying its financial markets and, accordingly, there is no loan/credit risk concentration with respect to balances with banks since it works with various institutions.

The following credit facilities showed variations in financial year 2023:

- A syndicated loan agreement was entered into on 26 October, 2023 with three financial institutions for a total of EUR 75 million, divided into two tranches, Tranche A consisting of a loan with a limit of EUR 50 million, and Tranche B consisting of a "revolving" credit line with a maximum limit of EUR 25 million. Tranche 's expiration was established at 26 October 2027. However, this maturity could be extended for an additional year, until 26 October, 2028, subject to the approval of the funding bodies. The amortisation of this tranche will be made through 8 identical quarterly payments, with the first payment on the second anniversary of the signing of the contract (26 October 2025). With regards to tranche B, this will remain in force until 26 October, 2026, however, this maturity date can be extended on an annual basis up to a maximum of two times, i.e. until 26 October 2028. Both extensions must be approved by the funding banks and are subject to the extension of the Tranche A maturity date.

- A loan agreement with the European Investment Bank (EIB) signed on 9 November 2023 for an amount of up to EUR 30.5 million to support the "Innovative Solutions" project for the design and development of innovative and technological solutions. This loan will be amortized in regular annual instalments starting in December 2027 and ending in 2033.

- A promissory note issuance programme introduced by the Parent Company in May 2022 with a ceiling of EUR 100 million was extended to a ceiling of EUR 150 million.

- A CESCE financing contract in 2020 for EUR 80 million, relating to the Cerritos wind farm project in Mexico, whose Mexican holding company opted to put it up for sale in 2023 (Note 36), and therefore this debt is not recorded under borrowings in the consolidated balance sheet but under liabilities of the disposal group classified as held for sale. This loan was due to mature in 2023 and was extended for an additional year.

- The loan taken out with Corporación Interamericana para el Financiamiento de Infraestructura, S.A. amounting to USD 5.4 million to finance projects in Ecuador, which was paid off prematurely in financial year 2023. The amount outstanding at the end of financial year 2022 amounted to EUR 1.7 million.

- In 2023, the subsidiary of Dominion Energy, S.A., Greenmidco 1, S.A. (Appendix I) issued simple bonds with a maturity date of 1 August 2026 for an amount of EUR 2.2 million to finance the construction of a photovoltaic project with a capacity of 3.49 MWp located in the municipality of Valdorros (Burgos).

- The company Generación Fotovoltáica El Llano, S.L. had a credit contract with Sinia Renovables, S.A.U. for EUR 29.8 million to finance the project executed by the Spanish subsidiary. This company was sold in financial year 2023 (Note 1.3). The amount outstanding at the end of financial year 2022 amounted to EUR 21 million.

In financial year 2023, the Group maintained its other credit facilities with financial institutions under the same conditions as set out for financial year 2022. This statement refers to:

- A syndicated loan with various financial institutions entered into in November 2016, renewed on a number of occasions and currently comprising an A1 tranche - a loan amounting to EUR 25 million; an A2 tranche - a loan amounting to USD 30.6 million; and a B tranche - a revolving credit line with a EUR 50 million limit. Tranches A1 and A2 are amortized on a half-yearly basis, with the first installment due in January 2024. For tranche B, the first maturity date is set for 29 July 2025. Notwithstanding, the above maturity date can be extended on an annual basis up to a maximum of two times, i.e. until 29 July 2026 and 29 July 2027. This extension is subject to agreement by the financial entities. This financing bears a Euribor interest rate plus a market spread. Tranche A1 has four hedging derivative financial instruments, as indicated in the following section of this same note.

- A loan with the European Investment Bank (EIB), entered into in November 2016, for a maximum of EUR 25 million for development funding under the "Smart Innovation" programme. This financing matures in December 2025 and is repayable at a rate of EUR 3.57 million per year from 2019 to 2025. This financing bears a Euribor interest rate plus a market spread.

- Funding from the European Investment Bank (EIB) and Instituto de Crédito Oficial (ICO), entered into in July 2020 for a total of EUR 25 million each to execute the "Smart Innovation 2" R&D&I investment project. Both loans are repayable over 10 years with a 3-year grace period and annual repayments.

- Loans with eight financial institutions granted in 2020 for a total of EUR 100 million granted under the extraordinary emergency measures to address the economic and social impact of Covid-19 by means of a set of guarantees managed by the ICO. These loans are repayable in monthly or quarterly instalments with maturities from 2022 to 2026. All loans bear a market interest rate - in some cases a fixed rate and in other cases a floating rate linked to Euribor plus a market difference.

- Unilateral loans of some subsidiaries in France, USA, India and Spain.

- Loans assumed since the end of financial year 2022 corresponding to the BAS subgroup:

  - ICO credit lines and loans covered by the Covid-19 guarantees scheme for a total of EUR 100 million.
  - A syndicated loan contract in Argentina for a total of USD 43.2 million to finance the project executed by the Argentinian subsidiary Genergiabio Corrientes, S.A.

Outstanding and/or drawn down balances that the Group held at 31 December 2023 relating to the aforementioned credit facilities were as follows:

- Syndicated loan 2016: EUR 25 million of tranche A1 and USD 30.6 million, equivalent to EUR 27.7 thousand of tranche A2, whilst tranche B was undrawn (31 December, 2022: EUR 25 million of tranche A1 and USD 30.6 million, equivalent to EUR 29.8 million of tranche A2, tranche B undrawn).

- Loan - BEI 2016: EUR 7.1 million (31 December 2022: EUR 10.7 million).

- EIB and ICO 2020 financing: EUR 25 million of each loan at 31 December 2023 and 31 December 2022.

- Covid ICO loan: EUR 43.2 million (31 December 2022: EUR 60.2 million).

- Promissory Note Programme: EUR 108.4 million, all maturing in less than 12 months (31 December 2022: EUR 30 million maturing in less than 12 months).

- Syndicated loan 2023: of which only tranche A was drawn down in full, i.e. EUR 50 million.

- EIB 2023: the balance drawn down at December 31, 2023 amounted to EUR 10 million.

- Subsidiary unilateral loans: EUR 10.3 million (31 December 2022: EUR 17 million).

- BAS subgroup loans:

  - ICO credit lines and loans for an amount of EUR 1.3 million (31 December 2022: EUR 43.2 million).

(Thousands of EUR)

- Syndicated loan in Argentina: USD 31.2 million, equivalent to EUR 28.3 million (31 December 2022: USD 34.4 million, equivalent to EUR 32.1 million).

Accordingly, at 31 December, 2023 the total balance amounted to EUR 360.9 million (2022: EUR 395.2 million).

Both the two syndicated loans and the loans referred to in the previous paragraphs granted by the EIB and ICO to implement the R&D&I investment projects are secured by guarantees furnished by the following Group companies: Dominion E&C Iberia, S.A.U, Bilcan Global Services, S.L., Dominion Centro de Control, S.L.U., Dominion Investigación y Desarrollo, S.L.U., Eurologística Directa Móvil 21, S.L.U., Interbox Technology, S.L., Sur Conexión, S.L.U., Tiendas Conexión, S.L.U., Dominion Deutschland GmbH, Dominion Novocos, GmbH, Beroa Technology Group GmbH, Dominion Industry México S.A. de C.V., Mexicana de Electrónica Industrial S.A. de C.V., Dominion Polska Sp. Z.o.o., Dominion Smart Innovation, S.A. de C.V., Dominion Perú Soluciones y Servicios, SAC, Dominion Industry & Infrastructures, S.L., The Phone House Spain, S.L.U., Dominion Spa, Insatalaciones Eléctricas Scorpio, S.A.U.,Dominion Global PTY Limited, Dominion Servicios Medioambientales, S.L.U., Smart House Spain, S.A.U., Alterna Operador Integral, S.L., ICC Commonwealth Corporation, Original Distribución Spain Iberia, S.A., Dominion Tanks Dimoin, S.A.U. (antes Dimoin Calderería, S.A.), Connected World Services Europe, S.L., Dominion Colombia, S.A.S, Dominion Denmark A/S, Plataforma de Renting Tecnológico, S.L.U. and Miniso Lifestyle Spain, S.L..

These same credit facilities also include the commitment to comply with certain habitual market ratios which, at 31 December, 2023 and 31 December, 2022, were satisfactorily met.

In summary, during financial year 2023, EUR 70.2 million of the financing referred to in the previous paragraphs was amortized (2022: EUR 20.9 million amortized), excluding changes due to the restatement of discontinued operations or disposals of companies mentioned above.

Non-current borrowings have the following maturities:

	2023	2022
Between 1 and 2 years	31,963	34,068
Between 3 and 5 years	126,089	130,483
More than 5 years	29,211	44,661
	187,263	**209,212**

The effective interest rates at the balance sheet dates were the usual market rates (reference market rate plus a market margin) and there was no significant difference with respect to other companies of a similar size and with similar risks and borrowing levels.

Borrowings and credit facilities from credit institutions generate a market interest rate in accordance with the currency concerned plus a spread that ranges between 70 and 800 basis points (2022: between 60 and 750 basis points).

(Thousands of EUR)

The carrying amounts and fair values of current and non-current borrowings do not differ significantly, as a large part of the debt is recent, and all amounts accrue interest at market rates, considering existing interest rate hedges. The carrying amount of the Group's borrowings is denominated in the following currencies:

	2023	2022
Euro	298,639	323,766
US Dollar	62,693	68,633
Indian Rupee (IR)	999	5,093
Columbian peso	999	-
	363,330	**397,492**

At 31 December 2023 the Group has drawn down balances from lines of credit from financial institutions amounting to EUR 4,894 thousand (2022: EUR 9,556 thousand).

The Group has the following unused credit facilities:

	2023	2022
Floating rate:		
- maturing in less than one year	111,143	99,009
- maturing in more than one year	95,500	50,000
	206,643	**149,009**

The total amount of undrawn credit facilities at 31 December 2023 consists of EUR 50 million from Tranche B of the 2016 syndicated loan, EUR 41.6 million from the promissory note scheme on the MARF, EUR 20.5 million from the 2023 financing agreement with the EIB, EUR 25 million from the 2023 syndicated financing agreement and EUR 69.5 million of available balances on credit lines with financial institutions.

The total amount of undrawn credit facilities at 31 December 2022 comprises EUR 70 million of the promissory note scheme in the MARF, EUR 50 million of Tranche B of the syndicated loan and EUR 29 million of available balances on credit lines with financial institutions.

There are no collateral guarantees for this financing, except for the acquired BAS subgroup's incorporated debt, which is related to the projects it undertakes.

b) Derived financial instruments

	2023		2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps				
- Cash flow hedges	884	-	1,186	-
Exchange rate hedges				
- Cash flow hedges	109	-	-	-
- no hedging	-	-	-	-
Equity Swap	-	(2,929)	-	(2,341)
	993	**(2,929)**	**1,186**	**(2,341)**

Swaps (interest rate)

The Group maintains cash flow hedging derivatives which were contracted in prior years posted at a value of EUR 884 thousand at 31 December, 2023 (EUR 1,186 thousand at 31 December, 2022).

Specifically, the Company had four Interest Rate Swap derivatives with financial institutions under which the Group will pay a fixed rate on the syndicated loan Tranche-A1 financing. The notional amounts of the derivatives decrease proportionately as Tranche A1 is repaid. At 31 December 2023 the valuation of these derivative financial instruments amounted to EUR 884 thousand (2022: EUR 1,186 thousand).

	2023 and 2022		
	Notional Principal	**Interest Rate**	**Maturity**
Hedging derivative 1	6,250	1.445%	2027
Hedging derivative 2	6,250	1.445%	2027
Hedging derivative 3	6,250	1.445%	2027
Hedging derivative 4	6,250	1.445%	2027
	25,000		

Exchange rate hedges

During financial years 2023 and 2022, currency hedging operations were undertaken for certain transactions made in a currency other than that of the company in question. As of December 31, 2023, the following open transactions are in progress:

	Notional Principal (thousands of USD)	**Maturity date**	**Value (thousands of EUR)**	**As hedge accounting**
USD purchase – transaction 1	20,000	15/03/2024	109	yes
	20,000			

There were no open transactions at 31 December 2022.

Equity swaps

In financial year 2017, the controlling company entered into a derivative instrument associated with the quoted market price of the shares of Global Dominion Access, S.A. and settled in cash. The underlying asset of the transaction amounted to 2.6 million shares (Note 33) and the instrument maturity is planned for 28 March 2024. At 31 December 2023 the valuation of these derivative financial instruments was EUR 2,929 thousand negative (2022: EUR 2,341 thousand negative).

19. TRADE AND OTHER PAYABLES

	2023	2022
Suppliers	658,967	638,840
Sundry creditors	19,929	20,719
	678,896	**659,559**

The fair value of these amounts payable does not differ from their carrying value.

The breakdown of the average term of Spanish trade payables settlement during 2023 in relation to the legally-permitted payment terms stipulated in Spanish Law 18/2022 of 28 of September, which amends the provisions in the previous Law on the average payment period, is as follows (days and thousands of euros):

	2023	2022
Mean supplier payment period	61	61
Ratio of transactions settled	62	61
Ratio of transactions not yet settled	61	63

	Thousands of euros 2023	Thousands of euros 2022
Total payments made	758,055	931,094
Total payments outstanding	187,349	139,987
Monetary volume	758,055	931,094
No. invoices paid for periods shorter than the maximum period set out by regulations	73,739	1,274,386
% of the total number of invoices	61%	95%
% of the monetary total of payments to suppliers	60%	38%

In 2023 and 2022, the mean supplier payment period for Dominion Group companies operating in Spain was calculated based on the criteria established in the single additional provision of the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Financial Statements Auditing and amended by Law 18/2022, of 28 September, amounting to 61 days (61 days in 2022).

Although some of the Group companies exceeded the domestic supplier deadline set out in Law 15/2010, the Group has implemented a series of measures essentially focused on identifying any deviations by regularly monitoring and analysing accounts payable to suppliers, reviewing and improving internal supplier management procedures, as well as complying with and, where applicable, updating the conditions established in the transactions defined in commercial transactions subject to applicable regulations.

The payments to suppliers during financial year 2023 that have exceeded the legal deadline are derived from circumstances outside the established policy payments, among which are mainly: delay in issuing invoices (legal obligation of the supplier), closing agreements with suppliers for the delivery of goods or the provision of services, or timely processing operations.

(Thousands of EUR)

20. OTHER LIABILITIES

	2023	2022
Non-current		
Suppliers of fixed assets	1,026	646
Non-current debts from company acquisitions	7,980	1,630
Other non-current debts	16,828	89,318
	25,834	**91,594**
Current		
Suppliers of fixed assets	5,057	6,604
Salaries, wages and commissions payable	31,812	26,972
Accruals and prepayments	573	380
Current debts from company acquisitions	11,917	12,800
Other current debts	91,226	14,909
	140,585	**61,665**

The fair value of these assets does not differ significantly from carrying value.

Balances with asset suppliers at 31 December 2023 and 2022 basically relate to the outstanding balance is payable for the acquisitions of intangible and material assets (Notes 6 and 7).

Details of the debts from company acquisitions between one period and another is as follows (Notes 1.3 and 32):

	2023	2022
Non-current		
Hivisan, S.L.	-	522
ZH Ingenieros, S.A.S.	-	1,005
Gesthidro S.L.U.	7,400	-
Original Distribución Spain Iberia S.A.	580	-
Others	-	103
	7,980	**1,630**
Current		
Cri Enerbility, SRL (previously Chimneys and Refractories Intern. SRL)	513	513
Dominion Servicios Medioambientales, S.L. (Tankiac)	1,661	699
Dimoin Caldereria, S.A.	-	115
Servishop Manlogist, S.A.	153	149
ZH Ingenieros, S.A.S.	-	1,563
Bygging India Limited	9,570	9,762
Original Distribución Spain Iberia S.A.	20	-
	11,917	**12,801**

The transactions made during the years in relation to these headings are as follows:

	2023	2022
Debts from company acquisitions: Opening balance	**14,431**	**13,062**
Additions and financial updating	15,155	6,091
Derecognitions	(1,340)	-
Payments and asset clearing	(7,336)	(2,670)
Re-estimation of the liabilities at FV with effect on income (Note 27)	(636)	(1,560)
Translation differences and transfers	(377)	(492)
Debts from company acquisitions: Final balance	**19,897**	**14,431**

Debts from company acquisitions:

Most of the liabilities for company purchases are derived from the best estimate at the time of the contingent payments for business combinations made in previous years based on envisaged future returns from the purchased companies over the course of fincial year 2023 and previous financial years.

The “Other current and non-current debts” section essentially relates to:

- The amount pending of loans received from public bodies at subsidised interest rates, amounting to approximately EUR 1.2 million (2022: EUR 2.0 million).
- The debt related to the rights of use for leases relating to application of IFRS 16 "Leases", for a total of EUR 33.0 million of which EUR 12.0 million relates to non-current liabilities and EUR 21.0 million to current liabilities (2022: EUR 29.0 million, with EUR 18.2 million relating to non-current liabilities and EUR 10.8 million to current liabilities).
- The outstanding payment for the purchase of the minority shareholding in the subsidiary Dominion Energy, S.A. at the end of financial year 2022, for EUR 66.9 million, which matures in FY 2024, was settled on the date that these consolidated annual financial statements were drawn up.

Other non-current liabilities have the following due dates:

	2023	2022
Between 1 and 2 years	13,720	82,836
Between 3 and 5 years	9,008	1,005
More than 5 years	3,106	7,753
	25,834	**91,594**

(Thousands of EUR)

21. DEFERRED TAXES

Deferred taxes are as follows:

	2023	2022 (*)
Deferred tax assets:		
- Deferred tax assets to be recovered after more than 12 months	58,614	47,393
- Deferred tax assets to be recovered within 12 months	4,048	4,031
	62,662	51,424
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(21,084)	(18,311)
- Deferred tax liabilities to be recovered within 12 months	(5,270)	(1,715)
	(26,354)	(20,026)
Net	**36,308**	**31,398**

(*) Figures restated (Notes 2.2 and 36).

In the year the effect of IAS 12 (Note 2.2) has been detailed and the effect applied to lease transactions was recorded.

The overall movement in the deferred tax account is as follows:

	2023	2022 (*)
At 31 December 2021	**31,398**	**38,391**
Modification application NIC12 (Note 2.2)	-	(1,141)
At 01 January 2022	**31,398**	**37,250**
(Charged) against/credited to the income statement (Note 28)	11,157	(7,101)
Entry into the scope of consolidation (Note 32)	(3,613)	(536)
Transfer to assets held for sale (Note 36)	(4,899)	-
Other movements (**)	2,265	1,785
Final balance	**36,308**	**31,398**

(*) Figures restated (Notes 2.2 and 36).

(**) It includes the effect of exchange differences.

(Thousands of EUR)

Movements during the year in deferred tax assets and liabilities are as follows:

Deferred tax assets	Tax losses	Tax credits	Other temporary differences	Total
At 31 December 2021	**36,343**	**3,750**	**8,470**	**48,563**
Modification application NIC12 (Note 2.2)	-	-	10,211	10,211
At 01 January 2022	**36,343**	**3,750**	**18,681**	**58,774**
(Charged) against/credited to profit and loss	(3,500)	(3,117)	(1,652)	(8,269)
Entries into the scope of consolidation (Note 32)	-	2,887	-	2,887
Transfer to assets held for sale (Note 36)	-	-	(2,952)	(2,952)
Conversion differences and other movements	1,233	(67)	(182)	984
At 31 December 2022 (*)	**34,076**	**3,453**	**13,895**	**51,424**
(Charged) against/credited to profit and loss	7,572	-	6,432	14,004
Transfer to assets held for sale (Note 36)	-	-	(4,899)	(4,899)
Conversion differences and other movements	(2,906)	767	4,272	2,133
At 31 December 2023	**38,742**	**4,220**	**19,700**	**62,662**

(*) Figures restated (Note 2.2).

The temporary differences basically relate to book expenses, which will be deductible in subsequent years, corresponding to different tax treatment of the recognition of income in certain countries and the provisions.

Deferred tax liabilities	Unrestricted depreciation and others
At 31 December 2021	**10,172**
Modification application NIC12 (Note 2.2)	11,352
At 01 January 2022	**21,524**
Charged against/(credited) to profit and loss	(1,205)
Entries into the scope of consolidation (Note 32)	3,423
Transfer to Liabilities held for sale (Note 36)	(2,915)
Regularization	(801)
At 31 December 2022 (*)	**20,026**
Charged against/(credited) to profit and loss	2,847
Entries into the scope of consolidation (Note 32)	3,613
Regularization	(132)
At 31 December 2023	**26,354**

(*) Figures restated (Note 2.2).

Scope additions in deferred tax assets and liabilities relate to the transactions described in Note 32.

(Thousands of EUR)

The details of the existing tax bases and existing deductions by tax group during the year and the corresponding recognised amounts, are as follows:

		Tax credits recognised (Quota)		
	Total tax bases (Base)	**Tax bases**	**Deductions**	**Total**
Tax Group Biscay (*)(Note 2.19)	41,865	80	1,259	1,339
Tax Group Common Territory (*)(Note 2.19)	62,057	5,390	1,840	7,230
Tax Group Germany (Note 2.19)	27,223	6,534	-	6,534
Tax Group United States (Note 2.19)	23,859	5,726	-	5,726
The rest of the companies that are taxed individually (**)	192,464	21,012	1,121	22,133
Total	**347,468**	**38,742**	**4,220**	**42,962**

(*) Bases and deductions generated since the creation of the tax groups (2015).
(**) This includes the bases and deductions of individual companies prior to forming a part of tax groups.

The most relevant capitalized tax credits relate to the Basque tax group (Note 2.19). The Group has performed a recoverability analysis based on the approved business plan (Note 7). The capitalization of tax credits is limited by the recoverability of the deferred tax assets generated by each company prior to the creation of the new tax consolidation group. Based on that analysis all of the capitalized tax credits would be recoverable within 10 years. The Basque tax group's tax credits mature in 30 years.

The recoverability analysis for the tax group in the common territory was also based on the approved business plan. The capitalization of tax credits is limited by the recoverability of the deferred tax assets generated by each company prior to the creation of the new tax consolidation group. Based on that analysis all of the capitalized tax credits would be recoverable within 10 years. The tax-loss carryforwards in the common territory do not become statute barred.

The tax-loss carryforwards generated by the Tax Group in Germany do not become statute barred and those generated by the Tax Group in the United States become statute barred after 20 years.

Likewise, with regard to the ruling of the Constitutional Court declaring the nullity of Royal Decree-Law 3/2016, we have analysed in detail the consequences for the taxable income generated in the Group's common territory and concluded that no changes apply as it is considered that the credits for the tax losses capitalised may be recovered within a reasonable timeframe.

22. OBLIGATIONS TO PERSONNEL

The breakdown of provisions for employee benefits by country is as follows:

	2023	**2022**
Itemisation by country		
Germany (1)	7,924	8,726
France (2)	263	349
Total (Note 23)	**8,187**	**9,075**

(Thousands of EUR)

The commitments of post-employment plans and other long-term benefits to the personnel that the Group guarantee to certain collectives are disclosed by country, the following ones:

1. Post-employment benefit plans and other non-current employee benefits in Germany that are fully covered by an internal fund.

    - Non-current employee benefits:

        - Length of service awards
        - Supplements deriving from partial retirement agreements

    - Post-employment benefits:

        - Lifetime retirement pensions
        - Benefit plans guaranteed by the Group for its employees are defined retirement benefit commitments. The Group guarantees lifetime income starting at retirement for those employees that started working for the Company before 1 January 2001 and that have worked at the Company for 10 years at the time of retirement.

2. Post-employment benefit plans in France that are covered by an internal fund.

    - The benefit plans guaranteed by the Group for its employees.

    - The retirement benefit depends on the number of years worked at the Company.

These commitments are based on a company agreement and are not required to be externalised and secured by plan assets. Accordingly, there are no assets assigned to the pension plan in the balance sheet of these consolidated annual financial statements.

Movements in the provisions by type of plan and by country are as follows:

		Germany	France	Total
At 31 December 2021		**10,667**	**691**	**11,358**
Cost for current services		69	-	69
Interest expense/(income)	(Note 27)	-	(107)	(107)
(Gains) / losses due to changes in actuarial assumptions		(1,362)	-	(1,362)
Payment of benefits		(648)	(235)	(883)
At 31 December 2022		**8,726**	**349**	**9,075**
Cost for current services		(43)	-	(43)
Interest expense/(income)	(Note 27)	238	(86)	152
(Gains) / losses due to changes in actuarial assumptions		(428)	-	(428)
Payment of benefits		(569)	-	(569)
At 31 December 2023		**7,924**	**263**	**8,187**

(Thousands of EUR)

The financial-actuarial assumptions taken into consideration in the actuarial valuations are as follows:

	Germany		France	
	2023	2022	2023	2022
Interest Rate	3.94%	3.75%	3.65%	3.5%
Future growth in salaries	3.00%	3.00%	2.00%	2.0%
Future growth in pensions	2.10%	2.50%	2.30%	2.3%
Mortality table	Heubeck 2018 G	Heubeck 2018 G	2015 INSEE	2015 INSEE
Retirement age	63	63	62-65	62
Measurement method	P.U.C.	P.U.C.	P.U.C.	P.U.C.

The curve used to determine the interest rate for the most significant commitments: "IBoxx EUR Corporates AA Subindices von Markit1".

The average weighted term of the defined benefit obligations falls within the range of 6.8-8.84 years.

In the Group's most significant plans, the expected lives of men and women based on the mortality tables used are as follows:

	Germany		France	
	2023	2022	2023	2022
Life expectancy of a person retiring at year-end:				
- Men	22.27	22.27	23.1	23.1
- Women	25.86	25.86	27.7	27.7
Life expectancy of a person retiring 20 years after year-end:				
- Men	25.05	25.05	40.6	40.6
- Women	28.1	28.1	46.2	46.2

The percentage of the defined benefit commitment to changes in the main weighted assumptions is as follows:

	Germany			France		
	Change in assumptions	Increase in assumptions	Reduction in assumptions	Change in assumptions	Increase in assumptions	Reduction in assumptions
Financial year 2023						
Interest Rate	3.94%	0.50%	3.44%	3.65%	0.50%	2.30%
Commitment variation	0.00%	0.00%	4.30%	2.00%	0.00%	0.00%
Financial year 2022						
Interest Rate	3.75%	4.25%	3.25%	1.50%	1.50%	1.50%
Commitment variation	0.00%	-4.46%	4.46%	0.00%	-4.50%	2.00%

The preceding sensitivity analysis is based on a change in an assumption while all other assumptions remain the same.

(Thousands of EUR)

23. PROVISIONS

Movements in the Group's provisions in 2023 and 2022 are as follows:

	Other provisions	Obligations to personnel (Note 22)	Total
At 31 December 2021	**26,685**	**11,358**	**38,043**
Cost for current services	-	69	69
Interest expense/(income)	-	(107)	(107)
Profits/(losses) due to changes in actuarial assumptions	-	(1,362)	(1,362)
Inclusion in the period (Note 32)(**)	7,990	-	7,990
Allowances (Note 25)	11,422	-	11,422
Reversal (Note 25)	(3,244)	-	(3,244)
Payments	(7,830)	(883)	(8,713)
Transfers and other movements (*)	(124)	-	(124)
At 31 December 2022	**34,899**	**9,075**	**43,974**
Cost for current services	-	(43)	(43)
Interest expense/(income) (Note 27)	-	152	152
Profits/(losses) due to changes in actuarial assumptions	-	(428)	(428)
Inclusion in the period (Note 32)	170	-	170
Allowances (Note 25)	8,031	-	8,031
Reversal (Note 25)	(4,459)	-	(4,459)
Payments	(3,977)	(569)	(4,546)
Transfers and other movements (*)	(7,651)	-	(7,651)
At 31 December 2023	**27,013**	**8,187**	**35,200**
Non-current provisions			**25,185**
Current provisions			**10,015**

(*) These primarily relate to the reallocation of items corresponding to provisions on other lines, as well as exchange rate variations.
(**) Figures restated pursuant to Note 2.2.

The other provisions can basically be itemised as follows:

- Provisions of EUR 3,105 thousand (2022: EUR 2,176 thousand) corresponding to the total coverage of likely risks related to legal proceedings underway, basically, in Europe.

- Provisions of EUR 4,462 thousand (2022: EUR 4,115 thousand) corresponding to liabilities for obligations with employees, excluding post-employment benefit plan (Note 22), basically for the commitments required in the current legislation in each country (basically Spain, Italy and Saudi Arabia).

- Provisions of EUR 19,446 thousand (2022: 23,400 thousand) corresponding to the hedging of business operating risks, of which EUR 12,726 thousand are considered to be payable in the long term (2022: EUR 16,747 thousand) and EUR 6,720 thousand in the short term (2022: EUR 6,653 thousand).

(Thousands of EUR)

24. OPERATING INCOME

a) Breakdown of turnover

The breakdown of turnover is given below between the sale of goods and the provision of services. The reality of the Group's business is comprised of the rendering of services for projects, nevertheless, as part of the Commercial B2B2C Services CGU grouping activity, the purchase/sale of devices is included as usual operations in those contracts where the Group acts as principal.

	2023	2022
Sale of devices (Commercial Services Business)	66,129	111,728
Provision of Services	1,126,431	1,115,740
	1,192,560	**1,227,468**

b) Breakdown of ordinary revenues from contracts with clients

The Group obtains revenues from the transfer of goods and services over time and at a specific point in time in the following service lines and activity areas:

		Sustainable Services Segment				
	360 Projects	Intelligent Infrastructures Services	Industrial Sustainability Services	B2B2C Commercial Services	Stake in infastructures	Total
2023						
Ordinary revenues from external clients	**351,160**	**225,616**	**360,444**	**238,046**	**17,294**	**1,192,560**
Point at which ordinary revenues are recognised:						
At a specific point in time	-	129,440	-	238,046	17,294	384,780
Over time	351,160	96,176	360,444	-	-	807,780
	351,160	**225,616**	**360,444**	**238,046**	**17,294**	**1,192,560**
2022 (*)						
Ordinary revenues from external clients	**350,595**	**243,940**	**268,025**	**364,908**	**-**	**1,227,468**
Point at which ordinary revenues are recognised:						
At a specific point in time	-	119,531	-	364,908	-	484,439
Over time	350,595	124,409	268,025	-	-	743,029
	350,595	**243,940**	**268,025**	**364,908**	**-**	**1,227,468**

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative

As stated in Note 2.4.19 b) the Sustainable Services segment does not include commercial sales transactions resulting from operating as an agent for EUR 407 million in financial year 2023 (EUR 428 million in financial year 2022).

Also, the ordinary revenue for the 360 Projects Segment includes EUR 85 million relating to long-term complex projects (2022: EUR 270 million).

The amount of the ordinary revenues broken down by geographical areas is described in Note 5 b) on Segmentation.

Of revenues, the invoiced amounts by currency reflected in thousand euros are as follows:

	2023	2022
Euro	678,689	653,183
US Dollar	190,364	273,009
Mexican peso	27,539	59,829
Pound sterling	4,965	3,284
Saudi Riyal	26,514	16,529
EAU Dirham	3,624	8,772
Argentine peso	19,307	19,139
Peruvian sol	49,272	46,684
Chilean peso	68,655	47,930
Polish zloty	7,214	7,968
Australian dollar	30,051	23,714
Canadian dollar	9,740	8,356
Columbian peso	37,021	24,879
Indian Rupee (IR)	22,588	24,026
Others	17,017	10,166
	1,192,560	**1,227,468**

In financial year 2023 an amount of EUR 4,800 thousand was recorded under the "Other operating income" heading. This income is primarily from operating subsidies, capital subsidies and other miscellaneous income (2022: EUR 47,121 thousand).

c) Assets and liabilities related to contracts with clients

The Group recognised the following assets and liabilities related to contracts with clients:

	2023	2022
Current assets for contracts	237,329	235,752
Impairment losses (Note 3.1.c))	(149)	(149)
Total assets for contracts	**237,180**	**235,603**
Liabilities for contracts	92,853	112,863
Total current liabilities for contracts	**92,853**	**112,863**

Practically the entire total for assets and liabilities for contracts relating to the previous financial year were invoiced and collected throughout financial year 2023 as indicated in the Note on accounting policies (Note 2.4.19). Those corresponding to financial year 2023 are expected to be undertaken in 2024.

(Thousands of EUR)

25. OTHER OPERATING EXPENSES

A breakdown of other operating expenses is provided below:

	2023	2022
Supplies	6,720	7,992
Transport	7,415	9,031
Repairs	8,207	9,144
Operating leases	5,583	5,776
Costs of client acquisition	5,376	14,402
Services of independent professionals	25,235	30,073
Net allowance / (Reversal) for impairment on receivables (*)	1,121	6,970
Net allowance / (Reversal) for obsolescence (Note 11)	959	850
Variation of other provisions (Note 23)	3,572	8,698
Communications	1,559	2,970
Travel expenses	58,610	58,945
Insurance	3,391	7,975
Taxes	4,486	4,614
Advertising and publicity	4,697	8,293
Office material	1,153	2,315
	138,084	**178,048**

(*) This includes the impairment allowance/reversal plus the allowance for estimated losses under IFRS 9 as stated in Note 3.1.c.

26. EMPLOYEE BENEFIT EXPENSES

	2023	2022
Salaries and wages	293,260	264,404
Social Security expense	53,603	51,081
Other social expenses	7,679	8,007
Personnel restructuring costs	4,468	3,523
	359,010	**327,015**

(Thousands of EUR)

The average number of group employees by category is as follows:

	Number	
Category	**2023**	**2022**
Male/Female Director	105	100
Manager	701	459
Technician	2,345	2,334
Skilled worker	8,401	8,041
Male/Female Clerk	1,003	808
	12,555	**11,742**

The distribution of personnel and Board members at 31 December 2023 and 2022 by gender is as follows:

	2023			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Category						
Members of the Board of Directors	8	3	11	8	3	11
Director (*)	85	15	100	82	18	100
Manager	374	134	508	375	129	504
Technician	1,825	390	2,215	2,122	369	2,491
Skilled worker	7,308	965	8,273	7,379	1,230	8,609
Male/Female Clerk	386	484	870	328	464	792
	9,986	**1,991**	**11,977**	**10,294**	**2,213**	**12,507**

(*) The Directors section includes the 7 members of Senior Management (5 men and 2 woman) in financial year 2023 /(2022: 7 members of Senior Management (5 men and 2 women)).

In financial years 2023 and 2022, we had staff working for companies whose operations have been discontinued, which were not included in the tables above. Note 36 provides the details of the amount of personnel working in this activity.

(Thousands of EUR)

27. FINANCIAL RESULT

	2023	2022
Interest income:		
- Other financial interest and revenues (Note 8)	24,030	5,456
- Updating of financial provisions (Note 23)	-	107
Financial expenses:		
- Interest on loans with credit institutions and other credit facilities	(46,545)	(5,437)
- Updating of leasing liabilities (IFRS 16) (Note 6)	(1,364)	(1,080)
- Updating of financial provisions (Note 23)	(152)	-
- Financial expenses with project partners (*)	-	(1,329)
Net gains/(losses) from transactions in foreign currency	(7,994)	(9,999)
Variation in the fair value of assets and liabilities recognised in profit and loss	51	611
Share in results obtained by associates (Note 9)	380	(3,552)
	(31,594)	**(15,223)**

(*) Financial expenses arising from complex multi-year projects relating to the awarding of economic rights to control these projects.

The item "Financial expenses" includes EUR 12 million in costs associated with prepaid invoices and other working capital financing, as well as the cost of bank guarantees and other financial expenses (2022: EUR 3 million). The increase is due to higher working capital financing expenses.

28. TAX SITUATION

The Group's current tax balance relates to current amounts generated with respect to public entities for Value Added Tax (VAT), Personal Income tax Withholdings, Social Security and other similar taxes.

The breakdown of corporation tax for the financial year is as follows:

	2023	2022
Current Tax	(12,083)	(5,342)
Net variation in deferred tax assets (Note 21)	11,289	(7,064)
	(794)	**(12,406)**

(Thousands of EUR)

The reconciliation of reported consolidated profit and the aggregate corporate income tax base is as follows:

	2023	2022
Consolidated book profit for the year before taxes for continued operations	47,202	59,327
Consolidated book profit for the year before taxes for discontinued operations (Note 36)	(2,584)	(10,822)
Consolidation adjustments (*)	(43,055)	(78,811)
Aggregated pre-tax profit of the consolidated companies	**1,563**	**(30,306)**
Permanent differences (**)	3,843	(2,438)
Total tax base (Taxable income)	**5,406**	**(32,744)**

(*) Consolidation adjustments in financial years 2023 and 2022 mainly relate to the impairment of tax-deductible investments, the tax effect related to the recognition of assets at fair value in the different business combinations, as well as the tax effect associated with the application of IFRS 9 and other consolidation entries.

(**) In 2023 and 2022 permanent differences mainly correspond to the write-back of non tax-deductible provisions as well as capital gains arising from the disposal of investees.

The tax on the profits before tax of the Group differs from the theoretical amount that would have been obtained using the weighted average tax rate applicable to profit of the consolidated companies as follows:

	2023	2022
Profit before tax for continued operations	47,202	59,327
Profit before tax for discontinued operations	(2,584)	(10,822)
Consolidated profit before tax	**44,618**	**48,505**
Tax calculated on nominal tax rates of continued activities	21,494	25,490
Calculated tax for discontinued operations (Note 36)	(1,484)	109
Tax effect of:		
- Next tax results of associated	138	(852)
- Permanent differences and adjustments for consolidation	(9,549)	(19,295)
- Capitalization of tax loss carry for wards	(7,572)	3,500
- Other temporary differences	(3,717)	3,564
- Other movements	-	(1)
	(690)	**12,515**

(Thousands of EUR)

The reconciliation of the corporate income tax expense at nominal rates with the final expense in the income statement is as follows:

	2023	2022
Current tax for continued and discontinued operations	12,083	5,342
(Capitalisation)/cancellation of tax credits	(7,572)	3,500
Other movements in temporary differences	(3,585)	3,564
Regularisations	(132)	-
	794	**12,406**

The net capitalization of tax credits mainly relates to the capitalisation of tax loss carryforwards in the State Tax Group, to the tax loss carryforwards offsetting mentioned above in this note.

The theoretical tax rates vary in accordance with the various locations, and the most important are as follows:

	Nominal rate	
	2023	**2022**
Basque Country	24%	24%
Rest of Spain	25%	25%
Mexico	30%	30%
United States of America	21% - 25%	21% - 25%
Rest of America	21% - 35%	21% - 35%
Rest of Europe (Average rate)	15% - 35%	15% - 35%

The applicable legislation for Corporation Tax settlements during financial year 2023 for the Controlling Company is that corresponding to the Regional Regulation 11/2013 of 5 December for Corporation Tax.

Notwithstanding the rights of the Public Treasury with respect to the tax obligations accruing during the time it was in force. In general terms, the years not statute-barred by the various bodies of tax legislation applicable to each Group companies are open to inspection, ranging between 4 and 6 years as from the time the tax obligation falls due and the deadline for filing tax returns.

The Parent Company's Directors have calculated the amounts associated with this tax for 2023 and 2022 and those years open to inspection in accordance with legislation in force at each year end with the understanding that the final outcome of several legal procedures and appeals that have been filed in this respect will not have a significant impact on the annual financial statements taken as a whole.

29. EARNINGS PER SHARE

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the Parent Company's shareholders by the weighted average number of outstanding ordinary shares for the year, excluding treasury shares acquired by the Product Company (Note 13).

	2023	2022
Profit attributable on continuing operations to the Company's shareholders (thousands of EUR)	45,422	41,948
Weighted average number of outstanding ordinary shares (thousand)	150,112	155,419
Basic earnings per share for continuing operations (euros per share)	**0.3026**	**0.2699**

	2023	2022
Profit/(Loss) on discontinued activities attributable to the Company's shareholders (thousands of EUR)	(1,100)	(10,931)
Weighted average number of outstanding ordinary shares (thousand)	150,112	155,419
Basic earnings per share for discontinuing operations (euros per share)	**(0.0073)**	**(0.0703)**

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of outstanding ordinary shares to reflect the conversion of all potentially dilutive ordinary shares. The Company has no potentially dilutive ordinary shares.

(Thousands of EUR)

30. CASH GENERATED FROM OPERATIONS

	2023	2022
Profit (loss) for the year	**45,308**	**35,990**
Adjustments for:		
- Taxes (Note 28)	794	12,406
- Depreciation of tangible fixed assets (Note 6)	49,305	32,222
- Amortisation of intangible assets (Note 7)	16,813	16,246
- Other income and expenses	(271)	7,640
- (Profit)/ loss on the sale of tangible fixed assets	2,696	1,576
- Net movements in provisions (Notes 23 y 25)	3,572	8,698
- Interest income (Note 27)	(24,030)	(5,563)
- Interest expense (Note 27)	48,061	7,846
- Exchange rate differences (Note 27)	7,994	9,999
- Translation differences transferred to profit and loss	(51)	(611)
- Share in losses /(gains) in associates (Note 9)	(380)	3,552
Variations in working capital (excluding the effects of the acquisition and differences in the consolidation exchange rate):		
- Inventories (Note 11)	(43,722)	(14,183)
- Trade and other receivables (Note 10)	25,740	(137,802)
- Other assets	(14,214)	(25,913)
- Other current liabilities	8,040	(14,810)
- Trade and other payables (Notes 2.4.c y 19)	(16,151)	164,395
Cash generated from operations	**109,504**	**101,688**

In the cash flow statement, proceeds from the sale of tangible fixed assets and intangible assets include:

	2023	2022
Carrying amount (Notes 6 and 7)	10,879	7,918
Gain /(loss) on the sale of fixed assets	(2,696)	(1,576)
Amount received for the sale of fixed assets	**8,183**	**6,342**

31. COMMITMENTS, GUARANTEES AND OTHER INFORMATION

a) Commitments for the purchase or sale of assets

There were no commitments to buy or sell assets at year-end 2023 or end of the previous year, 2022.

(Thousands of EUR)

b) Operational leasing commitments

As from 2008 the Group has leased various offices and warehouses under non-cancellable operating lease contracts. These contracts are for terms ranging between 5 and 10 years, and are mostly renewable at expiration under market conditions. The Group also rents facilities and machinery under cancellable operating lease contracts. The Group is required to provide six months advance notice of the termination of these contracts.

Total future minimum payments for non-cancellable operational leases are shown below:

	2023	2022
Less than one year	19,977	14,361
Between one and five years	41,606	22,058
More than 5 years	379	2,557
	61,962	**38,976**

c) Other information (guarantees)

The Group has granted guarantees for works and services rendered to customers and commercial guarantees totalling approximately EUR 208 million (2022: EUR 214 million).

These guarantees issued by financial institutions are presented to customers primarily as a commitment to the proper performance of contracts, advanced payments received from customers, the coverage of warranty periods and the support for proposal or tenders. The failure of these commitments entail the implementation of these guarantees with cash out flow, whose probability of occurrence is considered remote.

32. BUSINESS COMBINATIONS

Financial year 2023

Sustainable Services

On 9 March, 2023 the contract for the sale and purchase of 100% of the shares of **Gesthidro, S.L.U. Gesthidro, S.L.U. and its wholly-owned subsidiary Recinovel, S.L.U.** was raised to public record. (Consult additional information in Note 1.3).

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	5,390
Cash and cash equivalents acquired	(554)
At 31 December 2023	**4,836**

Below is an abbreviated of the net assets acquired and the goodwill resulting from this transaction:

(Thousands of EUR)

	Amount
Purchase price	12,790
Fair value of the net assets acquired	12,790
Goodwill (Note 7)	**-**

The fair values of the net assets acquired as part of this business combination are broken down below:

Fair Value	**Fair value**
Intangible fixed assets (Note 7)	13,959
Propertly, Plant and Equipment assets (Note 6)	2,291
Financial assets	18
Trade accounts receivable and other accounts receivable	769
Cash and Cash Equivalents	554
Acquired assets	**17,591**
Borrowings	304
Deferred tax from liabilities	3,613
Current provisions	170
Trade accounts payable	714
Liabilities acquired	**4,801**
Total Net Assets Acquired	**12,790**

The process for the recognition and fair value valuation of the assets acquired and liabilities assumed has not yet been fully completed. At the end of 2023, an amount of EUR 8.2 million was allocated to the permanent business licence and an amount of EUR 5.8 million to the recurring customer portfolio, both recorded under the heading "Other intangible assets" of the non-current assets of the adjoining consolidated balance sheet (Note 7).

The business licence was valued by an independent expert using the Multiperiod Excess Earnings Method (MPEEM), which is a variant of the DCF (Discounted Cash Flows) method analysis. The appraisal provided by the expert for the business licenses acquired amounted to EUR 8.2 million and, as this is a permanent license that does not expire, it has been established that this relates to an asset with an undefined operating life. The annual discount rate used by the independent expert plus the intangible premium amounted to 11.5%.

The recurring customer portfolio was valued using the "MPEE" valuation methodology based on excess earnings over the supporting assets required for the exploitation of intangible assets. The contributory assets taken into account were the fixed assets, personnel and investment in working capital. A service life of 10 years has been estimated for the customer portfolio. An annual discount rate of 9% was used to estimate the fair value.

In addition to this, an independent expert has evaluated all the company's material assets, allocating an additional amount of EUR 0.5 million over the book value of the machinery to be amortized over a period of 10 to 15 years.

The turnover and net result for the business combinations executed and integrated in the financial year ending on 31 December 2023 totalled EUR 3.7 million and EUR 1.1 million respectively. If the business combinations would have taken place on 1 January, 2023, these would have amounted to EUR 4.2 million in sales and a profit of EUR 1 million.

(Thousands of EUR)

Financial year 2022

a) 360 Projects (formerly B2C 360 Projects)

The resolution to extend the share capital of the company **BAS Projects Corporation, S.L.** was raised to a public instrument on 19 December 2022, and was recorded in the Registry of Companies that December. The Group, through its subsidiary Dominion Energy, S.A., gained control over this company to hold a 98.66% stake (Consult additional information in Note 1.3).

This acquisition was a business combination comprising various stages, in which the pre-existing minority interest of 27% was measured at fair value with no significant impact on the consolidated income statement for FY 2022. The discounted future cash flow method was used for this valuation.

The movement of cash funds in the transaction consisted exclusively of the incorporation of the cash incorporated in the net assets acquired.

Below is a abbreviated of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Cost of business combination	102,002
Fair value of the net assets acquired (*)	40,431
Goodwill (Note 7)	**61,571**

(*) During the valuation period, Group management adjusted the provisional amounts that were recognised in 2022 in relation to this business combination as a result of information obtained on facts and circumstances existing on the acquisition date (in 2022 the fair value of the identified net assets acquired amounted to EUR 47,639 thousand (Note 2.2).

This goodwill was allocated to the future profitability and synergies of the businesses acquired in the Group and is included in the 360 Projects CGU grouping.

The net assets acquired at fair value which arose on acquisition, which have been modified during FY 2023 to reflect the actual values calculated, are broken down as follows:

(Thousands of EUR)

	Fair value
Intangible fixed assets	1
Property, Plant and Equipment	162,975
Financial assets	650
Investments accounted for using the equity method	88,808
Deferred tax assets	2,886
Inventories	211
Trade accounts receivable and other accounts receivable	35,272
Cash and Cash Equivalents	2,724
Acquired assets	**293,527**
Minority	(1,738)
Borrowings	213,369
Deferred tax liabilities	3,423
Current and non-current provisions	7,541
Trade payables and Other liabilities	30,501
Liabilities acquired	**253,096**
Total Net Assets Acquired	**40,431**

The borrowings shown in the table above include EUR 35 million of BAS's debt with the Group which is eliminated in the consolidation process.

The process for the recognition and fair value valuation of the assets acquired and liabilities assumed as allocation of the price paid is final as the 12-month period from the acquisition established in IFRS 3 "Business Combinations" has been fully completed.

b) Sustainable services (formerly B2B Services)

On 30 May 2022, the contract for the sale and purchase of 100% of the shares of the Spanish company **Servishop Manlogist, S.A.** was raised to public record. (Consult additional information in Note 1.3).

The movement in cash funds on the operation was as follows:

	Amount
Consideration paid during the year	500
Cash and cash equivalents acquired	(631)
	(131)

Below is a summary of the net assets acquired and the goodwill resulting from this transaction:

	Amount
Purchase price	753
Fair value of the net assets acquired	500
Goodwill (Note 7)	**253**

This goodwill was allocated to the future returns and synergies of the businesses acquired in the Group and is allocated to the Intelligent Infrastructure Services CGU grouping.

(Thousands of EUR)

The fair values of the net assets acquired as part of this business combination are broken down below:

	Fair value
Intangible fixed assets	2
Property, Plant and Equipment	1
Deferred tax from assets	1
Trade accounts receivable and other accounts receivable	278
Cash and Cash Equivalents	631
Acquired assets	**913**
Borrowings	-
Trade payables and Other liabilities	413
Liabilities acquired	**413**
Total Net Assets Acquired	**500**

The process for the recognition and fair value valuation of the assets acquired and liabilities assumed as allocation of the price paid is final as the 12-month period from the acquisition established in IFRS 3 "Business Combinations" has been fully completed.

On 30 September, 2022, the purchase and sale agreement was executed whereby the Parent Company acquired 75% of the Colombian company **ZH Ingenieros, S.A.S.** (Consult additional information in Note 1.3).

The movement in cash funds on the operation was as follows:

	Amount (*)
Consideration paid during the year	1,340
Cash and cash equivalents acquired	(173)
	1,167

(*) Amounts stated in Columbian pesos stated in euros using the transaction date exchange rate.

Below is a abbreviated of the net assets acquired and the goodwill resulting from this transaction:

	Amount (*)
Total consideration of the transaction (**)	2,821
Fair value of the net assets acquired (***)	(970)
Goodwill (Note 7)	**3,791**

(*) Amounts stated in Columbian pesos stated in euros using the transaction date exchange rate.

(**) The total consideration for the transaction was reduced by estimating in 2023 that the variable price of the transaction was zero (Note 1.3).

(***) During the valuation period, Group management adjusted the provisional amounts that were recognised in 2022 in relation to this business combination as a result of information obtained on facts and circumstances existing on the acquisition date (in 2022 the fair value of the identified net assets acquired amounted to EUR 137 thousand).

(Thousands of EUR)

This goodwill was allocated to the future returns and synergies of the businesses acquired in the Group and was included in the Industrial Sustainability Services CGU grouping.

The net assets acquired at fair value which arose on acquisition, which were modified during the financial year, are broken down as follows:

	Fair value (*)
Property, Plant and Equipment	1,066
Inventories	335
Trade accounts receivable and other accounts receivable	482
Cash and Cash Equivalents	173
Acquired assets	**2,056**
Minority	(323)
Borrowings	1,820
Trade payables and Other liabilities	1,529
Liabilities and minorities acquired	**3,026**
Total Net Assets Acquired	**(970)**

(*) Amounts stated in Columbian pesos stated in euros using the transaction date exchange rate.

The process for the recognition and fair value valuation of the assets acquired and liabilities assumed as allocation of the price paid is final as the 12-month period from the acquisition established in IFRS 3 "Business Combinations" has been fully completed.

The turnover and EBITDA for the business combinations executed and integrated in the financial year ending on 31 December 2022 totalled EUR 3.1 million and EUR 1.3 million respectively. If the business combinations had been performed on 1 January 2022, the integrated revenue and EBITDA would have amounted to EUR 23 million and EUR 1.7 million, respectively.

33. RELATED PARTY TRANSACTIONS

Related parties are considered to be the companies forming part of the Dominion Group, as well as the Directors and key executives and close family members of the Dominion Access Group.

a) Senior management remuneration and loans

The total remuneration paid in 2023 to senior management personnel, excluding that included in Compensation paid to the members of the Board of Directors amounted to EUR 2,051 thousand (2022: EUR 3,779 thousand). Also, during financial year 2022, a compensation amounting to EUR 990 thousand was paid that had been provided in previous financial years.

During financial year 2023, a payment of EUR 16 thousand was made to pension funds or plans established for the members of Senior management (2022: EUR 18 thousand).

The Group has health insurance policies taken out that gave rise to an annual payment of EUR 24 thousand in 2023 (2022: EUR 9 thousand).

(Thousands of EUR)

Regarding the additional incentive approved by the General Shareholders' Meeting in 2017 (section d) of this Note those corresponding to Senior Management were entered into in previous financial years and accrued during the period between 1 January 2017 and 31 December 2021, and were paid in 2022 for a total amount of EUR 1,955 thousand.

The annual civil liability insurance premium for all senior management and directors for any damages caused by actions or omissions whilst carrying out their duties, for financial year 2023 amounted to EUR 95 thousand. (2022: EUR 77 thousand). This insurance premium additionally covers the civil liability of Group staff in positions of responsibility.

b) Balances and transactions during the year with group companies and related parties

The detail of balances is as follows:

Debtors / (Creditors)	**2023**	**2022**
Trade and other receivables	38,566	11,427
Assets per contract	46,459	-
Current credits	-	234
Trade and other payables	(83,842)	(71,184)
Other non-current liabilities	(623)	(589)

The details of transactions is as follows:

(Charges) / Income	**2023**	**2022**
Net turnover	104,356	288,128
Other operating income	-	(8,950)
Consumption and procurement	(94,554)	(123,312)
Finance income	7,681	3,003
Finance costs	(1,969)	(796)

The names of related parties in the above tables refer to associate companies (Domcmisolar22, S.L. and its subsidiaries, Sociedad Concesionaria Salud Siglo XXI, for the activities carried out by the 360 Projects segment and the associate company Medbuying Group Technologies, S.L. for the activities carried out by the Commercial B2B2C Services CGUs (Appendix I)). Those companies which are associated through members of the Board of Directors are also included.

There are no guarantees provided in relation to these pending amounts.

(Thousands of EUR)

c) Remuneration of the Directors of the parent company

The Director's remuneration policy for financial year 2023-2025 was passed at the General Shareholders' Meeting held on 10 May, 2022, which replaced the policy that was passed at the General Shareholders' Meeting held on 13 April, 2021. In addition, the General Shareholders' Meeting held on 26 April 2023 resolved to set a maximum aggregate amount for the remuneration of directors in their capacity as such of EUR 1.1 million for financial year 2023.

During financial years 2023 and 2022, the amount paid to the members of the Board of Directors, including the salary received by the Chief Executive Officer, is detailed in the following table and consists of the following items and amounts:

	2023	2022
Salaries and extraordinary remunerations	1,110	3,889
Other compensation	23	22
	1,133	**3,911**

On 2 January 2024, an additional amount of EUR 850 thousand was paid in addition to the amount specified in the table above, relating to remuneration accrued in 2023.

It should also be noted that in financial year 2022 the directors accrued an advance related to their remuneration that had been received in the previous year, 2021, for a total of EUR 128 thousand.

Contributions totalling EUR 8 thousand were made in 2023 to pension plans or funds established for former or current members of the parent company's Board of Directors (2022: EUR 8 thousand).

As regards life insurance premiums, the Group has insurance policies covering the risk of death and permanent disability, which in 2023 amounted to an annual payment of EUR 15 thousand, of which the Chief Executive Officer is the beneficiary (2022): EUR 14 thousand).

Furthermore, the contract with the CEO contains a clause under which a severance payment equivalent to double their annual salary is established, at the time of dismissal and in accordance with the terms of the contract.

During financial year 2020, an incentive agreement was signed for the CEO based on the evolution of the quoted market price for the controlling Company's shares which was paid up in financial year 2022 for a total of EUR 2,028 thousand. Section d) of this Note explains the arrangements for this type of incentives in greater detail.

Also, in 2022, the Appointments and Remuneration Committee of the Board of Directors approved the remuneration updates for the various members of the Board of Directors, considering the limits set out in the Parent Company's Articles of Association.

Except for the items indicated in the preceding paragraphs, the members of the Company's Board of Directors have not received any compensation consisting of profit sharing or bonuses.

As stated in section a) of this Note, the Group paid the relevant civil liability insurance premium for all senior management and Directors for damages incurred as a result of actions or failure to perform certain actions whilst performing their duties, with a single premium specified in that section.

d) Remunerations based on the evolution of the quoted market price for the controlling Company's shares

On 3 May 2017, the Shareholders' Meeting approved the right to receive a long-term additional incentive based on the increase in the quoted value of the shares of the Parent company for the Chief Executive Officer and certain board members of the Group. Pursuant to this agreement, the maximum number of share rights that are assignable to beneficiaries shall be 2,600,000. This incentive was established for the Chief Executive Officer in 2018 and was paid to him in 2020. The executives' portion was established in 2020 and was paid in 2022, amounting to EUR 1,955 thousand.

(Thousands of EUR)

Following the positive report from the Appointments and Remuneration Committee, the Board of Directors passed a new remuneration package for the CEO, once it had been approved by the Annual General Shareholders' Meeting of the Parent Company on 6 May 2020, which provided long-term variable remuneration subject to share price performance. This agreement had the same terms that were provided in the previous one, also granted to the Chief Executive Officer assigning 1,300,000 rights for the increase in the value of the market price of Global Dominion Access, S.A.'s share, divided by its base market price, EUR 3 per share and the closing value of the average market price at the end of the generation period, whilst this plan can be settled in cash. The incentive vesting period spanned from 1 January 2020 to 31 December 2021, and was paid in 2022, amounting to EUR 2,028 thousand.

The Annual General Shareholders' Meeting held on 10 May 2022 approved a long-term additional incentive based on the increase in share value of the Parent Company for the CEO and certain executives which will be paid in cash. The number of rights shall be assigned by the Board of Directors, following a report from the Nominations and Remuneration Committee; the increase in value will have an initial share value of 4.56 euros and the time frame will be extended to the share value at 2024 year-end. This incentive has not yet been formalised with each of the beneficiaries.

e) Conflicts of interest

In order to avoid conflicts of interest with the parent company, during 2023 the Directors occupying positions on the Board of Directors complied with the obligations established in Article 228 of the Spanish Companies Act. Both Directors and persons related to them have abstained from conflicts of interest as stipulated by Article 229 of that legislation, and during the year no direct or indirect conflict of interest was reported to the Controlling Company's Board of Directors.

34. JOINT OPERATIONS

The Group participates in several temporary joint ventures and other joint ventures. The amounts that are indicated below represent the Group's stake in the assets, liabilities, sales and results of the joint ventures. These amounts have been included in the consolidated balance sheet and income statement:

	2,023	**2,022**
Current assets	65,025	60,966
Current liabilities	(16,098)	(15,747)
Turnover	41,133	41,638
Total expenses	(38,293)	(41,032)
Attributed profit and loss	3,632	958

The average number of employees in the temporary joint ventures and other joint ventures approximately totals 24 people, considering them as a whole and excluding the share hold percentage of the Group (2022: 5 persons).

35. OTHER INFORMATION

a) Fees of the auditors and group or related companies

The fees charged by PricewaterhouseCoopers Auditores, S.L. and the other firms of the PwC network for auditing the annual financial statements for 2023 total EUR 1,139 thousand (2022: EUR 1,135 thousand). Of the total fees incurred in 2023, a total of EUR 661 thousand relate to fees incurred in Spain (2022: EUR 678 thousand).

(Thousands of EUR)

Other services provided by PricewaterhouseCoopers Auditores, S.L. and other firms associated with the PricewaterhouseCoopers trademark have amounted to EUR 140 thousand (2022: EUR 93 thousand). Of these other services, during financial year 2023, the services provided to the Group by PricewaterhouseCoopers Auditores, S.L., other than auditing the annual financial statements, totalled the amount of EUR 63 thousand (2022: EUR 54 thousand) and they essentially correspond to reports on procedures agreed on ratios tied to financing contracts, that referring to the information in relation to the Internal Control over the Financial Reporting System (ICSFR) and the review of the information included in the Non-financial Reporting Statement contained in the Director's Report for the consolidated Annual Financial Statements. The other services, amounting to EUR 77 thousand, relates to fees incurred during the financial year by other companies in the PwC network as a result of tax consulting services (2022: EUR 46 thousand).

The amount of the fees incurred with other firms for auditing the Annual Financial Statements of other investee companies amounted to EUR 392 thousand in 2023 (2022: EUR 322 thousand).

b) Environmental issues

The Company bears environmental protection laws in mind when carrying out its operations. The Group believes that it substantially complies with such legislation and it implements procedures to ensure and promote compliance.

Aware of the relevance that sustainability has attained for the stakeholders it interacts with, Dominion, in its Strategic Plan, has developed a Sustainability Strategy, which sets ambitious and specific goals regarding climate change, particularly focused on environmental management with regard to reducing emissions, developing renewable energies and the circular economy. This information is expanded in section 4 of the Non-Financial Information Statement, as well as the amounts of environmental investments made in 2023. Also, is was not considered necessary to make any allowance for environmental risks or expenses since there are no contingencies relating to the protection and improvement of the environment or any environmental liabilities.

36. DISCONTINUED ACTIVITIES

In the first half of 2023, the decision was made to put the wind project in Mexico on sale, managed by the Mexican legal company Eólica Cerritos, S.A.P.I. de C.V. And actions are being taken to find a buyer. Its net assets have therefore been restated to "Assets of disposable groups classified as held for sale" and "Liabilities of disposable groups classified as held for sale" since they will be recovered when this company is sold. The income statement of this company is also presented on a net basis in the Profit/(loss) from discontinued operations after tax line of the consolidated income statement. As this company is part of the BAS Project Corporation subgroup acquired in December 2022, the restatement of the previous year's consolidated income statement data does not apply.

The details of the assets and liabilities of this company at 31 December 2023 are as follows:

	31.12.2023
Property, Plant and Equipment (Note 6)	96,258
Deferred tax assets (Note 21)	4,899
Trade and other receivables	15,893
Cash and cash equivalents	32
Held-for-sale assets	**117,082**

	31.12.2023
Current Allowances (Note 23)	10,239
Borrowings	80,000
Held-for-sale liabilities	**90,239**

(Thousands of EUR)

Current borrowings amounting to EUR 80 million refer to the CESCE financing contract mentioned in Note 18.

The details of income and expenses relating to this company for FY 31 December 2023 are as follows:

	2023
Operating expenses	(851)
Deferred Corporate Tax	1,601
Profit / (Loss) for the discontinued activities	**750**

This company has no personnel.

In January 2022, the Board of Directors of the Parent Company took the decision to actively seek a buyer for its business line relating to the construction of Steel Stacks in Denmark and Slovakia in order to discontinue its activity in these countries. This activity is the Group's only manufacturing activity, representing a differentiated business niche within the Dominion group and corresponds to one of the CGUs within the group of CGUs of 360º Projects (formerly 360 Projects B2B CGU Grouping).

Negotiations with third-party stakeholders took place in FY2023 and negotiations are currently underway and are expected to reach a conclusion in FY2024. Consequently, and given that the Directors of the Parent Company expect the book value of the assets and liabilities related to the said business line to be recovered through a sales transaction that is estimated to be completed in the course of FY 2024, in the year 2022 these assets and liabilities have been classed under the headings "Disposable group assets classified as held for sale" and "Disposable group liabilities classified as held for sale" of the consolidated balance sheet for the year and have been classified as such during the current year, during which the business activities for their sale continue to be carried out.

The details of the assets and liabilities classed at 31 December 2023 are as follows:

	31.12.2023	31.12.2022 (*)
Property, Plant and Equipment (Note 6)	12,631	14,046
Goodwill and other intangible assets (Note 7)	1,922	3,427
Non-current financial assets	53	41
Deferred tax assets (Note 21)	2,665	3,019
Inventories (Note 11)	533	786
Trade and other receivables	16,960	8,697
Cash and cash equivalents	1,129	4,507
Held-for-sale assets	**35,893**	**34,523**

	31.12.2023	31.12.2022 (*)
Non-Current Allowances (Note 23)	67	67
Borrowings	-	739
Other non-current debts	9,669	10,817
Trade and other payables	19,527	8,589
Deferred taxes liabilities (Note 21)	2,674	2,915
Current tax liabilities	138	324
Other current liabilities	1,920	2,435
Held-for-sale liabilities	**33,995**	**25,886**

(Thousands of EUR)

(*) Restated figures. See Note 2.2

Likewise, the revenue and expenses relating to this activity were recognised under the heading "Loss of discontinued activities after tax" of the consolidated profit and loss account for the financial year ended 31 December 2023.

Details of income and expenses relating to this activity for FY 31 December 2023 and 31 December 2022 are as follows:

	2023	2022
Turnover	15,497	24,211
Operating expenses	(16,871)	(34,218)
Financial result	(379)	(438)
Exchange rate differences (positive / (negative))	20	(377)
Corporate income tax	(117)	(109)
Profit / (Loss) for the discontinued activities	**(1,850)**	**(10,931)**

The staff assigned to this activity at the year-end 31 December 2023 and 31 December 2022 is as follows:

	2023			2022		
	Men	Women	Total	Men	Women	Total
Category						
Male/Female Director	1	-	1	-	-	-
Manager	2	-	2	2	1	3
Technician	20	4	24	26	6	32
Skilled worker	44	2	46	87	3	90
Male/Female Clerk	2	-	2	-	2	2
	69	**6**	**75**	**115**	**12**	**127**

Also, the average workforce in 2023 and 2022 is as follows:

	Number	
Category	2023	2022
Male/Female Director	1	1
Manager	3	4
Technician	24	43
Skilled worker	60	111
Male/Female Clerk	3	4
	91	**163**

The expected recoverable amount of these net assets exceeds their carrying amount in accordance with the valuation standard for this class of assets or disposable groups held for sale.

The cash flows for these activities in both periods are as follows:

(Thousands of EUR)

	2023	2022
Cash generated from operating activities for discontinued activities	11	(564)
Cash generated from investment activities for discontinued activities	712	53
Cash generated from financing activities for discontinued activities	(4,101)	4,538
Net cash reduction and cash equivalents	**(3,378)**	**4,027**

In addition, there are discontinued operations iving from the Beroa subgroup, related to the company Karrena Betonanlagen und Fahrmischer GmbH, which are in the process of liquidation (2022: also the company HIT-Industrietechnik GmbH, which was liquidated in 2023). The performance and cash flow parameters of this company are insignificant.

37. SUBSEQUENT EVENTS

From financial year 2023 until the date these consolidated annual financial statements were drawn up, no significant subsequent events occurred.

APPENDIX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Domicile	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Global Dominion Access, S.A. (*)	Bilbao	-	-	-	Holding Company / 360 Projects / Sustainable Services
Dominion Investigación y Desarrollo S.L.U.	Bilbao	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Interbox Technology S.L (**)	Bilbao	99.99%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Original Distribución Spain Iberia, S.A.	Madrid	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Medbuying Group Technologies, S.L.	Madrid	45.00%	Global Dominion Access, S.A.	Participation method	Sustainable Services
Smart Nagusi, S.L.	Bilbao	50.01%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Abside Smart Financial Technologies, S.L.	Bilbao	50.01%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Wydgreen, S.L.U.	Bilbao	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Servishop Manlogist, S.A.	Sevilla	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Facility Management Exchange, S.L.	Madrid	80.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Sociedad Concesionaria Salud Siglo XXI, S.A.	Chile	15.00%	Global Dominion Access, S.A.	Participation method	Holdings in Infrastructures
Sociedad Concesionaria Hospital Buin del Paine, S.A.	Chile	10.00%	Global Dominion Access, S.A.	Participation method	Holdings in Infrastructures
Bygging India Ltd	India	100.00%	Global Dominion Access, S.A.	Global integration	360º Projects
Dominion Colombia, S.A.S	Colombia	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
ZH Ingenieros, S.A.S.	Colombia	75.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Dominion Honduras SRL	Honduras	98.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Global Ampliffica Perú S.A.C.	Peru	99.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Dominion Perú Soluciones y Servicios S.A.C.	Peru	99.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Ampliffica México, S.A. de C.V.	Mexico	49.00%	Global Dominion Access, S.A.	Participation method	Sustainable Services
Dominion Smart Innovation S.A. de C.V	Mexico	99.84%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Mexicana de Electrónica Industrial, S.A. de C.V.	Mexico	99.99%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Dominion Baires, S.A.	Argentina	95.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Ampliffica, S.L. (*)	Bilbao	51.01%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Ampliffica Ecuador, S.A.S.	Ecuador	51.01%	Ampliffica S.L	Global integration	Sustainable Services
Ampliffica Perú , S.A.C.	Peru	51.01%	Ampliffica S.L	Global integration	Sustainable Services
Ampliffica Chile (previously Commonwealth Power Chile)	Chile	51.01%	Ampliffica, S.L	Global integration	360º Projects
Ampliffica Panamá S.A. (1)	Panama	51.01%	Ampliffica, S.L	Global integration	360º Projects
Dominion Servicios Medioambientales, S.L. (*)	Bilbao	79.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
TA Environmental Technologies Ltd	Germany	40.29%	Dominion Servicios Medioambientales, S.L.	Global integration	Sustainable Services
Dominion Servicios Medioambientales Limited Liability (1)	Azerbaijan	78.99%	Dominion Servicios Medioambientales, S.L.	Global integration	Sustainable Services
DSM PORTUGAL UNIPESSOAL LDA (1)	Portugal	79.00%	Dominion Servicios Medioambientales, S.L.	Global integration	Sustainable Services

APPENDIX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Domicile	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Instalaciones Eléctricas Scorpio, S.A.U. (*)	Bilbao	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Scorpio Energy	Oman	60.00%	Instalaciones Eléctricas Scorpio, S.A.	Global integration	Sustainable Services
Dominion Centroamericana, S.A. (*)	Panama	75.00%	Global Dominion Access, S.A.	Global integration	360º Projects
Coderland España, S.L.U.	Panama	75.00%	Dominion Centroamericana, S.A.	Global integration	360º Projects
Dominion Guatemala, S.A.	Guatemala	74.99%	Dominion Centroamericana, S.A.	Global integration	Sustainable Services
Coderland Salvador S.A. de C.V. (1)	El Salvador	75.00%	Global Dominion Access, S.A. (50%) and Dominion Centroamericana, S.A. (50%)	Global integration	Sustainable Services
Dominion SPA (*)	Chile	99.99%	Global Dominion Access, S.A.	Global integration	Sustainable Services/ 360 Projects
Dominion Servicios Refractarios Industriales SPA (SEREF)	Chile	90.00%	Dominion SPA	Global integration	Sustainable Services
Gesthidro S.L.U. (*)(1)	Córdoba	80.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Recinovel S.L.U. (1)	Córdoba	80.00%	Gesthidro S.L.U.	Global integration	Sustainable Services
Urcuquisolar S.A.S. (1)	Ecuador	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Dominion Industry & Infrastructures, S.L. (*)	Barcelona	99.99%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Desolaba, S.A. de C.V.	Mexico	98.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
El Salvador Solar 1, S.A. de C.V.	El Salvador	80.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
El Salvador Solar 2, S.A. de C.V.	El Salvador	80.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Montelux, S.R.L.	The Dominican Republic	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Dominion I&I Audio Visual Recording Equipment & Accessories LLC	United Arab Emirates	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Global Dominion Services, S.R.L.	Romania	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Dominion Tanks Dimoin, S.A.U. antes (Dimoin Calderería, S.A.U.)	Madrid	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Dominion Hivisan, S.L.	Valladolid	70.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Dominion I&I Gibraltar	Gibraltar	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Dalmix, S.A. (1)	Uruguay	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
DOMINION (JILIN) ENGINEERING MANAGEMENT SERVICE CO., LTD (1)	China	100.00%	Dominion Industry & Infrastructures, S.L.	Global integration	Sustainable Services
Dominion Energy, S.A. (*)	Bilbao	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Dominion Energy Projects, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Pico Ocejón Solar, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Torimbia Green Energy, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services

APPENDIX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Domicile	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Bas Buelna Solar, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green Ancón, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Domwind Solar, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Piedralaves, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Vidiago Energy, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Peñalara Energía Green, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Rancho Luna Power, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Chinchilla Green, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Somontín Power, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Generación Cobijeru, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Generación El Turbón, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Bakdor Renovables, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Molares Green Renovables, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Pecan Green Renovables, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Sajas Renewables Energy, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Trujillo Vatios, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Albalá Energy, S.L.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Dominion Renewable 1, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Dominion Renewable 2, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Dominion Renewable 3, S.L. U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Dominion Renewable 5, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Dominion Renewable 6, S.L.U. (*)	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Posición Quintos Dos Hermanas II S.L. (1)	Coruña	50.00%	Dominion Renewable 6, S.L.U.	Global integration	Sustainable Services
Dominion Renewable 7, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Energy Renewable 8, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green BPD 1, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green BPD 2, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green BPD 3, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green BPD 4, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green BPD 5, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Desarrollos Green BPD 6, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Proyecto Solar Pico del Terril, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Villaciervitos Solar, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services

APPENDIX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Domicile	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Rio Alberite Solar, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Rio Guadalteba Solar, S.L.U.	Bilbao	50.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Pico Magina Solar, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Kinabalu Solar Park I, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Torre Solar I, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Basde solar I, S.L.U. (previously Ceres Renewable Energy, S.L.U.)	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Jambo Renovables I, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Tormes Energías Renovables, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Pico Abadías Solar S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cayambe Solar Power S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Bayo Renewable Energy S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Galán Solar S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
El Pedregal Solar S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Lastarria, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Acotango, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro las Tortolas, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Juncal, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Marmolejo, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Cerro Vicuña, S.L.U.	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Dominion & Green Energias Renovables, S.A.S. (*)	Ecuador	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
GREENMIDCO 1 S.A. (1)	Bilbao	100.00%	Dominion & Green Energias Renovables, S.A.S.	Global integration	Sustainable Services
Dominion Ecuador Niec, S.A.	Ecuador	94.93%	Dominion Energy, S.A. (90%) and BAS Projects Corporation, S.L. (5%)	Global integration	Sustainable Services
Global Dominicana Renovables DRDE, S.R.L.	The Dominican Republic	99.99%	Dominion Energy, S.A.	Global integration	Sustainable Services
Pamaco Solar, S.L. (*)	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Bas Italy Prima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Seconda, S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Terza S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Quarta S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Quinta S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
P1 Solar S.R.L. (1)	Italy	100.00%	Bas Italy Quinta S.R.L.	Global integration	Sustainable Services
Bas Italy Sesta S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services

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Bas Italy Settima S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
P2 Solar S.R.L. (1)	Italy	100.00%	Bas Italy Settima S.R.L.	Global integration	Sustainable Services
Bas Italy Ottava S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Nona S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
T2 Energy S.R.L. (1)	Italy	100.00%	Bas Italy Nona S.R.L.	Global integration	Sustainable Services
Bas Italy Decima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Undicesima S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
SV Solar S.R.L. (1)	Italy	100.00%	Bas Italy Undicesima S.R.L	Global integration	Sustainable Services
Bas Italy Dodicesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Tredicesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Quatordicesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Quindicesima S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
G7 Solar, SRL I	Italy	100.00%	Bas Italy Quindicesima S.R.L.	Global integration	Sustainable Services
Bas Italy Sedicesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Diciassettesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Diciottesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Diciannovesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventunesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventiduesima S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
SF Lidia I , SRL	Italy	100.00%	Bas Italy Ventiduesima S.R.L.	Global integration	Sustainable Services
Bas Italy Ventitreesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventiquattresima S.R.L. (*)	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
SF Lidia II S.R.L. (1)	Italy	100.00%	Bas Italy Ventiquattresima S.R.L.	Global integration	Sustainable Services
Bas Italy Venticinquesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventiseiesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
SF Lidia III S.R.L. (1)	Italy	100.00%	Bas Italy Ventiseiesima S.R.L.	Global integration	Sustainable Services
Bas Italy Ventisettesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventotesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Ventinovesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Italy Tretesima S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Bas Solar I S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
PVR Solar S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services

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RM Solar S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
AT Solar I S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
AT Solar II S.R.L.	Italy	100.00%	Pamaco Solar, S.L.	Global integration	Sustainable Services
Linderito Solar, S.L.U. (*)	Bilbao	100.00%	Dominion Energy, S.A.	Global integration	Sustainable Services
Verahonroso	Portugal	100.00%	Linderito Solar, S.L.	Global integration	Sustainable Services
Pieramides d'outono	Portugal	100.00%	Linderito Solar, S.L.	Global integration	Sustainable Services
Inquieta Contelaçao	Portugal	100.00%	Linderito Solar, S.L.	Global integration	Sustainable Services
Appealing Sunday	Portugal	100.00%	Linderito Solar, S.L.	Global integration	Sustainable Services
Destrezabissal	Portugal	100.00%	Linderito Solar, S.L.	Global integration	Sustainable Services
Estrategia Coincidente	Portugal	100.00%	Linderito Solar, S.L.	Global integration	Sustainable Services
Bas Projects Corporation, S.L. (*)	Bilbao	99.33%	Dominion Energy, S.A.	Global integration	Stake in infastructures
Biomasa Rojas, S.A.	Argentina	74.67%	BAS Projects Corporation, S.L. (50%) and Global Dominion Access, S.A. (25%)	Global integration	Stake in infastructures
BAS Caribe 1, S.L.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Project Dominicana, S.R.L.	The Dominican Republic	99.67%	BAS Caribe 1, S.L. (51%) and Dominion Energy, S.A. (49%)	Global integration	Stake in infastructures
Fase 2 WCG, S.L.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Puerto Villamil, S.L.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Caliope Energy, S.L.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Projects Development 1, S.L.U.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Projects Development 2, S.L.U. (*)	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Genergiabio Corrientes, S.A.	Argentina	99.33%	Bas Projects Development 2, S.L.U.	Global integration	Stake in infastructures
Bas Projects Development 4, S.L.U. (*)	Bilbao	98.66%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Biomasa Venado, S.A.	Argentina	74.33%	Bas Projects Development 4, S.L.U. (50%) and Global Dominion Access, S.A. (25%)	Global integration	Stake in infastructures
Bas Projects Development 5, S.L.U.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Projects Development 7, S.L.U.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Projects Development 8, S.L.U.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Projects Development 9, S.L.U.	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Bas Projects Development 10, S.L.U. (*)	Bilbao	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Sanersol, S.A.	Ecuador	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Saracaysol, S.A.	Ecuador	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures

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Solsantros, S.A.	Ecuador	99.33%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Dominion Renovables & Green México, S.A. Formerly (BAS Projects Corporation México S.A. de C.V.)	Mexico	99.32%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Eólica Cerritos, S.A.P.I. de C.V.	Mexico	99.32%	BAS Projects Corporation, S.L.	Global integration	Stake in infastructures
Desarrollos Fotovoltaicos de México del Centro, S.A.P.I. de C.V. (1)	Mexico	99.32%	BAS Projects Corporation, S.L. (50.1%) and Dominion Energy, S.A. (49.9%)	Global integration	Stake in infastructures
Desarrollos Fotovoltaicos de México del Noroeste, S.A.P.I. de C.V. (1)	Mexico	99.32%	BAS Projects Corporation, S.L. (50.1%) and Dominion Energy, S.A. (49.9%)	Global integration	Stake in infastructures
Desarrollos Fotovoltaicos de México de Occidente, S.A.P.I. de C.V. (1)	Mexico	99.32%	BAS Projects Corporation, S.L. (50.1%) and Dominion Energy, S.A. (49.9%)	Global integration	Stake in infastructures
Desarrollos Fotovoltaicos de México Oriental, S.A.P.I. de C.V. (1)	Mexico	99.32%	BAS Projects Corporation, S.L. (50.1%) and Dominion Energy, S.A. (49.9%)	Global integration	Stake in infastructures
Domcmisolar 22, S.L. (*)	Bilbao	49.76%	BAS Projects Corporation, S.L.	Participation method	Stake in infastructures
Koror Business, S.R.L.	The Dominican Republic	49.76%	Domcmisolar 22, S.L.	Participation method	Sustainable Services
Desarrollos Fotovoltaicos DSS, S.A.S	The Dominican Republic	49.76%	Domcmisolar 22, S.L.	Participation method	Sustainable Services
Energia Renovable BAS, S.R.L.	The Dominican Republic	49.76%	Domcmisolar 22, S.L.	Participation method	Sustainable Services
Eterra Grupo Ecoenergetico del caribe, S.R.L.	The Dominican Republic	49.76%	Domcmisolar 22, S.L.	Participation method	Sustainable Services
WCGF Solar II, S.R.L.	The Dominican Republic	49.76%	Domcmisolar 22, S.L.	Participation method	Sustainable Services
Levitals Grupo Inversor, S.L.	Bilbao	49.76%	Domcmisolar 22, S.L.	Participation method	Sustainable Services
Dominion Global France SAS	France	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Dominion Denmark A/S (*)	Denmark	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
Steelcon Slovakia, s.r.o.	Slovakia	100.00%	Dominion Denmark A/S	Global integration	Sustainable Services
Labopharma, S.L.	Madrid	80.00%	Dominion Denmark A/S	Global integration	Sustainable Services
Dominion Global Pty. Ltd. (*)	Australia	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services
SGM Fabrication & Construction Pty. Ltd.	Australia	70.00%	Dominion Global Pty. Ltd.	Global integration	Sustainable Services
Global Dominion Access USA (*)	USA	100.00%	Global Dominion Access, S.A.	Global integration	Holding Company
Karrena USA Inc (previously Karrena Cooling Systems, Inc)(*)	USA	100.00%	Global Dominion Access USA	Global integration	360º Projects
Commonwealth Constructors Inc	USA	100.00%	Global Dominion Access USA	Global integration	360º Projects
Commonwealth Dynamics Limited	Canada	100.00%	Global Dominion Access USA	Global integration	360º Projects
ICC Commonwealth Corporation (*)	USA	100.00%	Global Dominion Access USA	Global integration	Sustainable Services/ 360 Projects
Capital International Steel Works, Inc.	USA	100.00%	ICC Commonwealth Corporation	Global integration	360º Projects

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International Chimney Canada Inc	Canada	100.00%	ICC Commonwealth Corporation	Global integration	360 Projects
Dominion E&C Iberia, S.A.U. (*)	Bilbao	100.00%	Global Dominion Access, S.A.	Global integration	Sustainable Services/ 360 Projects
Dominion Industry México, S.A. de C.V.	Mexico	99.99%	Dominion E&C Iberia, S.A.U.	Global integration	Sustainable Services/ 360 Projects
Dominion Industry de Argentina, SRL (*)	Argentina	100.00%	Dominion E&C Iberia, S.A.U.	Global integration	Sustainable Services/ 360 Projects
Biomasa Santa Rosa, S.R.L.	Argentina	100.00%	Dominion Industry de Argentina, S.R.L.	Global integration	Sustainable Services/ 360 Projects
Altac South Africa Propietary Limited	South Africa	100.00%	Dominion E&C Iberia, S.A.U.	Global integration	Inactive
Dominion Global Philippines Inc.	The Philippines	100.00%	Dominion E&C Iberia, S.A.U.	Global integration	Inactive
Cri Enerbility, SRL (previously Chimneys and Refractories Intern. SRL)(*)	Italy	90.00%	Global Dominion Access, S.A.	Global integration	360 Projects
Chimneys and Refractories Intern. SPA (in liquidation)	Chile	90.00%	Cri Enerbility, SRL (previously Chimneys and Refractories Intern. SRL)	Global integration	Inactive
Chimneys and Refractories Intern. Vietnam Co. Ltd.	Vietnam	100.00%	Cri Enerbility, SRL (previously Chimneys and Refractories Intern. SRL)	Global integration	360º Projects
Dominion Arabia Industry LLC	Saudi Arabia	98.30%	Cri Enerbility, SRL (previously Chimneys and Refractories Intern. SRL) (17%) and Global Dominion Access, S.A. (83%)	Global integration	Sustainable Services/ 360 Projects
Beroa Technology Group GmbH (*)	Germany	100.00%	Global Dominion Access, S.A.	Global integration	Holding Company
Karrena Betonanlagen und Fahrmischer GmbH (*)(in liquidation)	Germany	100.00%	Beroa Technology Group GmbH	Global integration	Inactive
Dominion Bierrum Ltd	United Kingdom	100.00%	Beroa Technology Group GmbH	Global integration	360º Projects
Dominion Novocos GmbH	Germany	100.00%	Beroa Technology Group GmbH	Global integration	Sustainable Services
Beroa International Co LLC	Oman	70.00%	Beroa Technology Group GmbH	Global integration	Sustainable Services
Beroa Refractory & Insulation LLC	United Arab Emirates	49.00%	Beroa Technology Group GmbH	Global integration	Sustainable Services
Beroa Nexus Company LLC	Qatar	49.00%	Beroa Technology Group GmbH	Global integration	Sustainable Services
Dominion Deutschland GmbH (*)	Germany	100.00%	Beroa Technology Group GmbH	Global integration	Sustainable Services/ 360 Projects
Karrena Construction Thérmique S.A.	France	100.00%	Dominion Deutschland GmbH	Global integration	Inactive
Karrena Arabia Co.Ltd	Saudi Arabia	55.00%	Dominion Deutschland GmbH	Global integration	Sustainable Services
Burwitz Montageservice GmbH	Germany	100.00%	Dominion Deutschland GmbH	Global integration	Sustainable Services
F&S Beteiligungs GmbH	Germany	100.00%	Dominion Deutschland GmbH	Global integration	Sustainable Services
F&S Feuerfestbau GmbH & Co KG	Germany	100.00%	F&S Beteiligungs GmbH	Global integration	Sustainable Services
Beroa Abu Obaid Industrial Insulation Company Co. WLL	Bahrain	45.00%	Dominion Deutschland GmbH	Global integration	Sustainable Services

APPENDIX I – Subsidiary Companies, joint ventures and associate companies coming within the Scope of Consolidation

Name and address	Domicile	Shareholding / Effective Control	Holder company of the equity interest	Reason for consolidation	Activity Segment
Dominion Polska Z.o.o.	Poland	100.00%	Global Dominion Access, S.A.	Global integration	360º Projects
Bilcan Global Services S.L.U. (*)	Cantabria	100.00%	Global Dominion Access, S.A.	Global integration	Holding Company
Eurologística Directa Móvil 21 S.LU.	Cantabria	100.00%	Bilcan Global Services S.L.U.	Global integration	Sustainable Services
Tiendas Conexión, S.L.U.	Cantabria	100.00%	Bilcan Global Services S.L.U.	Global integration	Sustainable Services
Sur Conexión, S.L.U.	Cantabria	100.00%	Bilcan Global Services S.L.U.	Global integration	Sustainable Services
Dominion Centro de Control S.L.U.	Madrid	100.00%	Bilcan Global Services S.L.U.	Global integration	Sustainable Services
Miniso Lifestyle Spain, S.L.	Madrid	85.00%	Bilcan Global Services S.L.U.	Participation method	Sustainable Services
Connected World Services Europe, S.L. (*)	Madrid	97.66%	Global Dominion Access, S.A.	Global integration	B2B2C Commercial
Alterna Operador Integral, S.L. (*)	Madrid	90.17%	Connected World Services Europe, S.L.	Global integration	B2B2C Commercial
Butik Energia, S.L.U. previously (Dominion Comercializadora, S.L.U.)	Madrid	100.00%	Alterna Operador Integral, S.L.	Global integration	B2B2C Commercial
Tu comercializadora de energía luz dos tres, S.L.	Madrid	51.00%	Alterna Operador Integral, S.L.	Global integration	B2B2C Commercial
The Telecom Boutique, S.L.U.	Madrid	100.00%	Connected World Services Europe, S.L.	Global integration	B2B2C Commercial
Plataforma de Renting Tecnológico, S.L.U.	Madrid	100.00%	Connected World Services Europe, S.L.	Global integration	B2B2C Commercial
Butk Telco, S.L.	Madrid	100.00%	Connected World Services Europe, S.L.	Global integration	B2B2C Commercial
The Phone House Spain, S.L. (*)	Madrid	97.65%	Global Dominion Access, S.A.	Global integration	B2B2C Commercial
Netsgo Market, S.L.	Madrid	90.00%	The Phone House Spain, S.L.	Global integration	B2B2C Commercial
SmartHouse Spain, S.A.	Madrid	100.00%	The Phone House Spain, S.L.	Global integration	B2B2C Commercial
Ikatz, S.A.	Vitoria	25.00%	The Phone House Spain, S.L.	Participation method	B2B2C Commercial
ZWIPIT, S.A.	Madrid	99.71%	Global Dominion Access, S.A.	Global integration	B2B2C Commercial

(*) Parent company of all investees appearing subsequently in the table.
(**) The effective percentage of the subsidiary Interbox Technology, S.L. is 99.99% due to the capital increase executed in a public deed in 2023 but not yet registered in the Registry of Companies.

(1) Companies included in the scope of consolidation in 2023 together with their subsidiaries.

APPENDIX II – Joint Ventures (UTEs) and joint operations included in the Scope of Consolidation

Name	Domicile	% Shareholding	Reason for Consolidation	Activity
Dominion Industry & Infrastructure, S.L. (formerly Abantia Instalaciones, S.A.) – Construcciones Cots y Claret, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Banco de Haiti)	Haiti	70%	Proportional consolidation	Construction of a new administrative building for Banco de la República de Haiti.
Acsa Obras e Infraestructuras, S.A. – Abantia Mantenimiento, S.A. Temporary Business Association Law 18/1982 of 26 May (UTE Instalacions Anella Olimpica)	Spain	50%	Proportional consolidation	Preventive, corrective and conductive maintenance, legal technical and event attendance services in the Olympic Risk facilities (Palau Sant Jordi, Estadi Olimpic Lluis Companys)
Dominion Siemens Logistics Correos (Joint Venture D.S.L. Correos), Law 18/1982 of 26 May (1)	Spain	50%	Proportional consolidation	Contracting of integrated maintenance necessary to configure the automatic processing of correspondence.
Dominion Industry & Infrastructure, S.L.; Comsa Instalaciones, S.L.; Isolux Ingeniería, S.A.; Intalaciones Inabensa, S.A.; Elecnor, S.A. (Formerly Agelectric, S.A; Elecnor, S.A.; Emte S.A.; Instalaciones Inabensa, S.A. and Isolux WAT. S.A.) Temporary Business Association Law 18/1982 of 26 May (UTE Energía Línea 9)	Spain	20%	Proportional consolidation	Contract for project preparation and construction work on Barcelona Metro's Line 9 telecommunications, energy distribution and receiving substations system
FCC Industrial e Infraestructuras Energéticas, S.A. (formerly FCC Actividades de Construcción Industrial, S.A.; FCC Servicios Industriales S.A.); Abantia Instalaciones, S.A. and Seridom, Servicios Integrados IDOM, S.A. Temporary Business Association, Law 18/1982, of 26 May (UTE Operadora Termosolar Guzmán)	Spain	22.50%	Proportional consolidation	Operation and maintenance of Guzman Energía, S.L.'s solar thermal plant
Sacyr Construcción, S.A.U.; Vopi 4, S.A.; Abantia Instalaciones, S.A.; Valoriza Facilities, S.A.U.Temporary Business Association Law 18/1982 of 26 May (UTE Hospital del Mar)	Spain	30%	Proportional consolidation	Refurbishment and extension of Hospital del Mar, Building I – Phase III in Barcelona
Dominion Industry & Infrastructure, S.L.; Serveis Obres I Manteniment, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Modul A Diagonal 662)	Spain	55%	Proportional consolidation	Execution of the mechanical, electrical and special installations of the new IM headquarters in Barcelona
New Horizons in Infrastructure NHID I/S	Denmark	100%	Proportional consolidation	Execution of turnkey projects in emerging countries.
+Elecnor, S.A. – EHISA Construcciones y Obras, S.A. – Global Dominion Access, S.A. – Certis Obres y Servei, S.A.U.Temporary Business Association Law 18/1982 of 26 May (UTE Treballs Previs 1 Camp Nou)	Spain	45%	Proportional consolidation	Realisation of maintenance and safety work for future Camp Nou - Tender code UP3_085-CON
ACSA Obras e Infrastructuras, S.A.U – Dominion Industry & Infrastructures, S.L. Temporary Business Association Law 18/1982 of 26 May (UTE Manteniment ICUB)	Spain	50%	Proportional consolidation	Execution of Contract No. C17003405 the purpose of which is the integral maintenance service of the museums and buildings of the l' Institut de Cultura de Barcelona – LOT-1 awarded by the City Council of Barcelona
Dominion Industry & Infrastructures, SL.L and Exera Energía, S.L., Law 18/1982 of 26 May (UTE Dominion Exera)	Spain	60%	Proportional consolidation	Execution of the contract entered into with Arenales Solar Ps, S.L. consisting in the execution of the entire group of tasks and activities required for the complete Operation and Maintenance of the facilities pertaining to the Arenales solar thermal plant at Morón de la Frontera, Sevilla (Spain).
Afesa Mantenimiento, S.A. - Industry & Infrastructures, S.L. - Investigación y Gestión de Residuos, S.A.U.Temporary Business Association Law 18/1982 of 26 May (UTE Dominion IGR CT Velilla)	Spain	20%	Proportional consolidation	Iberdrola service for the dismantling and demolition of units 1 and 2 at the Velilla thermal power plant.
Construcciones Rubau, S.A. and Dominion Industry & Infrastructures, S.L., Joint Venture, Law 18/1982 of 26 May (UTE UCI POLIVALENT MOISES BROGGI)	Spain	40%	Proportional consolidation	Consultancy, project planning, engineering, development, studies, execution, manufacturing, purchase and sale, marketing, assembly, management, commissioning, operation, repair and maintenance of: electrical installations, complete constructions, welding work.
Elecnor, S.A. and Dominion Industry & Infraestructures, S.L.Temporary Business Association, Law 18/1982 of 26 May (UTE Obsolescencia Sistemes L9)	Spain	50%	Proportional consolidation	Consultancy, project planning, engineering, development, studies, execution, manufacturing, purchase and sale, marketing, assembly, management, commissioning, operation, repair and maintenance of: electrical installations, complete constructions, welding work.

APPENDIX II – Joint Ventures (UTEs) and joint operations included in the Scope of Consolidation

Name	Domicile	% Shareholding	Reason for Consolidation	Activity
ACSA Obras e Infrastructuras, S.A.U. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982 of 26 May (UTE Manteniment Tibidabo)	Spain	50%	Proportional consolidation	Construction, maintenance, refurbishment, management, operation and commissioning of any buildings, civil and industrial engineering works, and all types of facilities and infrastructures in all kinds of spaces and surfaces.
Endesa X servicios, S.L. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Endesa - Dominion)	Spain	25%	Proportional consolidation	Performing any of the activities included in the electricity and hydrocarbons sectors regulations.
ODI - Peru	Peru	35%	Proportional consolidation	Operational technical assistance in the implementation of management systems for the Talara refinery.
CONSORCIO DEPC (1)	Peru	51%	Proportional consolidation	Multidisciplinary facilities services for the integration of the Talara Refinery Modernisation Project.
CONSORCIO CEMPROTEC SAC (1)	Peru	55%	Proportional consolidation	Its activity has not begun to date.
Copisa Constructora Pirenaica, S.A., Elsamex gestión de Insfraestructuras, S.L. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982 d of 26 May (UTE Tuneles de Malaga)	Spain	33%	Proportional consolidation	Execute the contract termed "Project to bring into line with Royal Decree 635/2006 the tunnels of Capistrano, Tablazo, Frigiliana, Lagos and Torrox. Province of Malaga
Endesa x Servicios, S.L. and Dominion Industry & Infraestructures, S.L. Temporary Business Association, Law 18/1982, of 26 May (UTE Endesa - Dominion Fase 2 Triangle) (1)	Spain	25%	Proportional consolidation	The construction and complete installation of 37 electric charging points for buses as part of the second stage of the electrification of the Triangle de Transports de Barcelona, S.A. depot. This work is required to provide full service for 37 electric buses.
Dominion Industry & Infrastrutures S.L. branch in Portugal	Portugal	100%	Proportional consolidation	Consultancy, project planning, engineering, development, study, design, execution, manufacturing, purchase and sale, marketing, assembly, management, commissioning, operation, repair and maintenance of installations, construction, works, systems, equipment and programs as well as the drafting and preparation of all types of technical projects, the contracting or works and services with any body.
ACSA Obras e Infrastructuras, S.A.U. and Dominion Industry & Infrastructures, S.L. Temporary Joint Venture Law 18/1982 of 26 May (UTE ACSA DOMINION LLUIS COMPANYS) (1)	Spain	50%	Proportional consolidation	The fitting out and adaptation of the Lluis Companys stadium, as well as all auxiliary, complementary and accessory work that may be required, awarded by Barcelona F.C.
ENDESA X SERVICIOS S.L. And Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982 of 26 May (UTE ENDESA DOMINION I&I FASE 1 ZONA FRANCA) (1)	Spain	25%	Proportional consolidation	The construction and complete installation of 41 charging points for buses as part of the first stage of the electrification of the Zona Franca depot of TRANSPORTES DE BARCELONA, S.A. This work is required to provide full service for 41 electric buses.
ACSA Obras e Infrastructuras, S.A.U. and Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982 of 26 May (UTE ICUB LOT-1) (1)	Spain	50%	Proportional consolidation	This is the complete, correct execution of the contract for the comprehensive service and maintenance of the buildings managed by "Instituto de Cultura de Barcelona".
COMSA, S.A.U., Dominion Industry & Infrastructures, S.L. and COMSA Instalaciones y sistemas industriales, S.A.U. Temporary Business Association, Law 18/1982 of 26 May (UTE HUAV LLEIDA) (1)	Spain	30%	Proportional consolidation	Batch 2: Work project. Outpatients health centre at the Arnau Villanova hospital, in Lleida, awarded by SERVEI CTALA DE SALUT (CATALAN HEALTH SERVICE), as well as any supplementary and accessory extensions, work and services.
GIROA, S.A.U., Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982 of 26 May (UTE BQHSJD - Giroa Hospital San Juan de Dios) (1)	Spain	50%	Proportional consolidation	The execution of the contract for the refurbishment of the air-conditioning installation in the operating theatre area of the San Juan de Dios Hospital in Santurtzi (Biscay).
EXERA ENERGIA, S.L., Dominion Industry & Infrastructures, S.L. Temporary Business Association, Law 18/1982 of 26 May (UTE EXERA - DOMINION O&M LEBRIJA 1) (1)	Spain	50%	Proportional consolidation	The execution of the entire group of tasks and activities required for the complete Operation and Maintenance of the facilities pertaining to the LEBRIJA I solar thermal plant in the municipality of Lebrija (Spain).

(1) Temporary Joint Ventures included within the consolidation scope in 2023

CONSOLIDATED MANAGEMENT REPORT

1. COMPANY SITUATION

1.1. ORGANISATIONAL STRUCTURE

Appendices I and II of the Consolidated Annual Financial Statements provide the details of the subsidiary companies of Global Dominion Access, S.A. included in the scope of consolidation of Dominion, in addition to the Temporary Business Associations (UTE) and joint ventures, respectively.

The Group has a transparent, effective corporate governance system oriented towards its corporate goals, which stimulates investor confidence and reconciles the interests of its stakeholders.

On the basis of prevailing legislation and in line with international best practices accepted by the markets, the system defines and limits the powers of the Group's main governing bodies (General Shareholders' Meeting, Board of Directors and Management Committee) in its By-laws and Regulations, guarantees ethical conduct by means of the Code of Conduct and regulates relations with third parties through corporate policies and internal rules.

1.2. OPERATION

The Company's core business is to help its clients improve the efficiency of their business processes, either by outsourcing them entirely, or by introducing improvements or modifying them with different technologies. As sustainability is a fundamental factor in corporate efficiency, Dominion also focuses on helping its clients become more sustainable, reducing and adapting to the effects of climate change.

The Parent Company of the Group was created in 1999 as a technology company focused on providing added value services and solutions to specialized customers in the telecommunications industry. In this very competitive and rapidly growing environment, Global Dominion Access, S.A. was forced to adapt to growing innovation, the commoditization of technology and growingly tight margins developing an agile approximation of customer needs that allowed it to obtain positive financial results, supported by strict fiscal discipline.

Dominion has been growing and adapting to the market and has been able to transfer these skills and methods, becoming a global Services and Projects company with the aim of providing comprehensive solutions to maximise business process efficiency and sustainability by means of sector knowledge and applying technology with a different approach.

As part of the process to extend its area of influence, as regards both business sectors and geographies, and in line with its strategic focus on leading the consolidation process under way in its industry, Dominion has completed more than 40 mergers and acquisitions and joint ventures in its history.

The main acquisition made in 2023 was the acquisition of Gesthidro, S.L.U. and its investee Recinovel, S.L.U., reinforcing the activities that maximize the beneficial effect on sustainability. See Note 1.3 of the accompanying consolidated annual report for other changes during the year.

As is explained in Note 5 to the Consolidated Annual Financial Statements, the Group primarily operates in three segments: Sustainable Services, 360 Projects, Participation in Infrastructures.

Dominion's business model is based on the following fundamental principles:

Digitisation

Dominion clearly has a technological component in its DNA, since it was born in the technology and telecommunications sector, a world where finding the maximum possible technology applications was essential in order to optimise process efficiency. It can be said that it is present in all those sectors in which digitalization leads to an important change in how they operate.

Thus, a history of efficiency was born, always driven by technology, with a profound knowledge of the processes and technologies used, to which it adds its capacity for execution, thus being able to propose the most efficient services and projects for its customers.

Decentralisation

As regards its team and organisational structure, Dominion focuses on flat and decentralised structures, with a common strategy, coordinated by a lean central structure.

The Division is the executive line, led by- entrepreneurial" managers, with responsibility to the contribution margin and cash flow creation, sharing the same culture and focus on efficiency, as well as multidisciplinary training in technical, economic, commercial, legal and people management aspects.

The core structure is small, thus avoiding expensive, inflexible organisations. The corporate services areas are clearly focused on serving the divisions and defining rules within their areas of responsibility. This team has demonstrated an excellent capacity to integrate new teams into Dominion's project, equipping them with the same culture and assuring there are mechanisms to make the most of potential for transversal processes and cross-selling (operational scalability).

Diversification

Dominion has over 1,100 clients in more than 35 countries, none of which account for more than 4% of its revenue.

The vast majority of Dominion's customers are leading companies in their respective industries who value the sustainable, high value-added services Dominion offers. Amongst other factors, its "One Stop Shop" characteristic, allows it to optimise, by means of its teams and technology, numerous services previously provided by various suppliers, maintaining the same quality and occupational safety standards. Other customers value 360 projects, where Dominion is able to take a complete view of the value chain that aligns its interests with the customers' long-term interests, delivering the best possible efficiencies and giving them the opportunity to maintain long-term relationships by remaining involved with the subsequent operation and maintenance service.

This diversification is also reflected in the variety of fields of activity, segments and geographies it operates in.

Financial discipline

Dominion sets and drives demanding targets focused on the generation of strong cash flow, the efficient management of working capital and strict discipline with respect to CAPEX, the management of research and development (R&D+i) and organic growth.

Furthermore, it is worth highlighting that seasonality is not considered to be a critical factor in Dominion's sales, given its defensive nature. There is merely a higher concentration of industrial maintenance in the second half of the year, coinciding with August and December.

Sutainable Development

With the presentation of the new 2023-2026 Strategic Plan in May 2023, Dominion's fifth D was born. Dominion's goal is twofold:

(Thousands of EUR)

On the one hand, to help its customers maximise efficiencies throughout their processes, thereby become more sustainable in the long term.

And on the other, Dominion is committed to ensuring that its processes and activities meet or exceed best practice standards for environmental, social and governance sustainability.

2. EVOLUTION AND RESULTS OF THE BUSINESSES

Note 5 of the Group's consolidated annual financial statements provides a detailed explanation of business trends in terms of revenue, contribution margin by segments, as well as a breakdown of revenue by geographic area in segments.

2023 was marked by various ongoing conflicts that threaten global economic stability and inflation. Inflation has resulted in central banks continuing to implement more aggressive monetary policies, with an increase in interest rates.

With regards to the Group, these collateral consequences of the war have not had a significant impact on the growth of the businesses, which have continued their growth trend and have been able to manage potential cost increases and to maintain high operating margins. The cost of financing has been affected, since higher interest rates result in higher financial expenses.

That same information compared to 2023 and 2022 is set out below:

Contribution margin by business segment:

	360 Projects	Sustainable Services	Stake in infastructures	Total
Financial year 2023				
Consolidated turnover	351,160	824,106	17,294	1,192,560
Other direct operating income and expenses in the segments	(283,207)	(730,315)	(7,513)	(1,021,035)
Contribution margin	67,953	93,791	9,781	171,525
Financial year 2022 (*)				
Consolidated turnover	350,595	876,873	-	1,227,468
Other direct operating income and expenses in the segments	(286,397)	(792,796)	-	(1,079,193)
Contribution margin	64,198	84,077	-	148,275

(*) Segment data relating to 31 December 2022 has been restated to take into account the segmentation change in 2023 and for comparative purposes.

All in all, the Board of Directors estimates that the results obtained this year are positive, even more so in the current climate of uncertainty.

As Note 5 to the consolidated annual financial statements illustrates, revenue amounted to EUR 1,193 million in 2023, compared to EUR 1,227 million obtained in 2022.

Similarly, the contribution margin amounted to EUR 172 million, higher than the EUR 148 million recorded in 2022 (figure restated due to the effect of the discontinued operations).

The most relevant milestones of the year, according to segments, are as follows:

- In terms of the Sustainable Services segment, it should be noted that in 2023, the proposed target margins were achieved. The area focusing on environmental activities has consolidated its position as an area for growth in the company. This area is dedicated to improving our customers' impact on the environment by providing energy efficiency, desulphurisation, emission reduction, waste management and industrial cleaning services, amongst other services. Over the course of the year, energy activities have also seen an increase, with the installation and maintenance of electricity grids, among other activities. Activities in the telecommunications sector were consolidated outside Spain.

- In the 360 Projects segment, we continue to achieve high margins which are above the targets established for this segment. This is down to the 360-degree vision, which provides greater added value to customers, and to the appropriate crystallization of margins with renewable divestments to third parties. The project backlog remains stable, guaranteeing future results.

- In the Stakes in Infrastructure segment, divestment of renewable assets has been performed in line with the strategic plan, with partial divestments (the Dominican Republic) and complete divestments (sale of the Valdecarretas FTV solar farm in Spain). Progress has also been made on the connection and subsequent sale of the Cerritos wind farm (Mexico) and the financing of the Buin Paine Concession Hospital (Chile) has been secured. This segment ended the year with a turnover of EUR 17.3 million and a margin of over 57%.

Dominion constantly monitors market changes and trends that affect its customers' current and future requirements. Dominion's offer reflects several trends the consolidation and acceleration of which increase its market potential. These trends are further elaborated in section 2.4 of the 2023 Non-Financial Information Statement, attached to this document.

2.1 FUNDAMENTAL FINANCIAL AND NON-FINANCIAL INDICATORS

The most relevant financial indicators of the Dominion business are as follows, expressed in thousands of EUR:

	2023	2022
CONSOLIDATED GROUP:		
Consolidated turnover	1,192,560	1,227,468
Gross operating profit (EBITDA) (*)	144,914	123,018
Operating profit (EBIT)	78,796	74,550
Profit before tax (EBT)	47,202	59,327
CONSOLIDATED GROUP:	45,308	35,990
Profit/(loss) attributed to minority interests (profit)	986	4,973
Profit/(loss) attributed to parent company	44,322	31,017

(*) EBITDA= Operating profit + depreciations and amortization expenses.

The aforementioned financial indicators are generally known and accepted. The calculation has been done in accordance with generally accepted practices and no adjustment has been made to the accounting information taken into consideration and broken down directly in the Group's Consolidated Annual Financial Statements prepared in accordance with IFRS-EU (International Financial Reporting Standards adapted by the European Union).

The Group's management mainly uses EBITDA as a decision-making measure, as it is considered to be a generally accepted indicator recognised by investors and financial institutions.

Given the wide variety of activities carried out by the Company, the estimation is that there are no industry indicators or alternative performance measures that are sufficiently significant.

2.2 MATTERS RELATING TO THE ENVIRONMENT AND PERSONNEL

Dominion's 2023-2026 Strategic Plan identifies sustainability as a key element of the company's future and has a specific sustainability strategy to meet the challenge of minimising environmental impact while maximising human development and the beneficial effect on the environment and the communities in which it operates. This Sustainability Strategy consists of two main pillars:

- **"Doing"**: This is most closely related to Dominion's mission to help its customers to become more efficient and sustainable, assisting companies and communities in their transformation to Sustainability, with it being clear that all Dominion's activities work towards this goal, having beneficial effects on the environment and society in general.

- **"Being"**: Maintaining and strengthening Dominion's sustainable character, ensuring that it maximises its beneficial effect on relationships with stakeholders and that it reduces or eradicates any negative effect or risk, with special emphasis on respect for Human Rights, occupational safety, diversity, risks arising from Climate Change, respect for business ethics, the incorporation of sustainability in Governance and reducing Dominion's footprint, ensuring that the net positive effect is maintained, with appropriate progress made towards achieving decarbonisation. This is all in line with the Sustainable Development Goals (SDGs) framework.

- **"Communicate":** Both pillars are united by a commitment to transparently disclose to the company all of the efforts made by Dominion in this area, with a rigorous, certifiable and verified Non-Financial Information, disclosed both through the legally established channels and others recognised by the Company (CDP, S&P, Ecovadis, etc.). Dominion is also committed to actively taking part in various initiatives which seek to raise sustainability awareness, such as the Global Compact, which the company is party to, the EU Diversity Charter, which three new Dominion companies and countries have joined, and Operation Clean Sweep (a global initiative by the plastics industry to prevent plastic particle pollution).

This Sustainability Strategy consists of 8 basic pillars that sometimes combine aspects of "Doing- and "Being" and others only "Being" and which, in turn, are related to different specific actions. The principles are as follows:

- Emissions reduction: Reducing climate change by helping customers to adopt more efficient processes and thereby reduce their emissions while acquiring and developing internal footprint reduction commitments, such as external footprint certification and setting science-based targets (SBTi). Related to SDG 7, 9, 11 and 13.
- Renewable energy: to be a major player in the development of renewable energy generation infrastructures while moving towards 100% use of renewable energy at their own facilities. Related to SDG 7 and 13.
- Circular economy: to provide global and innovative solutions for waste assessment and management, also helping to extend the useful life of customers' facilities, while internally encouraging recycling at all our own facilities, limiting the use of raw materials and the water footprint. Related to SDG 6 and 12.
- Promoting human rights: to be a reliable and proactive partner for clients in respecting human rights and complying with the principles of the Global Compact in all our projects, and to focus on activities that have a significant beneficial effect. Related to SDG 3, 4, 5, 8, 16 and 17.
- Equality, diversity and talent: to be a reliable and proactive partner with regards to equality, diversity and respect for a reasonable wage, understanding talent and diversity as key factors in the future of corporate sustainability, carrying out internal awareness campaigns and other related actions. Related to SDG 4, 5 and 8.
- Workplace safety: to be a reliable and proactive partner with regards to workplace safety, performing internal awareness-raising and training campaigns and developing specific workplace well-being policies and programmes. Related to SDG 3.
- Ethical and governance framework: Ethical culture is a key factor in DOMINION's service and project offer, committed to zero tolerance of corruption that extends across the entire organisation and supply chain.
- Supply chain: to be a partner with a reliable and responsible supply chain, which applies sustainability criteria in its supplier certification and audits. Related to ODS 8, 12 and 13.

2.2.1 THE ENVIRONMENT

This information is covered in Note 3.1 d) of the consolidated annual financial statements, as well as in the document "Non-Financial Information Statement", section 4 "The Environment".

2.2.2. PERSONNEL

This information is discussed in detail in the document "Non-financial Information Statement", section 5 "People".

3. RISK MANAGEMENT

The Group is exposed to certain risks which it manages by means of a risk management system whereby a risk map is drawn up to contemplate and assess risks that are specific to countries as well as to the company's internal operations.

3.1. OPERATING RISKS

Regulatory risk

Notwithstanding the various environmental and safety regulations that affect all activities with which Dominion endeavours to strictly comply, the Company's business is not generally characterised by being subject to regulations the change of which could give rise to a direct and relevant loss of business for Dominion. The changes that may affect the Company's clients and, indirectly, Dominion, are adequately covered in the contracts signed and mitigated by the Company's broad diversification in terms of industries and countries.

However, the Group pays particular attention to new activities that were launched under the 2019-2023 Strategy Plan, including those related to renewables, environmental services and B2B2C services. Risks arising in connection with new activities are assessed separately before they are included in Dominion's Risk System.

Furthermore, and also in the regulatory area, the Group is aware of the need to properly protect its clients and employees' personal data. Throughout 2023, it has continued its cyclical review process of its activities, assisted by external experts.

Operational risk

As explained in point 3 of the "Statement of Non-Financial Information", the Group draws up a list of risks. This is constantly kept up to date and is used to identify all the company's tolerance levels and mitigation and elimination goals, assigning responsibilities and closely monitoring them. All the factors described in this section form a part of The Group's risk management system.

Section E of the Annual Corporate Governance Report expands on the information regarding the risk management system. Among the strategic risks, it should be noted that tax risk, corruption-related risks, anti-competitive practices and money-laundering risks, risks related to respect for human rights and also those arising from climate change are analysed, considering both the impact they may have on the Group's activities and the impact these activities have on the environment and the various stakeholders Environmental and social sustainability risks, including those related to occupational safety, are covered at length in the "Non-Financial Information Statement".

From an operational perspective, the very limited existence of the Group in production transformation processes means that the main risks lie in potential project management inadequacies, whether these be financial, technical or time-related.

Dominion attempts to minimise these risks by ensuring the quality and integrity of its processes, certifying and maintaining them under continuous review, adequately training its teams both technically and in project management and, fundamentally, supporting its activity in platforms in which business knowledge and management control resides.

Customer concentration

Dominion has a broad customer base, the majority of which are leaders in their respective sectors, showing great diversification in terms of geographical location and sector. For this reason, Note 10 of the Consolidated Annual Financial Statements explains that there is no credit risk concentration with regard to trade accounts receivable.

3.2. FINANCIAL RISK

The Group's activities expose it to a variety of financial risks: Market risk (including currency risk, cash flow interest rate risk and price risk), credit risk, liquidity risk, climate change risk and other circumstantial risks. The Dominion Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

While international market trends have affected market confidence and consumer spending patterns, the Dominion Group is still in good standing to increase ordinary income by means of ongoing innovation and the purchase and sale transactions it has entered into. The Group has reviewed their exposure to climate-related risks and other emerging corporate risks, and from 2022 has incorporated these variables into its asset impairment analysis and earnings forecasts. In addition, the risk analysis conducted on 31 December 2022 already took account of the upward trend in interest rates just as is the case over the course of 2023. On the other hand, no significant market changes that could affect the exchange rate risks have been observed. Management is monitoring these risks on an ongoing basis.

The company has sufficient margins to meet its current financial debt covenants and sufficient working capital and undrawn credit facilities to cover its ongoing operating and investment operations.

Market risk

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

While international market trends have affected market confidence and consumer spending patterns, the Group is still in good standing to increase ordinary income by means of ongoing innovation and the purchase and sale transactions it has entered into. The Group has reviewed its exposure to climate-related risks and other emerging corporate risks, but did not detect any risks that might affect its financial standing or performance in financial year 2023.

(i) Exchange rate risk

The presence of the Dominion Group in the international market requires it to arrange an exchange rate risk management policy. The basic goal is to reduce the negative impact on operations in general and on the income statement in particular of the variation in interest rates such that it is possible to protect against adverse movements and, if appropriate, leverage favourable development.

In order to arrange such a policy, Dominion Group uses the concept of Management Scope. This concept encompasses all collection / payment flows in a currency other than the euro expected to materialise over a specific time period. The Management Scope includes assets and liabilities denominated in foreign currency and firm or highly probable commitments for purchases or sales in a currency other than the euro. Assets and liabilities in foreign currency are subject to management, irrespective of timing scope, while firm commitments for purchases or sales that form part of the management scope will be subject to the same if their forecast inclusion in the balance sheet takes place in not more than 18 months.

Following the definition of Management Scope, in order to manage risks the Group uses a series of financial instruments that in some cases permit a certain degree of flexibility. These instruments will basically be as follows:

- Forward currency purchases/ sales: An exchange rate known at a specific date is fixed which may, moreover, be subject to timing adjustments in order to adapt and apply it to cash flow.

- Other instruments: Other hedging derivatives may also be used, the arrangement of which will require specific approval by the relevant management body. This body will have to be informed beforehand as to whether or not it complies with the necessary requirements to be regarded as a hedging instrument, therefore qualifying for the application of the rule on hedge accounting.

Details of open exchange rate insurance contracts for financial years 2023 and 2022 are provided in Note 18. During financial years 2023 and 2022, the Group used certain currency forward contracts in different currencies, the effect of which was basically recorded on the consolidated profit and loss account for each financial year.

The Group protects against loss of value as a result of movements in the exchange rates other than the euro in which its investments in foreign operations are denominated by similarly denominating, to the extent possible, its borrowings in the currency of the countries of these operations if the market is sufficiently deep or in a strong currency such as the dollar, insofar as dollar correlation to the local currency is significantly higher than that of the euro. Correlation, estimated cost and depth of the debt and derivative market determine the policy in each country.

The Group has several investments in foreign operations, whose net assets are denominated in the local currency and are exposed to foreign currency risks. The translation volatility of those net assets in currencies other than Euro on equity as well as on profit and loss are detailed below.

If at 31 December 2023 and 2022, the value of the Euro had been reduced / increased by 10% with respect to all other functional currencies, all other variables remaining constant, equity would have been lower/higher, by EUR 5,552 thousand and EUR 5,284 thousand, respectively in 2023, (higher/lower by EUR 8,088 thousand and EUR 6,617 thousand, respectively in 2022) owing to the effect of the assets contributed by the subsidiaries operating in a functional currency different from the Euro.

(i) Price risk

The Group generally has zero exposure to equity instrument price risk because it has no investments of this kind held by the Group and/or classified in the consolidated balance sheet for 2023 as fair value with changes in profit/loss or fair value with changes in other comprehensive profit/loss.

(ii) Interest rates

Dominion Group's borrowings are largely benchmarked to floating rates, for one part of the financial debt, exposing the Group to interest rate risk, with a direct impact on the income statement. The general objective of interest rate risk management strategy is to reduce the adverse impact of increases in interest rates and to leverage as far as possible the positive impact of potential interest rate cuts.

In order to attain this objective, the management strategy will be arranged through financial instruments that enable such flexibility. The possibility is expressly envisaged of arranging hedges for identifiable and measurable portions of flows, which enables, if appropriate, the completion of the efficiency test evidencing that the hedging instrument reduces the risk of the hedged component in the part assigned and is not incompatible with the established strategy and goals.

The Management Scope encompasses the borrowings recognised in the consolidated balance sheet of the Group. Circumstances may occasionally arise in which the hedges arranged cover the loans already committed in the final stage of formalization and where the principal should be protected against an increase in the interest rate.

In order to manage this risk factor, the Group uses financial derivatives that may qualify as hedging instruments and therefore hedge accounting. The relevant accounting standard (IFRS 9) does not specify the type of derivatives that may be considered hedging instruments except for options issued or sold. It does, however, specify the conditions required for such consideration. As with respect to the management of the exchange rate risk, the arrangement of any financial derivative which is suspected not to comply with the necessary conditions to be regarded as a hedge will require the express approval of the relevant management body. For reference, the basic hedging instrument will be the following:

- Interest rate swaps: Through these derivatives, these Group segments convert the variable interest rate reference of a loan to a fixed reference with respect to either all or part of the amount of the loan, affecting all or part of the life of the loan.

Sensitivity to the interest rates included in the consolidated annual financial statements is limited to the direct effect of changes in interest rates applied to financial instruments subject to recognized interest in the consolidated balance sheet. The sensitivity of the income statement to a 1% change in interest rates (considering financial instruments as hedging derivatives) would have an effect of approximately EUR 2,533 thousand on Profits before tax recorded in FY 2023 (2022: EUR 954 thousand), considering its impact on financial borrowings linked to variable interest rates. In addition, the Group's net financial debt amounts to over EUR 75 million (2022: over EUR163m) which, combined with an increase in market interest rates, would entail a rise of the profitability of the financial investments contracted. This profitability will partially offset the negative impact of a higher financial cost.

Liquidity risk

The prudent management of the liquidity risk entails maintaining sufficient cash and available financing through sufficient credit facilities. In this respect, the Group's strategy is to maintain, through its treasury department, the necessary financing flexibility through committed credit lines. Additionally, and on the basis of its liquidity needs, Dominion Group uses liquidity financial instruments (factoring without recourse and the sale of financial assets representing receivables, through which the risks and rewards on accounts receivable are transferred) that, in accordance with Group policy, do not exceed approximately one-thirds of overdue trade and other receivable balances in order to maintain liquidity levels and the structure of working capital required under its business plans.

Management monitors forecasts of liquidity needs of the company in order to optimise cash and undrawn credit facilities.

(Thousands of EUR)

The following table details the Working Capital Fund:

	2023	2022 (**)
Inventories	128,011	84,495
Trade and other receivables	214,645	248,364
Assets per contract	237,329	235,603
Other current assets	11,766	11,673
Current tax assets	32,218	38,338
Operating current assets	**623,969**	**618,473**
Other current financial assets	66,562	54,084
Cash and other cash equivalents	224,731	182,383
CURRENT ASSETS	**915,262**	**854,940**
Trade and other payables	678,896	659,559
Contract liabilities	92,853	112,863
Current tax liabilities	37,411	30,503
Current provisions	10,015	12,811
Other current liabilities (*)	32,385	27,352
Operating current liabilities	**851,560**	**843,088**
Other current liabilities (*)	108,200	34,313
Short-term liabilities with credit institutions	176,067	188,280
Current derivative financial instruments	2,929	2,341
CURRENT LIABILITIES	**1,138,756**	**1,068,022**
OPERATING WORKING CAPITAL	**(227,591)**	**(224,615)**
TOTAL WORKING CAPITAL	**(223,494)**	**(213,082)**

(*) Accrued wages and salaries and accruals and prepayments are included in other operating current liabilities. The other items analysed in Note 20 are carried as non-operating current liabilities.

(**) Figures restated (Note 2.2).

Although the magnitude of working capital taken into consideration in an isolated manner is not a key parameter for understanding the Group's financial statements, it actively manages working capital through net operating capital and net current and non-current financial debt, based on the solidity, quality and stability of relationships with its customers and suppliers, as well as the exhaustive monitoring of its situation with financial institutions, which in many cases automatically renew loans. It should also be noted that the business covered by the activity of the group of CGU B2B2C Commercial Services in the sustainable Services segment normally operates with negative goodwill and sales that are recovered in cash, and expenses for purchases or services that have normal payment maturity dates.

(Thousands of EUR)

One of the Group's strategic lines is to ensure the optimisation and maximum saturation of the resources devoted to the business. The Group therefore pays special attention to the net working capital invested in the business. In keeping with this and as in previous years, major efforts have been made to control and reduce the collection periods for trade and other receivables and to minimise services rendered pending invoicing. Similarly, the Company constantly optimises supplier payment terms, standardising policies and conditions throughout the Group.

As a result of the above it may be confirmed that there are no liquidity risks at the Group.

Management monitors the Group's liquidity reserve forecasts together with the evolution of the Net Financial Debt. To this regard, as a result of the actions undertaken in previous financial years intended to optimise liquidity possibilities in more precarious moments, as well as the implemented detailed monitoring culture, the Group still preserves solid solvency and liquidity, even taking account of the debt assumed through the activities of the BAS associate acquired at the end of the FY 2022, which, in part, is debt that is associated with renewable energy projects, each in different stages of progress, which, when Project completion is reached, becomes Project finance with no recourse to the shareholder.

The Group's liquidity reserve calculation and the Net Financial Debt at 31 December 2023 and 2022 is provided below:

	2023	**2022**
Cash and cash equivalents (Note 12)	224,731	182,383
Other current financial assets (Note 8)	66,562	54,084
Undrawn borrowing facilities (Note 18)	206,643	149,009
Liquidity reserve	**497,936**	**385,476**
Liabilities with credit institutions (Note 18)	363,330	397,492
Derived financial instruments (Note 18)	2,929	2,341
Cash and cash equivalents (Note 12)	(224,731)	(182,383)
Other current financial assets (Note 8)	(66,562)	(54,084)
Net financial debt	**74,966**	**163,366**

As a result of the above it may be confirmed that there are no liquidity risks at the Group.

Credit risk

Credit risks are managed by customer groups. The credit risk deriving from cash and cash equivalents, derivative financial instruments and bank deposits is considered immaterial in view of the credit standing of the banks with which the Group works. In certain circumstances that give rise to specific liquidity risks at these financial institutions, the appropriate provisions to cover them are allocated if necessary.

Furthermore, the Group maintains specific policies for the management of this customer credit risk, taking into account their financial position, past experience and other factors. It should be noted that a significant part of its customers consist of companies with high credit ratings or official entities whose operations are financed through loans from international financial institutions.

In order to minimise this risk in trade receivable balances, the Group's strategy is based on the arrangement of customer credit insurance policies and the setting of customer credit limits.

Days sales outstanding is within the range of 15 days (mainly for commercial services) and 180 days. However, historically it has been considered that due to the characteristics of the Group's customers balances receivable due in between 120 and 180 days entail no incurred credit risk. It should also be noted that a portion of the sales made by the B2B2C Commercial CGU grouping are received in cash and the credit risk incurred is nearly zero. The Group continues to consider that these outstanding balances still present good credit quality.

The analysis of the age of outstanding assets that are not accountably impaired is provided in Note 10.

The Group has four types of financial assets which are subject to the model of expected credit losses:

- Trade accounts receivable for the sale of services.
- Assets per contract related with solutions and services the recognition of which in income is performed based on the degree of project completion.
- Loans and credits recorded at amortised cost.
- Cash and cash equivalents

Although cash and cash equivalents are also subject to the requirements of impairment loss of the IFRS 9, the impairment loss identified is immaterial.

During FY 2023, as part of the loss forecast estimate, a review has been made of the performance of the credit risk of the different assets, adjusting the percentages for the expected loss considered in its broad spectrum and therefore eliminating a specific additional risk due to the effect of the pandemic which, to this effect, we consider to have been overcome.

The Group applies the simplified focus of the IFRS 9 in order to evaluate the expected credit losses which uses a value adjustment due to expected losses during the entire life for the trade accounts receivable and assets per contract.

In order to evaluate the expected credit losses, the trade accounts receivable and assets per contract were regrouped based on the characteristics of the shared credit risk and days past maturity. The assets per contract are related with the work not invoiced based on the degree of completion and fundamentally have the same risk characteristics as the trade accounts receivable for the same contract types. As such, the Group has concluded that the expected loss rates for the trade accounts receivable are a reasonable approximation of the loss rates for the assets per contract.

The impairment losses in the trade accounts receivable and assets per contract are presented as net impairment losses as part of operating profit. The subsequent recovery of amounts cancelled previously are credited against the same item.

3.2. OTHER RISKS

- **Climate Change Risk**

Climate change is one of the key challenges that humanity is currently faced with and calls for the climate change risk to not only be an exercise in compliance but also a priority that must be incorporated as a fundamental basis of the strategic decisions of companies, not only because of its impact on company activities, but also insofar as it opens up new opportunities. Accordingly, the Group's mission is to help its customers introduce more efficient and sustainable business processes, positioning itself as a leader that can facilitate the process that is called for to move industry and society towards sustainability-based models.

Climate change risk management is still performed within the scope of the Sustainability Strategy, with one relevant aspect being the current considerations made by the Group regarding risks and opportunities arising from climate change, which is constantly monitored and reviewed by the Audit and Compliance Committee and the Sustainability Committee, set up by the Board of Directors. This way, climate risk is included in the Group's strategic risk management strategy, and is also included in the governance planned for these matters.

The Group's Sustainability Strategy has been designed around two fundamental pillars: being and doing.

"Being" consists of maintaining and strengthening the Group's sustainable character, ensuring that it maximises its beneficial effect on relationships with stakeholders and that it reduces or eradicates any negative effect or risk, with special emphasis on respect for Human Rights, occupational safety, diversity, risks arising from Climate Change, respect for business ethics, the incorporation of sustainability in Governance and reducing the Group's footprint, ensuring that the net positive effect is maintained, with appropriate progress made towards achieving decarbonisation. This is all in line with the Sustainable Development Goals (SDGs) framework.

"Doing" is related to the Group's mission and vision to help its customers to become more efficient and sustainable, assisting companies and communities in their transformation to Sustainability, with it being clear that all of the Group's activities work towards this goal, having beneficial effects on the environment and society in general.

Both pillars are united by a commitment to transparently disclose to the company all of the efforts made by DOMINION in this area, with a rigorous, certifiable and verified Non-Financial Information, disclosed both through the legally established channels and others recognised by the Company (CDP, S&P, Ecovadis, etc.). DOMINION is also committed to actively taking part in various initiatives which seek to raise sustainability awareness, such as the Global Compact, which the company is party to, the EU Diversity Charter, which three new DOMINION companies and countries have joined, and Operation Clean Sweep (a global initiative by the plastics industry to prevent plastic particle pollution).

This Sustainability Strategy consists of 8 basic pillars that sometimes combine aspects of "Doing- and "Being" and others only "Being" and which, in turn, are related to different specific actions. Of these pillars, two - emissions reduction and renewable energy development, play a direct role in addressing the climate change risk.

As indicated in section 3.3 of the Non-Financial Information Report, the Group regularly updates the materiality analysis regarding the most relevant sustainability factors, not identifying factors related to climate change that pose a significant risk.

The Group also continues to make progress with its in-depth analysis of climate risks, following the TCFD (Task Force on Climate-Related Financial Disclosures) method so as to detect any relevant risks and manage them together with the rest of the Group's business risks. Section 4.4 of the Non-Financial Reporting Report specifies the procedure followed to identify related risks.

With regards to the services provided by the Group, it is important to note that it does not require any significant facilities of its own that could require large amounts of energy or generate significant amounts of greenhouse gas emissions. In general, their services are performed on the customer's own premises or networks, which limits exposure to any significant physical risks.

The projects carried out by the Group are generally for its customers or are sold to other customers in a short period of time, and there is no intention to maintain these assets in the medium and long term. Accordingly, the impact of potential chronic or acute events affects the construction stage more than later stages.

Also, DOMINION's exposure to the Oil & Gas sector is extremely limited, consisting of the supply of environmental services that enable the recovery of waste, which is then reintegrated into the production process

With regard to physical, acute and chronic risks, the services rendered by the company will be affected by the increasing uncertainty of weather patterns, but they have a modest impact and the company has been taking appropriate measures to keep them under control for some time. With regard to projects, considering the short execution period involved, the likelihood and impact is modest and can be suitable controlled by the impact analyses and measures currently in place. With regards to facilities, the main exposure resides in the photovoltaic energy facilities, which can be affected by extreme phenomena; however, these factors have been taken into account in the design and sizing process, significantly reducing the potential impact.

In terms of transition risks, the company's clear emphasis has been on the services and projects required by its customers to achieve greater sustainability, making it complicated for potential risks to ultimately affect the Dominion Group. Increasingly stringent activity regulations, as well as the existence of new technologies in this field, represent opportunities rather than risks for the Group. There is no doubt that the Group will have to implement electrification of its fleet in the future, but this will be a gradual process and will always go hand in hand with its customers' projects. Finally, the Group's exposure to sectors such as Oil & Gas is limited and always involves services and solutions that are geared towards reducing emissions of the circular economy.

With regards to opportunities, as already explained, if relevant opportunities are identified, in the short, medium and long term, that arise from customers' ability to adapt to these changes (resource efficiency, green services, climate resilience), as well as in new sectors or areas of activity that are making headway as a result of increased awareness of climate change implications (renewable energy generation and support for countries in the adaptation stages). The effects of these opportunities will mainly affect income and expenses and, to a lesser extent, investment in assets that may be required in order to carry out new activities.

In conclusion, it should also be emphasised that, when drawing up its Strategic Plan, the Group has taken into consideration climate risk and the emerging opportunities and maintains an ongoing review process, analysing how the climate risk factors can impact on its consolidated financial statements. To do so, it is using the methodology proposed by the TCFD as a reference and is incorporating the conclusions in the future-related accounting estimates and judgements.

Accordingly, based on the Management's assessment, it has been established that the potential impacts of climate change and the effect of environmental risks on the estimated useful lives of assets, asset impairment analyses, the amount of progress made in service contracts and pension benefits have been insignificant. However, the Group is currently developing and analysing all of these effects in more detail and we will continue to work on any quantification that we may need to consider going forward.

Other circumstantial risk

Since war broke out in Ukraine on 24 February 2022, there has been a complex geopolitical situation in Eastern Europe. This was exacerbated in 2023 by the outbreak of war between Israel and Palestine on 7 October, 2023. The world economy is currently experiencing a period of global financial instability as a result of this geopolitical situation; a situation that it is impossible to predict how long it will last.

After analysing and assessing the direct impact that these conflicts could have on the continuity of the Group's business, there are no foreseeable liquidity or market risks for the Group that cannot be covered with the current existing situation. Notwithstanding this, there are a series of indirect impacts, such as a broad-based rise in price levels, a shortage of raw materials and delays in the receipt of purchased products, which, although it is not easy to measure their consequences, it can be said that they will have no significant effect on the Group's business margins in the short term or on the supply chain.

Since the beginning of the financial year, there have been no further significant events that need to be stated for this purpose.

5. SIGNIFICANT EVENTS FOLLOWING YEAR-END

From 31 December 2023 to the date these consolidated annual financial statements were drawn up, no significant subsequent events occurred.

6. INFORMATION REGARDING THE ORGANISATION'S FORESEEABLE EVOLUTION

The Group strives to achieve its business goals by strategically combining organic growth, a policy of investments and divestments and increasing the operating profitability of its activities.

The Group currently has a Strategic Plan 2023-2026 in place during which time it aspires to grow organically to double its net income in the time frame of this Plan and allocate a dividend to its shareholders that is equivalent to one third of its net income. The company also plans to continue its leading role in the sector's concentration process in the various sectors is operates in.

In order to carry out this Strategic Plan and achieve the aforementioned goals, the Group will concentrate on continuing to play a leading role in the digital, industrial and energy transitions and on developing sustainability as a key factor in defining the type of company the Group aspires to be. The pillars of this plan are as follows:

- **Recurrence**

The Group is convinced that, at this time of uncertainty, it makes more sense than ever to strengthen the recurrence of the income statement and, above all, of cash flow generation. The Strategic Plan establishes that it will promote maintaining a high visibility on future revenues and profitability through stable service contracts and a healthy project backlog, allowing it to be prepared for uncertain environments.

The group has high visibility in the Sustainable Services segment, with approximately 85% of its services being recurrent.

It has a particularly conservative backlog in the 360 Projects segment, which only includes the projects that are closest to being executed, and which, at current levels, offers visibility for approximately two years. This is why they consider this segment to be quasi-recurrent.

The group has added a new segment in the presentation of its 2023-2026 Strategic Plan: Participation in Infrastructures. This segment was created on a temporary basis, with the purpose of contributing to the Group's traditional business, its Services and Projects, and to perfect its intention to be present across the entire value chain. These holdings are extremely liquid and will allow the company not only to protect its industrial margins, but also to increase the recurrence of its traditional business.

- **Sustainability**

The Strategic Plan places particular emphasis on sustainability. The Group's mission is to help its clients streamline their business processes and make them more sustainable, as both of these aspects are now fundamental for the development and survival of any business activity in a competitive environment, so much so that it can be argued that sustainability equates to efficiency in the long term.

The group must be able to create innovative proposals that allow its customers to meet the challenges of moving towards a more efficient and sustainable world. Infrastructures and communities need to adapt and this is a great opportunity for customers and for the company.

Nowadays, companies, institutions and societies are experiencing the rapid transformation of their surrounding environments, a world that is striving to combat climate change and is making strong headway towards creating an extremely electrified society, where renewable resources will become increasingly predominant; towards an increasingly automated and environmentally friendly industry in terms of rational use of all resources, reusing materials used in circular economy schemes, comprehensive control of emissions and commitment towards their elimination; towards a responsible supply chain that is respectful of human rights and is also environmentally friendly; and towards a society that is increasingly connected, in which proper data management is the key to efficiency and also the basis for new business models, as well as new risks that must be prevented.

The Group aspires to become the leading player in facilitating this transformation, helping companies, institutions and society with their requirements in this process: providing services, implementing projects and operating energy transition infrastructures that will ensure that its customers become increasingly competitive and sustainable.

In the case of Sustainable Services, the company is convinced that industrial activity is undergoing a transformation to become more efficient and sustainable, and has therefore focused its strategy on strengthening these activities.

The Group will continue its "Tier 1" approach, focused on improving production process efficiency, and helping its customers to reduce their environmental impact. This will be achieved by combining different elements such as selective digitization, based on extensive experience in the relevant processes, or a "One Stop Shop" offer, which innovatively integrates different services that are typically provided separately.

In the case of 360 Projects, the Group will strengthen the 360 quality of its offer, i.e. being present throughout the entire value chain, so as to maximise its customers' efficiency, helping them to become more sustainable in the long term.

In the infrastructure participation segment, the Group contributes to the transition to greener energy by generating energy using the photovoltaic plants it holds a stake in.

Simplification

The Group is convinced that it must maintain the essence of the company focused on its traditional businesses, which are Sustainable Services and 360 Projects, and which account for more than 90% of its net turnover. To this end, the required restructuring and operations to simplify the business, structures and messages conveyed to the market will be carried out during the duration of the plan.

The 2023-2026 Strategic Plan must include development of the accompanying organisational structure. In turn, it must also ensure the continuity of its 5Ds model: digitisation, diversification, decentralisation, financial discipline and sustainable development - all key aspects which define Dominion and which must apply to everyone in the organisation.

7. R&D&I ACTIVITIES

Innovation is a strategic activity for the Group's activities and a key element for its strength and market consolidation. The concept of technological dynamism, the ability of the Group team to be permanently up-to-date in technological innovation and competitive intelligence, is closely related to its capacity to take part in R&D&I projects, to compare new ideas and designs.

In order to maintain an adequate level of technological dynamism, so as to bring efficiency to internal and external customers alike, a number of teams at the Group are taking part in R&D&i projects, organised around research lines defined by the Group and guided by a corporate team which, apart from offering support throughout the process, also helps to organise collaboration with third parties and to coordinate the efforts of the various areas of the Group in order to achieve innovative products and services in the future.

The amount recorded under the heading of Expenses for Research, Development and Innovation does not provide an accurate reflection of the effort actually which is in actual fact far greater, given the fact that the process to innovate and to adapt the new designs to the market is mostly directly supported by the accounts of the actual divisions of the Group, focussed on offering responses to their customer's needs.

The main lines of research in 2023 were Smart Industry, Energy and networks, environmental services (automation of cleaning, waste management, recycling, etc.), logistics and management of fleets, Smart House, Artificial Vision applied to various water management sectors, e-commerce and Fintech. R&D&I projects are developed based on Dominion's own knowledge, technological progress, our skills in industrial research, development capacity and collaboration with universities, reputable technological centres and other companies that are leaders in their respective industries.

8. ACQUISITIONS AND DISPOSALS OF TREASURY STOCKS

At 31 December 2023, the Parent company held a total number of 1,526,667 shares representing 1.01% of the share capital at that date (2022: 888,464 shares representing 0.58%), whose book value on the said date amounted to EUR 5,818 thousand (2022: EUR 3,044 thousand). During financial year 2023, 2,164,870 own shares were acquired (2022: 6,949,833 own shares purchased).

Pursuant to the mandate conferred by the General Shareholders' Meeting held on 26 April 2023, whereby the parent company's Board of Directors is empowered to acquire, at any time and as many times as is deemed appropriate, shares in Global Dominion Access, S.A., through any legal means, including a charge to profits for the year and/or to unrestricted reserves, and to subsequently sell or redeem such shares, in accordance with Article 146 and 509 and concordant articles of the Spanish Companies Act. This mandate is valid for a period of 5 years; i.e. until 10 May 2028. This agreement supersedes the previous one adopted by the General Shareholders' Assembly on 10 May, 2022.

Within the framework of this authorisation, on 2 March 2023, the Board of Directors announced the fourth scheme to buy back its own shares, which ended in June 2023, to reduce the Parent Company's share capital through the amortization of its own shares, thereby contributing to the shareholder remuneration policy by increasing the profit per share, running for a maximum term of two years. The limit established in this scheme is 1% of the share capital, which corresponds to a maximum of 1,526,667 shares for a maximum cash amount of EUR 6 million.

Furthermore, on 2 November 2022, the company announced its resolution for the third scheme to buy back its own shares with the same purpose, with a maximum term of 2 years. The limit established in this scheme was 1% of the share capital (a maximum of 1,526,667 shares for a maximum cash amount of EUR 7.25 million) which ended in March, 2023.

The previous scheme (second scheme), which was published on 27 October 2021 was also in force during the financial year and ended on 21 October 2022, with the established limit of 5% of the share capital having been reached. The shares acquired under this programme were amortised in financial year 2022.

9. MEAN SUPPLIER PAYMENT PERIOD

The breakdown of the average term of Spanish trade payables settlement during 2023 in relation to the legally-permitted payment terms stipulated in Spanish Law 18/2022 of 28 of September, which amends the provisions in the previous Law on the average payment period, is as follows (days and thousands of euros):

	2023	2022
Mean supplier payment period	61	61
Ratio of transactions settled	62	61
Ratio of transactions not yet settled	61	63

	Thousands of euros 2023	Thousands of euros 2022
Total payments made	758,055	931,094
Total payments outstanding	187,349	139,987
Monetary volume	758,055	931,094
No. invoices paid for periods shorter than the maximum period set out by regulations	73,739	1,274,386
% of the total number of invoices	61%	95%
% of the monetary total of payments to suppliers	60%	38%

In 2023 and 2022, the mean supplier payment period for Dominion Group companies operating in Spain was calculated based on the criteria established in the single additional provision of the Resolution of 29 January 2016 of the Spanish Institute of Accounting and Financial Statements Auditing and amended by Law 18/2022, of 28 September, amounting to 61 days (61 days in 2022).

Although some of the Group companies exceeded the domestic supplier deadline set out in Law 15/2010, the Group has implemented a series of measures essentially focused on identifying any deviations by regularly monitoring and analysing accounts payable to suppliers, reviewing and improving internal supplier management procedures, as well as complying with and, where applicable, updating the conditions established in the transactions defined in commercial transactions subject to applicable regulations.

The payments to suppliers during financial year 2023 that have exceeded the legal deadline are derived from circumstances outside the established policy payments, among which are mainly: delay in issuing invoices (legal obligation of the supplier), closing agreements with suppliers for the delivery of goods or the provision of services, or timely processing operations.

10. OTHER RELEVANT INFORMATION

10.1. STOCK MARKET INFORMATION

A year marked by war, inflation and geopolitical instability.

2023 has been an eventful year for the markets, starting with large transfers from equities to fixed income as a result of the high interest rate environment, thereby draining company share liquidity, and with varying trends depending on the type of company and sector.

While the IBEX 35 ended the year with a 22% return, Spanish Small & Mid Caps had a lower return of 6% at year-end.

In the case of Dominion, it closed the year with a 6% decrease from the previous year's closing figure. The variation between the positive evolution of the company's fundamentals (growing since its IPO) and the declining performance of the share price can be explained by various factors, such as the widespread liquidity problem in small cap companies, and the reduced presence of international investors.

At 31 December 2023, Dominion shares were listed at EUR 3.36, which translates into a market capitalisation of EUR 507,830 thousand.

10.2. DIVIDEND POLICY

The 2023-2026 Strategy Plan introduced in May 2023 includes dividend distribution as one of its strategic goals.

To this regard, the distribution of one-third of the ordinary income of the parent company's unrestricted reserves to shareholders will be submitted for approval at the Annual General Meeting.

11. NON-FINANCIAL INFORMATION

Law 11/2018 of 28 December on non-financial information and diversity regulates the disclosure of information relating to these two matters. Global Dominion Access' Statement of Non-Financial Information for 2023 forms an integral part of this Directors' Report, but is provided as a separate document. It will be available as a published document on 27 February, 2024, via the website link provided below.

See:
https://cnmv.es/portal/otra-informacion-relevante/resultado-oir.aspx?nif=A95034856

12. ANNUAL CORPORATE GOVERNANCE REPORT

The path to the Annual Corporate Governance Report drawn up by Global Dominion Access, S.A. for financial year 2023 and published on the CNMV is provided below.

See: https://cnmv.es/portal/Consultas/ee/informaciongobcorp.aspx?TipoInforme=1&nif=A95034856

13. ANNUAL REPORT ON BOARD MEMBER REMUNERATION

The path to the Annual Board Member Remuneration Report drawn up by Global Dominion Access, S.A. for financial year 2023 and published on the CNMV is provided below.

See: https://cnmv.es/portal/Consultas/ee/informaciongobcorp.aspx?TipoInforme=6&nif=A95034856

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

DRAFTING OF THE ANNUAL FINANCIAL STATEMENTS AND DIRECTOR'S REPORT FOR FINANCIAL YEAR 2023

In compliance with Article 253 of the current Spanish Companies Act the Board of Directors of GLOBAL DOMINION ACCESS, S.A., hereby prepares the consolidated annual financial statements and consolidated Directors' Report for the years ended 31 December 2023.

Also, the members of the Board of Directors of the Company declare that, to the best of their knowledge, the annual financial statements prepared in accordance with applicable accounting principles present fairly the financial position and results of the issuer and that the Directors' Report includes a fair analysis of the performance and results of the businesses, together with a description of the principal risks and uncertainties which they face.

For all pertinent purposes and as an introduction to the aforementioned accounts and report, they hereby sign this document:

In Bilbao, on 27 February 2024

SIGNATORIES

Mr **Antón Pradera Jaúregui**
(Chair)

Mr **José Ramón Berecibar Mendizabal**
(Non-board Secretary)

Mr **Mikel Felix Barandiaran Landin**
(CEO)

Mr. **Juan María Riberas Mera**
(Voting member)

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

Mr **Jesús María Herrera Barandiaran**
(Voting member)

Ms. **Arantza Estefania Larrañaga**
(Voting member)

Mr. **Jorge Álvarez Aguirre**
(Voting member)

Mr. **Francisco Javier Domingo de Paz**
(Voting member)

Mr. **Juan Tomás Hernani Burzaco**
(Voting member)

Mr. **Jose María Bergareche Busquet**
(Voting member)

Ms. **Amaya Gorostiza Tellería**
(Voting member)

GLOBAL DOMINION ACCESS, S.A. AND SUBSIDIARIES

Ms. **Paula Zalduegui Egaña**
(Voting member)