Elecnor, S.A.

Independent auditor's report
on the annual accounts 31 December 2023

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

Independent auditor's report on the annual accounts

To the shareholders of Elecnor, S.A.

Report on the annual accounts

Opinion

We have audited the annual accounts of Elecnor, S.A. (the Company), which comprise the balance sheet as at 31 December 2023, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at 31 December 2023, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

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

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the 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 annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

R. M. Madrid, hoja M-63.988, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - NIF: B-79031290

Key audit matters	How our audit addressed the key audit matters
Measurement of interests in group companies, jointly-controlled entities and associates	
Interests in group companies and associates account for a significant percentage of the Company's assets (Notes 10.3 to the accompanying annual accounts). At year end 2023 equity instruments of group companies, jointly-controlled entities and associates amount to €581,355 thousand. As indicated in note 4.f to the accompanying annual accounts, Management assesses annually whether there are indications of impairment of these assets and determines their recoverable amount. Unless there is better evidence of the recoverable amount of these investments, the estimated loss is calculated based on the investee's equity and any latent capital gains existing at the measurement date, net of the tax effect. Failing this, the calculation of the recoverable amount is based on estimates of the present value of future cash flows. These estimated future cash flows require management to make judgements and adopt relevant assumptions. Changes in the assumptions used trigger significant variations in the calculations performed and therefore in the measurement of investments in group companies, jointly-controlled entities and associates. We focused on this area because of the relevance of these balances at the year end with respect to the Company's assets as a whole and in view of the significance of the judgements and estimates used by Management to calculate the recoverable amount.	Firstly, we gained an understanding of the Company's process in evaluating the measurement of investments and analysing their recoverability and the impairment tests performed by management, verifying that the criteria used to perform these tests are consistent with those established in the applicable legislative framework. For each investee, we compared total investments in group companies or associates with the equity value of each. Where the recoverable value is higher than the investee's equity, we carried out the following procedures: • We verified the reasonableness of projected cash flows, as well as the calculations performed to determine the recoverable value and obtained firm contracts and budgets approved by Company management. We also assessed the reasonableness of the key assumptions used to determine the projected cash flows, mainly growth rates and forecast future margins, and verified them using available comparables and historical data. The results of the procedures performed have enabled the audit objectives for which they were designed to be reasonably attained.

Other matters

On 24 February 2023, other auditors issued their audit report on the annual accounts for the 2022 financial year in which a favorable opinion was expressed.

Other information: Management report

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

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

a) Verify only that the 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 management report and the annual accounts as a result of our knowledge of the Company 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 management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in section a) above has been provided in the manner required by applicable legislation and that the rest of the information contained in the management report is consistent with that contained in the 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 commission for the annual accounts

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

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

The audit commission is responsible for overseeing the process of preparation and presentation of the annual accounts.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the 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 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 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 entity's internal control.

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 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 Company to cease to continue as a going concern.

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

We communicate with the entity's audit commission 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 entity's audit commission 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 entity's audit commission, we determine those matters that were of most significance in the audit of the 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 file of the European single electronic format (ESEF) of Elecnor, S.A. for the 2023 financial year that comprises an XHTML file of the annual accounts for the financial year, which will form part of the annual financial report.

The directors of Elecnor, S.A. are responsible for presenting the annual financial report for 2023 financial year in accordance with the formatting requirements established in the Delegated Regulation (EU) 2019/815 of 17 December 2018 of the European Commission (hereinafter the ESEF Regulation).

Our responsibility is to examine the digital file prepared by the 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 annual accounts included in the aforementioned file completely agrees with that of the annual accounts that we have audited, and whether the format of these accounts has been effected, in all material respects, in accordance with the requirements established in the ESEF Regulation.

In our opinion, the digital file examined completely agrees with the audited annual accounts, and these are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

Report to the audit commission

The opinion expressed in this report is consistent with the content of our additional report to the audit commission of the Company dated 27 February 2024.

Appointment period

The General Ordinary Shareholders' Meeting held on 18 May 2022 appointed us as auditors for a period of 3 years, as from the year ended 31 December 2023.

Services provided

Services provided to the audited entity and its subsidiaries for services other than the audit of the accounts are disclosed in note 21 to the annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Goretty Álvarez González (20208)

28 February 2024

Elecnor, S.A.

Annual Accounts and Directors' Report corresponding to the year ended 31/12/2023

FINANCIAL STATEMENTS

(Expressed in thousands of Euros)

ELECNOR, S.A.
BALANCE AT THE END OF 2023
(Thousands of Euros)

ASSETS	Note	31/12/2023	31/12/2022
NON-CURRENT ASSETS		**730,472**	**959,720**
Intangible assets	7	**12,524**	**8,604**
Concessions and patents		32	33
Computer software		12,492	8,571
Property, plant and equipment	8	**11,689**	**12,544**
Land and buildings		7,601	7,738
Technical installations and other property, plant and equipment		4,088	4,806
Long-term investments in Group companies and associates		**681,355**	**916,644**
Equity instruments	10.3	581,355	812,207
Credits to Group companies	10.2 and 19	100,000	104,437
Long-term financial investments	10	**887**	**6,761**
Derivatives	11	170	6,039
Other financial assets		717	722
Deferred tax assets	16	**24,017**	**15,167**
CURRENT ASSETS		**463,223**	**141,850**
Non-current assets held for sale	6	**328,476**	**-**
Inventories		**1,208**	**603**
Advances to suppliers		1,208	603
Trade and other receivables	10.2	**55,615**	**45,907**
Customers, sales and services rendered		22,361	16,274
Customers, Group companies and associates	19.2	11,858	15,150
Sundry receivables		10,207	-
Personnel		159	233
Current tax assets	16	7,424	6,307
Public entities, other	16	3,606	7,943
Short-term investments in Group companies and associates	10.2 and 19	**56,024**	**82,439**
Credits to companies		16,740	52,927
Other financial assets		39,284	29,512
Short-term financial investments	10	**4,820**	**153**
Derivatives	11	4,601	-
Other financial assets		219	153
Short-term accruals		**796**	**394**
Cash and cash equivalents		**16,284**	**12,354**
Cash		15,484	11,927
Cash equivalents		800	427
TOTAL ASSETS		**1,193,695**	**1,101,570**

The accompanying notes form an integral part of the annual accounts for the year.

(Expressed in thousands of Euros)

ELECNOR, S.A.
BALANCE SHEET AT 31 DECEMBER 2023
(Thousands of Euros)

EQUITY AND LIABILITIES	Note	31/12/2023	31/12/2022
EQUITY		**593,763**	**589,857**
EQUITY		**592,094**	**585,566**
Capital	12.1	**8,700**	**8,700**
Issued capital		8,700	8,700
Reserves	12.2	**569,296**	**567,860**
Legal and statutory		1,743	1,743
Other reserves		567,553	566,117
Own shares and equity	12.3	**(23,422)**	**(22,430)**
Profit/(loss) for the year		**43,238**	**36,882**
Interim dividend	3	**(5,718)**	**(5,446)**
VALUATION ADJUSTMENTS			
Hedges	11	**1,669**	**4,291**
NON-CURRENT LIABILITIES		**324,185**	**342,325**
Long-term provisions	13	**45,069**	**24,153**
Other provisions		45,069	24,153
Long-term payables	14	**272,007**	**310,745**
Bonds and other marketable securities		29,672	29,649
Loans and borrowings		240,011	277,923
Finance lease payables	9	2,324	2,867
Derivatives	11	-	306
Deferred tax liabilities	16	**7,109**	**7,427**
CURRENT LIABILITIES		**275,747**	**169,388**
Short-term provisions	13	**2,516**	**4,319**
Short-term payables	14	**245,925**	**119,519**
Bonds and other marketable securities		238,818	115,438
Loans and borrowings		809	365
Finance lease payables	9	537	510
Derivatives	11	2,534	-
Other financial liabilities	19	3,227	3,206
Short-term payables to Group companies and associates	19	**2,704**	**22,752**
Trade and other payables		**24,602**	**22,798**
Suppliers		5,764	5,024
Suppliers, Group companies and associates	19.2	6,001	1,942
Sundry payables		168	77
Personnel		5,069	6,570
Current tax liabilities	16	455	268
Public entities, other	16	2,455	2,308
Advances from customers		4,690	6,609
TOTAL EQUITY AND LIABILITIES		**1,193,695**	**1,101,570**

The accompanying notes form an integral part of the annual accounts for the year.

(Expressed in thousands of Euros)

ELECNOR, S.A.
INCOME STATEMENT FOR 2023
(Thousands of Euros)

	Note	2023	2022
CONTINUING OPERATIONS			
Net turnover	17.1	**63,816**	**102,237**
Sales		19,086	14,644
Rendering of services	19.1	20,014	20,249
Dividends	19.1	18,029	62,728
Finance income	19.1	6,687	4,616
Materials consumed		**(7,950)**	**(7,806)**
Consumption of raw materials and other consumables		(5,985)	(7,622)
Work carried out by other companies		(1,965)	(184)
Other operating income		**15**	**(27)**
Non-trading income and other day-to-day income		15	(26)
Operating grants included in profit/loss for the year		-	(1)
Personnel expenses	17.2	**(19,800)**	**(22,204)**
Salaries, wages and similar		(16,543)	(19,506)
Employee benefit costs		(3,257)	(2,698)
Other operating expenses		**(23,986)**	**(27,173)**
External services		(24,345)	(26,386)
Taxes		(712)	(782)
Losses, impairment and changes in trade provisions	10 and 13	1,071	(5)
Depreciation/Amortisation	7 and 8	**(5,520)**	**(5,098)**
Impairment and profit/loss on disposals of fixed assets		**30**	**-**
Profit/Loss on disposals and others		30	-
Impairment and profit/loss on disposals of financial instruments		**41,752**	**965**
Impairment and losses	10	(582)	965
Profit/Loss on disposals and others	10.3	42,334	-
PROFIT/LOSS FROM OPERATING ACTIVITIES		**48,357**	**40,894**
Finance expenses		**(14,348)**	**(9,397)**
Payables to Group companies and associates	19	-	(326)
Payables to third parties		(14,348)	(9,071)
Translation differences		**(618)**	**109**
FINANCE INCOME/EXPENSES		**(14,966)**	**(9,288)**
PROFIT/LOSS BEFORE TAXES		**33,391**	**31,606**
Income taxes	16	9,847	5,276
PROFIT/LOSS FROM CONTINUING OPERATIONS		**43,238**	**36,882**
PROFIT/LOSS FOR THE YEAR		**43,238**	**36,882**

The accompanying notes form an integral part of the annual accounts for the year.

(Expressed in thousands of Euros)

ELECNOR, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023
A) STATEMENT OF RECOGNISED INCOME AND EXPENSES
(Thousands of Euros)

	Note	2023	2022
PROFIT/LOSS IN THE INCOME STATEMENT (I)		**43,238**	**36,882**
Income and expenses recognised directly in equity:			
- Cash flow hedges	11	540	8,920
- Tax effect	16	(135)	(2,230)
TOTAL INCOME AND EXPENSES RECOGNISED DIRECTLY IN EQUITY (II)		**405**	**6,690**
Transfers to the income statement			
- Cash flow hedges	11	(4,036)	1,133
- Tax effect	16	1,009	(283)
TOTAL TRANSFERS TO THE INCOME STATEMENT (III)		**(3,027)**	**850**
TOTAL RECOGNISED INCOME AND EXPENSES (I+II+III)		**40,616**	**44,422**

The accompanying notes form an integral part of the annual accounts for the year.

(Expressed in thousands of Euros)

ELECNOR, S.A.
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

B) STATEMENT OF TOTAL CHANGES IN EQUITY
(Thousands of Euros)

	Notes	Capital	Reserves	Own shares	Profit/(loss) for the year	Interim dividend	Valuation adjustment	TOTAL
BALANCE AT 31 DECEMBER 2021		**8,700**	**589,105**	**(22,110)**	**9,196**	**(5,187)**	**(3,249)**	**576,455**
Total recognised income and expenses		-	-	-	36,882	-	7,540	44,422
Transactions with shareholders:								
– Distribution of profit for 2021	3							
Interim dividend		-	-	-	(5,187)	5,187	-	-
Supplementary dividend		-	(21,554)	-	(4,009)	-	-	(25,563)
- Transactions with own shares (net)	12.3	-	309	(320)	-	-	-	(11)
- Interim dividend	3	-	-	-	-	(5,446)	-	(5,446)
BALANCE AT 31 DECEMBER 2022		**8,700**	**567,860**	**(22,430)**	**36,882**	**(5,446)**	**4,291**	**589,857**
Total recognised income and expenses		-	-	-	43,238	-	(2,622)	40,616
Transactions with shareholders:								
– Distribution of profit for 2022	3							
Reserves		-	70	-	(70)	-	-	-
Interim dividend		-	-	-	(5,446)	5,446	-	-
Supplementary dividend		-	-	-	(31,366)	-	-	(31,366)
- Transactions with own shares (net)	12.3	-	1,366	(992)	-	-	-	374
- Interim dividend	3	-	-	-	-	(5,718)	-	(5,718)
BALANCE AT 31 DECEMBER 2023		**8,700**	**569,296**	**(23,422)**	**43,238**	**(5,718)**	**1,669**	**593,763**

ELECNOR, S.A.
STATEMENT OF CASH FLOWS FOR 2023
(Thousands of Euros)

(Expressed in thousands of Euros)

	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES (I)		**(31,171)**	**31,149**
Profit/Loss for the year before taxes		33,391	31,606
Adjustments to profit/loss:			
- Depreciation/Amortisation	7 and	5,520	5,098
- Changes in provisions	13	(3,924)	(318)
- Impairment adjustments	11	1,287	(965)
- Profit/(loss) on derecognitions and disposals of fixed assets		(30)	-
- Profit/(loss) on derecognitions and disposals of financial instruments		(41,752)	-
- Finance income		(24,716)	(67,344)
- Finance expenses		14,348	9,397
- Exchange rate differences		618	(280)
Changes in current capital			
- Inventories		(605)	145
- Trade and other receivables		(785)	(20,036)
- Other current assets		-	(103)
- Trade and other payables		1,576	3,729
- Provisions (payments)	13	(659)	(1,912)
Other cash flows from operating activities			
- Interest paid		(14,173)	(8,819)
- Dividends received		5,052	74,344
- Interest received		6,624	4,237
- Income tax received (paid)		(12,943)	2,370
CASH FLOWS FROM INVESTMENT ACTIVITIES (II)		**(6,910)**	**51,072**
Payments for investments			
- Group companies and associates		(73,765)	(2,544)
- Intangible assets	7	(8,129)	(4,989)
- Property, plant and equipment	8	(538)	(2,689)
- Cash outflow due to spin-off of the business unit	5	-	-
- Other financial assets		(61)	(150)
Proceeds from divestments			
- Group companies and associates		75,368	61,190
- Fixed assets		215	-
- Other financial assets		-	254
CASH FLOWS FROM FINANCING ACTIVITIES (III)		**42,011**	**(85,788)**
Proceeds from and payments for equity instruments			
– Acquisition of own equity instruments	12	(3,886)	(2,491)
– Disposal of own equity instruments	12	4,260	2,479
Proceeds from (payments for) financial liabilities			
- Issuance of bonds and other marketable securities	14	1,458,844	1,169,464
- Issuance of loans and borrowings	14	259,597	-
- Issuance of payables to Group companies and associates	19	-	1,185
- Issuance of other payables		-	-
- Repayment and cancellation of loans and borrowings	14	(297,240)	(6,910)
- Repayment and cancellation of payables to Group companies and associates	19	(6,482)	(93,750)
- Repayment of bonds and other marketable securities	14	(1,335,441)	(1,124,000)
- Repayment of other payables		(557)	(756)
Payments for dividends and remuneration on other equity instruments			
- Dividends	3	(37,084)	(31,009)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III)		**3,930**	**(3,567)**
Cash and cash equivalents at beginning of period		12,354	15,921

Cash and cash equivalents at end of period		16,284	12,354

The accompanying notes form an integral part of the annual accounts for the year.

NOTES TO THE ANNUAL ACCOUNTS

1. Nature, Activities of the Company and Composition of the Group

Elecnor, S.A. (hereinafter, the Company) was incorporated for an indefinite period in Spain on 6 June 1958 and its registered office and domicile for tax purposes is located at Calle Marqués de Mondéjar 33, Madrid (28028).

The Company's statutory activity, according to its bylaws, is:

- Wide-ranging commercial activity in connection with the engineering, design, construction, erection, repair, maintenance and upkeep of all manner of construction projects and installation work in the broadest sense, i.e. the entire execution thereof with or without the supply of materials, on its own account or through third parties, on an exclusive basis or through associations of any kind.
- The making, marketing, construction of the associated works and sale of reinforced concrete and pre-stressed prefabricated items and products made of compound materials, as well as any construction and industry-related products.
- The provision of public and private services in relation to the collection of all types of waste; sweeping and cleaning of streets; transfer and transport of waste to the place of end disposal; the end disposal of such waste, recycling, treatment and deposit of public, private, industrial, hospital and pathological waste; cleaning, maintenance and upkeep of sewers; and, in general, urban water treatment services and all other ancillary services related directly or indirectly to the aforementioned services in their broadest sense.
- The design, research, development, construction, operation, maintenance and marketing of waste treatment, recovery and elimination facilities, and the purchase and sale of the by-products originating from these treatments.
- The design, research, development, construction, operation, maintenance and marketing of plants and facilities for the treatment of water, wastewater and waste, the recovery and elimination of waste, and the purchase and sale of the by-products originating from these treatments.
- The use, transformation and marketing of water of all types.

The aforementioned business activities can also be fully or partially carried out indirectly by the Company through investments in other companies with a similar statutory activity.

In this regard, the management of the business group formed by stakes held in the share capital that go to make up the said group also constitutes part of the Company corporate purpose, as does the provision of assistance and support services to investee companies, to which end it may provide them with the guarantees and bonds that are considered appropriate.

On 23 June 2021, the Company's General Shareholders' Meeting approved the plan to spin off Elecnor, S.A. to the subsidiary Elecnor Servicios y Proyectos, S.A.U. This spin-off involved the transfer en bloc of the Spun-off Economic Unit (services and projects business) to the Beneficiary Company for Euros 140 million, which, in return, increased its share capital by issuing new shares for the amount of Euros 1,505 thousand with a share premium of Euros 138,702 thousand, fully subscribed by the Company. The purpose of this spin-off project was to allow the results of the Services and Projects Business Area and its capacity for strategic development to be shown individually, to allow improvements to be made to the management of the resources used in the business and their focus on projects, and to expand and improve the mechanisms for obtaining the resources necessary for such a purpose.

Shares in Elecnor, S.A. are traded in the Madrid and Bilbao stock exchanges.

The Company is the head of a group of subsidiaries, and, in accordance with applicable legislation, it discloses consolidated annual accounts separately. The consolidated annual accounts of the Elecnor Group in 2023 were authorised for issue by the Company's Directors at the meeting of the Board of Directors held on 28 February 2024. In accordance with the content of the consolidated annual accounts prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (IFRS-EU), consolidated equity at 31 December 2023 amounted to Euros

925,559 thousand (Euros 834,155 thousand at 31 December 2022), consolidated profit/loss attributable to the Parent amounted to Euros 110,058 thousand (Euros 102,813 thousand at 31 December 2022), and the total volume of assets and revenues amounted to Euros 4,075,793 thousand and Euros 3,792,906 thousand, respectively (Euros 3,577,948 thousand and Euros 3,393,260 thousand at 31 December 2022, respectively), and will be deposited with the Madrid Companies Register within the established legal terms.

The Elecnor Group's consolidated annual accounts for 2022 were approved by the General Shareholders' Meeting of Elecnor, S.A. at their meeting held on 17 May 2023 and have been filed in the Madrid Companies Register.

Appendix I includes information on subsidiaries, associates and jointly-controlled entities at year-end 2023 and 2022.

2. Basis of presentation

2.1. True and fair view

The annual accounts have been prepared on the basis of the Company's accounting records and are presented in accordance with applicable commercial legislation and with the rules established in the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 and the amendments incorporated by Royal Decree 1/2021 of 12 January, in force for years beginning on or after 1 January 2021, in order to present fairly the Company's equity, financial position and results , as well as the veracity of the cash flows included in the statement of cash flows.

The Directors of the Company consider that the annual accounts for 2023, authorised for issue on 28 February 2024, will be approved with no changes by the General Shareholders' Meeting.

2.2. Comparative information

For comparative purposes, the annual accounts include figures for 2022 alongside the 2023 figures for each item in the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes thereto. The 2022 figures were included in the annual accounts for 2022, which were approved at the Ordinary Annual General Shareholders' Meeting on 17 May 2023.

2.3. Functional currency and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency.

2.4. Critical aspects of measurement and uncertainty estimates and significant judgements in applying accounting policies

The preparation of the annual accounts requires that the Company use certain estimates and judgements in relation to the future that are continually evaluated and are based on past experience and other factors, including expectations regarding future events that are believed to be reasonable under current circumstances.

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

Impairment losses on investments in Group companies, joint ventures and associates

The Company verifies annually whether equity investments in Group companies, joint ventures and associates have suffered any impairment losses, in accordance with the accounting policy mentioned in Note 4.f.).

The recoverable amounts of cash-generating units are determined on the basis of value in use calculations. These calculations require the use of estimates. This analysis is based on comparing the carrying amount of each shareholding with the recoverable amount associated with each of its direct shareholdings, which in some cases correspond to holding companies whose main activity consists of the holding of shares in the companies that make up the Group.

This analysis is carried out by considering the cost of the investment to be recovered from the shareholdings at the lowest level at which they are held. In cases where the equity value of the investment is less than the shareholding held by its direct holding company, the Company verifies that the value in use of each of the companies exceeds the cost of that shareholding.

When analysing the recovery of the value of its shareholdings, the Company considers the value in use of each of its direct investees, where value in use is understood to be the current value of the future cash flows derived from each direct investment and its corresponding subsidiaries, less the net financial debt from each of the shareholdings (equity value). The assumptions used and the results obtained from the analysis are included in Note 10.3.

As at 31 December 2023, within the current macroeconomic and industry context, updated market projections have been taken into account, which have not changed the conclusions regarding the recoverability of the Company's investments. In this respect, the projections made by Management already include various considerations regarding potential future events that could affect the projected cash flows of each of its businesses.

Provisions for litigation

The calculation of provisions for litigation and inspections is subject to considerable uncertainty. If it is likely that there will be an obligation at the end of the year that will imply an outflow of resources, a provision is recognised if the amount can be reliably estimated. Legal processes usually imply complex legal matters and are subject to considerable uncertainty. The Company relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

Significant judgements in applying accounting policies

The Company's directors consider that the qualitative differences deriving from the novations made with respect to the syndicated debt do not involve material changes.

Changes in estimates

Although the estimates performed by the Company's Directors were calculated based on the best information available at 31 December 2023, it is possible that future events might oblige their modification in the next few years. The effect on the annual accounts of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

3. Distribution of Profit/Loss

The proposed distribution of the Company's profit/(loss) for 2023, to be presented to the General Shareholders' Meeting, is as follows:

(Expressed in thousands of Euros)

	Euros
Basis of distribution	
Profit for the year	43,237,686.68
Total	**43,237,686.68**
Distribution	
Voluntary reserves	3,828,896.65
Interim dividend	5,718,389.77
Supplementary dividend	33,690,400.26
Total	**43,237,686.68**

The distribution of the Company's profit and reserves for the year ended on 31 December 2022, approved by the General Shareholders' Meeting of 17 May 2023, was as follows:

	Euros
Basis of distribution	
Profit for the year	36,882,215.70
Total	**36,882,215.70**
Distribution	
Voluntary reserves	69,963.56
Interim dividend	5,446,085.16
Supplementary dividend	31,366,166.98
Total	**36,882,215.70**

At the General Shareholders' Meeting held on 17 May 2023 a supplementary dividend of Euros 31,366 thousand (Euros 0.42 per share) was approved, taking into account the interim dividend of Euros 5,446 thousand out of profit for 2022 paid in December 2022.

At the meeting held on 13 December 2023, the Board of Directors of the Company agreed to distribute an interim dividend for 2023 of Euros 5,718 thousand (Euros 5,446 thousand for 2022), which was recognised as a reduction in equity under "Interim dividend" on the liability side of the accompanying balance sheet, which was paid on 20 December 2023.

These distribution amounts did not exceed the profit obtained in the last year by the Company, having deducted the estimated Corporate Income Tax payable on said profit, in accordance with the provisions of article 277 of the Revised Spanish Companies Act.

The provisional accounting statement prepared in accordance with legal requirements evidencing the existence of sufficient liquidity for the distribution of the dividend was as follows:

(Expressed in thousands of Euros)

WORKING CAPITAL POSITION AT 31 OCTOBER 2023

	Thousands of Euros
FORECAST OF DISTRIBUTABLE PROFIT OF ELECNOR, S.A. FOR 2023	
Projected profit net of tax up to 31/12/2023	43,059
Less, required provision to legal reserve	-
Less, prior years' losses	-
Estimated interim dividend to be distributed	5,718
FORECAST OF CASH FLOW FOR ELECNOR, S.A. FOR THE PERIOD FROM 31 OCTOBER 2023 TO 31 DECEMBER 2023	
Cash balance at 31/10/2023	8,689
Net of projected collections and payments up to 31/12/23	33,382
Projected cash balances at 31/12/23	42,071

The payment of the interim dividend included in the above cash flow forecast does not compromise the holding company's ability to meet its expected payment commitments in the 12 months following said payment.

4. Accounting and Measurement Standards

In preparing its annual accounts for 2023, the Company has applied the main accounting and measurement standards in accordance with the Spanish General Chart of Accounts, as follows:

a) Intangible assets

Concessions

Administrative concessions are stated at cost less accumulated amortisation and the accumulated amount of impairment adjustments recognised.

Concessions are amortised on a straight-line basis over the concession period.

Computer software

Purchased software licences are capitalised on the basis of the costs incurred to purchase them and prepare them for use of the specific software. These costs are amortised over their estimated useful lives (three-year straight-line method).

Expenses related to software maintenance are recognised as an expense when they are incurred. Costs directly related to the production of unique and identifiable computer software run by the

Company that are likely to generate economic benefits in excess of costs for more than one year are recognised as intangible assets.

b) Property, plant and equipment

Items of property, plant and equipment are recognised at acquisition price or production cost less accumulated depreciation and accumulated impairment losses recognised.

The amount corresponding to self-constructed fixed assets is calculated by adding the direct or indirect costs attributable to the production of those assets to the acquisition price of the consumables.

The costs of expansion, modernisation or improvement of property, plant and equipment are capitalised only when they lead to increased capacity, productivity or a lengthening of the useful life of the asset, provided that it is possible to ascertain or estimate the carrying amount of the items that have been removed from the inventory upon being replaced.

Maintenance and upkeep expenses are charged to the income statement for the year in which they are incurred.

Depreciation of property, plant and equipment, with the exception of land, which is not depreciated, is calculated systematically on a straight-line basis over its estimated useful life, taking into account the depreciation actually incurred due its operation, use, and wear and tear. The estimated useful lives are:

	Years of Useful Life
Buildings	25
Technical installations and machinery	8-10
Furniture and fixtures	10
Information technology equipment	4-7
Motor vehicles	6-10

The Company reviews the residual value, useful life and depreciation method of the property, plant and equipment at the end of each financial year. Any changes to the initially established criteria are recognised as a change in estimate.

The residual value and useful lives of assets are reviewed and adjusted if necessary at each balance sheet date.

When the carrying amount of an asset exceeds its estimated recoverable amount, its value is written down immediately to its recoverable amount (Note 4.c).

Gains and losses on the sale of property, plant and equipment are calculated by comparing the proceeds from the sale with the carrying amount and are recognised in the income statement.

(c) Impairment losses on non-financial assets

Assets are tested for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the excess of an asset's carrying amount over its recoverable amount, which is the asset's fair value less costs to sell or value in use, whichever is higher.

For the purpose of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment loss are reviewed at each balance sheet date for reversals of the loss.

d) Non-current assets (disposal groups) held for sale and discontinued operations

Non-current assets (disposal groups) held for sale

Non-current assets (or disposal groups of items) are classified as held for sale when it is considered that their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is considered to be met only when the sale is highly probable, the asset is available for immediate sale in its current state, and the sale is expected to be completed within one year from the date of classification. These assets are stated at the lower of carrying amount and fair value less the necessary costs of disposal and are not subject to depreciation.

Discontinued operations

Any component of the Company that has been disposed of, otherwise derecognised or classified as held for sale and represents a significant line of business or geographical area of operation, is part of an individual plan or is a subsidiary acquired exclusively for sale is classified as a discontinued operation. The profit or loss generated by discontinued operations is presented in a single specific line in the income statement net of tax.

e) Leases

Finance lease lessee

The Company acquires certain property, plant and equipment under finance leases. Leases of property, plant and equipment in which the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the current value of the agreed minimum lease payments. The current value is calculated using the contract’s implicit interest rate and, if this cannot be determined, the Company’s interest rate for similar transactions.

Each lease payment is distributed between the liability and the finance charge. The total finance charge is spread over the lease term and taken to the income statement in the year in which it accrues, using the effective interest rate method. Contingent rents are an expense of the year in which they are incurred. The corresponding lease obligations, net of finance charges, are included in “Finance lease payables”. Fixed assets acquired under finance leases are depreciated over their useful life.

Operating lease lessee

The Company obtains leases of certain property, plant and equipment in which the lessor retains a significant portion of the risks and rewards of ownership and they are therefore classified as operating leases. Operating lease payments (net of any incentives received from the lessor) are charged to the income statement in the period in which they are accrued on a straight-line basis over the lease term.

f) Financial assets

Financial assets at fair value with changes in the income statement

This category includes equity instruments held for trading that are not to be measured at cost and for which an irrevocable election was made at initial recognition to present subsequent changes in fair value directly in the income statement.

In addition, financial assets that are irrevocably designated at initial recognition as measured at fair value with changes in the income statement, and that would otherwise have been included in another category, are included to eliminate or significantly reduce a measurement inconsistency or accounting mismatch that would otherwise arise from measuring assets or liabilities on different bases.

Initial measurement

Financial assets included in this category are initially measured at fair value, which, in the absence of evidence to the contrary, is the transaction price, which is the fair value of the consideration given. Transaction costs directly attributable to them will be recognised in the income statement for the year.

Subsequent measurement

After initial recognition, the Company will measure financial assets in this category at fair value with changes in the income statement.

Financial assets at amortised cost

This category includes financial assets, including those admitted to trading on an organised market, in which the Company holds the investment with the aim of obtaining cash flows arising from the execution of the contract, and the contractual conditions of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the unpaid principal.

Contractual cash flows that are solely collections of principal and interest on the unpaid principal are inherent in an agreement that is in the nature of an ordinary or common loan, notwithstanding that the transaction is arranged at a zero or below-market interest rate.

Included in this category are trade receivables and non-trade receivables:

a) Trade receivables: financial assets arising from the sale of goods and the rendering of services in connection with the Company's business transactions for which payment is deferred;

b) Non-trade receivables: financial assets which, not being equity instruments or derivatives, have no commercial origin and whose collections are of a determined or determinable amount, arising from loan or credit operations granted by the Company.

Initial measurement

Financial assets classified in this category are initially measured at fair value, which, unless there is evidence to the contrary, is the transaction price, which is the fair value of the consideration given, plus directly attributable transaction costs.

However, trade receivables maturing in less than one year and which do not have an explicit contractual interest rate, as well as receivables from personnel, dividends receivable and payments due on equity instruments, the amount of which is expected to be received in the short term, are measured at nominal value to the extent that the effect of not discounting cash flows is deemed not to be material.

Subsequent measurement

These financial assets will be measured at amortised cost. Accrued interest is allocated to the income statement by applying the effective interest rate method.

However, credits maturing in less than one year which, in accordance with the previous paragraph, are initially valued at nominal value, continue to be valued at that amount, unless they have become impaired.

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

Impairment

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

In general, the impairment loss on these financial assets is the difference between their carrying amount and the current value of future cash flows, including, where applicable, those arising from the enforcement of collateral and personal guarantees, estimated to be generated, that are discounted at the effective interest rate calculated at the time of initial recognition.

Impairment adjustments, and reversals of impairment losses when the amount of said loss decreases due to a subsequent event, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment losses is limited to the carrying amount of the asset that would have been recognised at the date of reversal had no impairment loss been recognised.

Financial assets at cost

In any case, this measurement category includes equity investments in Group companies, jointly-controlled entities and associates.

Initial measurement

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

However, in cases where an investment exists prior to its classification as a Group company, jointly-controlled entity or associate, the cost of that investment is taken to be the carrying amount that the investment should have had immediately before the Company's classification as a Group company, jointly-controlled entity or associate.

The initial measurement includes the amount of any preferential subscription rights and similar rights that may have been acquired.

Subsequent measurement

Equity instruments included in this category are measured at cost less any accumulated impairment adjustments.

When these assets have to be assigned a value due to derecognition or otherwise, the weighted average cost method is applied for homogeneous groups, i.e. securities with equal rights.

Impairment

At least at year-end, the necessary adjustments are made whenever there is objective evidence that the carrying amount of an investment will not be recoverable. The amount of the adjustment is the difference between its carrying amount and the recoverable amount, the latter being the higher of its fair value less costs to sell and the current value of future cash flows arising from the investment, which in the case of equity instruments is calculated either by estimating those expected to be received as a result of the distribution of dividends by the investee and the disposal or derecognition of the investment in the investee or by estimating its share of the cash flows expected to be generated by the investee from its ordinary activities and from the disposal or derecognition of the investment.

Unless there is better evidence of the recoverable amount of investments in equity instruments, the estimate of the impairment loss on this kind of assets is calculated on the basis of the investee's equity and the unrealised gains existing at the measurement date, net of the tax effect. In determining this value, and provided that the investee has itself invested in another investee, the equity included in the consolidated annual accounts prepared in accordance with the criteria of the Commercial Code and its implementing rules is taken into account.

The recognition of impairment adjustments and, where applicable, their reversal, are recognised as an expense or income, respectively, in the income statement. The reversal of impairment is limited to the carrying amount of the investment that would have been recognised at the reversal date had no impairment loss been recognised.

However, in the event that an investment has been made in the Company prior to its classification as a Group company, jointly-controlled entity or associate and, prior to that classification, valuation adjustments were made and recognised directly in the equity derived from that investment, those adjustments are retained after classification until the investment is disposed of or derecognised, at which time they are recognised in the income statement, or until the following circumstances occur:

(a) In the case of previous valuation adjustments due to increases in value, impairment adjustments will be recognised in the equity item reflecting the previously made valuation adjustments up to the amount of those adjustments, and the excess, if any, will be recognised in the income statement. The impairment adjustments recognised directly in equity are not reversed.

b) In the case of previous valuation adjustments due to write-downs, when the recoverable amount subsequently exceeds the carrying amount of the investments, the latter is increased, up to the limit of the aforementioned write-down, against the item that included the previous valuation adjustments and from that moment onwards the resulting new amount is considered to be the cost of the investment. However, when there is objective evidence of impairment in the value of the investment, accumulated losses directly in equity are recognised in the income statement.

Assets that are designated as hedged items are subject to the valuation requirements of hedge accounting (Note 4.g).

(g) Financial derivatives and hedge accounting

Financial derivatives are measured, both initially and in subsequent valuations, at 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 type of hedge. The Company designates certain derivatives as:

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

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

Changes in the carrying amount of hedged items that are measured at amortised cost result in an adjustment to the effective interest rate of the instrument, either at the time of the change or subsequently when hedge accounting ceases.

b) Cash flow hedge

The gain or loss on the hedging instrument, insofar as it is an effective hedge, is recognised directly in equity. Thus, the equity component arising as a result of the hedge is adjusted to equal, in absolute terms, the lesser of the following two values:

(b.1) The cumulative gain or loss on the hedging instrument since the inception of the hedge.

(b.2) The cumulative change in the fair value of the hedged item (i.e. the current value of the cumulative change in the hedged expected future cash flows) from the inception of the hedge.

Any remaining gain or loss on the hedging instrument or any gain or loss required to offset the change in the cash flow hedge adjustment calculated in accordance with the preceding paragraph represents hedge ineffectiveness that is recognised in the profit/loss for the year.

If a hedged and highly probable forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction relating to a non-financial asset or non-financial liability becomes a firm commitment to which fair value hedge accounting is applied, that amount is removed from the cash flow hedge adjustment and is recognised directly in the initial cost or other carrying amount of the asset or liability. The same criterion is applied to hedges of the foreign currency risk of the acquisition of an investment in a Group company, jointly-controlled entity or associate.

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

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

h) Inventories

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

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and sight bank deposits placed with credit institutions. This heading also includes other highly liquid short-term investments which can be readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Accordingly, this heading includes investments that are due within less than three months from their acquisition date.

j) Equity

The share capital is represented by ordinary shares.

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

In the case of the acquisition of the Company's own shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until cancellation, reissue or disposal. When these shares are subsequently sold or reissued, any amount received, net of any directly attributable incremental transaction costs, is included in equity.

Discretionary dividends related to equity instruments are recognised as a reduction in equity when they are approved by the General Shareholders' Meeting.

k) Financial liabilities

Financial liabilities will, for measurement purposes, be included in one of the following categories:

Financial liabilities at amortised cost

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

a) Trade payables: financial liabilities arising from the purchase of goods and services in the course of business transactions with deferred payment, and

b) Non-trade payables: financial liabilities which, not being derivative instruments, do not have a commercial origin but rather arise from loan or credit operations received by the Company.

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

Initial measurement

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

However, trade payables falling due in less than one year and not bearing a contractual interest rate, as well as disbursements required by third parties on shares, the amount of which is expected to be paid in the short term, are measured at nominal value, when the effect of not discounting cash flows is not material.

Subsequent measurement

These financial liabilities are measured at amortised cost. Accrued interest is allocated to the income statement by applying the effective interest rate method.

However, payables maturing in less than one year that are initially valued at nominal value continue to be valued at that amount.

Confirming

The Company has arranged confirming lines with various financial institutions to manage supplier payments. Given that this operation does not involve any type of financing for the Company, which pays on the date established with the supplier, liabilities whose settlement is managed by financial institutions are deemed to be of a commercial nature and are thus shown under the heading "Trade and other payables" in the balance sheet until the time they are settled, cancelled or expire.

At 31 December 2023 and 2022, the amount of outstanding reverse factoring transactions that have been fully recognised as trade payables amounts to Euros 770 thousand and Euros 944 thousand, respectively.

Financial liabilities at fair value with changes in the income statement

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

(a) Liabilities held for trading.

(b) Those irrevocably designated from initial recognition to be carried at fair value with changes in the income statement, given that:

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

Initial and subsequent measurement

Financial liabilities included in this category are initially measured at fair value, that being the transaction price, which is the fair value of the consideration received. Transaction costs directly attributable to them are recognised in the income statement for the year.

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

In the case of renegotiation of existing debt, no material modification of the financial liability is deemed to exist when the lender of the new loan is the same as the lender of the original loan and the current value of the cash flows, including net fees, does not differ by more than 10% from the current value of the outstanding cash flows of the original liability calculated under the same method.

l) Income tax

Income tax revenue or expenses include both current and deferred taxes.

Current income tax assets or liabilities are measured by the amounts expected to be paid to or recovered from the taxation authority, based on the prevailing tax rules and rates or on those that have been approved and are pending publication at the end of the year.

Current or deferred income tax is recognised in profit and loss unless there is a transaction or economic event that has been recognised in the same financial year or another year, against equity or from a business combination.

From 1 January 2021, the Company will be taxed under the tax consolidation regime, being the parent of the tax group, with the following companies: Aplicaciones Técnicas de la Energía, S.L.U., Area 3 Equipamiento Diseño e Interiorismo, S.L.U., Jomar Seguridad, S.L.U., Ehisa Construcciones y Obras, S.A.U., Elecnor Seguridad, S.L.U., Audeca, S.L.U., Deimos Engineering and Systems, S.L.U., Deimos Space, S.L., Montajes Eléctricos Arranz, S.L.U., Aerogeneradores del Sur, S.A., Enerfín Enervento Exterior, S.L., Enerfín Enervento, S.L.U., Enerfín Sociedad de Energía, S.L., Galicia Vento, S.L., Parque Eólico Cofrentes, S.L.U., Parque Eólico de Malpica, S.A., Parque Eólico Cernégula, S.L.U., Enerfín Renovables, S.L.U., Enerfín Renovables II, S.L., Enerfín Renovables IV, S.L.U., Parque Eólico Volandin, S.L.U., Elecnor Servicios y Proyectos, S.A.U., Elecred Servicios, S.A.U., Internacional de Desarrollo Energético, S.A.U., Parque Eólico Montañes, S.L.U., Enerfín Renovables VI, S.L., Solar 3 Rayas, S.L., Enerfín Renovables VIII, S.L., Enerfín Renovables IX, S.L., Enerfín Renovables X, S.L., Enerfín Renovables XI, S.L., Luzy Energía Renovable, S.L.U and Eresma Solar S.L.U (which left the consolidation scope in 2023).

The accrued Corporate Income Tax expense of the companies under the consolidated accounting system, is determined taking into account –in addition to the parameters to be considered in case of individual taxation set out above– the following:

- Temporary and permanent differences generating as a result of the elimination of profit/loss from transactions between Group companies, deriving from the process of determining the consolidated tax base.
- The deductions and allowances corresponding to each company in the tax group in the consolidated accounting system; for these purposes, the deductions and allowances will be allocated to the company that conducted the activity or obtained the income necessary to obtain the right to the tax deduction or allowance.

Temporary differences arising from eliminations of profit/loss between companies in the tax group are recognised in the company generating the profit or loss and are measured at the tax rate applicable to that company.

For the portion of the tax losses of certain Group companies that have been offset by the other companies in the consolidated Group, a reciprocal credit and debit arises between the companies to which they correspond and the companies offsetting them. If there is a tax loss that cannot be offset by the other consolidated Group companies, these tax loss carryforwards are recognised as deferred tax assets, and the tax group is considered to be the taxpayer for their recovery.

The parent of the Group recognises the total amount payable (to be repaid) for consolidated Corporate Income Tax with a charge (credit) to Receivables (Payables) from/to Group companies and associates.

The amount of the debt (receivable) corresponding to subsidiaries is recorded with payment (debited) to Payables (Receivables) to/from Group companies and associates.

Recognition of deferred tax liabilities

The Company recognises deferred tax liabilities in all cases except those arising from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affect neither accounting profit/loss nor taxable income.

Recognition of deferred tax assets

The Company only recognises deferred tax assets deriving from tax loss carryforwards to the extent that it is likely that the Company will have future taxable profits against which the tax assets can be utilised within the legally established period, up to a maximum of ten years, unless they are likely to be recovered in a longer period, when tax legislation allows them to be utilised in a longer period or does not establish any time limits in this connection.

At the end of each reporting period the Company reviews the recognised deferred tax assets, making any appropriate adjustments to the extent that there is uncertainty regarding their future recovery. Likewise, at the end of each year, the deferred tax assets not recognised on the balance sheet are evaluated and these are recognised to the extent that their recovery with future taxable profit becomes likely.

In determining future taxable profit, the Company takes into account tax planning opportunities, provided it intends to adopt them or is likely to adopt them.

Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured by the applicable tax rates in the years in which the assets are expected to be realised or the liabilities paid, based on prevailing rules and rates or those that have been approved and are pending publication and having considered the fiscal consequences deriving from the manner in which the Company expects to recover the assets or settle the liabilities. In this connection, the Company has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, of 27 November, as an adjustment in the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisations performed in 2013 and 2014.

Classification

Deferred tax assets and liabilities are recognised in the balance sheet as non-current assets or liabilities, irrespective of the expected date of realisation or settlement.

m) Provisions and contingencies

In preparing the annual accounts, the Company's Directors distinguish between:

- Provisions: current obligations, whether legal, contractual, implicit or tacit, as a result of a past event; recognised by the Company when there is likely to be an outflow of resources requiring future profits to cancel the obligation; and it is possible to reliably estimate the amount of the obligation.
- Contingent liabilities: possible obligations arising from past events, the materialisation of which will be confirmed only by the occurrence or non-occurrence of one or more future events beyond the control of the Company.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the year, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where it is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated.

Provisions are reversed against profit and loss when it is not likely to be an outflow of resources to extinguish the obligation.

Contingent liabilities are not recognised in the annual accounts, unless these are considered as remote.

Tax provisions

Tax provisions related to the estimated amount of taxes payable determined on the basis of the general criteria set forth above. Provisions are allocated against income tax for the annual rate, to finance expenses for late payment interest and to other profit/loss for fines. The effect of changes in estimated provisions from prior years are recognised under their related headings except when correcting an error.

Provisions for termination benefits

Involuntary termination benefits are recognised when the Company has a detailed formal plan and it has raised a valid expectation that it will carry out the process by starting to implement the plan or announcing its main features to those affected by it.

n) Revenue recognition

Income is recognised at the fair value of the consideration receivable and reflects the amounts to be collected for goods delivered over and services rendered in the ordinary course of the Company's activities, less returns, rebates, discounts and value added tax.

The Company recognises income when the amount can be reliably estimated, it is probable that the future economic benefits will flow to the Company and the specific conditions are met for each of the activities, as described below. The amount of income is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

According to the interpretation of the ICAC published in its official bulletin of September 2009 (No. 79), companies considered to be "industrial holding companies", as is the case of Elecnor, S.A., will present dividends, interest and management fees from holdings in groups, jointly-controlled entities and associates as Turnover in the Income Statement.

Rendering of services

The Company invoices the Elecnor Group companies for the rendering of general management and administration services pursuant to the contracts with each of them.

Sales of services are recorded in the accounting period in which the services are rendered, by reference to the completion of the specific transaction measured on the basis of the actual service provided as a percentage of the total service to be provided.

Interest income

The Company recognises interest on financial assets measured at amortised cost using the effective interest method. When a receivable is impaired, the Company writes the carrying amount down to the recoverable amount, discounting estimated future cash flows at the original effective interest rate of the instrument, and carries the discount as a reduction in interest received. Interest income on impaired loans is recognised when cash is collected or on a cost recovery basis when the terms are secured, and dividends are recognised when the Company's right to receive them is declared.

Dividends received

The Company recognises dividends on financial assets accrued after the time of acquisition as income in the income statement. The Company recognises dividends when the Company's right to receive them is declared.

If dividends paid unequivocally come from profit generated prior to the acquisition date because amounts have been distributed in excess of the profits generated by the investee or any company in which the latter has an interest since the acquisition, they are deducted from the carrying amount of the investment.

Sales

Elecnor, S.A. carries out various projects for customers through the branches that the Company has not yet been able to transfer for operational reasons (Note 1). The projects are considered to be a single execution obligation satisfied over time. This is because projects are tailored specifically for customers and they tend to be highly integrated. Revenue from projects is recognised over time because the Company's execution produces an asset controlled by customers and with no alternative use for the Company, which is entitled to proceeds from execution completed until year end.

The Company recognises the revenue from contracts using the resource method or percentage of completion method based on costs incurred over total estimated costs. The Company makes adjustments in accordance with the progress for inefficiencies not initially envisaged in the contract. Moreover, the Company only recognises revenue for cost incurred to the extent that the Company delivers a good that is not different, the customer expects to obtain control of the good prior to obtaining service therefrom, the cost of the good delivered is significant in relation to the total estimated costs and the Company acquires the good from a supplier and is not significantly involved in designing and manufacturing the good.

The Company adjusts progress towards completion as the circumstances change and books the impact prospectively as a change in estimate.

Revenue recognised by the percentage of completion method is recognised as a contractual asset, to the extent that the amount is not due and as a receivable if there is an unconditional right to payment. If the payment received by the customer exceeds the recognised revenue, an advance from customers is recognised. If the time elapsed between accrual of the revenue and the estimated payment date exceeds twelve months, the Company recognises the revenue at the current estimated value of the amount receivable discounted at an interest rate that reflects the customer's credit risk. The Company subsequently recognises finance income. If the time elapsed between receiving the payment from the customer and booking the revenue using the percentage of completion exceeds twelve months, the Company recognises a finance expense charged to liabilities from the date on which the advance is received to the date on which the revenue is booked. The interest rate used to recognise the finance expense is determined by the Company's incremental borrowing rate.

Penalties for breaches associated with the quality or rational efficiency of the Company's service are recognised as an expense with a negative sign under Net turnover.

The costs of construction contracts include costs directly linked to the contract, those relating to the contract activity in general that might be attributable thereto and any other cost that may be passed on to the customer on the basis of the contract terms.

The Company recognises contractual modifications when they have been approved by the parties.

The Company recognises a contractual modification as a separate contract when:

- The scope of the contract is increased due to the addition of different goods or services, and
- The contract price increases by an amount reflecting the individual price of the additional goods or services, plus any adjustment to reflect the specific circumstances of the contract.

If there is no separate contract, then the original contract is completed to the extent that the residual goods or services are different from those previously delivered. In this case, the Company recognises the residual consideration and the new consideration, prospectively with the different obligations or goods or services within an obligation, pending delivery.

Otherwise, the amount of the modification is assigned to all obligations, including those that may already have been delivered, recognising an adjustment in the income accrued to date.

o) Foreign currency transactions and balances

Foreign currency transactions were translated into Euros by applying to the amount in foreign currency the spot exchange rate on the dates on which the transactions were carried out.

Where there are different exchange rates, the rate that best reflects the value at which the transactions will be settled is used.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rates at the transaction dates.

Exchange gains and losses emerging when foreign currency transactions are settled and in translating monetary assets and liabilities denominated in foreign currencies into Euros are recognised in profit or loss.

p) Transactions between Group companies

Transactions between Group companies, except those relating to mergers, spin-offs and non-monetary business contributions, are recognised at the fair value of the consideration delivered or received. The difference between that value and the amount agreed is recognised in accordance with the underlying economic substance.

In spin-offs between group companies, the contributor measures its new shareholding at the net value of the assets and liabilities contributed.

q) Environment

The Company takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as Other operating expenses in the year in which they are incurred.

Items of property, plant and equipment acquired by the Company for consistent use in its activity and whose main purpose is to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section b) Property, plant and equipment.

r) Distribution of dividends

Dividend distributions to shareholders are recognised, if outstanding, as a liability in the annual accounts in the year in which the dividends are approved by the General Shareholders' Meeting/Board of Directors.

5. Risk management policy

The Elecnor Group, of which the Company is the parent company, is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

Ultimate responsibility for identifying the key risks and for implementing and monitoring the internal control and information systems lies with the Group's Board of Directors, which is assisted by the Audit Committee in this function of supervising and assessing the risk management and internal control systems.

Notwithstanding the foregoing, the day-to-day management and effective direction of the Elecnor Group's businesses and activities is undertaken by the Chief Executive Officer and the management team who, in the ordinary course of these responsibilities, and through the various business units and organisational structures, identify, assess, appraise and manage the various risks affecting the performance of the Group's activities.

To ensure that risks are properly identified and their management is integrated and coordinated at all levels and in all areas of the organisation, the Elecnor Group has a Corporate Risk Map, which is a structured list of risks in which each one is assessed according to its potential impact (measured by turnover, profitability and efficiency, reputation and sustainability) and its likelihood of occurrence, which determines the inherent risk associated with each event and the effectiveness of the control measures in place, resulting in a residual risk assessment. The result of this assessment exercise, which is at least reviewed annually, makes it possible to prioritise these risks accordingly and to focus the organisation's resources on supervising and improving the management of the most significant risks.

Financial risks

Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. The Elecnor Group has arranged external financing to enable it to carry on its operations, both at a corporate level and in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions. The guarantee for this project finance is provided by the projects themselves.

With regard to interest rate risk management, the Group uses hedging instruments to hedge the risk of interest rate fluctuations in financing transactions with floating interest rates. On the other hand, and depending on the market conditions prevailing at any given time, the Group assesses and, where appropriate and depending on its financial needs and the financing structure objectives established, arranges financing at fixed interest rates.

If interest rates at 31 December 2023 had been 50 basis points higher or lower and the rest of variables unchanged, profit before tax would have amounted to Euros 1,115 thousand and Euros 1,115 thousand lower/higher, respectively, due to a higher/lower finance expense on borrowings at floating rates (Euros 836 thousand and Euros 836 thousand lower/higher, respectively, in 2022).

Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to meet its short-term financial obligations within the established deadlines.

Lastly, in order to mitigate liquidity risk, the Group monitors its operating capital on an ongoing basis to optimise its management and maintains a solid liquidity position in current accounts and credit lines with sufficient limits.

Credit risk

The Company's main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations.

Given the business and the sectors in which it operates, the Company generally has customers of high credit quality. In any case, the Company takes measures to mitigate credit risk (non-payment or default) by carrying out exhaustive analyses of the solvency of the counterparty and establishing specific contractual conditions to guarantee the collection of the consideration.

The Company regularly analyses its exposure to credit risk and makes the corresponding impairment adjustments.

Environmental risk

This category would include risks arising from events associated with climate change, whether physical climate risks, which could cause discontinuity or significantly affect certain operations, or transition risks, which would be those related to new legal and/or market requirements in this area (regulations, reporting, third-party expectations, etc.).

Environmental risks are mainly managed through the Environmental Management System, which is integrated into the Group's Integrated Management System and certified according to ISO 14001. This system is based on the following pillars:

- Identification and verification of legal requirements through the use of specific tools that enable the management of compliance with administrative obligations and other commitments acquired, in addition to those required by law.
- Design and deployment of policies and procedures to identify the environmental impacts of projects and to mitigate, compensate and avoid, where possible, their negative effects on the environment, promoting aspects such as the circular economy and the protection and conservation of biodiversity and the natural environment.
- Incorporation of environmental considerations into the decision-making processes, encouraging their being taken into account in cost-benefit analyses.
- Involving different stakeholders in the joint quest for useful solutions to preserving and developing the environment and using natural resources sustainably.

Furthermore, the Group has a Climate Change Strategy that lays down the goals in this area for the 2020-2035 period. This strategy constitutes the framework within which all of its initiatives to reduce greenhouse gas emissions, adapt to the impacts of climate change and take advantage of the associated opportunities are included. As a core part of the design and implementation of this strategy, the Group has identified the risks and opportunities related to climate change in its operations, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Two scenarios have been considered in this study: the first part of the study focuses on the impact of climate change on the Elecnor Group's physical assets while the second part focuses on how climate change impacts the construction of infrastructures in countries where the Elecnor Group has a current presence or significant medium- and long-term business opportunities. Based on this analysis, we have determined that the Elecnor Group's exposure to the main risks associated with climate change is low, although there are major opportunities associated with the ambitious energy transition and decarbonisation plans at a global level.

The Elecnor Group has also taken another step forward in its commitment to decarbonisation by joining the Science Based Targets (SBT) initiative, establishing corporate emission reduction targets according to science, which were approved in 2022 by this initiative.

Measurement method (fair value estimate)

Current regulations establish the disclosures about fair value measurements that also apply to non-financial assets and liabilities. Based on the provisions of Royal Decree 1/2021 of 12 January, fair value is the price that would be received for the sale of an asset or paid to transfer or settle a liability in an orderly transaction between market participants at the measurement date.

An analysis of financial instruments measured at fair value at 31 December 2023 and 2022 subsequent to their initial recognition, classified into levels 1 to 3 based on the fair value measurement method, is as follows:

- Level 1: their fair value is obtained from directly observable quoted prices in active markets for an identical asset or liability.
- Level 2: their fair value is determined using market inputs, other than the quoted prices included in level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

  The fair value of financial instruments that are not quoted in an active market is determined using measurement techniques. Elecnor, S.A. uses a variety of methods such as estimated discounted cash flows and makes assumptions based on the market conditions existing at each balance sheet date. If all key figures required to calculate the fair value of an instrument are observable, the instrument is included in Level 2.

  The instruments included in Level 2 correspond to derivative financial instruments (Note 11).

(Expressed in thousands of Euros)

- Level 3: their fair value is determined using measurement techniques that include inputs for the assets and liabilities that are not directly observable market data.

	Fair value at 31 December 2023			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 11)	-	170	-	170
Current financial assets				
Derivative financial instruments (Note 11)	-	4,601	-	4,601
Non-current liabilities				
Derivative financial instruments (Note 11)	-	-	-	-
Current liabilities				
Derivative financial instruments (Note 11)	-	(2,534)	-	(2,534)
	-	**2,237**	**-**	**2,237**

	Fair value at 31 December 2022			
	Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 11)	—	6,039	—	6,039
Current financial assets				
Derivative financial instruments (Note 11)	—	—	—	—
Non-current liabilities				
Derivative financial instruments (Note 11)	—	(306)	—	(306)
Current liabilities				
Derivative financial instruments (Note 11)	—	—	—	—
	—	**5,733**	**—**	**5,733**

There have been no transfers between levels during the 2023 and 2022 financial years.

Measurement techniques

The market value of the different financial instruments is calculated as follows:

• For derivatives quoted on an organised market, their quoted value at year end.

• For derivatives not traded on an organised market, in order to measure them, Elecnor, S.A. uses assumptions based on year-end market conditions. Specifically, the market value of interest rate swaps is calculated by discounting the difference between the swap rates at market interest rates;

• The market value of forward exchange rate contracts is determined by discounting the estimated future cash flows using forward exchange rates prevailing at the close of the year;

• The fair value of contracts for the purchase of non-financial items is calculated using the best estimate of future price curves for these non-financial items existing at the closing date of the annual accounts, using, to the extent possible, prices established on futures markets.

(Expressed in thousands of Euros)

6. Non-current assets held for sale

On 2 June Elecnor, S.A. filed an Insider Information communication with the CNMV notifying the start of a process to find an investor to take a controlling stake in its subsidiary Enerfín Sociedad de Energía, S.L.U. ("Enerfín"). On 31 August 2023, the Company's Directors considered that the conditions for the classification of this financial investment as "Non-current assets held for sale" were met, as disposal in the short term was considered probable.

Accordingly, on that date, the Company reclassified the stake it held in Enerfín amounting to Euros 219,526 thousand as "Assets held for sale" (Note 10.3), as well as the credits granted to it and to other subgroup companies amounting to Euros 108,950 thousand (Notes 10.2), as the latter are included in the framework of the negotiation. At the time of reclassification, the Company has assessed the appropriateness of adjusting the fair value of the investment in Enerfín. In accordance with accounting standards, the Company has not needed to recognise valuation adjustments to the reclassified assets.

On 17 November 2023, Elecnor, S.A. filed an Insider Information communication with the CNMV notifying the signing of the agreement for the sale of 100% of the share capital of Enerfín to the Norwegian company Statkraft European Wind and Solar Holding AS. This transaction was approved on 24 January 2024 at the Extraordinary Shareholders' Meeting.

7. Intangible assets

Details of "Intangible assets" were as follows:

2023

	Thousands of Euros		
	Administrative Concessions	Computer software	Total
COST:			
Balance at 31 December 2022	**79**	**24,152**	**24,231**
Additions	-	8,047	8,047
Disposals	-	(11)	(11)
Balance at 31 December 2023	**79**	**32,188**	**32,267**
ACCUMULATED AMORTISATION:			
Balance at 31 December 2022	**(46)**	**(15,581)**	**(15,627)**
Charges	(1)	(4,126)	(4,127)
Disposals	-	11	11
Balance at 31 December 2023	**(47)**	**(19,696)**	**(19,743)**
Net cost at 31 December 2023	**32**	**12,492**	**12,524**

(Expressed in thousands of Euros)

2022

	Thousands of Euros			
	Administrative Concessions	Computer software	Commercial rights	Total
COST:				
Balance at 31 December 2021	**79**	**19,253**	**2,087**	**21,419**
Additions	-	4,988	-	4,988
Disposals	-	(89)	(2,087)	(2,176)
Balance at 31 December 2022	**79**	**24,152**	**-**	**24,231**
ACCUMULATED DEPRECIATION:				
Balance at 31 December 2021	**(44)**	**(11,996)**	**(2,087)**	**(14,127)**
Charges	(2)	(3,674)	-	(3,676)
Disposals	-	89	2,087	2,176
Balance at 31 December 2022	**(46)**	**(15,581)**	**-**	**(15,627)**
Net cost at 31 December 2022	**33**	**8,571**	**-**	**8,604**

The Company's fully amortised intangible assets at 31 December 2023 amounted to Euros 17,608 thousand and it fully corresponds to computer software (Euros 11,653 thousand at 31 December 2022, chiefly corresponding to computer software).

At the end of 2023 and 2022, the Company has no investments commitments in intangible assets.

8. Property, plant and equipment

Details of "Property, plant and equipment" were as follows:

(Expressed in thousands of Euros)

2023

	Thousands of Euros					
	Land	Buildings	Technical Installations and Machinery	Hand and machine tools Furniture and fixtures	Other Property, Plant and Equipment	Total
COST:						
Balance at 31 December 2022	**6,651**	**2,772**	**5,215**	**2,023**	**4,046**	**20,707**
Additions	-	-	104	356	263	**723**
Transfers	-	-	(20)	(14)	34	**-**
Disposals	-	-	(139)	(12)	(263)	**(414)**
Balance at 31 December 2023	**6,651**	**2,772**	**5,160**	**2,353**	**4,080**	**21,016**
ACCUMULATED DEPRECIATION:						
Balance at 31 December 2022	**-**	**(1,685)**	**(2,044)**	**(1,343)**	**(3,091)**	**(8,163)**
Charges	**-**	(105)	(489)	(263)	(536)	**(1,393)**
Transfers	**-**	(32)	68	-	(36)	**-**
Disposals	**-**	-	8	12	209	**229**
Balance at 31 December 2023	**-**	**(1,822)**	**(2,457)**	**(1,594)**	**(3,454)**	**(9,327)**
Net cost at 31 December 2023	**6,651**	**950**	**2,703**	**759**	**626**	**11,689**

(Expressed in thousands of Euros)

2022

	Thousands of Euros					
	Land	Buildings	Technical Installations and Machinery	Hand and machine tools Furniture and fixtures	Other Property, Plant and Equipment	Total
COST:						
Balance at 31 December 2021	**6,651**	**2,690**	**4,393**	**1,091**	**3,192**	**18,017**
Additions	-	-	1,846	57	787	**2,690**
Transfers	-	82	(1,024)	875	67	**-**
Balance at 31 December 2022	**6,651**	**2,772**	**5,215**	**2,023**	**4,046**	**20,707**
ACCUMULATED DEPRECIATION: Balance at 31 December 2021	**-**	**(1,662)**	**(2,228)**	**(691)**	**(2,160)**	**(6,741)**
Charges	**-**	(105)	(349)	(270)	(698)	**(1,422)**
Transfers	**-**	82	533	(382)	(233)	**-**
Balance at 31 December 2022	**-**	**(1,685)**	**(2,044)**	**(1,343)**	**(3,091)**	**(8,163)**
Net cost at 31 December 2022	**6,651**	**1,087**	**3,171**	**680**	**955**	**12,544**

At 31 December 2023 and 2022, the Company did not have individually significant items of property, plant and equipment.

The cost of property, plant and equipment which, at 31 December 2023 and 2022, is fully depreciated and in use, is as follows:

	Thousands of Euros	
	2023	2022
Buildings, technical installations and machinery	1,197	1,182
Furniture and fixtures	563	540
Information technology equipment	1,609	1,466
	3,369	**3,188**

The Company's procedures include taking out insurance policies to cover possible risks to which various items within its property, plant and equipment are exposed. At 31 December 2023 and 2022, the policies taken out covered the net carrying amount of the property, plant and equipment.

As indicated in Note 9, at the end of 2023 and 2022 the Company had finance lease agreements pertaining to its property, plant and equipment.

At the end of 2023 and 2022, the Company had no significant investments commitments in property, plant and equipment.

(Expressed in thousands of Euros)

During the 2023 and 2022 financial years, no impairment adjustments have been recognised or reversed for any assets.

9. Leases

Finance leases – Lessee

At the end of 2023 and 2022, as a finance lessee, the Company recognised finance leases as follows:

2023

	Thousands of Euros		
	2023		
	Land	Buildings	Total
Cost	6,651	2,480	9,131
Accumulated depreciation	-	(1,645)	(1,645)
Total	**6,651**	**835**	**7,486**

2022

	Thousands of Euros		
	2022		
	Land	Buildings	Total
Cost	6,651	2,480	9,131
Accumulated depreciation	-	(1,546)	(1,546)
Total	**6,651**	**934**	**7,585**

The Company's only finance lease agreement at the end of 2023 and 2022 corresponds to its offices in Bilbao, signed on 11 June 2007, and recognised in the gross amount of Euros 9,131 thousand, an amount that corresponds to the updated value on the date of signing the minimum payments agreement for the duration of the contract term.

Said contract expires in 2027 and payment will be over 240 monthly instalments.

The contract is subject to annual increases indexed to Euribor + 55 basis points and the Company has arranged a swap to hedge against interest rate fluctuations which expires on the same date as the contract (Note 11).

At the end of 2023 and 2022, the Company has contractually agreed the following minimum finance lease payments with lessors (including, if any, purchase options), based on the leases currently in force, without taking into account any shared expenses passed on, future CPI increases or future contractual lease payment reviews:

(Expressed in thousands of Euros)

	Thousands of Euros			
Finance leases minimum payments	2023		2022	
	Nominal value	Current value	Nominal value	Current value
Less than one year	688	537	692	510
Between 1 and 5 years	2,544	2,324	3,232	2,867
Total	**3,232**	**2,861**	**3,924**	**3,377**

The reconciliation between the amount of future minimum lease payments and their current value is as follows:

	Thousands of Euros	
	2023	2022
Future minimum payments	2,331	3,023
Purchase option	900	900
Unaccrued finance expenses	(370)	(546)
Current value	**2,861**	**3,377**

10. Financial assets and interests in Group companies, jointly-controlled entities and associates

10.1. Financial assets: classification and maturity

The carrying amount of each of the categories of financial assets established in the Accounting and Measurement Standard for "Financial instruments", except for investments in the equity of Group companies, jointly-controlled entities and associates (Note 10.3), is as follows:

(Expressed in thousands of Euros)

Category	Notes	2023 Thousands of Euros Non-current Debt securities	Credits Derivatives Other	Total	Current Debt securities	Credits Derivatives Other	Total
Financial assets at amortised cost		—	100,717	100,717		102,036	102,036
Hedge derivatives	11	—	170	170	—	4,601	4,601
Total		**—**	**100,887**	**100,887**	**—**	**106,637**	**106,637**

Category	Notes	2022 Thousands of Euros Non-current Debt securities	Credits Derivatives Other	Total	Current Debt securities	Credits Derivatives Other	Total
Financial assets at amortised cost		—	105,159	105,159		114,852	114,852
Hedge derivatives	11	—	6,039	6,039	—	—	—
Total		**—**	**111,198**	**111,198**	**—**	**114,852**	**114,852**

The amounts of financial assets with a specific or determinable maturity classified by year of maturity are as follows:

2023

(Expressed in thousands of Euros)

Category	Notes	Thousands of Euros					
		2024	2025	2026	2027	2028 and thereafter	Total
Investments in Group companies and associates:							
Credits to Group companies		16,740	100,000	-	-	-	116,740
Other financial assets		39,284	-	-	-	-	39,284
							-
Other investments:							-
Advances from suppliers		1,208	-	-	-	-	1,208
Trade and other receivables		44,585	-	-	-	-	44,585
Derivatives	11	4,601	-	-	170	-	4,771
Other financial assets		219	-	-	717	-	936
Total		**106,637**	**100,000**	**-**	**887**	**-**	**207,524**

2022

Category	Notes	Thousands of Euros					
		2023	2024	2025	2026	2027 and thereafter	Total
Investments in Group companies and associates:							
Credits to Group companies		52,927	104,437	-	-	-	157,364
Other financial assets		29,512	-	-	-	-	29,512
							-
Other investments:							-
Advances from suppliers		603	-	-	-	-	603
Trade and other receivables		31,657	-	-	-	-	31,657
Derivatives	11	-	5,768	-	-	271	6,039
Other financial assets		153	-	-	-	722	875
Total		**114,852**	**110,205**	**-**	**-**	**993**	**226,050**

The financial assets that have not yet matured have not suffered any impairment losses and are considered to be free of impairment risks, since most of them correspond to balances with Elecnor Group companies and associates where there are no recovery problems.

(Expressed in thousands of Euros)

At 31 December 2023 and 2022, the Company has no material monetary financial assets denominated in foreign currencies.

10.2. Financial assets at amortised cost

Long- and short-term financial investments

The amounts under the headings "Long-term financial investments" and "Short-term financial investments" in the balance sheets at 31 December 2023 and 2022 are as follows:

Category	Notes	Thousands of Euros			
		2023		2022	
		Non-current	Current	Non-current	Current
Deposits and securities		717	219	722	153
Derivatives	11	170	4,601	6,039	-
Total		**887**	**4,820**	**6,761**	**153**

Non-current "Deposits and securities" in the above table at 31 December 2023 and 2022 corresponds to security and other deposits delivered in relation to the various operating leases entered into by the Company (Note 9).

Financial investments in Group companies and associates

Details of "Long- and short-term investments in Group companies and associates", except Investments in equity instruments, on the assets side of the balance sheet at 31 December 2023 and 2022, is as follows:

Category	Notes	Thousands of Euros			
		2023		2022	
		Non-current	Current	Non-current	Current
Credits to companies		100,000	25,885	104,437	75,850
(Impairment adjustments on loans to companies)		-	(9,145)	-	(23,361)
Interest		-	-	-	438
Dividends receivable		-	17,977	-	5,000
Tax credits	4.l	-	20,083	-	24,268
Other financial assets		-	4,264	-	3,292
(Impairment adjustments on other financial assets)		-	(3,040)	-	(3,048)
Total		**100,000**	**56,024**	**104,437**	**82,439**

Long-term credits to Group companies

(Expressed in thousands of Euros)

The balance at 31 December 2023 corresponds to the loan granted to Elecnor Servicios y Proyectos, S.A.U. The maturity of this loan was novated during the year to 2025, bearing interest at market rates.

The balance at 31 December 2022 corresponded to the portion pending repayment in 2024 of the loan granted to the subsidiary Elecnor Servicios y Proyectos, S.A.U. for the amount of Euros 100,000 thousand. It also included the loan granted to the associate company Gasoducto de Morelos, S.A.P.I. de C.V. for the amount of Euros 4,437 thousand. This loan formed part of the transaction for the sale of the shareholding in 2023 (Note 10.3).

Short-term credits to Group companies

The breakdown by company of "Short-term investments in Group companies and associates – Credits to Group companies" under current assets at 31 December 2023 and 2022, is as follows:

	Thousands of Euros	
	2023	2022
Elecnor Servicios y Proyectos, S.A.U.	10,440	44,439
Enerfín Enervento Exterior, S.L.	-	5,750
Elecnor Camerún, S.A.	6,000	2,000
Celeo Apolo FV, S.L.	300	300
	16,740	**52,489**

On 30 December 2022 the Company entered into a loan agreement with Elecnor Servicios y Proyectos S.A.U. amounting to Euros 42,000 thousand, which matures in one year, may be extended annually and accrues interest at an annual rate of 2%. As at 31 December 2023, the subsidiary had drawn down Euros 8,000 thousand (Euros 42,000 thousand in the previous year).

In 2020, the Company granted Enerfín Enervento Exterior, S.L.U. two credits for Euros 13,300 thousand and Euros 21,000 thousand on 30 June and 9 November, respectively. These credits accrue annual interest of 2% and are for one year, renewable each year. The amount pending repayment for these loans at 31 December 2023 totals Euros 12,250 thousand and is classified under "Non-current assets held for sale" in the accompanying balance sheet as a result of the sale process initiated for the Enerfín subgroup. At the end of the previous year, the amount was Euros 5,750 thousand. In addition, in 2023, the Company has granted Enerfín Sociedad de la Energía, S.L.U. loans amounting to Euros 96,700 thousand. On 31 August 2023, as a result of the aforementioned sale process, they were reclassified to "Non-current assets held for sale" in the accompanying balance sheet.

On 29 September 2016, the Company and Duro Felguera, S.A. (shareholders in Dunor Energía S.A.P.I. de CV) agreed to grant a credit to Dunor Energía S.A.P.I. de CV amounting to a total of USD 13,700 thousand, granted proportionately by each shareholder. The term of this credit is of one year, and it may be extended annually. The Company impaired the outstanding balance at 31 December 2019, of Euros 6,422 thousand, since it considered it unlikely to be recovered due to the recurring losses and the company's weak equity position. In 2021, the Company made further contributions of Euros 5,800 thousand to Dunor Energía S.A.P.I. de CV due to its poor financial position, impairing this since it did not expect to recover anything considering that this company has one sole project that it has completed (contributions of Euros 8,332 thousand in 2020 that the Company impaired in full). Of this amount, the Company recorded at 31 December 2021 Euros 3,393 thousand as "Other financial assets" of a current account that it maintains with Dunor Energía S.A.P.I. de CV over the payment in 2020 of loans and borrowings that the Company has to face as guarantor. The Company has collected Euros 353 thousand in 2022 and has therefore reversed the impairment provision for this amount, recording the income under the heading "Impairment and profit/loss on disposals of financial instruments" in the income statement for 2022. During 2023, the Company has partially capitalised the loan granted (and fully impaired) to the subsidiary for the amount of Euros 8,703 thousand (Note 10.3). The total impaired balance at 31 December 2023 for loans and other financial assets granted to Dunor Energía S.A.P.I. de CV amounts to Euros 12,186 thousand (Euros 20,315 thousand at 31 December 2022).

(Expressed in thousands of Euros)

Dividends receivable

Dividends receivable correspond mainly to dividends granted during the year by Elecnor Servicios y Proyectos, S.A.U. amounting to Euros 17,000 thousand (Euros 5,000 thousand at the end of the previous year).

Trade and other receivables

Details of trade and other receivables at 31 December 2023 and 2022 are as follows:

	Notes	Thousands of Euros	
		2023	2022
Group	19.2		
Customers		11,726	15,026
Impairment adjustments		-	-
Associates and jointly-controlled entities	19.2		
Customers		2,680	2,556
Impairment adjustments		(2,548)	(2,432)
Non-related			
Customers		28,681	22,568
Other receivables	10.3	10,207	-
Personnel		159	233
Impairment adjustments		(6,320)	(6,294)
Total		**44,585**	**31,657**

The analysis of movements in 2023 and 2022 in allowance accounts related to impairment losses due to credit risk of trade and other receivables is as follows:

	Thousands of Euros		
	Current		
	Customer	Receivables	Total
Balance at 31 December 2021	**(8,256)**	**-**	**(8,256)**
Charges	(864)	-	(864)
Applications	394	-	394
Reversals	-	-	-
Other	-	-	-
Balance at 31 December 2022	**(8,726)**	**-**	**(8,726)**
Charges	(732)	-	(732)
Applications	590	-	590
Reversals	-	-	-
Other	-	-	-
Balance at 31 December 2023	**(8,868)**	**-**	**(8,868)**

(Expressed in thousands of Euros)

At 31 December2022 and 2023, the net balance of non-related customer receivables is wholly contributed by the Cameroon branch that the Company has not yet been able to transfer for operational reasons (see Note 1) and the debt has not been sold.

The carrying amount of financial assets recognised in the balance sheet at amortised cost does not present significant differences with respect to their fair value.

The amount of net gains and losses by category of financial assets at 31 December 2023 amounts to Euros 6,687 thousand of income and corresponds to finance income from financial assets at amortised cost (at 31 December 2022 it amounted to Euros 4,717 thousand of expense and corresponded to finance income from financial assets at amortised cost amounting to Euros 4,616 thousand and impairment expense from financial assets at amortised cost amounting to Euros 101 thousand).

10.3. Investments in equity instruments of Group companies, associates and jointly-controlled entities

The breakdown of non-current investments in equity instruments of Group companies, associates and jointly-controlled entities at 31 December 2023 and 2022 is as follows:

	Thousands of Euros				
	Balance at 31/12/2022	Additions	Derecognitions	Transfer of non-current asset held for sale (Note 6)	Balance at 31/12/2023
Group companies:					
Interests	373,683	958	-	(219,526)	155,115
Disbursements pending	-	-	-	-	-
Impairment adjustments	-	-	-	-	-
	373,683	**958**	**-**	**(219,526)**	**155,115**
Associates:					
Interests	14,588	8,703	(14,298)	-	8,993
Disbursements pending	(4)	-	-	-	(4)
Impairment adjustments	(282)	(8,703)	-	-	(8,985)
	14,302	**-**	**(14,298)**	**-**	**4**
Jointly-controlled entities:					
Interests	424,222	2,014	-	-	426,236
	424,222	**2,014**	**-**	**-**	**426,236**
Total	**812,207**	**2,972**	**(14,298)**	**(219,526)**	**581,355**

(Expressed in thousands of Euros)

	Thousands of Euros				
	Balance at 31/12/2021	Additions	Derecognitions	Transfer to non-current asset held for sale (Note 6)	Balance at 31/12/2022
Group companies:					
Interests	375,680	244	(2,241)	-	373,683
Disbursements pending	(77)	-	77	-	-
Impairment adjustments	(2,138)	-	2,138	-	-
	373,465	**244**	**(26)**	**-**	**373,683**
Associates:					
Interests	319	7	-	14,262	14,588
Disbursements pending	(2)	(2)	-	-	(4)
Impairment adjustments	(282)	-	-	-	(282)
	35	**5**	**-**	**14,262**	**14,302**
Jointly-controlled entities:					
Interests	424,222	-	-	-	424,222
	424,222	**-**	**-**	**-**	**424,222**
Total	**797,722**	**249**	**(26)**	**14,262**	**812,207**

The most significant information concerning interests in Group companies, jointly-controlled entities and associates at the end of 2023 and 2022 is shown in Appendix I to these annual accounts.

Equity instruments

The main movements in 2023 under "Equity instruments" in the above table were as follows:

- On 24 April 2023, the Company and Enagás Internacional, S.L.U., as sellers, and MIP V International AIV, L.P., as buyer, the conditions precedent having been fulfilled, completed the sale-purchase transaction to transfer the shares held by the sellers in the share capital of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V., in which each of the sellers held a 50% shareholding.

  The transaction price amounted to approximately USD 190 million (Euros 172.5 million), calculated using a base price adjusted for certain working capital parameters, the amount corresponding to its shareholding being attributable to the Company. The Company recognised a provision amounting to Euros 26 million (Euros 23.7 million) since it considers that it will, in the future, have to tackle certain obligations pursuant to the terms of the contract (see Note 13).

  As at 31 December 2023, an amount of USD 10.8 million (Euros 9.9 million) remains to be settled and has been recorded under "Other receivables" on the current assets side of the balance sheet.

  As a result of this transaction, the Company recognised a capital gain of Euros 42.3 million with a credit to "Profit/(loss) on disposals and others" in the income statement as per the following:

(Expressed in thousands of Euros)

	(Thousands of Euros)
Sale price attributable to the Company	86,273
Derecognition of shareholding	(14,297)
Other assets (*)	(4,938)
Transfer costs	(1,006)
Provision for liabilities	(23,696)
Proceeds from the sale	**42,336**

(*) The Company had loans granted to the divested company Gasoducto de Morelos, S.A.P.I. de C.V. relating to various contributions to the subsidiary in 2012 in respect of future capital increases and which accrued interest at an annual rate of 7.5%, as well as other minor receivables.

- During the 2023 financial year, the Company has liquidated the investee Proyectos Eléctricos Agua Prieta, Sapi De Cv. The value of the shareholding amounted to Euros 1.5 thousand and a loss of this amount has therefore been recognised under "Profit/(loss) on disposals and others" in the income statement for the year. In addition, as a result of the liquidation, the Company has written off short-term receivables and fully impaired trade balances amounting to Euros 6,101 thousand and Euros 590 thousand, respectively (Note 10.2).
- In addition, the Company increased the share capital of its subsidiaries Celeo Concesiones e Inversiones, S.L.U. and Elecnor Cameroun Société Anonyme by Euros 2,014 thousand (fully paid up during the year) and Euros 959 thousand, maintaining its ownership interest constant.

The main movements in 2022 under "Equity instruments" in the above table were as follows:

- The Company has liquidated the company Elecnor South Africa Ltd. which it had fully impaired for the amount of Euros 2,138 thousand, which has had no impact on these annual accounts.
- At 31 December 2021 the Company classified the investment in the associate Gasoducto de Morelos, S.A.P.I. de C.V. and the loan granted to it for a total amount of Euros 18,419 thousand (Euros 14,260 thousand of financial fixed assets and Euros 4,159 thousand of loans) as held for sale, on the basis of the sale agreement executed on 17 December 2021. This transaction was subject to the satisfaction of the conditions precedent inherent to this type of transaction. However, given that these conditions were not met in 2022, the Company reclassified these assets according to their nature.

The functional currency of foreign interests is the currency of the countries in which their registered offices are located.

Provision for impairment of equity instruments

In accordance with the criteria set forth in Note 4.f, the Company assesses impairment and, where appropriate, calculates the relevant recoverable amount, when there is objective evidence that the future cash flows from its investments in equity instruments are being reduced.

Details of provisions for impairment of equity instruments at 31 December 2023 and 2022 are as follows:

	Thousands of Euros	
	2023	2022
Dunor Energía, SAPI de CV	8,703	-
Eólica de la Patagonia, S.A.	282	282
	8,985	**282**

(Expressed in thousands of Euros)

During 2023, the Company has partially capitalised the loan granted (and fully impaired) to Dunor Energía SAPI de CV in the amount of Euros 8,703 thousand (Note 10.2).

In 2023 and 2022, no indications of impairment have been identified for investments in Group companies, associates and jointly-controlled entities.

11. Derivative financial instruments

The Company uses derivative financial instruments to cover the risks to which its business activities, transactions and future cash flows are exposed, mainly risks as a result of changes in exchange rates and interest rates. Details of hedging instruments in force at 31 December 2023 and 2022 are as follows:

Interest rate swaps:

Notional outstanding	Thousands of Euros				
	2023				
	Year of contract		Total notional	Measurement of swaps floating to fixed rate	Measurement of swaps floating to floating rate
	2018	2019			
2023	105,000	45,000	150,000	4,601	(2,534)
				4,601	**(2,534)**

Notional outstanding	Thousands of Euros				
	2022				
	Year of contract		Total notional	Measurement of swaps floating to fixed rate	Measurement of swaps floating to floating rate
	2018	2019			
2022	126,000	54,000	180,000	5,768	(306)
2023	105,000	45,000	150,000	-	-
				5,768	**(306)**

The total amount of cash flow hedges recognised in equity at 31 December 2023 was an income of Euros 540 thousand before the tax effect (an income of Euros 8,920 thousand before the tax effect at 31 December 2022).

The total amount of cash flow hedges transferred from income and expenses recognised in equity to finance expenses in the income statement was Euros (4,036) thousand before the tax effect (Euros 1,133 thousand before the tax effect at 31 December 2022).

The company has not contracted interest rate hedges tied to syndicated financing in 2023 and 2022.

Interest rate swaps assigned to the lease agreement:

(Expressed in thousands of Euros)

Year of contract	Thousands of Euros			
	2023		2022	
	Notional amount	Measurement of swaps floating to fixed rate	Notional amount	Measurement of swaps floating to fixed rate
2018	2,911	170	3,427	271

The Company has fulfilled the requirements set forth in Note 4.g to be able to classify as hedges the financial instruments detailed.

12. Equity

The composition and movement of equity is presented in the statement of changes in net equity.

12.1. Capital

At 31 December 2023 and 2022, the share capital of Elecnor, S.A. was represented by 87,000,000 book entry shares, each with a nominal value of Euros 0.10, fully subscribed and paid in.

The shares of the Company are listed on the Spanish electronic trading system.

At 31 December 2023 and 2022, the Company's shares were held as follows:

Interest %	2023	2022
Cantiles XXI, S.L.	52.76 %	52.76 %
Francisco García Paramés	- %	3.01 %
Other (*)	47.24 %	44.23 %
	100.00 %	**100.00 %**

(*) All with an interest % of less than 3%.

12.2. Reserves

Details of "Reserves" are as follows:

(Expressed in thousands of Euros)

	2023						
	Thousands of Euros						
	Legal and statutory reserve	Voluntary reserves	Capitalisation reserve	Reserve for own shares	Differences for adjustments of capital to Euros	Profit/loss for the year	Total
Balance at 31 December 2022	1,743	535,863	7,809	22,430	15	36,882	604,742
							-
Profit for 2023						43,238	43,238
Distribution of profit for 2022:							-
Voluntary reserves	-	70	-	-	-	(70)	-
Dividends	-	-	-	-	-	(36,812)	(36,812)
Changes in own shares	-	374	-	992	-	-	1,366
Balance at 31 December 2023	1,743	536,307	7,809	23,422	15	43,238	612,534

	2022						
	Thousands of Euros						
	Legal and statutory reserve	Voluntary reserves	Capitalisation reserve	Reserve for own shares	Differences for adjustments of capital to Euros	Profit/loss for the year	Total
Balance at 31 December 2021	1,743	557,428	7,809	22,110	15	9,196	598,301
							-
Profit for 2022	-	-	-	-	-	36,882	36,882
Distribution of profit and reserves for 2021:							-
Voluntary reserves	-	-	-	-	-	-	-
Dividends	-	(21,554)	-	-	-	(9,196)	(30,750)
Changes in own shares	-	(11)	-	320	-	-	309
							-
Balance at 31 December 2022	1,743	535,863	7,809	22,430	15	36,882	604,742

At 31 December, the amounts of reserves not available for distribution are as follows:

(Expressed in thousands of Euros)

	Thousands of Euros	
	2023	2022
Reserves not available for distribution:		
Legal reserve	1,743	1,743
Reserve for own shares	23,422	22,430
Capitalisation reserve	7,809	7,809
Differences for adjustments of share capital to euros	15	15
	32,989	**31,997**

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

Legal reserve

The legal reserve has been allocated in accordance with article 274 of Spanish Companies Act, which establishes that, in any event, a figure equal to 10% of the profit for the year must be earmarked to the reserve until it reaches at least 20% of share capital.

The legal reserve can be used to increase capital provided that the balance left on the reserve is at least equal to 10% of the nominal value of the total capital after the increase. Except for the aforementioned purpose, unless the legal reserve exceeds 20% of the share capital it may only be used to offset losses if no other reserves are available.

At 31 December 2023 and 2022, the Company has appropriated to this reserve the minimum amount required by the Spanish Companies Act.

Reserves for own shares

The reserve for own shares has been allocated in accordance with article 149 of the Spanish Companies Act. This reserve may be freely available provided that the Company has sufficient freely available reserves to cover the balance of own shares without reducing equity below the amount of share capital plus legal or statutory non-distributable reserves (Note12.3).

Voluntary reserves

Voluntary reserves are freely available.

Capitalisation reserve

The capitalisation reserve has been appropriated in accordance with article 25 of the Corporate Income Tax Law, which requires that an amount equal to the reduction in taxable income for the year be appropriated to the reserve. The amount by which taxable income may be reduced is equal to 10% of the increase in equity, as defined in the aforementioned article. In no case may the amount of the reduction exceed 10% of the taxable income for the tax period prior to the reduction, before the integration referred to in article 11.12 of the Law and before offsetting tax loss carryforwards. However, if the reduction cannot be applied due to insufficient taxable income, the outstanding amounts may be applied in the tax periods ending in the two years immediately after the end of the tax period in which the reduction entitlement was generated, together with any reduction applicable in that period, subject to the limit indicated. The reserve is non-distributable and the increase in equity must be maintained for a five-year period from the end of the tax period in which the reduction is generated, unless accounting losses are incurred.

12.3. Own share

According to the minutes of the General Shareholders' Meeting of 18 May 2022, the Board of Directors is authorised to acquire own shares in the Company by purchase and sale or by any other act between living persons for valuable consideration by the Company or its subsidiaries, pursuant to the provisions of Articles 146.1a) and 509 of the Spanish Companies Act, up to a maximum established by law and in mandatory legal provisions at each given time and which, at present, in combination with those already directly or indirectly held by the Company, may not exceed 10% of its share capital, with a minimum acquisition price of the nominal value of the shares and a maximum price that may not exceed 30% of its share price, over a period of five years.

(Expressed in thousands of Euros)

This authorisation may be used, in whole or in part, to acquire own shares for delivery or transfer to Executive Officers or members of the Management Team of the Company or of companies in its group, or as a result of the exercising of the option rights held by them, which may be included, where applicable, in share buy-back programmes. Similarly, any shares acquired as a result of this authorisation may be used, in whole or in part, both for their disposal or redemption and for potential corporate or business transactions or decisions, or for any other legally possible purpose.

At 31 December 2023 and 2022, the Company held own shares amounting to Euros 23,422 thousand and Euros 22,430 thousand, respectively, which are booked under "Own shares and equity" in equity in the balance sheet.

Movement of own shares in 2023 and 2022 is as follows:

	No. of Shares
Own shares at 1 January 2022	**2,320,749**
Acquisition of own shares	227,935
Sale of own shares	(226,300)
Own shares at 31 December 2022	**2,322,384**
Acquisition of own shares	271,026
Sale of own shares	(293,881)
Own shares at 31 December 2023	**2,299,529**

In 2023, the Company acquired 271,026 own shares and sold 293,881 own shares, for an approximate total amount of Euros 3,886 thousand and Euros 2,894 thousand respectively, giving rise to gains of Euros 1,366 thousand which was recognised directly against Reserves (in 2022, the Company acquired 227,935 own shares and sold 226,300 own shares, for an approximate total amount of Euros 2,491 thousand and Euros 2,479 thousand respectively, obtaining gains of Euros 309 thousand which was recognised directly against Reserves).

All own shares held by the Company at 31 December 2023 and 2022 represented 2.64% and 2.67% respectively of the total share capital of Elecnor, S.A. at those dates.

13. Provisions

The breakdown of "Long-term provisions" and "Short-term provisions" of non-current and current liabilities, respectively, in the balance sheet at the end of 2023 and 2022, and the movements in 2023 and 2022, are as follows:

(Expressed in thousands of Euros)

Provisions	Thousands of Euros					
	Balance at 31/12/2022	Charges	Reversals	Application	Transfers	Balance at 31/12/2023
Other employee benefits	127	-	-	(97)	-	30
Provisions for litigation and other liabilities	28,345	23,704	(3,932)	(562)	-	47,555
Total	**28,472**	**23,704**	**(3,932)**	**(659)**	**-**	**47,585**

Provisions	Thousands of Euros					
	Balance at 31/12/2021	Charges	Reversals	Application	Derecognitions due to spin-off	Balance at 31/12/2022
Other employee benefits	290	-	-	(163)	-	127
Provisions for litigation and other liabilities	27,646	3,236	(1,151)	(1,912)	526	28,345
Total	**27,936**	**3,236**	**(1,151)**	**(2,075)**	**526**	**28,472**

Under Provisions for litigation and other liabilities at 31 December 2023 and 2022 the tax provision was recognised on the basis of what has been described in Note 16.

On 31 May 2017, Spanish National Markets and Competition Commission (CNMC) notified the Company, that it was opening disciplinary proceedings against it and another 15 companies, for a potential infringement in the sphere of the construction and maintenance of electrification systems and electromechanical equipment in railway lines. On 14 March 2019, the CNMC Council issued a resolution reducing the fine with respect to that proposed in the resolution of 31 August 2018 to Euros 20.4 million. In May 2019, the Company lodged an appeal and on 16 July 2019 the National Court (*Audiencia Nacional*) suspended execution of the CNMC resolution of 14 March 2019, dependent upon the presentation of bank guarantees.

On 26 September 2019, the Company received an incidental request of the National Court to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

On 22 June 2020, the Company filed a claim before the National Court; the judgment is pending.

In light of these events, and based on the assessment of the Company's legal advisers, although they consider that there are still solid arguments to challenge the CNMC's inspection, due to recent events in connection with other appeals against the Resolution, and the developments in other proceedings in the National Court in the last 2 years when the arguments presented by the parties have been rejected and the CNMC's decision confirmed, in 2019 the Directors of the Company booked a provision of Euros 20.4 million to cover this risk, since they estimate that there is a probability of the appeal prospering of less than 50%. This provision was transferred to the subsidiary Elecnor Servicios y Proyectos, S.A.U. as part of the spin-off conducted in 2021.

In addition, during 2023 the Company made a provision of USD 26 million (Euros 23.7 million) to meet certain responsibilities established in the contract for the purchase and sale of the shares held by the Company in the share capital of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. (Note 10.3).

14. Financial liabilities

14.1. Financial liabilities: classification and maturity

(Expressed in thousands of Euros)

The carrying amounts of each of the categories of financial liabilities set out in the Accounting and Measurement Standard for "Financial instruments" are as follows:

Category	Notes	2023 Thousands of Euros Non-current At amortised cost or cost	At fair value	Total	Current At amortised cost or cost	At fair value	Total
Financial liabilities at amortised cost or cost							
Bonds and other marketable securities		29,672	-	29,672	238,818	-	238,818
Loans and borrowings		240,011	-	240,011	809	-	809
Finance lease payables	9	2,324	-	2,324	537	-	537
Other financial liabilities		-	-	-	3,227	-	3,227
Payables to Group companies and associates	19	-	-		2,704	-	2,704
Trade and other payables		-	-	-	21,692	-	21,692
Hedge derivatives	11	-	-	-	-	2,534	2,534
Total		**272,007**	**-**	**272,007**	**267,787**	**2,534**	**270,321**

Category	Notes	2022 Thousands of Euros Non-current At amortised cost or cost	At fair value	Total	Current At amortised cost or cost	At fair value	Total
Financial liabilities at amortised cost or cost							
Bonds and other marketable securities		29,649	-	29,649	115,438	-	115,438
Loans and borrowings		277,923	-	277,923	365	-	365
Finance lease payables	9	2,867	-	2,867	510	-	510
Other financial liabilities		-	-	-	3,206	-	3,206
Payables to Group companies and associates	19	-	-		22,752	-	22,752
Trade and other payables		-	-	-	20,222	-	20,222
Hedge derivatives	11	-	306	306	-	-	-
Total		**310,439**	**306**	**310,745**	**162,493**	**-**	**162,493**

(Expressed in thousands of Euros)

The amounts of financial liabilities with a specific or determinable maturity classified by year of maturity are as follows:

2023

Category	Notes	Thousands of Euros					
		2024	2025	2026	2027	2028 and thereafter	Total
Payables to Group companies and associates	19	2,704	-	-	-	-	2,704
Other financial liabilities:							
Bonds and other marketable securities		238,818	-	-	-	29,672	268,490
Loans and borrowings		809	-	170,401	-	69,610	240,820
Finance lease payables	9	537	569	596	1,160	-	2,861
Other financial liabilities		3,227	-	-	-	-	3,227
Trade and other payables		21,692	-	-	-	-	21,692
Unearned interest on financial debt		8,407	8,224	6,789	2,590	13,319	39,329
Hedge derivatives	11	2,534	-	-	-	-	2,534
Total		**278,728**	**8,793**	**177,786**	**3,750**	**112,601**	**581,657**

2022

Category	Notes	Thousands of Euros					
		2023	2024	2025	2026	2027 and thereafter	Total
Payables to Group companies and associates	19	22,752	-	-	-	-	22,752
Other financial liabilities:							
Bonds and other marketable securities		115,438	-			29,649	145,087
Loans and borrowings		365	-		208,359	69,564	278,288
Finance lease payables	9	510	543	569	596	1,160	3,377
Other financial liabilities		3,206	-				3,206
Trade and other payables		20,222	-	-	-	-	20,222
Unearned interest on financial debt		7,865	8,407	8,224	6,789	15,909	47,194
Hedge derivatives	11	-	306				306
Total		**170,358**	**9,256**	**8,793**	**215,744**	**116,282**	**520,432**

The amount of net income and expense by category of financial liabilities at 31 December 2023 was Euros 14,348 thousand and corresponds to finance expenses from Financial liabilities at amortised cost payable for the amount of Euros 18,384 thousand applying the amortised cost method, and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros (4,036) thousand (Euros 9,397 thousand and corresponding to finance expenses from Financial liabilities at amortised cost amounting to Euros 8,264 thousand applying the amortised cost method, and reclassification from equity to profit and loss for Hedge derivatives amounting to Euros 1,133 thousand in 2022).

(Expressed in thousands of Euros)

At 31 December 2022 the financial liabilities denominated in foreign currencies correspond to Loans and borrowings for the drawn portion of tranche B in USD totalling Euros 4,519 thousand. As at 31 December 2023 there are no balances in this item.

14.2. Payables

Details of payables are as follows:

		Thousands of Euros			
		Non-current		Current	
	Notes	2023	2022	2023	2022
Bonds		29,672	29,649	-	-
Promissory notes		-	-	238,818	115,438
Loans and borrowings		240,011	277,923	269	-
Interest		-	-	540	365
Finance lease payables	9	2,324	2,867	537	510
Hedging derivative financial instrument	11	-	306	2,534	-
Suppliers of fixed assets		-	-	858	796
Other	19.2	-	-	2,369	2,410
Total		272,007	310,745	245,925	119,519

Loans and borrowings - syndicated loan

On 21 July 2014, the Company arranged a syndicated financing agreement amounting to Euros 600 million with a group of 19 banks. This financing was structured into two tranches: one loan tranche totalling Euros 300 million, repayable in instalments, and a revolving credit tranche with a limit of Euros 300 million, maturing in July 2019 and it has had successive novations.

On 30 September 2021, Elecnor, S.A. signed a sixth and final novation of the syndicated financing agreement, subscribed by 12 of the 13 lenders at this time. This novation involved the following changes:

- Elecnor Servicios y Proyectos, S.A.U. became a guarantor,
- Reduction of the total maximum amount to Euros 350 million, leaving the loan tranche (Tranche A) at Euros 50 million, the euros credit sub-tranche (Sub-tranche B1) at Euros 236 million and the USD credit sub-tranche (Sub-tranche B2) at USD 75 million,
- Extension of the maturity by just over 2 years (until September 2026) with full repayment at maturity,
- Modification to the applicable margin by including an additional tranche with a lower margin if the DFN/EBITDA ratio is below 1.25x.

The Company quantitatively and qualitatively analysed whether or not the above modifications were substantial, and concluded in all periods that they were not, thus, there was no extinguishment of the original liabilities in any of the years.

This syndicated financing bears interest indexed to Euribor for the interest term chosen by the borrower (1, 3 or 6 months) for drawdowns in euros and to Libor for the interest period chosen by the borrower (1, 3 or 6 months), plus a spread tied to the net financial debt with recourse/(EBITDA with recourse + dividends from projects) ratio. The Company has undertaken to comply with different ratios over the term of the bank financing agreement ((Net financial debt with recourse/EBITDA with recourse) and (EBITDA with recourse/Net finance expenses)), which will be calculated on the basis of the Elecnor Group's consolidated figures. Non-compliance could be cause for terminating the contract, although, at 31 December 2023, all the ratios linked to this financing were compliant.

At 31 December 2023, the balance drawn down of the syndicated financing agreement totals Euros 172.0 million and corresponds to Euros 50 million of the loan tranche, Euros 122 million of the credit tranche in euros (Euros 210.5 million at 31 December 2022, Euros 50 million corresponding to the loan tranche, Euros 156 million to the credit tranche in Euros and Euros 5 million to the credit tranche in USD) at nominal value.

The aforementioned syndicated financing agreement (loan tranche and credit tranche) in 2023 accrued interest at an average rate of 2.19% (2.29% in 2022).

Loans and borrowings - other debts

In 2022, the Company entered into a loan with the ICO for a nominal value of Euros 20 million, which accrues fixed nominal annual interest at a rate of 2.4% (effective interest rate of 2.54%) and which will be fully repaid on 30 September 2031. On the same date, the Company signed a second loan with Banca March for a nominal value of Euros 50 million, accrues fixed nominal annual interest at a rate of 2.4% and matures in full in 2031.

Promissory notes

At the beginning of 2023, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 115 million. New issues in 2023 totalled Euros 1,459 million while maturities totalled Euros 1,335 million. The outstanding balance at 31 December 2023 was therefore Euros 239 million (reflecting 1,459 and 1,335 securities with a nominal value of Euros 100 thousand each).

At the beginning of 2022, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market (MARF) for an amount of Euros 70 million. New issues in 2022 totalled Euros 1,169 million while maturities totalled Euros 1,124 million. The outstanding balance at 31 December 2022 was therefore Euros 115 million (reflecting 1,278 securities with a nominal value of Euros 100 thousand each).

The promissory note programmes in force in 2023 and 2022 provided for a maximum of outstanding issues at all times of Euros 400 million and Euros 300 million, respectively.

In 2023, these promissory notes accrued interest and fees totalling Euros 9,282 thousand (Euros 1,509 thousand in 2022) which the Company recognised under "Finance expenses" in the accompanying income statement.

In addition to the aforementioned borrowing, on 27 September 2021, the Company issued senior unsecured bonds amounting to Euros 30,000 thousand on Spain's Alternative Fixed Income Market (MARF), with maturity on 30 September 2035 and which accrue annual interest at a rate of 3%.

Credit facilities

Furthermore, the Company has credit facilities granted with the following limits (excluding the credit facility of tranche B of the syndicated loan):

Category	Thousands of Euros			
	2023		2022	
	Limit	Amount not drawn down	Limit	Amount not drawn down
Credit facilities	53,000	52,731	53,000	53,000
Total	**53,000**	**52,731**	**53,000**	**53,000**

At 31 December 2023 and 31 December 2022, Elecnor, S.A., excluding tranche B of the syndicated financing, had four credit facilities open with various credit institutions with a total maximum limit of Euros 53 million, the majority of which mature in 2024 with tacit annual renewals.

15. Information on the average supplier payment period. Additional Provision Three. "Duty of Information" pursuant to Law 15/2010 of July 5

Information on the average supplier payment period in 2023 and 2022 is as follows:

	Days	
	2023	2022
Average supplier payment period	29	30
Transactions paid ratio	29	30
Transactions payable ratio	21	21
	Expressed in Thousands of Euros	
Total payments made	26,149	25,837
Total payments outstanding	1,893	2,301

Information on invoices paid in a term shorter than the maximum period set out in the late payment regulations is as follows:

	2023	2022
Monetary volume paid in thousands of euros	26,074	25,175
Percentage of total monetary payments to suppliers	99.71 %	97.44 %
Number of invoices paid	3,892	3,116
Percentage of total number of invoices paid to suppliers	97.91 %	75.16 %

16. Taxation

(Expressed in thousands of Euros)

16.1. Current balances with Public entities

The breakdown of balances with Public entities at the end of 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Assets:		
Current tax assets	7,424	6,307
Value Added Tax and similar	3,009	7,612
Other	597	331
	11,030	**14,250**
Liabilities:		
Current tax liabilities	455	268
Social Security	193	178
Withholdings	817	676
Other	1,445	1,454
	2,910	**2,576**

The Company has the following years open to inspection by the taxation authority in respect of the main taxes applicable to it:

Tax	Years open to inspection
Corporate Income Tax (*)	2017 – 2022
Value Added Tax	2019 – 2023
Personal Income Tax	2019 – 2023
Social Security	2020 – 2023
Capital Gains Tax	2019 – 2023
Non-residents	2019 – 2023

(*) The deadline for filing Corporate Income Tax returns is 25 calendar days after the six months subsequent to conclusion of the tax periods, so Corporate Income Tax corresponding to 2023 will not be open to inspection until 25 July 2024.

On 10 February 2022, based on its request of 28 December 2020, the Company received notification from the Tax Authority that it will be taxed under the consolidated tax regime from 1 January 2022 with the rest of the Group's national companies taxed under state regulations (see Note 4.l).

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Company, and commenced by notification on 1 July 2016, concluded in 2018 and covered all taxes applicable to the Company for the period 2012-2014, except for Corporate Income Tax, which covered the period 2011-2013.

The aforementioned inspections concluded in 2018 with the signing of statements of disconformity whose settlement implies a payment obligation totalling Euros 14,208 thousand.

On 28 December 2018, the Company filed economic-administrative appeals against the settlement agreements derived from the statements of disconformity before the Central Economic-Administrative Court, which were the subject of a request for suspension while the proceedings were underway.

On 23 November 2020, the Company was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020 and rejected in 2022. The decisions dismissing the appeals were appealed before the National Court, and judgements are pending.

In light of this situation, the Company's Directors, in cooperation with its tax advisers, and although they consider that there are weighty arguments to underpin the position of the Company, decided in 2019 to allocate a provision for the amounts claimed in the appealed settlement agreements in connection with differences in interpretation in respect of related party transactions amounting to Euros 7,559 thousand, since they consider that in 2019 retroactivity had been ruled out and, accordingly, the reviewing bodies are more likely to approve the Tax Authority's position than not (Note 13), and considering the impact for the rest of years open to inspection, should the Tax Authority apply the same criterion for the years open to inspection.

In addition to the foregoing, on 29 October 2019, the Company received a notification of the commencement of tax audits in relation to all taxes applicable to the Company for the period 2015-2016 except for Corporate Income Tax, which covered the period 2014-2016.

The aforementioned inspections concluded in 2022 with the signing of statements of conformity which resulted in a payment totalling Euros 5,691 thousand.

On 21 December 2022, the Company received a notification from the Tax Authority concerning the commencement of the verification and investigation for the years 2017 to 2020 regarding Corporate Income Tax and 2019 to 2020 for the remaining taxes.

However, the Administration's entitlement to verify or investigate tax loss carryforwards offset or pending offsetting, deductions for double taxation and deductions to encourage certain activities applied or pending application prescribes after 10 years from the day after the end of the established period for filing the tax return or self-assessment for the tax period in which the Company's entitlement to offsetting or application was generated. Once that period has elapsed, the Company must accredit tax losses or deductions by presenting the settlement or self-assessment and the accounts, and also evidencing that they have been filed during the aforementioned period in the Companies Register.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. In any case, the Company's Directors consider that the aforementioned taxes have been correctly paid and therefore, even in the event of discrepancies in the interpretation of prevailing fiscal legislation of certain transactions, they consider that any such liabilities that could arise would not have a significant effect on the accompanying annual accounts.

16.2. Reconciliation between accounting profit/loss and taxable income

The reconciliation between accounting profit/loss and taxable income for Corporate Income Tax purposes is as follows:

2023

(Expressed in thousands of Euros)

	Notes	Thousands of Euros		
		Increase	Decrease	Total
Accounting profit/loss before taxes				**33,391**
Permanent differences:				
Income obtained abroad		1,786		1,786
Dividends	19	-	(17,127)	(17,127)
Non-deductible expenses			-	-
Profit/(loss) on sale of investees	10.3	-	(62,724)	(62,724)
Other		410	(1,832)	(1,422)
Temporary differences:				
Originating in previous years:				
Other provisions	13	-	(3,482)	(3,482)
Credit impairment			(590)	(590)
Originating in the current year:		-		-
Other provisions		23,696		23,696
Credit impairment	10.2	732	(5,520)	(4,788)
Preliminary tax base				**(31,260)**
Additional Provision Nineteen				**15,630**
Taxable income				**(15,630)**

2022

(Expressed in thousands of Euros)

	Notes	Thousands of Euros		
		Increase	Decrease	Total
Accounting profit/loss before taxes				**31,606**
Permanent differences:				
Income obtained abroad		7,373	-	7,373
Dividends	19	-	(59,592)	(59,592)
Non-deductible expenses		125	-	125
Impairment losses on investments		-	(2,137)	(2,137)
Other		605	(216)	389
Temporary differences:				
Originating in previous years:				
Other provisions	13	3,596	-	3,596
Originating in the current year:				
Credit impairment	10.2	-	(509)	(509)
Offsetting of tax losses				**-**
Taxable income				**(19,149)**

Fiscal legislation applicable to 2023 and 2022 provides for certain credits whose aim is, in certain circumstances, to avoid double taxation of income obtained abroad, in connection with both permanent establishments located in foreign countries and dividends paid by non-resident subsidiaries. When applying these two tax credits, the Company has made the adjustments indicated in the tables above to the basis for calculating Corporate Income Tax in 2023 and 2022.

On 31 December 2020, Law 11/2020, of 30 December, on the General State Budgets for 2021 was published, which includes certain changes to the Corporation Income Tax Law. The main change to the Corporation Income Tax Law is the elimination of the total tax exemption of dividends and capital gains, which remains at 95%.

During the 2023 financial year, Additional Provision Nineteen, which amends Law 27/2014, of 27 November, on Corporate Income Tax, came into force, limiting the offsetting of individual tax losses generated in the period by the different companies included in the tax consolidation group to 50% of the sum thereof, generating a tax credit for the remaining 50%, which must be used within a ten-year time horizon with a maximum limit of 10% per annum.

The Company has assessed the impacts of the recent ruling of the Constitutional Court regarding the nullity of several provisions of Royal Decree-Law 3/2016 amending Corporate Income Tax, that relating to the establishment of stricter limits on the offsetting of tax losses for large companies, the limit on the application of double taxation deductions and the obligation to automatically include in the tax base impairment losses on investments that have been deducted in previous years. Although, according to this ruling, rectification of the affected statements has been requested, these impacts are not considered to be material.

16.3. Reconciliation between the accounting profit/loss and the Corporate Income Tax expense

The reconciliation between the accounting profit/(loss) and the Corporate Income Tax expense for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Accounting profit/(loss) before taxes	**33,391**	**31,606**
Rate of 25%	8,348	7,902
Permanent differences:		
Dividends	(4,282)	(14,898)
Profit/(loss) on disposal/settlement of investments in Group companies and associates	(15,681)	(534)
Income obtained abroad	447	1,843
Other non-deductible expenses	(356)	183
Tax branches	693	(659)
Tax Mexico	3,566	-
Prior years' adjustments	(20)	(654)
Deductions	(322)	-
Other	(2,240)	1,541
Total tax income/(expense) recognised in the income statement	**(9,847)**	**(5,276)**

As established by applicable legislation, taxes cannot be deemed as definitively settled until the tax returns filed have been audited by taxation authority or until relevant statute of limitations has concluded.

16.4. Deferred tax assets

The breakdown of the balance of this account at the end of 2023 and 2022 is as follows:

	Notes	Thousands of Euros	
		2023	2022
Other tax credits		4,345	-
Temporary differences (prepaid taxes)			
Remuneration provision		559	979
Insolvency and credit provisions		6,980	8,325
Other provisions		8,077	2,604
Fair value measurement of derivative instruments	11	1,539	982
Other		2,517	2,277
Total		**24,017**	**15,167**

The aforementioned deferred tax assets have been recorded in the balance sheet as the Company's Directors consider that there is no doubt about their recoverability.

As of December 31, 2023, the detail of tax loss carryforwards and other unused tax credits pending offset, in thousands of euros, as well as their validity date, is as follows (in thousands of euros):

(Expressed in thousands of Euros)

2023	Tax loss carryforwards pending offsetting not capitalised		Other tax credits/(debits) to be offset not capitalised
	Amounts indicated on the basis of	Year of validity	Amounts indicated on the basis of
Spain	-	-	6,470
Zambia Branch	289	2027, 2028	(78)
Cameroon Branch	-	-	653
Morocco Branch	220	2026, 2027	-
	509		**7,045**

In addition, at December 31, 2023, the Company has a balance of 5,550 thousand euros in respect of foreign income exemption not capitalized (4,700 thousand euros at December 31, 2022).

16.5. Deferred tax liabilities

The breakdown of the balance of this account at the end of 2023 and 2022 is as follows:

	Notes	Thousands of Euros	
		2023	2022
Temporary differences			
Fair value measurement of derivative instruments	11	1,971	2,288
Other		5,138	5,139
Total		**7,109**	**7,427**

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant.

17. Income and expenses

17.1. Net turnover

The amount of turnover is broken down into:

(Expressed in thousands of Euros)

	Thousands of Euros	
	2023	2022
Sales	19,086	14,644
Rendering of services	20,014	20,249
Dividends	18,029	62,728
Finance income	6,687	4,616
	63,816	**102,237**

The sales recorded in 2023 and 2022 in the amount of Euros 19,086 thousand and Euros 14,644 thousand, respectively, mainly come from the activity of the Cameroon and Zambia branches.

Net turnover from ordinary activities relating to the provision of services to Elecnor Group companies amounted to Euros 20,014 thousand and corresponds to the provision of services to subsidiaries as a result of their role as head of the Elecnor Group (see Note 19).

During 2023 and 2022, the Company received dividends from investees (see breakdown in Appendix I).

At 31 December 2023, the Company has accrued interest income from loans to Group companies and associates in the amount of Euros 6,687 thousand (Euros 4,616 thousand in 2022).

17.2. Personnel expenses

The breakdown of "Personnel expenses" in the accompanying income statements for 2023 and 2022 is as follows:

	Thousands of Euros	
	2023	2022
Salaries and wages	16,543	19,506
Social Security	1,884	1,765
Other employee benefits expenses	1,373	933
	19,800	**22,204**

17.3. Transactions denominated in foreign currencies

At 31 December 2023 and 2022, there are no material transactions denominated in foreign currencies.

(Expressed in thousands of Euros)

18. Information on employees

The average headcount, by professional category, in 2023 and 2022 was as follows:

	Average headcount	
	2023	2022
Management	21	21
Executive	49	51
Technician	156	161
Basic	360	236
Total	**586**	**469**

Of the average headcount in 2023, 489 (367 in 2022) correspond to the business conducted by specific foreign branches which it was agreed to exclude from the scope of the 2021 spin-off. Of these, 420 had temporary contracts in 2023 (289 in 2022). Gradually, and when the operational reasons that prevented its spin-off allow it, all service and project activities will be conducted through the beneficiary company of the spin-off and its subsidiaries.

Moreover, the breakdown by gender at the end of 2023 and 2022, specified by professional category, of staff and Directors is as follows:

	2023		2022	
Category	Male	Female	Male	Female
Directors	11	3	11	3
Management	14	7	14	7
Executive	23	25	24	24
Technician	85	57	83	64
Basic	231	13	160	25
Total	**364**	**105**	**292**	**123**

During 2023, the Company had one employee with a disability of 33% or more (or equivalent local rating), while during 2022 it had none.

19. Related Party Balances and Transactions

19.1. Related Party Transactions

The Company's transactions with Group companies, associates and jointly-controlled entities are as follows:

2023

(Expressed in thousands of Euros)

	Thousands of Euros			
	2023			
	Group companies	Associates	Jointly-controlled entities	Total
Income				
Dividend income, holding companies	18,029	-	-	18,029
Interest income, holding companies	5,882	805	-	6,687
Income from services rendered	19,974	23	17	20,014
	43,885	**828**	**17**	**44,730**
Expenses				
Finance expenses	-	-	-	-
Impairment and losses	-	1,287	-	1,287
Credits	-	-	-	-
	-	**1,287**	**-**	**1,287**
	43,885	**2,115**	**17**	**46,017**

2022

	Thousands of Euros			
	2022			
	Group companies	Group associates	Jointly-controlled entities	Total
Income				
Dividend income, holding companies	62,000	116	612	62,728
Interest income, holding companies	4,616	-	-	4,616
Income from services rendered	19,843	-	406	20,249
Other operating income	26	-	-	26
	86,485	**116**	**1,018**	**87,619**
Expenses				
Finance expenses	(326)	-	-	(326)
Impairment and losses	-	-	-	-
Credits	-	537	-	537
	(326)	**537**	**-**	**211**
	86,159	**653**	**1,018**	**87,830**

Income from the rendering of services at 31 December 2023 and 2022 mainly corresponds to the rendering of services to Elecnor Servicios y Proyectos, S.A.U. as a result of their role as head of the Elecnor Group.

Expenses on impairment of credits with joint ventures as of 31 December 2023 and 2022 corresponded mainly to the impairment of Company credits and trade balances with Dunor Energía S.A.P.I. de CV in view of the latter’s financial position, as described in Note 10.2.

19.2. Related party balances

The breakdown of balances with Group companies, associates and jointly-controlled entities at 31 December 2023 and 2022 is as follows:

(Expressed in thousands of Euros)

2023

	Thousands of Euros			
	2023			
	Group companies	Associates	Jointly-controlled entities	Total
Long-term investments in Group companies and associates				
Equity instruments	155,116	4	426,235	581,355
Credits to companies	100,000	-	-	100,000
Total non-current assets	**255,116**	**4**	**426,235**	**681,355**
Trade and other receivables				
Customers, short-term Group companies and associates	11,478	291	89	11,858
Short-term investments in Group companies and associates				
Credits to companies	16,740	-	-	16,740
Other financial assets	39,284	-	-	39,284
Total current assets	**67,502**	**291**	**89**	**67,882**
Total assets	**322,618**	**295**	**426,324**	**749,237**
Short-term payables to Group companies and associates	2,699	5	-	2,704
Suppliers, short-term Group companies and associates	6,001	-	-	6,001
Total current liabilities	**8,700**	**5**	**-**	**8,705**
Total liabilities	**8,700**	**5**	**-**	**8,705**

(Expressed in thousands of Euros)

2022

	Thousands of Euros			
	2022			
	Group companies	Group associates	Jointly-controlled entities	Total
Long-term investments in Group companies and associates				
Equity instruments	373,688	14,297	424,222	812,207
Credits to companies	100,000	4,437	-	104,437
Total non-current assets	**473,688**	**18,734**	**424,222**	**916,644**
Trade and other receivables				
Customers, short-term Group companies and associates	15,026	-	124	15,150
Short-term investments in Group companies and associates				
Credits to companies	52,490	437	-	52,927
Other financial assets	29,512	-	-	29,512
Total current assets	**97,028**	**437**	**124**	**97,589**
Total assets	**570,716**	**19,171**	**424,346**	**1,014,233**
Short-term payables to Group companies and associates	(22,752)	-	-	(22,752)
Suppliers, short-term Group companies and associates	(1,942)	-	-	(1,942)
Total current liabilities	**(22,752)**	**-**	**-**	**(22,752)**
Total liabilities	**(22,752)**	**-**	**-**	**(22,752)**

The heading "Other financial assets" at 31 December 2023 and 2022 includes the Corporate Income Tax receivable from Group companies amounting to Euros 20,083 thousand and Euros 24,268 thousand, respectively, due to the tax consolidation (see Note 4.l).

The heading "Short-term payables to Group companies and associates" at 31 December 2023 mainly includes the Corporate Income Tax debt to Group companies amounting to Euros 1,165 thousand due to the tax consolidation (see Note 4.l) (Euros 14,732 thousand in 2022).

On 29 June 2018, Enerfín Sociedad de Energía, S.L.U. granted the Company a loan amounting to Euros 44,900 thousand, with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 1.5%, the drawn down amount of which at 31 December 2020 was Euros 3,100 thousand. In addition, in 2020, the Group company Enerfín Sociedad de Energía, S.L.U. granted the Company two loans amounting to Euros 12,100 thousand with a term of one year that may be extended annually, accruing interest at a fixed annual rate of 2%. In 2020, Euros 10,100 thousand of these loans was repaid, and in 2022 full repayment was completed. During the 2023 financial year, Enerfín Sociedad de la Energía, S.L.U. has drawn down Euros 96,700 thousand. As of 31 August 2023, as a result of the aforementioned sale process, it has been reclassified to "Non-current assets held for sale" in the accompanying balance sheet (Note 6).

In 2020, the Company granted Enerfín Enervento Exterior, S.L.U. two credits for Euros 13,300 thousand and Euros 21,000 thousand on 30 June and 9 November, respectively. These credits accrue annual interest of 2% and are for one year, renewable each year. The amount pending repayment for these loans at 31 December 2023 totals Euros 12,250 thousand and is classified under "Non-current assets held for sale" in the accompanying balance sheet as a result of the sale process initiated for the Enerfín subgroup. At the end of the previous year, the amount was Euros 5,750 thousand.

Lastly, at 31 December 2023 and 2022, the Company had an account payable to the Directors amounting to Euros 2,369 thousand and Euros 2,410 thousand, respectively.

19.3. Remuneration of the Board of Directors

1) *Remuneration and other benefits-*

In 2023, the members of the Company's Board of Directors received remuneration amounting to Euros 5,404.6 thousand for all items (Euros 4,809.8 thousand in 2022). This remuneration includes that earned in their capacity as management personnel.

The Company has paid approximately Euros 4.7 thousand for life insurance arranged for former or current members of its Board of Directors (Euros 4.5 thousand in 2022).

At 31 December 2023 and 2022, the Company does not have any pension obligations with former or current members of the Board of Directors nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

At 31 December 2023 and 2022, the Board of Directors of the Company is formed by 14 individuals, three of whom are female (14 members in 2022, three of whom are female).

At 31 December 2023 and 2022, the amount paid by the Company with regard to public liability insurance for all or some of the Directors in relation to damage caused due to acts or omissions in discharging their duties was not significant.

2) *Conflicts of interest concerning the Directors-*

The members of the Board of Directors of Elecnor, S.A. and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

3) *Transactions other than ordinary business or under terms differing from market conditions carried out by the Directors-*

In 2023 and 2022 the Directors of the Company have not carried out any transactions other than ordinary business or applying terms that differ from market conditions with the Company or any other Group company.

19.4. Remuneration to the Management Team

In 2023, the Company's management team received remuneration amounting to Euros 1,434 thousand (Euros 1,055 thousand in 2022).

The stated total remuneration includes both fixed remuneration and annual variable remuneration.

(Expressed in thousands of Euros)

At 31 December 2023 and 2022, the Company does not have any material pension obligations with the management's team nor has it extended any guarantees on their behalf or granted any advances or loans thereto.

20. Bonds and guarantees

At 31 December 2023 and 2022, the breakdown of bonds and guarantees for bids, completion or performance provided for projects executed by Elecnor, S.A. in its own name and projects related to the concessions and wind power business and the companies remaining in the Company following the spin-off agreement, generally provided by banks on behalf of the Company to third parties, is as follows:

	Thousands of Euros	
	2023	2022
Faithfully observed	100,872	186,692
Advances on contracts	18,554	30,733
Performance bonds	46,573	36,835
Bid bonds	4,822	4,873
	170,821	**259,133**

The amount of guarantees in force at the Company corresponds to the Company's own guarantees necessary to ensure its proper functioning, as well as to the use by its subsidiaries.

The Company's Directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying annual accounts.

21. Audit fees

The fees for audit services and other services rendered in 2023 to Elecnor, S.A. by PricewaterhouseCoopers Auditores, S.L. and the companies in its network (PwC) are presented below:

Description	Thousands of Euros	
	2023	2022
Audit Services - Main auditor	**33**	**50**
Other services	**62**	**229**
Main auditor	55	121
Other companies in the main auditor network	7	108
Total	**95**	**279**

(*) In the previous year the main auditor was KPMG Auditores, S.L.

The heading "Audit Services - Main auditor" includes the fees corresponding to the audit of the individual and consolidated annual accounts of Elecnor S.A.

The heading "Other services" provided by PricewaterhouseCoopers Auditores, S.L. and other firms associated with the PwC brand amounted to Euros 62 thousand. Of these other services, during 2023 the services provided to the Company by PricewaterhouseCoopers Auditores, S.L., other than the audit of accounts, relating to other verification services, amounted to Euros 55 thousand and correspond to the limited review of interim financial statements. In the previous year, the services provided to the Company by KPMG Auditores, S.L. other than the audit of accounts corresponded to verification services amounting to Euros 105 thousand corresponding to the limited review of interim financial statements and agreed procedures on ICSFR, as well as other services amounting to Euros 7 thousand and relating mainly to reports on agreed procedures on compliance with financial ratios.

In addition, fees provided during 2023 by other companies in the PwC network as a result of tax services rendered to the Company amount to Euros 7 thousand (Euros 40 thousand and Euros 68 thousand relating to verification and other services in 2022 provided by other companies in the KPMG network).

22. Environmental information

The commitment of the Elecnor Group (of which the Company is the parent company) to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, the Elecnor Group contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

In 2023, multi-site certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This represents a single certificate for all Elecnor Group organisations that contains all the scopes of the various activities and all the work centres, extending the scope of this certification to other international subsidiaries such as Elecnor Perú.

Climate change is a challenge that the Elecnor Group (of which the Company is the parent company) has been working hard on since 2013, by calculating its carbon footprint in accordance with internationally accepted standards and by implementing measures to reduce GHG emissions within its scope of action. In February 2023, for the eighth consecutive year AENOR verified greenhouse gas emissions in accordance with the ISO 14064-1:2018 standard, linked to the direct and indirect emissions relating to all its activities. Similarly, Elecnor obtained the "Calculo y Reduzco" seal granted by Spain's Ministry for Ecological Transition's Office for Climate Change (OECC) as part of the National Register for Carbon Footprint, Offsetting and Absorption of CO_2 and Demographic Challenge.

The Group (of which the Company is the parent company) has taken part for the sixth consecutive year in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change, strengthening its commitment to sustainability. In 2023, Elecnor upheld the score of A- achieved in 2022, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.

The Group (of which the Company is the parent company) has also taken another step forward in its commitment to decarbonisation by joining the Science Based Targets (SBT) initiative, establishing corporate emission reduction targets according to science. These targets have been approved in 2022 by the Science Based Targets (SBTi) initiative.

The Climate Change Strategy acts as the unifying framework guiding the Group's actions in reducing emissions, adapting to the impacts of climate change and capitalising on associated opportunities. Its purpose is to lay the foundations for a decarbonised, profitable and ever growing business.

The Strategy, based on the structure of the Task Force on Climate-related Financial Disclosures (TCFD), is based on four overarching areas of action: Governance, Strategy, Risk Management, and Metrics and Targets. These areas are intertwined with three cross-cutting lines: People, Assets and Knowledge, with the aim of aligning with best practice in disclosure.

This Climate Strategy will contribute to ensuring lower costs and, at the same time, more effective responses to climate change. Similarly, it is set to be the basis for a profitable and growing business, making the Elecnor Group a strong, competitive and sustainable company. The Group's resilience to climate change will be defined by its ability to address the risks and take advantage of the opportunities arising from this phenomenon.

23. Events after the reporting period

Subsequent to year-end, an Extraordinary Shareholders' Meeting was held on 24 January 2024, approving the sale of 100% of Enerfín's share capital to the Norwegian company Statkraft European Wind and Solar Holding AS, as explained in Note 6 "Non-current assets held for sale" of these notes to the annual accounts.

At the date of authorisation for issue of these Annual Accounts, no significant events have occurred after the close of year-end 2023 that could alter or have any effect on the financial statements for the period ended 31 December 2023.

(Expressed in thousands of Euros)

Appendix I: Company information

(Thousands of Euros)

2023	Registered office	Auditor	Activity	Interest %			Thousands of Euros				
				Net carrying amount	**Direct %**	**Indirect %**	**Share capital**	**Reserves and other equity items**	**Operating profit/(loss) for 2023**	**Net profit/(loss) for 2023**	**Dividend for 2023**
Group companies (*)											
Elecdal, URL	ALGERIA	**	Construction and assembly	11	100.00 %	0.00 %	12	121	(16)	(16)	1,029
Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	1,352	100.00 %	0.00 %	16	(4,704)	(4,422)	(489)	-
Elecnor Servicios y Proyectos, S.A.U. (Group)	SPAIN	PWC	Construction and assembly	153,752	100.00 %	0.00 %	15,050	154,107	10,933	20,008	17,000
Enerfín Sociedad de Energía, S.L.U. (Group) (***)	SPAIN	PWC	Management and administration of companies	219,526	100.00 %	0.00 %	64,224	203,948	(216)	38,352	-
Associates and jointly-controlled entities (*)											
Celeo Concesiones e Inversiones, S.L.U. (Group)	SPAIN	KPMG	Management and administration of companies	426,236	51.00 %	0.00 %	166,670	444,009	151,366	39,336	-
Acciona Infraestructuras- Elecnor Hospital David, S.A.	PANAMA	**	Construction	-	25.00 %	0.00 %	8	(6,023)	11,070	10,135	-
Dunor Energía, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	-	50.00 %	0.00 %	17,408	(54,982)	(6,678)	(7,342)	-
Eólica la Patagonia, S.A.	ARGENTINA	**	Operation and maintenance of wind farms	-	50.00 %	0.00 %	-	-	-	-	-
Inti Energia, S.A.P.I. de CV	MEXICO	**	Dormant	-	50.00 %	0.00 %	-	-	-	-	-
Morelos Epc S.A.P.I. De Cv	MEXICO	**	Construction, engineering and supply of Morelos gas pipeline	4	49.99 %	0.01 %	6	(3)	-	(3)	-
				800,881							**18,029**

(*) Refer to figures of Individual Companies.

(**) Companies not legally required to audit their annual accounts.

(***) Interest reclassified as Non-current assets held for sale

(Expressed in thousands of Euros)

Appendix I: Company information
(Thousands of Euros)

2022	Registered office	Auditor	Activity	Interest %			Thousands of Euros				
				Net carrying amount	Direct %	Indirect %	Share capital	Reserves and other equity items	Operating profit/(loss) for 2022	Net profit/(loss) for 2022	Dividend for 2022
Group companies (*)											
Elecdal, URL	ALGERIA	**	Construction and assembly	12	100.00 %	0.00 %	12	151	(30)	(30)	-
Elecnor Cameroun Société Anonyme	CAMEROON	Mazars	Construction and assembly	393	100.00 %	0.00 %	395	(250)	(857)	(5,847)	-
Elecnor Servicios y Proyectos, S.A.U. (Group)	SPAIN	KPMG	Construction and assembly	153,752	100.00 %	0.00 %	15,050	140,149	28,986	48,959	55,000
Enerfín Sociedad de Energía, S.L.U. (Group)	SPAIN	Deloitte	Management and administration of companies	219,526	100.00 %	0.00 %	64,224	122,474	2,797	81,474	7,000
Associates and jointly-controlled											
Celeo Concesiones e Inversiones, S.L.U. (Group)	SPAIN	KPMG	Management and administration of companies	424,222	51.00 %	0.00 %	166,671	788,428	(3,729)	(1,205)	612
Acciona Infraestructuras- Elecnor Hospital David, S.A.	PANAMA	**	Construction	-	25.00 %	0.00 %	7	(5,897)	(176)	(176)	-
Gasoducto de Morelos, S.A.P.I. de C.V.	MEXICO	Deloitte	Operation and maintenance of the Morelos gas pipeline	14,262	50.00 %	0.00 %	28,524	39,230	23,983	11,107	116
Dunor Energía, Sapi De Cv	MEXICO	KPMG	Construction of the Empalme II combined cycle power plant 313	-	50.00 %	0.00 %	3	(57,677)	2,507	1,228	-
Eólica la Patagonia, S.A.	ARGENTINA	**	Operation and maintenance of wind farms	-	50.00 %	0.00 %	-	-	-	-	-
Inti Energia, S.A.P.I. de CV	MEXICO	**	Dormant	1	50.00 %	0.00 %	-	-	-	-	-
Morelos Epc S.A.P.I. De Cv (****)	MEXICO	**	Construction, engineering and supply of Morelos gas pipeline	3	49.99 %	0.01 %	6	7	107	99	-
Morelos O&M, Sapi,Cv (****)	MEXICO	**	Maintenance of the Morelos gas pipeline	35	50.00 %	0.00 %	71	355	2	25	-
Proyectos Electricos Agua Prieta, Sapi De Cv. (***)	MEXICO	PKF Accountants & business advisers	International public tender no. 18164093-022-09 by the CFE relating to the plant named 171 CC Agua Prieta	1	50.00 %	0.00 %	3	(6,124)	(61)	(44)	-
				812,207							**62,728**

(*) Refer to figures of Individual Companies.

(**) Companies not legally required to audit their annual accounts.
(***) Companies liquidated in 2023
(****) Companies disposed of in 2023

PREPARATION AND DECLARATION OF RESPONSIBILITY

In compliance with the provisions of current legislation, all of the members of the Board of Directors of the Company Elecnor, S.A. have prepared the annual accounts of Elecnor, S.A. for the year ended 31 December 2023.

Likewise, and in accordance with section one, letter b) of Article 8 of Royal Decree 1362/2007, the members of the Board of Directors of Elecnor, S.A. declare that, to the best of their knowledge, the "Annual Accounts" of Elecnor, S.A. for the year ended 31 December 2023 have been prepared in accordance with the provisions of the Spanish General Chart of Accounts approved by Royal Decree 1514/2007 and published in the Official State Gazette on 20 November 2007, applying the corresponding accounting principles, accounting policies and valuation criteria, and give a true and fair view of the Company's equity, financial position and profit/loss, of the changes in equity and of its cash flows, and that the "Director's Report" of Elecnor, S. A. for the year ended 31 December 2023 includes a true and fair view of the business performance and profit/loss and of the Company's position, together with a description of the main risks and uncertainties facing Elecnor, S.A.

The accounts are set out in the documents attached herein.

In Madrid, on 28 February 2024

2023 Directors' Report – Elecnor, S.A.

For the year
ended 31 December 2023

Contents

1. Purpose and business model

The Elecnor Group is a Spanish corporation operating in more than 50 countries. It is an international leader in integrated renewable energy concessions, sustainable infrastructure projects and essential services for the energy transition and digitalisation of cities, distinguished for its profitability, recurrence and moderate risk.

It is a global enterprise whose purpose is driven by a people-centric business model and that believes in generating shared value and sustainability.

The Group's activities are organised into three broad strategic lines:

- **Essential services**: Integration of energy distribution, telecommunications, maintenance and installation services, essential to drive change and generate well-being in cities and which feed back into the business of sustainable projects.
- **Sustainable projects**: Development, construction, operation and maintenance of clean energy generation and transmission infrastructure worldwide, improving the living conditions of communities and enhancing sustainable development.
- **Concessions and own projects**: Development and operation of projects aimed at long-term stability and profitability through concession contracts and strategic investments in projects of its own, strengthening its renewables and energy infrastructure portfolio and boosting the Group's long-term value.

Efficiency, diversification, financial robustness and personal commitment are the Elecnor Group's value generation and expansion levers.

2. Economic context[1]

The International Monetary Fund (IMF) estimates **global growth** of 3% in 2023 in its latest edition of the World Economic Outlook report, rising to 2.9% in 2024, slowing for the third consecutive year, before picking up to 3.2% in 2025.

In 2023, the conflict in the Middle East, coupled with the conflict in Ukraine, has increased geopolitical risks. Hostilities between Israel and Palestine could result in increases in energy costs, similar to the conflict in Ukraine, triggering high levels of inflation globally. The IMF estimates that global inflation will fall from 6.9% in 2023 to 5.8% in 2024.

Looking ahead, the IMF notes that, in a context of disinflation and stable growth, global risks to growth are balanced. These positive factors include the possibility of easing financial conditions with rapid disinflation and dynamism in structural reforms. In the short term, and as key issues, the global economy faces the challenge of managing disinflation and tightening monetary policy.

[1]Sources:
- International Monetary Fund (IMF). World Economic Outlook of October 2023.
- World Bank. World Economic Outlook of January 2024.
- Spanish National Statistics Institute. Quarterly Spanish National Accounts: main aggregates. Fourth quarter of 2023 (January 2023)

In **Spain**, economic activity has remained resilient in 2023, with growth of 2.5% according to the IMF (a figure corroborated by the National Statistics Institute), although the IMF forecast for 2024 is for growth of 1.7%. In a context of high inflation and an uncertain outlook due to the war in Ukraine, the cost of living has increased, driven by rising food and energy prices, reaching 3.5% inflation in 2023, with inflation estimated at 3.9% in 2024. In this context, the Organisation for Economic Co-operation and Development (OECD) would once again place Spanish economic progress at the head of growth in the eurozone, which will expand by an average of 1.5% in 2024, while its three great powers, France, Italy and Germany, would reach 1.2%. "Growth in the Spanish economy is slowing, but will remain solid", it says in its report. It also warns of the need for budgetary adjustment to keep debt under control.

In the **European Union**, the IMF forecasts that growth in the region, which has reached 0.7% in 2023, will increase in 2024 to 1.5%. The main drivers of this growth next year will be private consumption, supported by the reduction in inflationary pressures (expected to fall from 6.5% in 2023 to 3.6% in 2024), and exports, driven by the gradual recovery of the eurozone. However, "uncertainty surrounding the evolution of the Russian invasion of Ukraine is an important factor in shaping the regional outlook", the World Bank added.

In the **United States**, the Federal Reserve (Fed) has begun preparations to start lowering interest rates. The members of the Fed's monetary policy committee expect a 0.75 bps drop in the price of money to take place later this year, although it has not yet been determined when or at what point in the year the first move will occur. The IMF, which has estimated US growth at 2.1% in 2023, anticipates growth of 1.5% in 2024, while inflation is forecast to fall from 4.1% in 2023 to 2.8% in 2024.

In **Ibero-America**, the IMF's economic outlook suggests a gradual recovery in the LAC region, with projected growth of 2.3% in 2024 (similar to 2023) and 2.5% in 2025. The lingering effects of previous monetary tightening are expected to continue to weigh on growth in the near term, but their impact is expected to fade. Central banks are also expected to lower interest rates as inflation declines (from 13.8% in 2023 to an expected 10.7% in 2024), which could reduce barriers to higher investment.

The country-specific projections reveal significant differences. In the case of **Brazil**, growth is expected to slow to 1.5% in 2024 (3.1% in 2023), followed by a recovery to 2.2% in 2025, thanks to lower inflation (from 4.7% in 2023 to an expected 4.5% in 2024) and interest rates.

Growth in **Mexico** is projected by the IMF to lose momentum, falling to 2.1% in 2024 (3.2% in 2023), due to lower inflation and declining external demand. In **Argentina**, it forecasts a recovery to 2.8% growth in 2024 (-2.5% in 2023), after the impact of the drought in 2023. Along these lines, the projections for **Colombia** show an improvement in the growth trajectory of its economy, rising from 1.4% in 2023 to 2% in 2024. In **Chile**, growth is estimated at 1.6% in 2024 (-0.5% in 2023), accelerating to 2.3% in 2025. In addition, the IMF projects that **Peru** will recover from the contraction experienced in 2023, with growth of 2.7% in 2024, supported by rising mining output.

In **Australia**, the Commonwealth Bank of Australia forecasts GDP growth of 1.9% per annum by the end of 2024. These figures contrast with IMF projections for Australia, which point to a slowdown in GDP growth from 1.8% in 2023 to 1.2% in 2024 due to higher borrowing costs. Regarding financial conditions, Australia's inflation decelerated to 5.8% in 2023 (6.6% in 2022), providing some relief from the persistent price pressures that have adversely affected the economy, and is projected to reach 4% in 2024. In addition, the Reserve Bank of Australia (RBA) announced in December its intention to maintain rates at 4.35%, after having raised them by 25 basis points (b.p.) in the previous month.

Furthermore, the World Bank points to the economic upswing in sub-Saharan Africa. The three largest economies in this area -**Angola, South Africa and Nigeria**- recorded growth of 1.3%, 0.9% and 2.9% in 2023 according to the IMF. In these three economies, the growth rate in 2024 is forecast by the agency's experts to be 3.3%, 1.8% and 3.1% respectively. For its part, the IMF forecasts that **North Africa** will fall from 4.2% growth in 2023 to 3.6% in 2024, before recovering to 4.3% in 2025.

3. Economic and financial performance in the period

3.1. Key figures in consolidated profit/loss for the year

On 17 November 2023, Elecnor, S.A. filed an Insider Information communication with the CNMV notifying the signing of the agreement for the sale of 100% of the share capital of its subsidiary ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U. ("Enerfín") to the company Statkraft European Wind and Solar Holding AS. At the date on which these Consolidated Annual Accounts were authorised for issue, the Directors of the Parent consider that the conditions required by IFRS 5 for the classification of this business as *"Non-current assets held for sale and discontinued operations"* from 31 August 2023 have been met.

Therefore, as the Enerfín subgroup constitutes a complete business segment within the Group, its contribution to each of the Income Statement items has been classified under the heading *"Profit/loss from discontinued operations"*. Likewise, for comparative purposes, the Income Statement for 2022 has been restated. Therefore, the Enerfín subgroup does not contribute sales or EBITDA to the consolidated Income Statements for 2023 and 2022.

At 31 December 2023 and 31 December 2022, the main figures of the Group's Income Statement are as follows:

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Continuing operations:			
Net turnover	3,792,906	3,393,260	*11.8 %*
Domestic	*1,489,436*	*1,403,651*	*6.1 %*
International	*2,303,470*	*1,989,609*	*15.8 %*
EBITDA	204,862	147,564	*38.8 %*
Profit/loss before taxes	97,761	80,154	*22.0 %*
Income tax	(27,284)	(22,062)	*23.7 %*
Profit/loss from continuing operations	70,477	58,092	*21.3 %*
Profit/loss from continuing operations attributable to non-controlling interests	(4)	(4)	— %
Profit/loss from continuing operations attributable to shareholders of the Parent	**70,481**	**58,096**	***21.3 %***
Discontinued operations:			
Profit/loss from discontinued operations attributable to shareholders of the Parent	**39,577**	**44,717**	**(11.5) %**
PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	**110,058**	**102,813**	**7.0 %**

The **net turnover** of the Elecnor Group's continuing operations this year amounted to Euros 3,792.9 million, which represents an increase of 11.8% on the previous year. Both the domestic market (which represents 39% of the total) and the international market (which makes up 61%) have experienced significant growth (6.1% and 15.8% respectively). This positive evolution of the figure was driven by increased volume of essential services activities conducted by the Group in the United States and in European countries, mainly Spain and Italy, and by the execution of sustainable projects from Elecnor's businesses in Australia, Brazil and Chile, in particular.

EBITDA from continuing operations amounted to Euros 204.9 million, up 38.8% on the previous year, thanks to the contribution of the essential services business and sustainable projects developed by the Group.

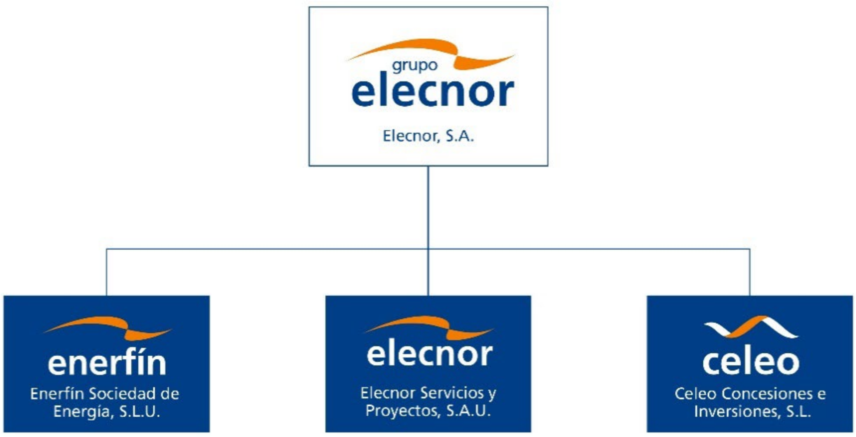
This strong EBITDA performance led to a **net profit from continuing operations** of Euros 70.5 million in 2023, compared to Euros 58.1 million in the previous year (21.3% higher).

Discontinued operations, consisting of the activity of the Enerfín subgroup classified in the balance sheet as non-current assets and liabilities held for sale, contributed to the group a profit/loss of Euros 39.6 million, 11.5% lower than last year (mainly due to lower energy prices in Spain).

The Group continuously evaluates its operating expenses to reduce any discretionary expenses, applying policies of containment and control to the expenses on a recurring basis, in all companies of the Group.

3.2. Business performance

During 2023 the Group has operated through three mutually strengthening and complementary subgroups of companies that set their objectives individually. These subgroups report their key figures as separate segments for a better understanding of the Group's businesses.



Elecnor (Essential Services and Sustainable Projects)

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Turnover	3,886,590	3,422,866	*13.5 %*
Domestic	1,507,384	1,422,090	*6.0 %*
International	2,379,206	2,000,776	*18.9 %*
EBITDA (*)	220,997	168,928	*30.8 %*
Profit before tax	122,602	105,914	*15.8 %*
Attributable consolidated net profit	84,415	77,460	*9.0 %*

(*) EBITDA, after deducting the proceeds from the sale of 50% of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. amounted to Euros 199,478 thousand (as explained in Note 12 to the accompanying Notes to the Consolidated Annual Accounts), an increase of 18.1% on the same period of the previous year.

This business, which the Group develops via its subsidiary Elecnor Servicios y Proyectos, S.A.U and that company's subsidiaries, has grown strongly in the year.

Turnover in 2023 amounted to Euros 3,886.6 million, i.e. 13.5% higher than in the previous year.

In the **domestic market**, activity continued to grow on the back of the **essential services** developed for the electricity, telecommunications, water, gas and energy transmission and distribution sectors, where it provides an essential service for all utilities. It is also worth highlighting the maintenance activity carried out for both the public and private sectors. Likewise, during this year, the construction of wind farms and solar PV projects, as well as projects related to self-consumption and energy efficiency, contributed to growth of both the turnover and profit in the Group's **sustainable projects** activity.

In the **international market**, the increased turnover is owing mainly to **sustainable projects** undertaken by the Group in Australia, Brazil and Chile (especially renewable energies and the electricity transmission lines). The construction of solar PV plants in Colombia, the Dominican Republic and Ghana, wind farms in Brazil, hydroelectric plants in Cameroon, substations in Cameroon, Mozambique and Gambia, and transmission lines in Zambia, among many others, also contribute to the Group's sales and profit. Of particular note in these results is the **essential services** business of the US subsidiaries (Hawkeye, Belco and Energy Services).

EBITDA, after deducting the contribution to this figure of the proceeds from the sale of 50% of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. (as explained in Note 12 of the accompanying Notes to the Consolidated Annual Accounts), came to Euros 199.5 million. This implies a 18.1% increase with respect to the same period the previous year, reflecting the positive performance by both essential services and sustainable projects.

Attributable consolidated net profit amounted to Euros 84.4 million, i.e., 9% higher than in the same period of the previous year. This increase in after-tax profit in the year 2023, coupled with the sound general performance of the various activities carried out by Elecnor Servicios y Proyectos, encompasses the following impacts:

On 24 April 2023, the Parent and Enagás Internacional, S.L.U., as sellers, and MIP V International AIV, L.P., as buyer, the conditions precedent having been fulfilled, completed the sale-purchase transaction to transfer the shares held by the sellers in the share capital of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V., in which each of the sellers held a 50% shareholding. The transaction price amounted to approximately US Dollars 190 million (Euros 172.5 million), calculated using a base price adjusted for certain working capital parameters, the amount corresponding to its shareholding being attributable to the Parent. The Elecnor Group has deducted an amount of US Dollars 26 million (Euros 23.7 million) from the proceeds of the sale to cover certain responsibilities pursuant to the contract, and the relevant provision has been recognised. As a result of this transaction, the Elecnor Group recognised a capital gain of Euros 21.6 million with a credit to "Net profit/loss on the sale of non-current assets and subsidiaries" in the consolidated Income Statement for the year 2023.

The Elecnor Group has continued its project execution activity in Australia. In the year, certain circumstances have increased the cost estimate for some of the contracts that the Group executes in the country, such as execution delays on the back of Covid-19 and the global economic instability unleashed by the disproportionate rise in raw material prices, labour and logistics expenses and local overheads as a result of spiralling inflation. These circumstances have led these contracts to recognise negative margins. Against this backdrop, and with the customer's collaboration, we are together seeking solutions to keep these projects—which are of strategic importance for the country—afloat. It is hoped that this joint work will lead to an improvement in future years in the situation as reflected in the consolidated financial statements for 2023.

Elecnor production portfolio that can be executed in the next 12 months

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Domestic	749,580	633,939	*18.2 %*
International	1,828,073	1,774,464	*3.0 %*
TOTAL	**2,577,653**	**2,408,403**	*7.0 %*

The production portfolio, which can be executed in the next 12 months, amounts to Euros 2,577.7 million (Euros 2,408.4 million at the end of 2022). Of this portfolio, 71% relates to the international market, for an amount of Euros 1,828.1 million, and 29% to the domestic market, for an amount of Euros 749.6 million. The domestic market portfolio consists of contracts for essential service activities, as well as sustainable projects for the construction of renewable energy plants for the amounts expected to be executed over the next 12 months. The international portfolio includes both European countries (Italy and the United Kingdom), where service-related activities are carried out, and other countries (Australia, the United States and Brazil, mainly) with contracts for major projects for the construction of renewable-energy power generation plants and power transmission projects.

Enerfín

As part of the Elecnor Group's strategy of rotating investments that consume high capital requirements, and as explained at the beginning of section *3.1 Key figures in consolidated profit/loss for the year*, Elecnor, S.A. (as seller) entered into a purchase and sale agreement with Statkraft (as buyer) on 17 November 2023 for 100% of the shares of Enerfín.

A price is agreed in such an agreement, which is subject to various adjustments that are customary in this type of transaction. The main estimated values for this transaction are as follows:

- an enterprise value of Euros 1.8 billion;

- a cash inflow of Euros 1.4 billion (part of which would cover tax liabilities and other expenses related to the Transaction); and
- a consolidated net capital gain of Euros 0.8 billion.

The Company estimates that the transaction will be completed in mid-2024. Until that date, the assets and liabilities of the Enerfín subgroup will be classified under non-current assets and liabilities held for sale, and their result will be classified as *Profit/loss from discontinued operations* in the Group's Income Statement, as has been done this year.

The figures for this subgroup, which are classified in the Group's Income Statement under *Profit/loss from discontinued operations attributable to shareholders of the Parent*, are as follows:

Enerfín's key figures:

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Turnover	193,814	220,412	*(12.1)* %
EBITDA	125,048	154,490	*(19.1)* %
Profit before tax	69,379	85,777	*(19.1)* %
Income tax	(22,030)	(27,962)	*(21.2)* %
Profit/loss for the businesses attributable to non-controlling interests	(7,772)	(13,098)	*(40.7)* %
Attributable consolidated net profit	39,577	44,717	*(11.5)* %

These figures were driven by the high energy prices in 2022, which pushed revenue volume in that period to Euros 220.4 million, amply exceeding the amount budgeted. These prices eclipsed those reached in 2023. In addition, this year the electricity production attributed in Spain, Brazil and Canada amounted to 2,678 GWh.

Enerfín holds ownership interests in 1,734 MW (1,552 MW at last year's close) of renewable energy in operation and under construction in Spain, Brazil, Canada and Colombia. Furthermore, its project portfolio currently exceeds 10 GW. During this year, it continued implementing its strong project development activity, enabling it to increase its pipeline in all the geographies where it is present: Spain, Brazil, Canada, United States, Australia, Mexico, Colombia and Chile.

Enerfín is increasing its assets through the construction of a solar PV farm in Brazil: Solar Serrita, with an installed capacity of 68 MWp, expected to enter operation in the final quarter of 2024. In Canada, construction began in 2023 on the Winnifred wind farm, with an installed capacity of 136 MW, which is expected to come on stream in the final quarter of 2024. In Spain, construction began in 2022 on the Ribera Navarra wind farm complex (139.2 MW) consisting of four wind farms (24 generators, each with a unit capacity of 5.8 MW) which have entered into service in January 2024; work also began in 2023 on the Cernégula wind farm (46 MW) which is expected to come on stream in the first quarter of 2025.

Celeo

Celeo, a company managed jointly by the Elecnor Group (51%) and APG, one of the world's largest pension funds, has a stake in 7,942km of electricity transmission lines in operation or under construction in Chile, Brazil and Peru (6,891km at 2022 year end), and in 345 MW of renewable energy (photovoltaic and solar thermal energy) in Spain and Brazil (345 MW at 2022 year end). Overall, it managed around Euros 6,317 million assets in operation at the close of the year (Euros 5,924 million at the close of last year).

In terms of new project awards, 2023 was a landmark year for Celeo, having been awarded 5 new concession projects:

- Celeo Redes **Brasil** was awarded lot 6 of the ANEEL auction (Leilao 1/2023) which took place on 30 June in São Paulo. The concession comprises the financing, construction and operation of a 500 kV transmission line between the Xingó and Camaçari II substations, measuring 357 km long in dual circuit and including the connection equipment at the respective substations. The line will cross 18 municipalities in the states of Bahia and Sergipe, in the North-east region of Brazil. The concession has a duration of 30 years and an estimated investment by ANEEL of R$ 1,203 million, and once it comes into operation, it will receive an annual remuneration of R$ 99.9 million, which will be updated annually in accordance with the IPCA. The regulatory construction period established is of 60 months.

- In the next auction of the year in December, Leilao 2/2023, Celeo **Brasil** won Lot 3, with the Marimbondo 2-Campinas 500kV TL project. This project consists of a 388 km single-circuit line in the states of Minas Gerais and Sao Paulo.

- In the case of **Chile**, Celeo was awarded **two** new expansion works for the Hualqui and La Pólvora substations, as part of the International Public Tender for Expansion Works contemplated in Exempt Decree No. 200/2022.

- Celeo has also consolidated its presence in **Peru** by being awarded the third Concession Agreement in the country, Piura Nueva-Frontera, a project that includes the extension of an existing substation and the construction of 270 km of 500 kV line that will connect with Ecuador for the exchange of electricity.

Aggregate [2] EBITDA of Celeo projects:

	EBITDA[2]	
(Thousands of Euros)	2023	2022
Transmission networks Brazil	143,910	122,852
Transmission networks Chile	136,347	110,945
Transmission networks Peru	(209)	(186)
Renewable energies	66,924	61,994
	346,972	**295,605**

The projects of Celeo's Transmission Networks business in Brazil have achieved an EBITDA (at 100%) of Euros 143,910 thousand this year (Euros122,852 thousand the previous year) and those of Celeo in Chile have achieved an EBITDA (at 100%) of Euros 136,347 thousand this year (Euros 110,945 thousand the previous year). This good performance has been favoured by the increase in price indices affecting the sale prices applicable to transmission lines with a particular impact on Brazilian projects. In addition, the financial burden at the companies in Brazil improved compared to the previous year.

The EBITDA of the renewable energy plant business projects that Celeo manages in Spain and Brazil came to Euros 66,924 thousand this year (Euros 61,994 thousand the previous year) thanks to higher production (265,466 MWh) compared to last year (210,808 MWh). Furthermore, in the same period last year, these projects had to record a regulatory liability in their Consolidated Annual Accounts due to high energy prices in the first few months of 2022, which was not the case in 2023. Likewise, during this year there have been enhanced operating and maintenance cost savings.

[2] This is the aggregate EBITDA for 100% of the projects in which Celeo participates, and does not take into account the IFRIC 12 impact, as it better reflects the cash generation capacity of each project (see note 32 of the Notes to the accompanying Consolidated Annual Accounts)

Celeo is accounted for using the **equity method**. Accordingly, it does not contribute to the Group's consolidated turnover. In this year, it reached an attributable consolidated net profit of Euros 15.4 million (Euros 17.2 million in the previous year) after applying the percentage of ownership and corresponding consolidation adjustments. This profit, due to the consolidation method used, is included in the Group's EBITDA.

3.3. Financial position

In 2023, the Group's operating activity enabled it to generate a cash flow of Euros 206.0 million (Euros 226.9 million in the previous year) and its net investment amounted to Euros 268.1 million (Euros 128.5 million in the previous year).

Total Net Financial Debt (Euros 735.1 million) increased by 34.4% on the previous year's figure (Euros 546.9 million), due to the construction of new renewable energy generation projects in the Enerfín subgroup.

The **Net Financial Debt with recourse** closed at Euros 222.6 million compared to Euros 120.8 million at the end of 2022. This is mainly due to the Group's ongoing investment efforts as described in the previous paragraph.

The indebtedness ratio at year end, calculated as Net Financial Debt with recourse divided by EBITDA with recourse, was 0.91x (0.63x at the end of the previous year). This ratio is now solidly below 1x, and is therefore amply compliant with the benchmark ratio established in the syndicated financing agreement (2.75x).

The positive ratios in the NFD/EBITDA ratios maintained in recent years have been possible as a result of the positive evolution of the businesses in terms of cash generation. The latter has made it possible to finance the Group's investment activity (268.1 in 2023 and 128.5 and 2022), the growth of consolidated turnover (11.8% and 15.7% in 2023 and 2022 respectively) as well as the payment of the dividend to our shareholders (37.1 million and 31.0 million in 2023 and 2022 respectively)

Net Financial Debt with recourse includes debt with cost, both with financial institutions and short-term MARF promissory note issues, bond issues and finance lease transactions; it does not include debt of projects with specific financing without recourse to their shareholder for the project in question.

Although the Group analyses and monitors the evolution of Total Net Financial Debt, it pays special attention to Net Financial Debt with recourse, given that the remaining Debt is secured by the investment projects to which this financing is dedicated.

Debt ratios

(Thousands of Euros, at year-end)	2023	2022
Net Financial Debt with recourse	222,613	120,791
EBITDA with recourse + projects dividends	243,525	193,196
Ratio of Debt/EBITDA with recourse + Projects dividend	**0.91**	**0.63**
Total Net Financial Debt	735,056	546,913
EBITDA Continuing Operations + EBITDA Discontinued	329,910	302,054
Ratio of Total Net Financial Debt/ EBITDA	**2.23**	**1.81**

> **Note:** EBITDA with recourse does not include EBITDA corresponding to investment projects financed through debt guaranteed by these projects (EBITDA without recourse) and includes both that corresponding to Continuing Operations and Discontinued Operations (classified under the heading of Profit/loss from Discontinued Operations in the Income Statement of the attached Consolidated Annual Accounts); dividends from projects also correspond to investment projects financed through debt guaranteed by these projects of companies in the Enerfín subgroup (classified under Non-current assets and liabilities held for sale). Similarly, the Total Net Financial Debt includes the debt corresponding to the projects operated by the Enerfín subgroup.

The Total Net Financial Debt to EBITDA ratio is a ratio used in the market to compare the level of indebtedness to the cash generation from transactions and, thus, assess companies' level of solvency.

To present a ratio that reflects the Group's solvency, it is appropriate to present Net Financial Debt with recourse in relation to EBITDA with recourse, in which the contributions to the figures of investment projects funded by debt secured by such projects are excluded from both figures. In turn, the dividends distributed by the abovementioned projects are added to the EBITDA with recourse. The purpose of this ratio is to measure the Group's capacity to meet its recourse debt.

For this purpose, the Group eliminates the effect of IFRS 16 Leases from the calculation of EBITDA, thus offsetting the impact of this standard —the impact increases the figures of EBITDA and Debt— and complying with the method of calculating this figure contained in the financing contracts.

With regard to the Group's **financial strategy**, we note:

- The Elecnor Group maintains a **Syndicated Financing Agreement** which was first executed in 2014. Since the latest novation in 2021, this financing now has a cap of Euros 350 million, distributed between the Loan Tranche of Euros 50 million and a Credit Facility Tranche of Euros 300 million and a maturity of September 2026. This financing complies with the requirements laid down by the Sustainability Linked Loan Principles and, therefore, it **has been classified as sustainable**. At 31 December 2023, the drawn down amount of this agreement came to Euros 205.6 million and corresponds to Euros 50 million of the loan tranche, Euros 122 million of the credit tranche in Euros drawn down by Elecnor, S.A. and Euros 33.6 million of the credit tranche in Dollars drawn down by Elecdor (Euros 238.1 million in 2022, Euros 50 million of the loan tranche, Euros 156 million of the credit tranche in Euros, Euros 4.5 million of the credit tranche in Dollars drawn down by Elecnor, S.A. and Euros 27.6 million of the credit tranche in Dollars drawn down by Elecdor at 31 December 2022) at nominal value.

- In 2023, the Elecnor Group has published a new, multi-currency Promissory Note Programme in the **Alternative Fixed Income Market** (MARF) with a limit of Euros 400 million—one of the largest in the market—to fund Working Capital needs and new projects, both in Spain and abroad, in the areas of engineering, infrastructure development and construction, renewable energies and new technologies. This programme remains **linked to sustainability**, including targets for reducing greenhouse gas emissions and accidents at work, which, if not met, imply a commitment to contribute to sustainable projects. This transaction is part of the Elecnor Group's strategy to diversify and optimise the cost of its sources of funding. This new programme gives the Group access to funding, both in Euro and US dollars, at terms of up to 24 months. The reputation and strength of Elecnor Group's business model is renowned on this market, allowing it to issue under beneficial terms. Over the last nine years, the Group has completed 303 issues for a total of Euros 8.505 billion, making it one of the main issuers of promissory notes in the Spanish market. At the close of 2023, the Group had EUR 239 million available under this programme (EUR 115 million at 2022 year-end).

- Since 2021, the Elecnor Group has held three long-term private placements totalling Euros 100 million:

    - Euros 50 million at 10 years, in **sustainable loan** format, placed by Banca March.

    - Euros 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as **green**, placed by B. Sabadell.

    - Euros 30 million at 14 years, as **sustainable bonds**, also placed by B. Sabadell, included in the MARF. They have the Elecnor Group's BBB- rating (investment grade) issued by Axesor.

- The Group has had a **Securitisation Fund** called "ELECNOR EFICIENCIA ENERGÉTICA 2020, Fondo de Titulización" since December 2020, to which it has assigned the credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor executes for 43 municipalities and public entities in Spain. By means of this structure, Elecnor obtains financing for investments in contracts assigned in the amount of Euros 50 million. The securitisation fund issued bonds in the aforementioned amount, which are subscribed and fully paid in, and which are trading in Spain's Alternative Fixed Income Market (MARF). These bonds are compliant with the requirements established by the **"Green Bond Principles"**, and therefore qualify as green bonds for G-advisory, the Garrigues Group's consultancy firm. Axesor Rating has assigned the bonds issued by the Securitisation Fund an A+ rating, indicating a high capacity to meet its credit obligations. This is the first securitisation transaction for the sale of future credit claims derived from contracts with Public Entities to be conducted in Spain.

The Elecnor Group tackles its investment projects by arranging financing secured by such projects, as described in section 6.2 "Interest rate risk" herein, while it contributes its equity with the resources generated by the businesses of which the Group is comprised.

The Group's investment activity (Euros 268.1 million invested), as well as the growth experienced in the Services and Projects activity, have required more funds. This need, especially for working capital, is concentrated in some of the Group's ongoing external projects.

3.4. Material changes in accounting policies

The accounting policies and methods used to prepare the Consolidated Annual Accounts in 2023 are the same as those applied to the Consolidated Annual Accounts in 2022.

All accounting principles with a significant effect have been applied in the drawing up of these Separate and Consolidated Annual Accounts.

3.5. Profit/loss of the Elecnor Group's holding company:

Elecnor, S.A. is the Group's holding company, as detailed in section 3.2 of this report. Its core business is the holding of shares and the rendering of corporate services.

In Elecnor, S.A.'s Income Statement, sales mainly consist of dividends received from subsidiaries, as well as invoicing for services and financial interest to Group companies, and the profit/loss also includes Elecnor, S.A.'s structural expenses. In 2023 sales decreased mainly due to the lower dividend received from Elecnor Servicios y Proyectos, S.A.U. (Euros 17 million compared to Euros 55 million received the previous year), although the profit/loss increased due to the capital gain generated at the Group's parent company from the sale of Gasoducto Morelos (Euros 42 million).

The main figures of the Income Statement are as follows:

Key figures

(Thousands of Euros)	2023	2022
Turnover	63,816	102,237
Operating income	48,357	40,894
Profit before tax	33,391	31,606
Profit after tax	43,238	36,882

3.6. Average payment period

The average payment period to suppliers of the Group's holding company, Elecnor, S.A., calculated as per Additional Provision Three of Law 15/2010, dated 15 July, is 29 days. The average payment period to suppliers of the Elecnor Group, calculated in the same way, is 59 days.

3.7. Turnover by activity

Turnover by activity

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Electricity	1,560,084	1,352,435	*15.4 %*
Power generation	688,013	724,734	*(5.1) %*
Telecommunications and space	273,314	242,133	*12.9 %*
Facilities	184,624	232,520	*(20.6) %*
Construction, environment and water	326,502	285,849	*14.2 %*
Maintenance	393,128	287,998	*36.5 %*
Oil & Gas	142,222	165,724	*(14.2) %*
Railways	225,019	101,867	*120.9 %*
	3,792,906	**3,393,260**	***11.8 %***

Once again this year, the main activity in terms of turnover was Electricity, with Euros 1,560 million, 15.4% higher than in 2022, with a notable increase in other activities such as Maintenance, which with a volume of Euros 393 million was 36.5% higher than in 2022, and Railways, which with Euros 225 million exceeded the previous year's figure by 120.9%. This major increase in core activities is driven by the strength of the **essential services** market, both domestically and abroad (United States, Italy, United Kingdom, etc.), and by **sustainable projects** for the construction of renewable energy plants.

4. Stock market information

	31/12/2023	31/12/2022
Closing share price (Euros)	19.55	10.60
Total volume of securities (millions)	8.5	6.1
Total cash traded (millions of Euros)	122.7	66.6
Number of shares (millions)	87	87
Market capitalisation (millions of Euros)	1,700.9	922.2
PER	15.5	9.0
Dividend yield	4.1 %	3.5 %

On 31 May 2023, the **supplementary dividend was distributed against profit for 2022**, in a gross amount of Euros 0.36053065 (Euros 0.37040598, including the pro-rata distribution of treasury shares). On 20 December 2023, the **interim dividend against 2023 profit was paid**, in a gross amount of Euros 0.06572862 (Euros 0.06751654, including the pro-rata distribution of treasury shares).

Shares in Elecnor, S.A. closed the year with a price of **Euros 19.55 per share** and market capitalisation stood at Euros 1,700.9 million. The total cash amount traded was Euros 122,7 million.

5. Capital management policy

Key to the Elecnor Group's strategy is its policy of financial prudence. The capital structure is defined by the commitment to solvency and the aim of maximising shareholder returns.

6. Risk management policy

Elecnor Group is exposed to various risk factors linked to the sectors in which it operates and the long list of countries in which it is present, either consistently or by means of one-off projects.

Ultimate responsibility for identifying the key risks and for implementing and monitoring the internal control and information systems lies with the Group's Board of Directors, which is assisted by the Audit Committee in this function of supervising and assessing the risk management and internal control systems.

Notwithstanding the foregoing, the day-to-day management and effective direction of the Elecnor Group's businesses and activities is undertaken by the Chief Executive Officer and the management team who, in the ordinary course of these responsibilities, and through the various business units and organisational structures, identify, assess, appraise and manage the various risks affecting the performance of the Group's activities.

To ensure that risks are properly identified and their management is integrated and coordinated at all levels and in all areas of the organisation, the Elecnor Group has a Corporate Risk Map, which is a structured list of risks in which each one is assessed according to its potential impact (measured by turnover, profitability and efficiency, reputation and sustainability) and its likelihood of occurrence, which determines the inherent risk associated with each event and the effectiveness of the control measures in place, resulting in a residual risk assessment. The result of this assessment exercise, which is at least reviewed annually, makes it possible to prioritise these risks accordingly and to focus the organisation's resources on supervising and improving the management of the most significant risks.

6.1. Foreign currency risks

The Elecnor Group is exposed to the risk of exchange rate fluctuations due to its operations in international markets. Part of the revenues and costs incurred are denominated in currencies other than the Group's functional currency (Euro) and in certain projects the economic and financial inflows and outflows are in different currencies, and therefore the outcome of these projects is exposed to foreign currency risk.

To manage and mitigate the risk arising from exchange rate fluctuations, and when it is not possible to design and implement natural hedging structures, such as the use of financing referenced to the currency of the agreement, the Group uses other hedging strategies, such as taking out exchange rate insurance and cross currency swaps.

6.2. Interest rate risk

Interest rate fluctuations change the fair value of assets and liabilities that accrue interest at fixed rates and the future cash flows from assets and liabilities indexed to floating interest rates. The Elecnor Group has arranged external financing to enable it to carry on its operations, both at a corporate level and in connection with the development, construction and operation of wind farms, solar projects and electricity infrastructure concessions. The guarantee for this project finance is provided by the projects themselves.

With regard to interest rate risk management, the Group uses hedging instruments to hedge the risk of interest rate fluctuations in financing transactions with floating interest rates. On the other hand, and depending on the market conditions prevailing at any given time, the Group assesses and, where appropriate and depending on its financial needs and the financing structure objectives established, arranges financing at fixed interest rates.

6.3. Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to meet its short-term financial obligations within the established deadlines.

In order to mitigate liquidity risk, the Group monitors its operating capital on an ongoing basis to optimise its management and maintains a solid liquidity position in current accounts and credit lines with sufficient limits.

6.4. Credit risk

The Elecnor Group's main credit risk arises from trade receivables, when the counterparty or customer does not meet their contractual obligations.

Given the business and the sectors in which it operates, the Elecnor Group generally has customers of high credit ratings. In any event, and mainly in international projects with non-recurring customers, the Group takes extreme measures to mitigate credit risk (non-payment or default), carrying out exhaustive analyses of the solvency of the counterparty and establishing specific contractual conditions to ensure the collection of the consideration, as well as using other mechanisms such as the collection of advances, irrevocable letters of credit or hedging through insurance policies.

In relation to the Enerfín subgroup classified as non-current assets held for sale during 2023, in the case of the national wind farms, the power produced (in accordance with the legislative framework in force for the electricity industry) is sold in the Iberian Electricity Market (MIBEL) and income is collected from the operator of the Spanish Electricity Market (OMIE) through a payment-guarantee system and from the Spanish National Commission on Markets and Competition (CNMC), which regulates energy markets in Spain and reports to the Ministry of Industry. Wind Farm Cofrentes farm has signed a long-term energy sales contract with CEPSA for fixed annual energy. With regard to facilities located abroad, the wind farms in Brazil have long-term electricity sale-purchase agreements (20 years) with various buyers (Eletrobras, Câmara de Comercialização de Energia Elétrica, Cemig and distributors). Furthermore, the farms in the São Fernando complex in North-East Brazil sell part of the power generated in the Short-Term Market and a volume of short-term bilateral agreements with suppliers until the long-term electricity sales agreements (most exceeding 20 years) enter into force between 2022 and 2024). Furthermore, Éoliennes de L'Érable has signed a 20-year contract to sell the electricity it generates to Canadian electric utility Hydro-Québec.

With regard to transmission lines operated as concessions in Brazil, Operador Nacional do Sistema Elétrico (ONS) —through Celeo CI— is responsible for coordinating collections and payments within the country's electricity system and notifies the concession holder of the companies from which collections must be made: generators, major consumers and transmission entities. Prior to connecting to the system these companies deposit a guarantee. In the event of non-payment this guarantee will be executed, they will be immediately disconnected from the system and the payment obligation will be shared among the remaining users of the system. Accordingly, the concessionaire has the guaranteed payment from the national power grid system.

In relation to transmission lines in Chile, Celeo CI participates in both the National Transmission System and the Zonal Transmission System. The National Electricity Coordinator (CEN) is responsible for coordinating the flow of payments to the transmission companies for both systems. The current system remained until December 2018, whereby those responsible for paying the transmission companies were the generating companies. Since 2019, distributors have also been liable for payments, so the portfolio of payers became more diversified from that date on. The payment guarantee is based on a CEN Procedure that establishes that, in the event of non-payments by a coordinated company (company coordinated by CEN), the defaulting party is disconnected from the grid, and the payment obligation is spread among the remaining coordinated companies.

In addition, in Chile we also participate in dedicated transmission lines, committed to counterparties of proven solvency, most of which are rated Investment Grade. In these cases, the remuneration we receive is regulated in each of the long-term contracts that we have signed with these companies that use our infrastructure, either to evacuate the energy generated or to guarantee their electricity supply.

The Group regularly analyses its exposure to credit risk and makes the corresponding impairment adjustments.

6.5. Market risk

Revenues and results corresponding to the wind power generation activity, which the Elecnor Group operates through the Enerfín subgroup, are exposed to changes in energy prices.

In order to reduce the Group's exposure to changes in the price of energy to an acceptable level, it maintains a policy of hedging the price of energy for a certain percentage of the estimated production of its assets in Spain, contracting the respective derivative financial instruments. As regards the production of its assets located outside Spain, most of its production is sold at prices determined under long-term power purchase agreements, and is therefore not affected by changes in the price of energy on the market.

Elecnor Group closely monitors regulatory risk, particularly that affecting renewable energy, to adequately reflect its impact on the consolidated income statement.

In the current context of high global inflation, the Group analyses risk related to increased prices of materials consumed and labour costs that may affect the projects it carries out, taking the appropriate measures to mitigate them.

6.6. Climate risk

This category would include risks arising from events associated with climate change, whether physical climate risks, which could cause discontinuity or significantly affect certain operations, or transition risks, which would be those related to new legal and/or market requirements in this area (regulations, reporting, third-party expectations, etc.).

Environmental risks are mainly managed through the Environmental Management System, which is integrated into the Group’s Integrated Management System and certified according to ISO 14001. This system is based on the following pillars:

- Identification and verification of legal requirements through the use of specific tools that enable the management of compliance with administrative obligations and other commitments acquired, in addition to those required by law.
- Design and deployment of policies and procedures to identify the environmental impacts of projects and to mitigate, compensate and avoid, where possible, their negative effects on the environment, promoting aspects such as the circular economy and the protection and conservation of biodiversity and the natural environment.
- Incorporation of environmental considerations into the decision-making processes, encouraging their being taken into account in cost-benefit analyses.
- Involving different stakeholders in the joint quest for useful solutions to preserving and developing the environment and using natural resources sustainably.

Furthermore, the Group has a Climate Change Strategy that lays down the goals in this area for the 2020-2035 period. This strategy constitutes the framework within which all of its initiatives to reduce greenhouse gas emissions, adapt to the impacts of climate change and take advantage of the associated opportunities are included. As a core part of the design and implementation of this strategy, the Group has identified the risks and opportunities related to climate change in its operations, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Two scenarios have been considered in this study: the first part of the study focuses on the impact of climate change on the Elecnor Group’s physical assets while the second part focuses on how climate change impacts the construction of infrastructures in countries where the Elecnor Group has a current presence or significant medium- and long-term business opportunities. Based on this analysis, we have determined that the Elecnor Group's exposure to the main risks associated with climate change is low, although there are major opportunities associated with the ambitious energy transition and decarbonisation plans at a global level.

The Elecnor Group has also taken another step forward in its commitment to decarbonisation by joining the Science Based Targets (SBT) initiative, establishing corporate emission reduction targets according to science, which were approved in 2022 by this initiative.

7. Environmental sustainability

The commitment of the Elecnor Group to environmental sustainability is inherent to the undertaking of its activities and its business strategy. On the one hand, it contributes to building a sustainable, low-carbon future through its renewable energy generation, energy efficiency, water and environmental activities; and, on the other hand, reducing its carbon footprint and undertaking appropriate environmental management.

In this connection, and with the aim of contributing to UN Global Compact Sustainable Development Goal 13 "Climate Action", the Elecnor Group fosters the development of its activity in a sustainable manner adapted to climate conditions and always with the involvement and commitment of all persons belonging to the Group.

The Elecnor Group's activity is framed by its Environmental Management System and Energy Management, certified in accordance with ISO 14001:2015 and ISO 50001:2018 standards, respectively, as well as its Climate Change Strategy.

The Environmental Management System defines a procedure to identify, assess and record the environmental aspects originating in its activities in order to determine which are significant and to be able to take measures on them to minimise possible impacts. Thereby, the most relevant aspects have been identified as waste generation, impact on the natural environment, use of natural and energy resources, and impact on flora and fauna.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, the scope of which was updated in 2023. These guiding principles are described below:

- To incorporate environmental considerations in the decision-making processes regarding investments and the planning and execution of activities, encouraging their being taken into account in cost-benefit analyses.
- Fostering the protection and conservation of biodiversity and the natural environment, implementing the necessary measures in order to mitigate, offset and even avoid the negative impacts produced by the Group's activities, promoting those that generate positive impacts.
- Making sustainable use of resources, fostering responsible consumption, waste minimisation and the circular economy.
- To responsibly and efficiently manage water resources, based on the fully integrated cycle, nurturing social development and the conservation of ecosystems.
- Involving all stakeholders (employees, shareholders, customers, suppliers and society at large) in the joint quest for useful solutions to the challenges of preserving and developing the environment and using natural resources sustainably.

The Elecnor Group actively and decisively contributes to building a low-carbon society. Climate change is a challenge on which the company has been working for years by undertaking various initiatives that have a positive impact on reducing its environmental footprint:

- Calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity.
- Verification of the GHG emissions inventory using the methodology established by the GHG Protocol and applying the principles established in the document "The Corporate Value Chain (Scope 3), Accounting and Reporting standard".
- Obtaining the "Calculo y Reduzco" seal awarded by the Spanish Office for Climate Change (OECC).
- Taking part in the Carbon Disclosure Project (CDP), presenting its voluntary report on climate change. In 2023, the Elecnor Group upheld the score of A- achieved in 2022, a score that positions the Group yet again at the highest level in terms of sustainability, adaptation and mitigation of the impact of climate change.
- After the company joined the Science Based Targets (SBTi) initiative to take a further step in its commitment to decarbonisation, it has established corporate emission reduction targets in line with science that have been approved by the initiative.
- Review of its analysis of climate-related risks and opportunities following the recommendations of the TCFD, broadening and enhancing the analysis of risks and opportunities carried out the previous year, covering a wider range of activities, increasing the coverage of scenarios used and analysing a wider and more varied range of risks and opportunities.

The Committed to the environment chapter of the Non-Financial Information section of this Directors' Report outlines the goals, strategies and all the initiatives implemented in 2023 in relation to the Group's Climate Action and Environmental Performance.

8. Human Resources

Elecnor's workforce (*)

At 31 December each year	31/12/2023	31/12/2022	Change (%)
Domestic	11,746	11,210	4.8 %
International	10,817	11,138	(2.9) %
	22,563	22,348	1.0 %

*This calculation does not include directors who are not on the Group's workforce.

People are Elecnor's main asset, and its overall strategy is underpinned by values such as talent, transparency and team work in conditions of the utmost safety. In this connection, occupational risk prevention is a common denominator throughout all the Group's activities. The commitment to prevention is part of its culture. And it is a commitment that goes beyond legal regulations and customers' requirements, with exacting and very clear goals: zero accidents and zero tolerance to non-compliances with the preventive measures established by the company.

At 2023 year-end, the Group's workforce had remained stable increasing by 215 (1%) to 22,563 employees. In the domestic market, there was an increase of 4.8%. Abroad, there was a general decrease of -2.9%.

The Parent had a workforce at 2023 year-end of 456 employees (excluding non-executive directors), 402 employees at the end of the previous year.

The section Our people, our best asset in the Non-Financial Information section of this Directors' Report outlines all the information relating to the Group's workforce.

9. R&D&I

Innovation in the Elecnor Group contributes greater added value to the services it provides to its customers with the guarantee of sustainability, competitiveness and differentiation of the company. In 2023, the total investment figure for 2022 for all the Group's R&D&I projects is included, and amounted to Euros 23.3 million.

Innovation is a part of the Group’s Integrated Management System. Elecnor, S.A. and its subsidiary Audeca are currently certified in accordance with UNE 166002 standard.

In 2023, the main initiatives undertaken were as follows:

- Launch of INNOVA 2023 call for proposals for R&D&I projects funding.
- Standardisation of KPIs in R&D&I for the Group and its organisations.
- Internationalisation of R&D&I taxable profit in foreign subsidiaries.
- Conducting workshops on collaborative/open innovation in conjunction with Tecnalia, Spain’s largest centre for applied research and technological development.
- Approval by the Provincial Council of Vizcaya of two innovative projects within the framework of the Hazitek call for proposals: Aria de Ferrocarriles (initiated in 2023) and Popin de Sistemas projects.
- Presentation of new proposals from Elecnor Deimos, the Group's technology subsidiary, within the framework of national and European programmes.
- Market presence of green hydrogen production facilities.
- Development of wind, photovoltaic and storage hybridisation projects.
- Implementation of a freecooling system in FTTH rooms at 150 sites in the northern half of Spain, using network analysers to measure energy savings, with remote connection to control and visualise the rooms.
- Completion of the development of the Sigidel 4.0 Control system, a system based on the historic Sigidel system but at the forefront of technological innovations and complying with cybersecurity standards.
- Completion of the autonomous vehicle feasibility project subsidised by the Catalan Public Agency for Business Competitiveness (Acció), in collaboration with the UPC and the company Sorigué.
- Advances of the platform for the optimisation of sports infrastructure processes by means of predictive models and energy recovery solutions together with Tecnalia, Tecman, Sedical and Laenk, and subsidised by Hazitek.

Further information is available referring to R&D&I in the Elecnor Group in the Non-Financial Information section of this Directors’ Report, specifically in the Technology and Innovation chapter.

10. Significant events subsequent to year-end

Subsequent to year-end, an Extraordinary Shareholders' Meeting was held on 24 January 2024, approving the sale of 100% of Enerfín's share capital to the Norwegian company Statkraft European Wind and Solar Holding AS, as explained in Note 7 "Non-current assets (or disposal groups) held for sale" of these accompanying Consolidated Annual Accounts.

At the date of authorisation for issue of these report, no significant events have occurred after the close of year-end 2023 that could alter or have any effect on the financial statements for the period ended 31 December 2023.

11. Outlook for 2024

11.1. Economic context

As explained in section 2 "Economic environment" of this report, in an uncertain global economic scenario, where geopolitical risks have increased, 2024 is expected to see disinflation and a slowdown in global growth for the third consecutive year, before picking up in 2025.

11.2. Elecnor Group

The Elecnor Group's activities will benefit from the three major trends that are expected to drive global economic development:

- Environmental and social sustainability
- Energy transition and electrification of the economy
- Urban planning and digitalisation of society

Following the strong performance this year, and based on the solid portfolio of contracts coupled with geographical diversification and the Elecnor Group's excellent team of professionals, the Group's businesses expect to exceed next year the previous year's sales figures and results from continuing operations, as it has continuously done year after year for the past decade.

12. Share capital and acquisition of own shares

At 31 December 2023, the share capital of Elecnor, S.A. was represented by 87,000,000 shares, each with a par value of Euros 0.10, fully subscribed and paid in, implying a share capital of Euros 8,700,000.
Elecnor, S.A.'s shares are traded in Spain's SIBE electronic trading system, where shares in the leading Spanish companies are traded, and the market with the largest trading volume in Spain.

At 31 December 2022, Elecnor, S.A. had a treasury share portfolio of 2,322,384 shares. During the year it acquired 271,026 securities, and sold 293,881. Accordingly, at 31 December 2023 it had a total of 2,299,529 own shares, i.e., 2.64% of all shares in the company, (2,67% on the previous year).

13. Related party transactions

With regard to the disclosures on related party transactions, see the details in the notes to the individual and Consolidated Annual Accounts at 31 December 2023, as provided in article 15 of Royal Decree 1362/2007.

14. Alternative Performance Measures

The Elecnor Group presents the Alternative Performance Measures, according to the guidelines published by the ESMA (European Securities and Markets Authority). These measures are widely used by investors, securities analysts and other agents as performance measures that are supplementary, and should be considered as such, and in no case as a replacement.

14.1 Alternative measures of the Elecnor Group's performance

a) Key figures

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Continuing operations:			
Net turnover	3,792,906	3,393,260	*11.8* %
Domestic	*1,489,436*	*1,403,651*	*6.1* %
International	*2,303,470*	*1,989,609*	*15.8* %
EBITDA	204,862	147,564	*38.8* %
Profit/loss before taxes	97,761	80,154	*22.0* %
Income tax	(27,284)	(22,062)	*23.7* %
Profit/loss from continuing operations	70,477	58,092	*21.3* %
Profit/loss from continuing operations attributable to non-controlling interests	(4)	(4)	— %
Profit/loss from continuing operations attributable to shareholders of the Parent	**70,481**	**58,096**	***21.3* %**
Discontinued operations:			
Profit/loss from discontinued operations attributable to shareholders of the Parent	**39,577**	**44,717**	**(11.5) %**
PROFIT/LOSS FOR THE YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT	**110,058**	**102,813**	**7.0 %**

b) Turnover by segments

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Elecnor	3,886,590	3,422,866	*13.5* %
Domestic	*1,507,384*	*1,422,090*	*6.0* %
International	*2,379,206*	*2,000,776*	*18.9* %
Subtotal Businesses	**3,886,590**	**3,422,866**	***13.5* %**
Operations between segments	(93,684)	(29,606)	— %
	3,792,906	**3,393,260**	*11.8* %

c) EBITDA

EBITDA is defined as operating income plus expense for amortisation, depreciation, impairment and charges to provisions. The group deems EBITDA to be a useful supplementary indicator that can be used in assessing the Group's operating performance

	31/12/2023	31/12/2022	Change in (%)
EBITDA = Gross Operating Profit:	**204,862**	**147,564**	*38.8 %*
Operating income	121,145	96,061	
- Expense for amortisation, depreciation, impairment and charges to provisions	83,717	51,503	

d) EBITDA by segments

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Elecnor (*)	220,997	168,928	*30.8 %*
Celeo	15,390	17,153	*-10.3 %*
Subtotal Businesses	**236,387**	**186,081**	***27.0 %***
Group Management and Other Adjustments	(23,599)	(29,569)	
Operations between segments	(7,926)	(8,948)	
	204,862	**147,564**	*38.8 %*
(*) EBITDA adjusted for the capital gain on the sale of 50% of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. (I) + (II)	*199,478*	*168,928*	*18.1 %*
EBITDA for Elecnor's business (I)	*220,997*	*168,928*	*30.8 %*
Capital gain from the sale of 50% of the Mexican companies Gasoducto de Morelos, S.A.P.I. de C.V. and Morelos O&M, S.A.P.I. de C.V. (II)	*21,519*	*-*	

e) Profit before income tax by segment

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Elecnor	122,602	105,914	*15.8 %*
Celeo	15,390	17,153	*-10.3 %*
Subtotal Businesses	**137,992**	**123,067**	***12.1 %***
Group Management and Other Adjustments	(32,305)	(35,960)	
Operations between segments	(7,926)	(6,953)	
	97,761	**80,154**	*22.0 %*

f) Consolidated net profit attributable by segment

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Elecnor	84,415	77,460	*9.0 %*
Enerfín	39,577	44,717	*-11.5 %*
Celeo	15,390	17,153	*-10.3 %*
Subtotal Businesses	**139,382**	**139,330**	**— %**
Group Management and Other Adjustments	(23,231)	(30,622)	—
Operations between segments	(6,093)	(5,895)	—
	110,058	**102,813**	*7.0 %*

g) Elecnor Portfolio (Services and Projects)

(Thousands of Euros)	31/12/2023	31/12/2022	Change (%)
Domestic	749,580	633,939	*18.2 %*
International	1,828,073	1,774,464	*3.0 %*
TOTAL	**2,577,653**	**2,408,403**	*7.0 %*

14.2. Alternative debt measures of the Elecnor Group

a) Net Financial Debt with and without recourse:

(Thousands of Euros, at year-end)	31/12/2023	31/12/2022	Change (%)
With recourse	*222,613*	*120,791*	*84.3 %*
Without recourse	*512,442*	*426,122*	*20.3 %*
Total Net Financial Debt	**735,056**	**546,913**	**34.4 %**

b) Calculation of Total Net Financial Debt:

In 2023, the Group's Total Net Financial Debt is calculated on the basis of the balance sheet headings indicated in the table below, as well as the same items of the Enerfín subgroup that are reclassified at year-end to Non-current Assets and Liabilities held for sale, as these form part of the Group's net financial debt.

	31/12/2023			31/12/2022
	Debt items on the assets and liabilities side of the balance sheet	*Non-current assets and liabilities held for sale*	**TOTAL**	
+ Non-current liabilities. Financial liabilities from issuing bonds and other marketable securities	*29,672*	*11,673*	41,345	50,793
+ Current liabilities. Financial liabilities from issuing bonds and other marketable securities	*238,818*	*10,540*	249,358	125,158
+ Non-current liabilities. Financial liabilities on loans and borrowings	*315,184*	*495,656*	810,840	726,902
+ Current liabilities. Financial liabilities on loans and borrowings	*35,642*	*27,704*	63,346	52,780
+ Non-current liabilities. Derivative financial instruments	-	*10,589*	10,589	17,128
+ Current liabilities. Derivative financial instruments	*646*	*10,391*	11,037	37,425
+ Loans granted by public entities	*2,256*	-	2,256	3,801
- Current liabilities. Derivative exchange rate hedging instruments	*(646)*	*(5,830)*	(6,476)	(5,551)
- Non-current liabilities. Derivative exchange rate hedging instruments	-	-	-	-
- Non-current liabilities. Derivative energy price hedging instruments	-	*(10,589)*	(10,589)	(16,822)
- Current liabilities. Derivative energy price hedging instruments	-	-	-	(31,874)
	621,572	***550,134***	**1,171,706**	**959,740**
- Current investments in related companies	*(318)*	-	(318)	(761)
- Derivative financial instruments (of Current assets)	*(2,136)*	*(10,050)*	(12,186)	(3,905)
- Derivative financial instruments (of Non-current assets)	*(170)*	*(5,746)*	(5,916)	(9,639)
- Cash and cash equivalents	*(317,019)*	*(67,152)*	(384,171)	(372,525)
- Other current financial investments	*(19,531)*	*(13,606)*	(33,137)	(12,076)
- Debt service reserve account under "Other cash equivalents"	-	*(14,627)*	(14,627)	(17,826)
+ Derivative financial instruments (from current assets of the Consolidated Balance Sheet) for exchange rate hedges	*69*	-	69	2,361
+ Derivative financial instruments (from current assets of the Consolidated Balance Sheet) for price hedges	-	*10,050*	10,050	1,544
+ Derivative financial instruments (from non-current assets of the Consolidated Balance Sheet) for price hedges	-	*3,586*	3,586	-
	(339,105)	***(97,545)***	**(436,650)**	**(412,827)**
Total Net Financial Debt			**735,056**	**546,913**
(increase on previous year's close)			34.4 %	5.8 %

c) Indebtedness ratio:

(Thousands of Euros, at year-end)	31/12/2023	31/12/2022
Net Financial Debt with recourse	**222,613**	**120,791**
EBITDA with recourse + projects dividends	**243,525**	**193,196**
EBITDA Continuing Operations	204,862	147,564
EBITDA Discontinued Operations (ENERFIN)	125,048	154,490
With recourse [1]	40,220	-9,901
Without recourse [2]	84,828	164,391
Dividends from projects	20,367	73,495
Reversal of the effect on EBITDA with recourse of the application of IFRS 16	-21,924	-17,962
Ratio of Debt/EBITDA with recourse + Projects dividend	**0.91**	**0.63**

[1] EBITDA with recourse is Group EBITDA excluding non-recourse EBITDA (EBITDA corresponding to investment projects financed by debt secured by such projects)

[2]EBITDA without recourse is EBITDA corresponding to investment projects financed by debt secured by such projects

d) Ratio of Total Net Financial Debt/ EBITDA:

(Thousands of Euros, at year-end)	31/12/2023	31/12/2022
Total Net Financial Debt	735,056	546,913
EBITDA Continuing Operations + EBITDA Discontinued Operations	329,910	302,054
Ratio of Total Net Financial Debt/ EBITDA	**2.23**	**1.81**

15. Non-Financial Information Statement

In compliance with Law 11/2018, of 28 December, concerning non-financial information and diversity, Elecnor, S.A. includes its Non-Financial Information Statement in the Consolidated Directors’ Report of the Elecnor Group