group elecnor

FINANCIAL STATEMENTS AND DIRECTORS´ REPORT 2023

FINANCIAL STATEMENTS AND DIRECTORS´ REPORT 2023

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AUDITING

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

Independent auditor's report on the consolidated annual accounts

To the shareholders of Elecnor, S.A.

Report on the consolidated annual accounts

Opinion

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

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

Basis for opinion

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

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

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

Key audit matters

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

*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*

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Key audit matters	How our audit addressed the key audit matters
Revenue recognition on a percentage of completion basis The Group recognises revenues from the execution of projects and provision of services using the inputs method or the percentage of completion method, based on the costs incurred with respect to total expected costs. When applying the percentage of completion method, the Group uses significant estimates using relevant judgements relating to the total costs required to perform the contract. The Group has processes and controls in place to ensure that contracts are appropriately accounted for and supervised. Information on revenues from the execution of projects and the provision of services is included in notes 3.s and 23 to the notes to the accompanying consolidated annual accounts for 2023. Given the relevance of the estimates used in recognising these revenues and their quantitative significance, this has been considered a key audit matter.	Our audit work was based on understanding the design and controls underpinning revenue recognition. We carried out procedures which consist of, inter alia, testing the design, implementation and operational efficiency of certain relevant controls that mitigate the risks associated with the process for recognising revenues from contracts. On the other hand, we selected a sample of projects taking into account quantitative and qualitative factors, with respect to either the total selling price of the contract or the amount of revenue or margins recognised in the year, among other factors. For other projects, we carried out a selection based on unpredictability. For the projects selected, we obtained the contacts and read them and gained an understanding of the most relevant clauses, and their implications, as well as the budgets and project completion monitoring reports. Additionally, we carried out the following procedures focused on the principal matters: • Analysis of the evolution of project margins with respect to changes in the selling price and costs. • Evaluation of the consistency of the estimates made by management in the previous year with real contract data in 2023. • Recalculation of the level of completion of the projects and comparison with the calculations performed by the Group. • Obtaining documentary evidence of the costs incurred, agreements for settlement and final project closure or other agreements affecting the project cost or selling price. Similarly, we obtained external evidence of invoicing to certain significant customers and circularised others due to unpredictability. 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 consolidated annual accounts for the 2022 financial year in which a favorable opinion was expressed.

Other information: Consolidated management report

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

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

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

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

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

Responsibility of the directors and the audit commission for the consolidated annual accounts

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

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

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

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

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

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

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

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

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

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

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

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

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

We communicate with the Parent company's audit 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 Parent company'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 Parent company's audit commission, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and are therefore the key audit matters.

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

Report on other legal and regulatory requirements

European single electronic format

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

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

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

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

Report to the audit commission of the Parent company

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

Appointment period

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

Services provided

provided to the Group for services other than the audit of the accounts are disclosed in note 29 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Goretty Álvarez González (20208)

28 February 2024

ECONOMIC PROFILE OF THE ELECNOR GROUP

Elecnor, S.A. and Subsidiaries Consolidated Balance Sheet

At 31 December 2023 (Thousands of Euros)

ASSETS	31 December 2023	31 December 2022
Non-current assets:		
Property, plant and equipment (Note 10)	**248,474**	**901,088**
Right-of-use assets (Note 11)	**46,685**	**80,327**
Intangible assets -		
Goodwill (Note 8)	17,242	27,688
Other intangible assets (Note 9)	18,332	16,383
	35,574	**44,071**
Equity-accounted investees (Note 12)	**598,925**	**628,150**
Non-current financial assets (Note 13)		
Other financial assets	12,459	38,279
Derivative financial instruments (Note 17)	170	9,639
	12,629	**47,918**
Deferred tax assets (Note 20)	**84,673**	**100,364**
Total non-current assets	**1,026,960**	**1,801,918**
Current assets:		
Inventories (Note 3.n)	**8,648**	**10,308**
Customer contract assets (Note 23)	**464,143**	**393,954**
Trade and other receivables (Note 14.a)	**990,567**	**855,689**
Trade receivables from related companies (Note 28)	**23,113**	**19,341**
Public entities, receivable	**46,836**	**49,727**
Current income tax assets	**21,030**	**16,259**
Other receivables	**37,343**	**24,571**
Current investments in related companies	**318**	**761**
Other current financial investments	**19,531**	**12,076**
Derivative financial instruments (Note 17)	**2,136**	**3,905**
Other current assets	**12,155**	**13,938**
Cash and cash equivalents (Note 14.b)	**317,019**	**372,525**
Non-current assets held for sale (Note 7)	**1,105,994**	**2,976**
Total current assets	**3,048,833**	**1,776,030**
Total assets	**4,075,793**	**3,577,948**

The accompanying notes form an integral part of the Consolidated Annual Accounts.

Equity and Liabilities	31 December 2023	31 December 2022
Equity (Note 15):		
Equity attributable to equity holders of the Parent-		
Capital	8,700	8,700
Own shares (Note 15)	(23,422)	(22,430)
Other reserves	1,067,823	993,509
Translation differences (Note 15)	(249,111)	(251,254)
Valuation adjustments to equity (Note 15)	(1,878)	(17,783)
Profit/loss for the year attributable to the Parent	110,058	102,813
Interim dividend paid in the year (Note 5)	(5,718)	(5,446)
	906,452	**808,109**
Non-controlling interests (Note 15)	**19,107**	**26,046**
Total equity	**925,559**	**834,155**
Non-current liabilities:		
Official grants (Note 3.p)	**2,015**	**4,642**
Provisions for liabilities and charges (Note 18)	**66,977**	**53,993**
Financial liabilities for the issuance of bonds and other marketable securities (Note 16)	**29,672**	**50,793**
Financial liabilities on loans and borrowings (Note 16)	**315,184**	**726,902**
Derivative financial instruments (Notes 16 & 17)	**-**	**17,128**
Lease liabilities (Note 11)	**33,946**	**69,065**
Other non-current liabilities	**1,703**	**5,348**
Deferred tax liabilities (Note 20)	**30,069**	**46,646**
Total non-current liabilities	**479,566**	**974,517**
Current liabilities:		
Provisions for liabilities and charges (Note 18)	**86,269**	**80,807**
Financial liabilities for the issuance of bonds and other marketable securities (Note 16)	**238,818**	**125,158**
Financial liabilities on loans and borrowings (Note 16)	**35,642**	**52,780**
Derivative financial instruments (Notes 16 and 17)	**646**	**37,425**
Lease liabilities (Note 11)	**15,174**	**18,929**
Trade payables to associates and related companies (Note 28)	**38**	**7**
Trade and other payables-		
Trade payables for purchases or services	763,352	762,822
Advances from customers (Note 19)	205,903	172,927
	969,255	**935,749**
Customer contract liabilities (Note 23)	**412,803**	**276,032**
Current income tax liabilities	**48,894**	**59,251**
Other payables-		
Public entities, payable	66,985	60,626
Other current liabilities (Note 10 and 23)	91,280	122,512
	158,265	**183,138**
Non-current liabilities held for sale (Note 7)	**704,864**	**,**
Total current liabilities	**2,670,668**	**1,769,276**
Total liabilities and equity	**4,075,793**	**3,577,948**

The accompanying notes form an integral part of the Consolidated Annual Accounts.

Elecnor, S.A. and Subsidiaries Consolidated Income Statement

for the year ended 31 December 2023 (Thousands of Euros)

	2023	2022 (*)
Continuing operations:		
Net turnover (Note 23)	3,792,906	3,393,260
Changes in inventories of finished goods and work in progress	(428)	374
Self-constructed assets (Note 3.g)	89,303	28,081
Materials consumed (Note 23)	(2,132,882)	(1,810,534)
Other operating income (Notes 3.p and 23)	57,584	41,407
Personnel expenses (Note 23)	(1,046,083)	(974,586)
Other operating expenses (Note 23)	(601,147)	(565,951)
Expense for amortisation, depreciation, impairment and charges to provisions (Note 23)	(83,717)	(51,503)
Net profit/loss on the sale of non-current assets and subsidiaries (Notes 2.f and 10)	29,090	12,848
Profit/loss from equity-accounted investees (Note 12)	16,519	22,665
Operating income	**121,145**	**96,061**
Finance income (Note 23)	11,902	4,935
Finance expenses (Note 23)	(27,732)	(19,263)
Translation differences	(7,554)	(1,579)
Profit/loss before taxes	**97,761**	**80,154**
Income tax (Note 21)	(27,284)	(22,062)
Profit/loss from continuing operations	**70,477**	**58,092**
Profit/loss from discontinued operations (Note 7)	**47,349**	**57,815**
Profit/loss for the year	**117,826**	**115,907**
Profit/loss from continuing operations attributable to non-controlling interests	(4)	(4)
Profit/loss from discontinued operations attributable to non-controlling interests	7,772	13,098
Profit/loss attributable to non-controlling interests	**7,768**	**13,094**
Profit/loss from continuing operations attributable to shareholders of the Parent	70,481	58,096
Profit/loss from discontinued operations attributable to shareholders of the Parent	39,577	44,717
Profit/loss for the year attributable to the shareholders of the Parent	**110,058**	**102,813**
Earnings per share from continuing operations (in Euros) (Note 30)		
Basic	*0.83*	*0.69*
Diluted	*0.83*	*0.69*
Earnings per share (in Euros) (Note 30)		
Basic	*1.30*	*1.21*
Diluted	*1.30*	*1.21*

The accompanying notes form an integral part of the Consolidated Annual Accounts.
(*) Restated figures, see Note 7..

Elecnor, S.A. and Subsidiaries Consolidated Statement of Comprehensive Income

for the year ended 31 December 2023 (Thousands of Euros)

	Notes to Annual Accounts	2023	2022
CONSOLIDATED PROFIT/LOSS OF THE INCOME STATEMENT		**117,826**	**115,907**
Other comprehensive income:			
Items that will not be reclassified to profit or loss		-	-
Items to be reclassified to profit or loss			
- Cash flow hedges	**15.b**	37,585	54,876
- Translation differences of financial statements for businesses abroad	**15.f**	4,992	24,355
- Share of other comprehensive income of equity-accounted investees	**12**	(5,498)	62,610
- Tax effect	**15.b**	(9,730)	(14,255)
Other comprehensive income for the year, net of tax		**27,349**	**127,586**
Total comprehensive income attributable to:		**145,175**	**243,493**
a) Equity holders of the Parent		**136,439**	**228,963**
Continuing operations		59,378	136,258
Discontinued operations		77,061	92,705
b) Non-controlling interests		**8,736**	**14,530**

The accompanying notes form an integral part of the Consolidated Annual Accounts..

Elecnor, S.A. and Subsidiaries Consolidated Statement of Changes in Equity

for the year ended 31 December 2023 (Thousands of Euros)

	Capital	Accumulated reserves	Own shares	Interim dividend paid in the year	Cash flow hedge	Translation differences	Net profit/loss for the year	Non-controlling interests	Total Equity
Balances at 31 December 2021	**8,700**	**937,156**	**(22,110)**	**(5,187)**	**(73,326)**	**(321,856)**	**85,883**	**24,405**	**633,665**
Application of IAS 12 - Amendment (Note 2.b)	-	900	-	-	-	-	-	-	900
Balance at 1 January 2022	**8,700**	**938,056**	**(22,110)**	**(5,187)**	**(73,326)**	**(321,856)**	**85,883**	**24,405**	**634,565**
Total recognised income and expense for 2022	-	-	-	-	55,543	70,602	102,813	14,535	243,493
Distribution of profit/loss:									
Reserves	-	76,687	-	-	-	-	(76,687)	-	-
Supplementary dividend (Note 5)	-	(21,554)	-	-	-	-	(4,009)	(10,165)	(35,728)
2020 interim dividend	-	-	-	5,187	-	-	(5,187)	-	-
Movement of own shares (Note 15)	-	308	(320)	-	-	-	-	-	(12)
Interim dividend paid in the year 2021 (Note 5)	-	-	-	(5,446)	-	-	-	-	(5,446)
Return of funds	-	-	-	-	-	-	-	(2,816)	(2,816)
Other	-	12	-	-	-	-	-	87	99
Balances at 31 December 2022	**8,700**	**993,509**	**(22,430)**	**(5,446)**	**(17,783)**	**(251,254)**	**102,813**	**26,046**	**834,155**
Total recognised income and expense for 2023	-	-	-	-	15,905	10,476	110,058	8,736	145,175
Distribution of profit/loss:									
Reserves	-	66,001	-	-	-	-	(66,001)	-	-
Supplementary dividend (Note 5)	-	-	-	-	-	-	(31,366)	(4,978)	(36,344)
2021 interim dividend	-	-	-	5,446	-	-	(5,446)	-	-
Movement of own shares (Note 15)	-	1,366	(992)	-	-	-	-	-	374
Interim dividend paid in the year 2022 (Note 5)	-	-	-	(5,718)	-	-	-	-	(5,718)
Return of funds	-	-	-	-	-	-	-	(2,299)	(2,299)
Changes in the consolidation scope (Note 2.f)	-	6,845	-	-	-	(8,333)	-	(8,396)	(9,884)
Other	-	102	-	-	-	-	-	(2)	100
Balances at 31 December 2023	**8,700**	**1,067,823**	**(23,422)**	**(5,718)**	**(1,878)**	**(249,111)**	**110,058**	**19,107**	**925,559**

Elecnor, S.A. and Subsidiaries Consolidated Statement of Cash Flows

for the year ended 31 December 2023 (Thousands of Euros)

	2023	2022 (*)
Cash flows from operating activities:		
Consolidated profit/loss for the year from continuing and discontinued operations	117,826	115,907
Adjustments for:		
Amortisation/depreciation (Note 23)	70,942	62,791
Impairment and net profit/loss from disposals of property, plant and equipment and intangible assets	(1,668)	(3,501)
Changes in provisions for liabilities and charges and other provisions (Note 23)	12,760	(10,395)
Capital grants taken to income	(231)	(220)
Share in (profit)/loss for the year of equity-accounted investees (Note 12)	(16,519)	(22,665)
Impairment and net profit/loss from disposals of financial instruments and other fixed assets (Note 2.f)	(27,385)	(10,240)
Finance income and expenses (Note 23)	15,830	14,328
Translation differences	7,553	1,580
Other income and expenses	(44,345)	(53,952)
Corporate Income Tax	27,284	22,062
Funds generated from operations	**162,047**	**115,695**
Changes in working capital:		
Trade and other receivables	(241,818)	(56,359)
Inventories	1,660	755
Trade and other payables	231,817	58,959
Changes in other current assets and liabilities	(11,933)	20,055
Income tax paid	(53,280)	(25,500)
Cash generated by operating activities of discontinued operations (Note 7)	**117,510**	**113,269**
Net cash flows from (used in) operating activities (I)	**206,003**	**226,874**
Cash flows from (used in) investment activities:		
Payments for acquisition of Group companies (Note 8)	(2,107)	—
Payments for acquisition of intangible assets (Note 9)	(8,987)	(6,555)
Payments for acquisition of financial assets	(9,856)	(4,487)
Payments for acquisition of property, plant and equipment (Note 10)	(85,506)	(76,526)
Payments for contributions to associates (Note 12)	(1,027)	—
Dividends received from associates (Note 12)	—	728
Interest received	11,901	4,935
Proceeds from disposal of Group companies, associates and jointly-controlled entities (Notes 2.f)	79,595	9,102
Proceeds from the sale of intangible assets and property, plant and equipment (Notes 9 and 10)	2,967	3,592
Proceeds from disposal of financial assets, net	—	5,236
Cash generated by investment activities of discontinued operations (Note 7)	(255,039)	(64,573)
Net cash flows from (used in) investment activities (II)	**(268,059)**	**(128,548)**
Cash flows from (used in) financing activities:		
Cash inflows from financial debt and other non-current borrowings (Note 16)	1,494,251	1,183,074
Interest paid	(24,139)	(16,537)
Repayment of financial debt and other non-current borrowings (Note 16)	(1,384,559)	(1,186,078)
Payments from lease liabilities (Note 11)	(18,574)	(14,164)
Dividends paid (Note 5)	(37,084)	(31,010)
Cash inflows due to disposal of own shares (Note 15)	4,260	2,479
Cash outflows due to purchase of own shares (Note 15)	(3,886)	(2,491)
Cash generated by financing activities of discontinued operations (Note 7)	43,433	(49,179)
Net cash flows from (used in) financing activities (III)	**73,702**	**(113,906)**
Net increase in cash and cash equivalents (I+II+III)	11,646	(15,580)
Cash and cash equivalents at beginning of year	372,525	388,105
Cash and cash equivalents at year end	**317,019**	**372,525**
Cash and cash equivalents classified as Discontinued Operations (Note 7)	67,152	-

The accompanying notes form an integral part of the Consolidated Annual Accounts.
(*) Restated figures, see Note 7.

CONSOLIDATED ANNUAL ACCOUNTS

Prepared in accordance with
International Financial Reporting Standards
adopted by the European Union

Elecnor, S.A. and Subsidiaries
Notes to the consolidated annual accounts

for the year ended 31 December 2023

1 · NATURE, ACTIVITIES AND COMPOSITION OF THE GROUP

Elecnor, S.A. (hereinafter, the Parent), 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 Parent'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 Parent 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. The Elecnor Group may not carry out any business activity for which specific conditions or limitations are imposed by law, unless it fully meets such conditions.

The subsidiaries basically engage in business activities comprising the aforementioned statutory activity, and in the operation of wind energy generation facilities, the provision of aeronautical and aerospace software research, advisory and development services and the manufacture and distribution of solar panels and solar PV plants.

The General Shareholders' Meeting of 23 June 2021 approved the spin-off of the Services and Projects Business by the Parent Elecnor, S.A. to Elecnor Servicios y Proyectos, S.A.U., taking effect for accounting purposes from 1 January 2021. This transaction is described in the 2021 annual accounts of Elecnor, S.A. and had no impact on the consolidated financial statements of the Elecnor Group for 2021.

The Parent's bylaws and other related public information may be viewed on the Group's corporate website www.elecnor.com/home-en and at its registered office.

Elecnor, S.A. is the Parent of a Group comprising subsidiaries that focus on a range of activities and that, together with it, form the Elecnor Group (hereinafter, the "Group" or the "Elecnor Group"). Moreover, the Group has investments in associates and joint ventures and takes part in joint ventures with other operators.

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

Appendix I includes information on equity-accounted subsidiaries, associates and jointly-controlled entities included in the Elecnor Group's consolidation scope.

2 · BASIS OF PRESENTATION

A) Basis of presentation and regulatory financial reporting framework applicable to the Group

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of Elecnor, S.A. and of the consolidated companies. The Consolidated Annual Accounts for 2023 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU), and other applicable provisions in the financial reporting framework, to give a true and fair view of the consolidated equity and consolidated financial position of Elecnor, S.A. and subsidiaries at 31 December 2023 and consolidated results of operations, consolidated cash flows and changes in consolidated equity of the Group for the year then ended.

The Group adopted IFRS-EU on 1 January 2004 and applied IFRS 1, "First-time adoption of International Financial Reporting Standards".

The Directors of the Parent consider that the Consolidated Annual Accounts for 2023, authorised for issue on 28 February 2024, will be approved with no changes by the General Shareholders' Meeting.

The Elecnor Group's Consolidated Annual Accounts for 2022 were authorised for issue by the General Shareholders' Meeting of Elecnor, S.A. at their annual general meeting held on 17 May 2023.

These Consolidated Annual Accounts have been prepared on a going concern basis using the historical cost principle, except for financial assets and liabilities (including derivatives) at fair value through changes in profit and loss and assets held for sale (measured at fair value less costs of disposal).

Note that the balances from the Group's Argentine and Venezuelan companies were expressed at current cost before inclusion in the consolidated annual accounts of the Elecnor Group, as per IAS 29 "Financial Reporting in Hyperinflationary Economies", as these countries' economies are considered to be hyperinflationary (see section g).

The preparation of the Consolidated Annual Accounts in accordance with IFRS-EU imposes certain requirements on the process of applying the Group's accounting policies. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the Consolidated Annual Accounts are disclosed in section d) of this Note.

B) Adoption of International Financial Reporting Standards (IFRS)

STANDARDS APPLIED FOR THE FIRST TIME

In 2023, the following standards and interpretations, which have already been adopted by the European Union and, where applicable, have been used by the Group to prepare the Consolidated Annual Accounts, have come into force and are mandatory for application in 2023:

- **IFRS 17 "Insurance Contracts":** IFRS 17 replaces IFRS 4 "Insurance Contracts", which permitted entities to use a wide variety of accounting practices for insurance contracts. The new standard fundamentally changes the accounting by all entities issuing insurance contracts and investment contracts that include distinct investment components. The IASB amended the standard in June 2020, introducing specific amendments and clarifications aimed at facilitating the new standard's implementation, although the core principles of the standard remained unchanged. The standard applies for annual periods beginning on or after 1 January 2023 and early adoption is permitted if IFRS 9 "Financial Instruments" is applied on or before the date of initial application of IFRS 17.

Given the Elecnor Group's activity, there are no contracts that could be affected by this regulation.

- **IFRS 17 (Amendment) "Initial Application of IFRS 17 and IFRS 9 - Comparative Information":** The IASB has published an amendment to IFRS 17 that introduces narrow scope amendments to the transition requirements of IFRS 17 "Insurance Contracts" and does not affect any other requirements of IFRS 17. IFRS 17 and IFRS 9 "Financial Instruments" have different transition requirements. For some insurers, these differences could lead to significant accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of the two Standards. The amendment will help insurers to avoid these mismatches and thus improve the usefulness of comparative information for investors.

  The amendment is effective for annual periods commencing on or after 1 January 2023.

  In view of the Elecnor Group's activity, this amendment had no impact on the Group's Consolidated Annual Accounts.

- **IAS 1 (Amendment) "Disclosure of Accounting Policies":** IAS 1 has been amended to improve accounting policy disclosures so as to provide more useful information to investors and the other main users of financial statements. The effective date of these amendments is 1 January 2023.

  This amendment has had no material impact on the Group's Consolidated Annual Accounts.

- **IAS 8 (Amendment) "Definition of Accounting Estimates":** IAS 8 has been amended to help entities to distinguish between changes to accounting policies and changes to accounting estimates. The effective date of these amendments is 1 January 2023.

  This amendment has had no material impact on the Group's Consolidated Annual Accounts.

- **IAS 12 (Amendment) "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction":** In certain circumstances under IAS 12, companies are exempt from recognising deferred taxes when they initially recognise assets or liabilities ("initial recognition exemption"). Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning obligations, transactions for which both an asset and a liability are recognised upon initial recognition. The amendment clarifies that the exemption does not apply in these cases and that deferred taxes must therefore be recognised on such transactions.

  The amendment is effective for years beginning on or after 1 January 2023, although early adoption is permitted.

  This amendment has led to the recognition of deferred tax assets and deferred tax liabilities amounting to Euros 20,033 thousand and Euros 19,133 thousand and an impact of Euros 900 thousand on the opening balance of the Elecnor Group's retained earnings.

- **IAS 12 (Amendment) "International Tax Reform: Pillar Two Model Rules":** In October 2021, more than 130 countries, together accounting for more than 90% of global GDP, agreed to implement a minimum tax framework for multinational companies, known as "Pillar Two". In December 2021, the Organisation for Economic Co-operation and Development ("OECD") published the Pillar Two model rules for reforming international corporate taxation. The large multinational enterprises concerned must calculate their effective Global Anti-Base Erosion (GloBE) tax rate for each jurisdiction in which they operate. Such enterprises will be required to pay an additional tax on the difference between their effective GloBE tax rate per jurisdiction and the minimum rate of 15%.

  In May 2023, the IASB issued narrow scope amendments to IAS 12. A temporary exception is granted from the requirement for an entity to recognise and disclose information about deferred tax assets and liabilities related to an enacted or substantively enacted tax law that implements the Pillar Two model rules issued by the OECD.

  The amendments also introduce the following specific disclosure requirements for the entities concerned:

  1. The fact that the temporary exception to the recognition and disclosure of deferred tax assets and liabilities related to income tax arising from Pillar Two has been applied;

  2. Their current tax expenses (if any) related to income tax arising from Pillar Two; and

  3. In the period in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity is required to disclose known or reasonably estimated information that helps users of financial statements understand the entity's exposure to Pillar Two income taxes arising from that legislation.

  On the one hand, the amendment to IAS 12 must be implemented immediately (subject to any local approval process) and retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", including the requirement to disclose the fact that the temporary exception has been applied, if relevant. Furthermore, disclosures relating to current tax expense and known or reasonably estimated Pillar Two income tax exposure are mandatory for annual periods beginning on or after 1 January 2023. However, no such disclosure is required in the Consolidated Annuals Accounts for any interim period ending on or before 31 December 2023.

  At the date on which these Consolidated Annual Accounts were authorised for issue, the process of transposition of the Directive into Spanish law was still in progress. However, in line with the provisions of the Draft Bill submitted for public consultation, it is expected to take effect for tax periods beginning on or after 31 December 2023 and, therefore, as regards the Elecnor Group, from the next tax year beginning on 1 January 2024.

  In the remaining jurisdictions of most relevance to the Group, the relevant legislation is still pending approval and it is uncertain at the date of preparation of these Consolidated Annual Accounts whether such legislation will be enacted and, if so, on what date the resulting legislation will take effect.

  At the end of 2023, the Group is in the process of assessing its exposure to Pillar Two legislation. At the date of preparation, this assessment has been carried out as a preliminary exercise concerning the Group's exposure to Pillar Two on the basis of the consolidated figures of the Group in each of its constituent jurisdictions and the analysis of the potential application of the Transitional Safe Harbours envisaged by the OECD, which are also considered in the aforementioned Draft Bill.

  As a result of this preliminary assessment, the effective tax rate in most of the jurisdictions in which the Elecnor Group operates, with the exception of a very small number of insignificant countries representing a small percentage of the Group's profit before tax, exceeds 15%. Accordingly, based on the analysis carried out, at the end of 2023, the Group does not anticipate substantial economic impacts from the Complementary Tax that would arise as a result of the application of Pillar Two, once the relevant legislation comes into force. This is notwithstanding the significant increase in the administrative burden of formally complying with these new tax rules.

  The Group continues to monitor legislative developments in the jurisdictions where it is present, as well as to analyse the implications of the regulations, and is currently focused on the project to implement Pillar Two.

  Lastly, it should be noted that for the purposes of the provisions of article 53 of the aforementioned Draft Bill, Appendix IV of these Consolidated Annual Accounts provides a breakdown and details of the value of the tax bases, deductions and assets and liabilities due to temporary differences among the Elecnor Group companies existing at 31 December 2023.

STANDARDS, AMENDMENTS AND INTERPRETATIONS ISSUED AND NOT YET IN FORCE THAT ALLOW FOR EARLY ADOPTION

- **IFRS 16 (Amendment) "Lease Liability in a Sale and Leaseback":** IFRS 16 includes requirements on how to account for a sale and leaseback on the date the transaction takes place. However, it did not specify how to record the transaction after that date. This amendment explains how an entity should account for a sale and leaseback after the date of the transaction.

  The effective date of this amendment is 1 January 2024, although early adoption is allowed.

  These amendments are not expected to have any effect on the Group's Consolidated Annual Accounts in the future.

- **IAS 1 (Amendment) "Classification of liabilities as current or non-current" and IAS 1 (Amendment) "Non-Current Liabilities with Covenants":** These amendments, which were adopted simultaneously by the European Union, clarify that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period. Classification is not affected by the entity's expectations or events after the reporting date (for example, receipt of a waiver or breach of agreement). The amendment also clarifies what IAS 1 means when it refers to the "settlement" of a liability.

  In addition, the amendment aims to improve disclosures when an entity's right to defer payment of a liability is subject to the fulfilment of conditions ("covenants") within twelve months after the reporting period.

  This amendment is effective for periods beginning on or after 1 January 2024 and is applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Early adoption is permitted.

  These amendments are not expected to have any effect on the Group's Consolidated Annual Accounts in the future.

EXISTING STANDARDS, AMENDMENTS AND INTERPRETATIONS THAT HAVE NOT BEEN ADOPTED BY THE EUROPEAN UNION

At the date on which these consolidated annual accounts were authorised for issue, the IASB and IFRS Interpretations Committee had published the standards, amendments and interpretations listed below, that are pending adoption by the European Union:

- **IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture":** These amendments clarify the accounting treatment of sales and contributions of assets between an investor and its associates and joint ventures, which will depend on whether the non-cash assets sold or contributed to an associate or joint venture constitute a "business". The investor must recognise the entire gain or loss when the non-monetary assets constitute a "business". If the assets do not qualify as a business, the investor recognises the gain or loss only to the extent of unrelated investors' interests. The amendments only apply when an investor sells or contributes assets to its associate or joint venture.

  Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after 1 January 2016. However, at the end of 2015, the IASB decided to postpone their effective date (without setting a new specific date), as it is planning a broader review that may ultimately simplify the way these transactions are accounted for, along with other aspects of accounting for associates and joint ventures.

  These amendments are not expected to have any effect on the Group's Consolidated Annual Accounts in the future.

- **IAS 7 (Amendment) and IFRS 7 (Amendment) "Supplier Finance Arrangements (reverse factoring)":** The IASB has amended IAS 7 and IFRS 7 to improve disclosures on supplier finance arrangements ("reverse factoring") and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendment responds to investor concerns that some companies' supplier finance arrangements are not sufficiently visible.

The amendment is effective for annual periods commencing on or after 1 January 2024. Early adoption of the amendment is allowed, but it is pending approval by the European Union.

These amendments are not expected to have any effect on the Group's Consolidated Annual Accounts in the future.

- **IAS 21 (Amendment) "Lack of Exchangeability":** The IASB has amended IAS 21 to add requirements so as to help entities determine whether a currency is exchangeable for another currency and the spot exchange rate to use when it is not. When a currency cannot be exchanged for another currency, it is necessary to estimate the spot exchange rate on a valuation date in order to determine the rate at which an orderly exchange transaction would take place on that date between market participants under the prevailing economic conditions. When an entity first applies the new requirements, it is not permitted to restate comparative information. Instead, the affected amounts are to be translated at spot exchange rates estimated at the date of initial application of the amendment, with an adjustment against reserves. The amendment is effective for annual periods commencing on or after 1 January 2025. Early adoption of the amendment is allowed, but it is pending approval by the European Union. This amendment is not expected to have any effect on the Group's Consolidated Annual Accounts in the future.

  These amendments are not expected to have any effect on the Group's Consolidated Annual Accounts in the future.

C) Functional currency and presentation currency

The figures disclosed in the consolidated annual accounts are expressed in thousands of Euros, rounded to the nearest thousand, the Parent's functional and presentation currency.

D) Material accounting estimates and significant assumptions and judgements in applying accounting policies

The information in these Consolidated Annual Accounts is the responsibility of the Board of Directors of Elecnor, S.A.

The preparation of consolidated annual accounts in accordance with IFRS-EU requires the application of significant accounting estimates and making judgements, estimates and assumptions in the process of applying the Group's accounting policies. In this connection, there follows a detailed summary of the aspects that have involved the greatest degree of judgement, complexity or in which the assumptions and estimates are not significant for preparing the consolidated annual accounts.

SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

- The impairment analysis of receivables deriving from third party transactions includes the estimate of future receivables arising from the situation of each customer, each country and the economy in general (Note 14).

- The Group performs a significant portion of its activities in construction contracts with customers. This method is based on performing estimates in relation to the stage of completion of projects. Depending on the method used to determine project progress, significant estimates correspond to costs pending incurring in each contract. Furthermore, the Group recognises provisions for negative margins when the estimate of total costs exceeds estimated income from contracts. These estimates are subject to changes based on new information regarding the stages of completion.

- 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 Group relies on third-party advice to estimate the probability of the outcome of litigation and inspections.

Moreover, although the estimates performed by the Parent'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 consolidated annual accounts of modifications that, in the event, may derive from adjustments over the next few years would be recognised prospectively.

SIGNIFICANT JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Since 17 December 2019, the Elecnor Group has, along with the investment fund APG, jointly controlled the subgroup Celeo Concesiones e Inversiones, and since that date it has held a 51% shareholding, compared with a previous shareholding of 100%.

The material judgements that led to the Elecnor Group's conclusion regarding the loss of the controlling interest it hitherto held in Celeo Concesiones e Inversiones, S.L., and which are upheld on the date on which these consolidated annual accounts were authorised for issue, are as follows:

- The equitable composition of the Board of Directors and the General Shareholders' Meeting with homogeneous rights.

- The decisions adopted by the General Shareholders' Meeting must be approved by a reinforced majority of at least 75%, with only the following matters requiring a simple majority:

  - Modification of the Corporate Bylaws when such modification is required by law, provided such modification does not contravene the provisions of the shareholders' agreement.

  - Appropriation of profit/loss in order to build the Legal Reserve required by law.

- The control and functional dependence of the management of Celeo Concesiones e Inversiones, S.L., which handles the material aspects of the business and which ceases to depend on the Elecnor Group to instead report directly to the Board of Directors of Celeo Concesiones e Inversiones, S.L.

- The existence of a neutral arbitration system in the event of a dispute. In the event of any dispute between the two shareholders, a mediator will be called in to resolve it, and if this were not sufficient an arbitration process will take place, involving three arbitrators, with the shareholders each appointing one arbitrator and a third appointed by agreement of the other two arbitrators.

E) Comparative information

In 2023, the Group reclassified the net assets of the Enerfín subgroup as the conditions required by IFRS 5 for the classification of this subgroup as "Non-current assets and liabilities held for sale" were met (Note 7). This reclassification has had the following implications for the Consolidated Annual Accounts:

- The profit after tax of the subgroup, being a complete business segment, has been classified under "Profit/loss from discontinued operations" in the consolidated income statement for 2023 in accordance with current accounting principles. In addition, comparative information for the year 2022 has been restated for comparative purposes (Note 7).

- The movements presented in these notes to the consolidated annual accounts include the net assets at 31 August 2023 as a transfer to discontinued operations. A breakdown of assets and liabilities transferred to discontinued operations is provided in Note 7.

- In the consolidated statement of cash flows, the Group has included the cash flows generated by the operating, investing and financing activities of the discontinued operation in 2023 separately. In addition, comparative information for the year 2022 has been restated for comparative purposes. Details of cash flows from discontinued operations are included in Note 7.

Furthermore, and as a result of the entry into force of IAS 12 (Amendment) "Deferred Tax related to Assets and Liabilities arising from a Single Transaction", the Elecnor Group recognised deferred tax assets and deferred tax liabilities amounting to Euros 20,033 thousand and Euros 19,133 thousand and an impact of Euros 900 thousand on the opening balance of retained earnings (Note 20).

F) Changes to the consolidation scope

The most significant changes in the scope of consolidation in 2023 were as follows:

- In 2023, the most significant corporate transaction is the disposal of the 50% stake in 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 a joint sale with Enagas, owner of the remaining 50%. The transaction resulted in a capital gain of Euros 21,519 thousand, recognised under "Net profit/loss on the sale of non-current assets and subsidiaries" in the consolidated income statement for the year 2023 (see Note 12).

- Also in 2023, the Group increased by 10% its stake in the subsidiaries Parques Eólicos Palmares, S.A., Ventos dos Índios Energia, S.A., Ventos da Lagoa, S.A., and Ventos do Litoral Energia, S.A., for a total amount of Euros 9.9 million. This led to a decrease of the same amount under various consolidated equity headings. The Group's ownership interest in these subsidiaries thus increased from 80% to 90% at 31 December 2023.

- On 28 September 2023 the Elecnor Group formalised the sale of the subsidiary Eresma Solar, S.L.U., recorded at 31 December 2022 as non-current assets held for sale under the agreement entered into in 2020. The Group completed the transaction for a sale value of Euros 9,055 thousand, recording the associated gain under "Net profit/loss on the sale of non-current assets and subsidiaries" in the consolidated income statement for 2023 (Note 7).

The most significant change in the consolidation scope in 2022 was:

- On 17 February 2022 the Elecnor Group formalised the sale of the subsidiary Stonewood Desarrollos, S.L.U., recorded at 31 December 2021 as non-current assets held for sale under the agreement entered into in 2021. The Group completed the transaction for a sale value of Euros 13,986 thousand, recording the associated gain under "Net profit/loss on the sale of non-current assets and subsidiaries "in the consolidated income statement for 2022.

G) Entities located in countries with high rates of inflation

In light of the economic situation in Venezuela and Argentina, and according to the definition of a hyperinflationary economy laid down by IAS 29, these countries have been considered as hyperinflationary since 2009 and 2018, respectively, a situation that persists at the end of 2023.

The Elecnor Group holds one investment in Venezuela and another in Argentina, with outstanding balances at 31 December 2023 and 2022, and the volume of transactions during 2023 and 2022 is non-material.

In 2023 and 2022, the Group has recognised the relevant impact considering the hyperinflationary economic situation in both countries, which has been non-material for the purposes of the Elecnor Group.

The rest of the functional currencies of the consolidated companies and associates located abroad are not those of a highly inflationary economy as defined by IFRS. Accordingly, at the end of 2023 and 2022 it was not necessary to adjust the financial statements of any other consolidated entity or associate in order to correct for the effects of inflation.

H) Regulation of electricity generation activities

The electricity generation business of the Spanish subsidiaries of the Enerfín subgroup classified as held for sale is regulated by Electricity Sector Law 24/2013 of 26 December 2013, which repeals Law 54/1997 of 27 November 1997, and by the subsequent implementing regulations.

On 28 December 2012, Law 15/2012 of 27 December 2012 on Tax Measures for Energy Sustainability was published, introducing a 7% levy on the total amount payable to the taxpayer for production and incorporation into the electricity system.

Additionally, this Law amended Law 54/1997, whereby the electricity attributable to the use of fuels at a generation facility that uses any non-consumable renewable energy as a primary energy source will not qualify for the feed-in tariff system, which could affect the Group's solar thermal plants under operation.

Royal Decree-Law 9/2013 of 12 July, adopting urgent measures to ensure the financial stability of the electricity system, was approved on 13 July 2013:

The government will be responsible for approving a new legal and economic regime for existing facilities that generate electricity using renewable energy sources, cogeneration and waste. This regime will be based on facilities receiving revenues for their participation in the market, plus additional remuneration, where necessary, to cover the investment costs that cannot be recovered by an efficient, well-managed company in the market.

On 10 June 2014, RD 403/2014 of 6 June 2014 was published, regulating the activity of electricity production from renewable energy sources, cogeneration and waste; and on 21 June 2014, Order IET/1045/2014 of 16 June was published, approving the parameters for the remuneration of the abovementioned facilities.

In line with the above, and considering that the government's aim is to reduce feed-in tariffs for the renewables sector, the Elecnor Group has re-estimated the future cash flows of all assets subject to this legislation, as it considers that there could be indications of impairment thereon.

The parameters Order IET/1045/2014 was updated for the period 2017–2019 by Order ETU/130/2017 of 17 February and for the period 2020–2022 by Order TED/171/2020 of 24 February.

On 23 July 2020, Order TED/668/2020 entered into force, revising the investment remuneration for 2018 and 2019, since the 7% tax exemption during the last quarter of 2018 and the first quarter of 2019 (RD-Law 15/2018 of 5 October) was not taken into consideration by the Government when calculating the remuneration parameters.

On 15 September 2021, Royal Decree-Law 17/2021 was published, on urgent measures to curtail the impact of the escalation of natural gas prices in the retail gas and electricity markets, including the following:

- From 16 September 2021 to 31 March 2022, the remuneration of the electricity production activity of non-greenhouse-gas-emitting facilities is reduced, excluding facilities in non-peninsular territories, those with an installed capacity equal to or less than 10 MW, and those that have a recognised remuneration framework of those regulated in Law 24/2013, of 26 December, on the Electricity Sector. The reduction is proportional to the higher revenue obtained as a result of the increased natural gas price.

- The exemption from the 7% tax on the value of electrical power for electricity production facilities is extended until 31 December 2021 (this exemption was initially planned for the Q3 2021, according to RD-Law of 24 June). In any event, in wind farms that receive specific remuneration (in accordance with RD-Law 9/2013, of 12 July), the CNMC will subsequently subtract the amounts not paid as a result of the application of these Royal Decrees.

Royal Decree-Law 23/2021 on urgent energy measures to protect consumers and introduce transparency in the wholesale and retail electricity and natural gas markets was published on 27 October 2021.

It establishes that electricity produced by generation facilities that is covered by a forward instrument signed prior to the entry into force of the RD, provided that the price of said cover is fixed, is excluded from the reduction mechanism.

Similarly, it clarifies that energy covered by a forward instrument signed after the entry into force of the Royal Decree, provided that the price of said cover is fixed and the period of application of the instrument is equal to or greater than one year, is excluded from the reduction mechanism.

On 22 December 2021, Royal Decree-Law 29/2021 was published, adopting urgent measures in the energy sector to foster electric mobility, self-consumption and the deployment of renewable energies. It extends until 31 March 2022 the exemption from the 7% tax on generation.

On 29 March, Royal Decree Law 6/2022 was published, thereby approving the update of the remuneration scheme of electric power generation based on renewable energy sources, high-efficiency co-generation and waste. The remuneration for investment in farms subject to that scheme was updated, effective from 1 January 2022. The effect of this update was taken into account at the end of the previous year. Moreover, the validity of the remuneration reduction mechanism due to gas prices is extended (which ended on 31 March 2022), and it is established that the cost of the financing mechanism for the social tariff and for the supply of consumers at risk of social exclusion will be assumed by generators and marketers.

Royal Decree-Law 10/2022 was published on 14 May 2022, laying down a temporary mechanism to adjust the costs incurred by marginal fossil fuel technologies (combined cycle, coal-fired and cogeneration plants) in order to reduce the price of electricity on the wholesale market. According thereto, the abovementioned technologies had to bid in all markets, internalising the amount of the adjustment in their bids, and these amounts are funded by the consumers who benefit from said reduced electricity price. This adjustment mechanism took effect on 14 June (as stated in Order TED/517/2022, approved by the European Union), and it finalised on 31 May 2023.

RD-Law 11/2022 was published on 25 June 2022, adopting and extending specific measures in order to respond to the economic and social consequences of the war in Ukraine, to address situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma. This Royal Decree extends the validity of the mechanism for reducing high gas prices, the suspension of the 7% tax on production, in addition to the reduction of the IEE (Special Tax on Electricity) to 0.5% from 1 July 2022 to 31 December 2022. Subsequently, on 18 October, Royal Decree-Law 18/2022 was published, prolonging until 31/12/2023 the mechanism to reduce high gas prices, and on 27 December the government approved Royal Decree-Law 20/2022, on measures in r esponse to the economic and social consequences of the war in Ukraine, prolonging until 31/12/2023 the 7% generation tax exemption.

On 6 October 2022 the EU adopted Regulation 2022/1854, which provides for emergency intervention to address the effects of high energy prices. The Regulation sets a cap of €180/MWh produced on market revenues for inframarginal technologies (wind, solar, hydropower without reservoirs, nuclear, etc.), excluding demonstration and storage projects. Furthermore, it was established that States may apply public intervention in setting prices for the supply of electricity to SMEs, exceptionally and temporarily allowing prices below cost. This Regulation came into force on 8 October 2022. The articles concerning the market revenue cap apply from 1 December 2022 until 30 June 2023. Pricing for SMEs will apply until 31 December 2023.

On 2 December 2022, Order TED/1232/2022 was approved, updating for 2022 the investment remuneration for wind farms under the RECORE (renewables, cogeneration and waste) scheme.

On 28 March 2023, RD-Law 3/2023 was published, extending until 31 December 2023 the mechanism for adjusting the costs incurred by marginal fossil fuel technologies, approved in RD-Law 10/2022 of 13 May.

On 30 June 2023, Order TED/741/2023 was approved, establishing the remuneration parameters for RECORE facilities for the 2023-2025 period.

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), these agreements having been signed within the framework implemented by the Federal Government and through private auction. In addition, the first 100% 'de-contracted' project was launched in Brazil (24.2 MW), which means that energy will be sell in the free market. With regard to the Canada farm, it has a 20-year sale-purchase agreement with Hydro-Québec.

The Directors do not consider that any other renewable energy-related regulation has been enacted that could significantly affect the Consolidated Annual Accounts at 31 December 2023.

3 · ACCOUNTING PRINCIPLES

A) Subsidiaries

Subsidiaries are entities over which the Company exercises control, either directly or indirectly through subsidiaries. The Company controls a subsidiary when it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The Company has power over a subsidiary when it has existing substantive rights that give it the ability to direct the relevant activities. The Company is exposed, or has rights, to variable returns from its involvement with the subsidiary when its returns from its involvement have the potential to vary as a result of the subsidiary's performance.

The income, expenses and cash flows of subsidiaries are included in the consolidated annual accounts from their acquisition date, which is the date control commences. Subsidiaries are excluded from the consolidated Group from the date on which this control is lost.

Transactions and balances with Group companies and unrealised profit or loss were eliminated in the consolidation process. However, unrealised losses were considered to be an indicator of the impairment of the assets transferred.

The accounting policies of subsidiaries were adapted to the Group's accounting policies, for transactions and other events that are similar and took place in comparable circumstances.

The annual accounts or financial statements of subsidiaries used in the consolidation process refer to the same presentation date and the same period as those of the Parent.

Non-controlling interests in the net assets of subsidiaries are recognised in equity separately from the Parent's equity. Non-controlling interests' share in consolidated profit or loss for the year (and in consolidated total comprehensive income for the year) is disclosed separately in the consolidated income statement.

Changes in the ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, i.e. any difference is recognised directly in equity.

In the reduction of the shareholding in a subsidiary that implies a loss of control thereof, the Group recognises profit/loss due to the difference between the consideration received plus the fair value of any investment retained in the company plus the carrying amount of the non-controlling interests and the value of the consolidated net assets. Other comprehensive income relating to the subsidiary is reclassified to profit/loss or reserves depending on its nature. Consolidated net assets include goodwill inasmuch as the divested entity constitutes a business. If the divested entity constitutes a business which belonged to a cash-generating unit or a group of cash-generating units to which goodwill had been assigned, then the goodwill is assigned to the part divested and the part maintained in accordance with the fair value and recoverable amount, respectively.

The fair value of the investment maintained constitutes the acquisition cost for the purposes of subsequent measurement in accordance with its classification.

The financial statements used in the consolidation process are, in all cases, those for the yearly period ending on 31 December of each year. A breakdown of the identification details of the subsidiaries is given in Appendix I attached herein.

CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

The Group accounts for transactions with non-controlling interests that do not result in a loss of control as transactions with the Group's equity owners. On purchase of non-controlling interests, the difference between the fair value of the consideration paid and the corresponding proportion acquired of the carrying amount of the subsidiary's net assets is recognised in equity. Gains or losses on disposal of non-controlling interests are also recognised in equity.

b) Associates

Associates are entities over which the Company, either directly or indirectly through subsidiaries, exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Group or other entities, are considered when assessing whether an entity has significant influence.

Investments in associates are accounted for using the equity method from the date that significant influence commences until the date that significant influence ceases. However, if on the acquisition date all or part of the investment fulfils the conditions to be classified as non-current assets or disposal groups of items held for sale, it is recognised at fair value, less the costs of divestment or disposal by another means.

Investments in associates are initially recognised at acquisition cost, also including any cost directly attributable to the acquisition and any contingent asset or liability consideration that depends on future events or the failure to fulfil certain conditions.

The excess between the cost of the investment and the percentage corresponding to the Group in fair values of identifiable net assets is registered as goodwill and included in the carrying amount of the investment. Any shortfall, having measured the amounts of the cost of the investment and the identification and measurement of the net assets of the associate, is recognised as income when determining the investors interest in the associate's profit and loss in the year in which it is acquired.

If the investment is the result of a loss of control of a subsidiary that did not constitute a business, the cost of the investment is the fair value, net of the derecognitions deriving from the loss of control.

The accounting policies of associates were harmonised in time and valuation terms in line with those used at subsidiaries.

The Group's share of the profit or loss of an associate from the date of acquisition is recognised as an increase or decrease in the value of the investments, with a credit or debit to "Profit/loss from equity-accounted investees" in the consolidated income statement. The Group's share of other comprehensive income of associates from the date of acquisition is recognised as an increase or decrease in the value of the investments in associates with a balancing entry, based on the nature of the investment, in other comprehensive income in the consolidated statement of comprehensive income. The distribution of dividends is recognised as a decrease in the value of the investment. The Group's share of profit or loss, including impairment losses recognised by the associates, is calculated based on income and expenses arising from application of the acquisition method.

The Group's share in the profit and loss of associates and in changes to net equity is determined based on the ownership interest at the end of each year, not taking into account the potential exercise or conversion of potential voting rights. Nevertheless, the Group's interest is determined considering the eventual exercise of potential voting rights and other derivative financial instruments which substantially provide current access to the economic benefits associated with the ownership interests, in other words, the right to participate in future dividends and changes in the value of associates.

Losses of an associate attributable to the Group are limited to the extent of its net investment, except where the Group has legal or constructive obligations or when payments have been made on behalf of the associate. For the purpose of recognising impairment losses in associates, net investments are considered as the carrying amount of the investment after applying the equity method plus any other item which in substance forms part of the investment in the associate. The excess of the losses over the equity instrument investment is applied to the remaining items in reverse order of settlement. Subsequent profits obtained by associates for which impairment losses are limited to the value of the investment are recognised to the extent that they exceed previously unrecognised losses.

If the Group's share of losses in an associate equals or exceeds its investment in the associate, it does not recognise its share of any further losses. The investment in the associate is the carrying amount of the investment determined using the equity method, plus any other non-current portion that, in substance, forms part of the Group's net investment in the associate.

Profit and loss not realised in transactions between the Group and associates are only recognised insofar as they correspond to the holdings of other unrelated investors. The exception in the application of this criterion is the recognition of unrealised losses that constitute evidence of the impairment of the transferred asset. Nevertheless, profit and loss deriving from transactions between the Group and associates involving net assets that constitute a business are recognised in their entirety.

In the reduction of a shareholding in an associate that does not imply a significant loss of influence or when the Group loses the joint control of a joint venture and maintains a significant influence, the Group recognises the result as the difference between the consideration received and the proportionate part of the carrying amount of the divested shareholding. Other comprehensive income corresponding to the proportionate part of the divested associate is reclassified to profit/loss or reserves as though the associate had directly sold the assets and liabilities linked to it. If the transaction implies a loss, the Group tests the impairment in the residual value maintained.

IMPAIRMENT

Once the equity method has been applied, the Group assesses whether or not there is objective evidence of an impairment in the net investment in the associate.

Calculation of impairment is determined as a result of the comparison between the carrying amount linked to the net investment in the associate and its recoverable amount, understood as the higher between value in use and fair value less the costs to sell or otherwise dispose of the item. In this connection, value in use is calculated as a function of the Group's interest in the current value of estimated cash flows in ordinary activities and the amounts potentially resulting from the final disposal of the associate.

The recoverable amount of the investment in an associate is assessed in relation to each associate, unless it does not constitute a cash-generating unit (CGU).

c) Joint arrangements

Joint arrangements are those in which there is a contractual agreement to share the control over an economic activity, in such a way that decisions about the relevant activities require the unanimous consent of the Group and the remaining venturers or operators. The existence of joint control is assessed considering the definition of control over subsidiaries.

- Joint ventures: investments in joint ventures are accounted for using the equity method described in the letter above.

- Joint operations: for joint operations, the Group recognises the assets, including its share of any assets held jointly, the liabilities, including its share of any liabilities incurred jointly with the other operators, the revenue from the sale of its share of the output arising from the joint operation, its share of the revenue from the sale of the output by the joint operation and the expenses, including its share of any expenses incurred jointly, in the consolidated annual accounts.

The Group has joint control in various Temporary Business Associations since it has contractual agreements that require the consent of the shareholders to make decisions on important activities. The Group has classified the investments as joint operations since the shareholders have rights on the assets and obligations on the liabilities. Said right are principal and not subsidiary. In addition, the Group includes in this category certain foreign entities considered to be a similar vehicle to a UTE (various kinds of joint ventures), through which it carries out part of its business activities.

d) Foreign currency transactions and balances

FOREIGN CURRENCY TRANSACTIONS, BALANCES AND CASH FLOWS

Transactions in foreign currency are translated into the functional currency at the spot exchange rate prevailing at the date of the transaction.

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 rate prevailing at the transaction date. Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

TRANSLATION OF FOREIGN OPERATIONS

The Group has applied the exemption permitted by IFRS 1, First-time Adoption of International Financial Reporting Standards, relating to accumulated translation differences. Consequently, translation differences recognised in the consolidated annual accounts generated prior to 1 January 2004 are recognised in retained earnings. As of that date, foreign operations whose functional currency is not the currency of a hyperinflationary economy have been translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, including comparative amounts, are translated at the closing rate at the reporting date.

- Income and expenses, including comparative amounts, are translated at the exchange rates prevailing at each transaction date.

- All resulting translation differences are recognised as translation differences in other comprehensive income.

These criteria are also applicable to the translation of the financial statements of equity-accounted companies, with translation differences attributable to the Group recognised in other comprehensive income.

The translation differences recognised in other comprehensive income are recognised as an adjustment in profit/loss on the sale, based on the criteria set forth in the sections on subsidiaries and associates.

FOREIGN OPERATIONS IN HYPERINFLATIONARY ECONOMIES

The financial statements of Group companies whose functional currency is the currency of a hyperinflationary economy are restated in terms of the measuring unit at the reporting date.

The results and financial position of the Group's foreign operations whose functional currency is the currency of a hyperinflationary economy are translated into Euros as follows:

- Assets and liabilities, including goodwill and net asset adjustments derived from the acquisition of the operations, equity items, income and expenses, and cash flows are translated at the closing exchange rate at the most recent reporting date.

- Comparative amounts are those that were included in the prior year consolidated annual accounts and are not adjusted for subsequent changes in the price level or in exchange rates. The effect of the adjustment on the prior year's balances is recognised in reserves in consolidated net equity.

None of the functional currencies of the consolidated companies and associates located abroad are those of a hyperinflationary economy as defined by IFRS, except in the cases of Venezuela and Argentina (see section g of Note 2).

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

A discontinued operation is a component of the Group that has been disposed of or classified as held for sale and represents a separate line of business or geographical area. The profit/loss from discontinued operations are presented separately in the income statement.

Non-current assets or disposal groups whose carrying amount will be recovered primarily through a sale transaction, rather than through continuing use, are classified as non-current assets held for sale. To classify non-current assets or disposal groups as held for sale, they must be available in their current state for disposal, subject only to the usual and widely accepted terms of sale transactions, and the transaction must also be considered to be highly probable.

Non-current assets or disposal groups classified as held for sale are measured at the lower of the carrying amount and fair value less the costs of disposal and are not amortised or depreciated.

The Group classifies on the acquisition date a non-current asset or disposal group of items, including subsidiaries, and all or part of the investment in associates or joint ventures acquired solely for the purpose of their subsequent disposal or exchange, as held for sale, if the planned transaction is expected to take place in the following year and the sale fulfils the requirements to be considered highly probable within a short period after the acquisition. At the time of the initial recognition of this kind of assets, their initial measurement is determined by the value that would have been recognised if they had not been classified as available for sale and their fair value less costs to sell or otherwise dispose of the assets.

The Company measures non-current assets that cease to be classified as held-for-sale or that cease to be part of a disposable group of items, at the lower of their carrying amount prior to classification, less amortisation, depreciation or revaluation that would have been recognised had they not been classified as such and the recoverable value on the reclassification date. The valuation adjustments deriving from this reclassification are recognised in profit/loss from continuing activities or other comprehensive income. For these purposes, the Group deems a change in the plan that involves selling rather than distributing to shareholders or vice versa to be a continuation of the original plan, and recognises the impact of the valuation change in consolidated profit/loss.

The Group restates consolidated annual accounts for prior periods from the date of classification of a subsidiary, associate or joint venture as a disposal group or non-current asset held for sale as if it had never been classified as such. As a result, the assets and liabilities of subsidiaries are stated by nature and, where applicable, the Group recognises any depreciation or revaluation that would have been recognised had they not been classified as disposal groups held for sale. Associates or joint ventures are measured retrospectively using the equity method.

f) Intangible assets

GOODWILL

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's interest in the identifiable net assets, liabilities and contingent liabilities of the acquired subsidiary at the date of acquisition. Goodwill related to acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment loss based on the criteria set out in section h) and is carried at cost less accumulated impairment losses, which may not be reversed in the future. Gains and losses on the sale of an entity include the carrying amount of goodwill relating to the entity sold.

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

Goodwill impairment reviews are performed annually or more frequently if events or changes in circumstances indicate a potential impairment loss. The carrying amount of the generating unit containing the goodwill is compared with the recoverable amount, which is the higher of value in use or fair value less costs to sell. Any impairment loss is recognised immediately as an expense.

OTHER INTANGIBLE ASSETS

Intangible assets are presented in the consolidated balance sheet at cost less amortisation and cumulative impairment losses.

Intangible assets are amortised on a straight-line basis over their useful lives.

IMPAIRMENT

The Group measures and determines the intangible asset's impairment losses and reversals in accordance with the criteria set forth in section h).

g) Property, plant and equipment

INITIAL RECOGNITION

Property, plant and equipment is measured at cost, less cumulative depreciation and, in the event, cumulative impairment losses. However, prior to 1 January 2004, the Elecnor Group revalued certain items of property, plant and equipment as permitted by applicable legislation. In accordance with IFRS, the Elecnor Group treated the amount of these revaluations as part of the cost of these assets because it considered that the revaluations reflected the effect of inflation.

In relation to the wind power projects in which the Elecnor Group, through the Enerfín subgroup, has entered into long-term contracts for the sale of electricity (see Note 4). Until the last financial year, the Elecnor Group recognised the assets as property, plant and equipment as it retained all the risks and rewards of ownership of said assets and the duration of the sale contracts did not cover the whole economic life of the assets. In the current year they are classified under "Non-current assets held for sale" in the consolidated balance sheet (see Note 7).

The cost of property, plant and equipment includes the estimated decommissioning or removal costs, as well as the cost of restoring the location, provided these are obligations incurred as a consequence of its use and for purposes other than the production of inventories.

Capitalised costs include finance expenses on external financing accrued during the construction period on construction work exceeding one year.

Self-constructed property, plant and equipment is recognised at accumulated cost; i.e. external costs plus in-house costs, determined on the basis of warehouse materials consumed, and manufacturing costs calculated using hourly absorption rates similar to those used for the measurement of inventories. In 2023, Euros 89,303 thousand was recognised for this item (Euros 28,081 thousand in 2022), booked under "Self-constructed assets" in the consolidated income statement, mainly relating to wind and solar PV farms located in Spain, Canada, Brazil and Colombia.

SUBSEQUENT COSTS

Subsequent to the initial recognition of the asset, only those costs that will generate future economic benefits that may reasonably be described as probable, and whose amount can be measured reliably, are capitalised. In this connection, the costs deriving from the daily upkeep of property, plant and equipment are recognised as they are incurred.

The replacement of items of property, plant and equipment that may potentially be capitalised implies reducing the carrying amount of the items replaced. In those cases in which the cost of the replaced items has not been independently depreciated and it is not feasible to determine their carrying amount, the replacement cost is used to indicate the cost of the items at the time of their acquisition or construction.

DEPRECIATION

Property, plant and equipment is depreciated by distributing the depreciable amount using the straight-line method over its useful life.

Depreciation of property, plant and equipment is determined by applying the following criteria:

	Years of useful life	
	2023	2022
Buildings	33-50	33-50
Technical installations and machinery (*)	20-30	20-30
Hand and machine tools	3-10	3-10
Furniture and fixtures	3-10	3-10
Information technology equipment	3-5	3-5
Motor vehicles	2-10	2-10
Other property, plant and equipment	3-10	3-10

(*) Includes machinery and facilities used in wind projects, basically wind turbines.

The Group reviews the residual value, useful life and depreciation method of 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.

IMPAIRMENT

The Group measures and determines the property, plant and equipment's impairment losses and reversals in accordance with the criteria set forth in section h).

h) Impairment of non-financial assets carried at amortised or depreciated cost

The Group evaluates whether there are indications of possible impairment losses on non-financial assets subject to amortisation or depreciation to verify whether the carrying amount of these assets exceeds the recoverable amount.

Likewise, regardless of the existence of any indication of impairment, the Group reviews, at least once a year, the potential impairment that might affect goodwill and intangible assets with an indefinite useful life.

The recoverable amount of the assets is the higher amount between fair value less costs to sell and value in use.

The asset's value in use is calculated as a function of the estimated future cash flows deriving from the use of the asset, the expectation about possible changes in timing of those cash flows, the time value of money, the price for bearing the uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset.

Where the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised for the difference with a charge to "Amortisation and depreciation, impairment and charges to provisions" in the accompanying consolidated income statement.

At each closing date, the Group tests for any signs that the impairment loss recognised in previous years no longer exists or may have diminished. Impairment losses corresponding to goodwill are not reversible. Impairment losses from the rest of assets are only reversed if there has been a change in the estimates used to determine the asset's recoverable amount.

i) Leases

IDENTIFICATION OF A LEASE

At inception of a contract, the Group assesses whether the contract contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The period in which a Group uses an asset includes consecutive and non-consecutive periods. The Group only reassesses the conditions when there is a modification to the contract.

LESSEE ACCOUNTING

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group considers all components as a single lease component.

The Group has opted not to apply the accounting policies shown below for short-term leases and those whose underlying asset has a value of less than Euros 5 thousand, which correspond primarily to machinery leases for use in construction works, since the estimated duration of the leases is less than or around one year, as such machinery tends to be leased for the duration of the project for which it has been leased. At 31 December 2023 and following the classification of the Enerfín subgroup as a non-current asset held for sale, the heading "Right-of-use assets" corresponds mainly to leases of premises. In 2022, it primarily referred to leases of premises and of plots of land on which wind farms are located.

The Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

At the lease commencement date the Group recognises a right-of-use asset and a lease liability. The right-of-use asset comprises the amount of the lease liability, any lease payment made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of the decommissioning or restoration costs to be incurred, as indicated in the accounting policy on provisions.

The Group measures the lease liability at the current value of the lease payments that are pending payment at the commencement date. The Group discounts lease payments at the appropriate incremental borrowing rate, unless it can readily determine the lessor's implicit interest rate. In this regard, for the initial measurement of the lease liability the incremental borrowing rate was used, representing the interest rate that a lessee would have to pay for borrowing over a similar period, with a similar guarantee, the necessary funds to obtain an asset of a value similar to that of the right-of-use asset in a similar economic context. The Group uses different discount rates for each country and depending upon the remaining lease terms, the applied discount rates being between 2.95% and 6.85% for leases in Spain, in accordance with the duration of the contracts, as this is where most of the leases subject to this standard are located.

The Group measures right-of-use assets at cost, less any accumulated depreciation and impairment, adjusted for any re-measurement of the lease liability.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the Group depreciates the right-of-use asset as indicated in the property, plant and equipment section from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group measures lease liabilities by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made, and remeasuring the carrying amount to reflect any lease modifications or to reflect revised in-substance lease payments.

The Group recognises the amount of remeasurement of the liability, where applicable, as an adjustment to the right-of-use asset until this is reduced to zero and subsequently in profit or loss.

The Group remeasures lease liabilities by discounting the lease payments using a revised discount rate, if there is a change in the lease term or a change in assessment of a purchase option of the underlying asset.

The Group remeasures lease liabilities if there is a change in the estimated amounts payable of a residual value guarantee or a change in the index or rate used to determine the payments, including a change to reflect variations in market rental rates once there has been a review thereof.

j) Financial instruments

RECOGNITION AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument in IAS 32 "Financial Instruments: Presentation".

The Group recognises financial instruments when it becomes a party to the contract or legal transaction, in accordance with the terms set out therein.

For measurement purposes, the Group classifies financial instruments in the categories of financial assets and liabilities at fair value through profit or loss, separating those initially designated from those held for trading or that measured at fair value through profit or loss, financial assets and liabilities at amortised cost and financial assets at fair value through other comprehensive income, separating equity instruments designated as such from the rest of financial assets. The Group classifies financial assets designated at fair value through profit or loss and equity instruments designated at fair value through other comprehensive income in accordance with the business model and nature of the contractual flows. The Group classifies financial liabilities as measured at amortised cost, except those designated at fair value through profit or loss and those held for trading.

The Group classifies a financial asset at amortised cost if it is held within the framework of a business model aimed at holding financial assets in order to obtain contractual cash flows 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.

The Group classifies a financial asset at fair value through other comprehensive income if it is held within the framework of a business model aimed at obtaining contractual cash flows and selling financial assets 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.

The business model is determined by key staff at the Group at a level reflecting the manner in which groups of assets are managed jointly to achieve the aim of a specific business. The Group's business model represents the manner in which it manages its financial assets to generate cash flows.

The financial assets within the framework of a business model aimed at holding assets to receive contractual cash flows are managed to generate cash flows in the form of contractual receipts during the life of the instruments. The Group manages the assets held on the portfolio so as to receive these specific contractual cash flows. To determine whether the cash flows are obtained by receiving contractual cash flows from the financial assets, the Group considers the frequency, value and calendar of sales in previous years, the reasons for those sales and the expectations in relation to the future sales activity. Nevertheless, sales do not, of themselves, determine the business model and, accordingly, cannot be considered on their own. Instead, it is information on past sales and expectations of future sales that offers an indication of the way to achieve the Group's stated goal with regard to the management of financial assets and, more specifically, how the cash flows are obtained. The Group considers information on past sales in the context of the reasons for those sales and the conditions at that time as compared to current conditions. To this end, the Group considers that trade and other receivables that will be assigned to third parties and will not be derecognised are maintained in this business model.

Although the goal of the Group's business model is to hold financial assets in order to receive contractual cash flows, this does not mean that the Group holds all the instruments to maturity. Consequently, the Group's business model is to hold financial assets to receive contractual cash flows even when there have been or there are expected to be sales of these assets. The Group understands that this requirement is fulfilled provided the sales take place due to an increase in the credit risk of the financial assets. In the rest of cases, in individual and aggregate terms, sales may not be significant even if they are frequent or must be infrequent where they are significant.

The contractual cash flows that are solely payments of principal and interest on the unpaid principal are consistent with a basic loan agreement. In a basic loan agreement, the main items of interest are generally the consideration for the time value of money (TVM) and credit risk. Nevertheless, in an agreement of this kind, interest also includes consideration for other risks, such as liquidity and costs, like the administrative risks of a basic loan associated with maintaining the financial asset for a certain period. Moreover, interest may include a profit margin consistent with a basic loan agreement.

The Group designates a financial liability initially at fair value through profit or loss, if by doing so it eliminates or significantly reduces any inconsistency in the measurement or recognition that would otherwise emerge, if the measurement of the assets or liabilities or recognition of the profit/loss thereof were performed on different bases or a group of financial liabilities or of financial assets and financial liabilities is managed, and its performance assessed, on a fair value basis, in accordance with a documented investment strategy or risk management strategy, and information is provided internally concerning said group on the same basis to key staff from the Group's management.

The Group classifies the rest of financial liabilities, except financial guarantee contracts, commitments to grant a loan at a lower-than-market rate and financial liabilities resulting from a transfer of assets not fulfilling the requirements for derecognition from accounts or accounted for using the ongoing involvement approach, as financial liabilities at amortised cost.

FINANCIAL ASSETS AT FAIR VALUE

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. The Elecnor Group 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 17).
- 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 17)	-	170	-	170
Current financial assets				
Derivative financial instruments (Note 17)	-	2,136	-	2,136
Non-current financial liabilities				
Derivative financial instruments (Note 17)	-	-	-	-
Current financial liabilities				
Derivative financial instruments (Note 17)	-	(646)	-	(646)
	-	**1,660**	**-**	**1,660**

Following the discontinuation of the energy business, the Elecnor Group has derivative financial instruments of assets and liabilities classified under non-current assets and liabilities held for sale (see Note 7). All of them belong to Level 2.

	Fair value at 31 December 2022 Thousands of Euros			
	Level 1	Level 2	Level 3	Total
Non-current financial assets				
Derivative financial instruments (Note 17)	-	9,639	-	9,639
Current financial assets				
Derivative financial instruments (Note 17)	-	3,905	-	3,905
Non-current financial liabilities				
Derivative financial instruments (Note 17)	-	(17,128)	-	(17,128)
Current financial liabilities				
Derivative financial instruments (Note 17)	-	(37,425)	-	(37,425)
	-	**(41,009)**	**-**	**(41,009)**

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

FINANCIAL ASSETS AND LIABILITIES AT AMORTISED COST

Financial assets and liabilities at amortised cost are initially recognised at fair value, plus or minus transaction costs incurred, and are subsequently measured at amortised cost using the effective interest rate method.

IMPAIRMENT

The management of the Elecnor Group applies the simplified approach permitted by IFRS 9, which requires expected losses to be recognised from the initial recognition of financial assets at risk (trade receivables and customer contract assets), irrespective of their maturity, and assesses whether there is a significant increase in credit risk.

When assessing whether there is a significant increase in credit risk, the Group considers all the reasonable and supportable prospective information, specifically:

- Internal and external credit risk ratings;
- Current or expected adverse changes in the business, financial or economic conditions that might trigger a significant change in the borrower's ability to meet its obligations;
- Current or expected significant changes in the borrower's operating income;
- Significant increases in credit risk in other financial instruments of the same borrower;
- Significant changes in the value of the guarantee securing the obligation or as third-party guarantees or credit enhancements;

Similarly, to estimate the expected credit loss on these financial assets, the impairment percentage recorded in the income statement for the last five years of sales for each financial year is taken into account.

INTEREST AND DIVIDENDS

Interest is recognised by the Group using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of a financial instrument to the net carrying amount of that financial instrument based on the contractual terms of the instrument and not considering expected credit losses, except for financial assets acquired or originated with losses incurred.

Dividends from investments in equity instruments are recognised in profit or loss when the Group is entitled to receive them, it is likely to receive the economic benefits and the amount can be reliably estimated.

DERECOGNITIONS AND MODIFICATIONS OF FINANCIAL LIABILITIES

The Group derecognises a financial liability or a portion thereof when it has fulfilled the obligation contained in the liability or when it is legally released from the principal responsibility contained in the liability either pursuant to judicial proceedings or by the creditor.

The exchange of debt instruments between the Group and the counterparty or substantial modifications to initially recognised liabilities are recognised as an extinguishment of the original financial liability and recognition of a new financial liability, provided the instruments have substantially different terms.

The Group considers that the terms are substantially different if the current value of the cash flow discounted under the new terms, including any fees paid net of any fees received, and using for the purpose of the discount the original effective interest rate, differs by at least 10 per cent from the current discounted value of the remaining cash flows of the original financial liability. Furthermore, the Group conducts a qualitative analysis in order to assess whether the conditions are substantially different.

If the exchange is recognised as the extinguishment of the original financial liability, the costs or fees are recognised in profit/loss. Otherwise, the modified flows are discounted at the original effective interest rate, recognising any difference with the previous carrying amount in profit and loss. Moreover, the costs or fees adjust the financial liability's carrying amount and are amortised using the amortised cost method during the remaining life of the modified liability.

The Group recognises the difference of the carrying amount of the financial liability or a part thereof cancelled or assigned to a third party and the consideration paid, including any assigned asset other than the cash or liability assumed in profit or loss.

The Group has arranged reverse factoring lines with various financial institutions to manage supplier payments. Since this transaction does not involve any type of financing for the Group, which pays on the date established with the supplier, liabilities whose settlement is managed by financial institutions are considered to be of a commercial nature and are therefore shown under the heading "Trade and other payables" in the consolidated balance sheet until 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 232,053 thousand and Euros 256,152 thousand, respectively.

k) Hedge accounting

Derivative financial instruments are initially recognised based on the criteria set forth above for financial assets and liabilities. Derivative financial instruments that do not meet the hedge accounting criteria below are classified and measured as financial assets or liabilities at fair value through profit or loss. Derivative financial instruments that meet the criteria for hedge accounting are initially recognised at fair value, plus, in the event, the transaction costs that are directly attributable to their contracting, or less, in the event, the transaction costs that are directly attributable to their issuance. Notwithstanding transaction costs, they are subsequently recognised in profit or loss, to the extent that they do not form a part of the effective change in hedging.

At the inception of the hedge the Group formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. The documentation includes the identification of the hedging instrument, the item hedged, the nature of the hedged risk and the manner in which the Group measures the effectiveness of the hedge.

Accounting for hedge operations is only applicable when there is an economic relationship between the hedged item and the hedging instrument, credit risk does not exert a dominant effect on the value adjustments resulting from this economic relationship and the coverage ratio of the hedge relation is the same as the one resulting from the amount of the hedged item the Group actually uses to cover said amount of the hedged item. Nevertheless, that designation must not reflect an imbalance between the weightings of the hedged item and the hedging instrument such that a hedging ineffectiveness is generated, regardless of whether or not it is recognised, that might give rise to an accounting result contrary to the purpose of hedge accounting.

For cash flow hedges of forecast transactions or a component thereof, the Group assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit/loss.

At the start of the hedge relation and continuously the Group assesses whether the relationship prospectively fulfils the effectiveness requirements. The Group assesses effectiveness at each balance sheet date or when there are significant changes that affect effectiveness requirements.

The Group performs a qualitative assessment of effectiveness, provided the fundamental conditions of the instrument and the hedged item coincide. When the fundamental conditions do not coincide fully, the Group uses a hypothetical derivative with fundamental conditions equivalent to the hedged item to assess and measure ineffectiveness.

The Group only designates as hedged items assets, liabilities, firm commitments and highly probable planned transactions. The hedged item may be an individual item or a group of items.

The Group designates derivative financial instruments, essentially foreign currency forward contracts and options and interest rate swaps to hedge against the various risks.

CASH FLOW HEDGES

The Group recognises in other comprehensive income the gains or losses from fair value measurement of the hedge instrument corresponding to the part identified as effective hedge. The part of the hedge considered to be ineffective, and the part of the gain or loss or cash flow relating to the hedging instrument excluded from the assessment of hedge effectiveness are recognised as a charge or credit to finance expense or income.

In hedges of planned transactions that give rise to the recognition of a financial asset or liability, the associated gains or losses that were recognised in other comprehensive income are reclassified to profit and loss in the same year or years during which the asset acquired or liability assumed affects profit and loss and under the same heading of the consolidated income statement.

DISCONTINUATION OF HEDGE ACCOUNTING

If the hedge relation ceases to fulfil the effectiveness requirements linked to the coverage ratio, but the risk management goal remains the same for said relationship, the Group adjusts the coverage ratio so as to continue to fulfil the hedge relation criteria (rebalancing). Rebalancing refers to the adjustments made to the amounts designated of the hedged item or the hedging instrument of an existing relationship in order to maintain the coverage ratio that fulfils the hedge effectiveness requirements. The Group accounts for rebalancing as a continuation of the hedge relation. On the rebalancing date, the Group determines the ineffectiveness of the relation and recognises any ineffectiveness in profit and loss.

The Group discontinues the hedge relation prospectively only when all or part of the hedge relation ceases to fulfil the eligibility requirements. This includes situations in which the hedge instrument expires or is sold, finalised or exercised. In this connection, the replacement or renewal of a hedge instrument is not an expiry or finalisation, provided that the operation is consistent with the Group's documented risk management goal.

In cash flow hedges, the cumulative amount in other comprehensive income is not taken to profit and loss until the planned transaction takes place. Notwithstanding the foregoing, the cumulative amounts in other comprehensive income are classified as finance income or expense as soon as the Group no longer expects the planned transaction to take place.

l) Issuance and acquisition of equity instruments and recognition of dividends

The acquisition by the Group of equity instruments of the Parent is presented at acquisition cost separately as a reduction in equity in the consolidated balance sheet, regardless of the reason for the acquisition. No profit or loss was recognised in transactions with own equity instruments.

The subsequent amortisation of the Parent's instruments leads to a capital reduction in the nominal value of said shares and the positive or negative difference between the acquisition price and the nominal share price is charged or credited to reserves.

Dividends, whether in cash or in kind, are recognised as a reduction in net equity when they are approved by the General Shareholders' Meeting.

m) Earnings per share

Basic earnings per share are calculated by dividing the net profit for the year attributable to Elecnor, S.A. by the weighted average number of ordinary shares outstanding in the year, excluding the average number of Elecnor, S.A. shares held.

Diluted earnings per share are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in the year, adjusted by the weighted average number of ordinary shares that would be issued on the conversion of all of the potential ordinary shares into ordinary shares of the company.

At 31 December 2023 and 2022, basic earnings per share are the same as diluted earnings per share, since there were no potential shares outstanding during the years then ended.

n) Inventories

This item of the consolidated balance sheet reflects the assets that the Elecnor Group:

- Has under production, construction or development for this purpose, except for construction in progress for which revenue is recognised as indicated in section s.1); or
- Expects to consume in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Details of the Elecnor Group's inventories for 2023 and 2022 are as follows:

Thousands of Euros	31/12/2023	31/12/2022
Raw materials and other materials consumed	4,995	4,960
Goods for resale	3,227	2,798
Semi-finished and finished goods	426	2,550
	8,648	10,308

o) 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.

The Group classifies cash flows corresponding to interest received and paid and dividends received and paid as financing and investment activities.

p) Official grants from Public entities

Official grants from Public entities are recognised when there is reasonable certainty of compliance with the conditions associated with their being awarded and received.

CAPITAL GRANTS

Capital grants awarded in the form of monetary assets are recognised as a credit entry under "Non-current liabilities – Official grants", in the consolidated balance sheet and are allocated to other income as the related financial assets are amortised.

At 31 December 2023, the Elecnor Group had received capital grants amounting to Euros 2,015 thousand (Euros 4,642 thousand in 2022), which had not yet been recognised as income. Government capital grants recognised in 2023 amount to approximately Euros 231 thousand (Euros 221 thousand in 2022) and are recognised as other operating income in the accompanying consolidated income statement.

OPERATING GRANTS

Operating grants are allocated to income in the year in which the related expenses are incurred, with a credit to the heading "Other operating income".

Other operating income in the consolidated income statements for 2023 and 2022 includes approximately Euros 4,117 thousand and Euros 3,613 thousand, respectively. Most operating grants received by the Elecnor Group in 2023 and 2022 related to the costs borne by Elecnor Servicios y Proyectos, S.L.U. and by Deimos Space, S.L.U. and its subsidiaries in carrying out their activities.

q) Provisions

The Group recognises provisions for the estimated amount required to settle its liabilities, whether legal or constructive, probable or certain, associated with contingencies, ongoing litigation or obligations, when such liabilities arise as a result of past events, and when it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are recognised when the liability or obligation arises (Note 18), with a charge to the relevant heading of the income statement based on the nature of the obligation, and for the present value thereof, when the effect of discounting the obligation is material.

The amounts recognised in the consolidated balance sheet correspond to the best estimate at year-end of the disbursements necessary to extinguish the present obligation, having taken into account the risks and uncertainties linked to the provision.

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

Contingent liabilities relating to possible obligations (dependent on the occurrence or non-occurrence of uncertain future events) or to present obligations that do not qualify for the recognition of a provision (because they are not probable or they cannot be measured reliably) are not recognised (see Notes 18 and 22).

DECOMMISSIONING PROVISIONS

The provisions to which this section refers are recognised based on the general criteria for recognising provisions and are booked as higher cost value of the items of property, plant and equipment to which they relate (see section g).

Changes in the provision deriving from changes in the amount, timing of disbursements or discount rate will increase or decrease the cost value of fixed assets up to the limit of their carrying amount, and the excess is recognised in profit/loss.

r) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring that involves the payment of termination benefits.

For termination benefits payable as a result of an employee's decision to accept an offer, the time when the Group can no longer withdraw the offer of termination benefits is the earlier of when the employee accepts the offer and when a restriction on the Group's ability to withdraw the offer takes effect.

In the case of involuntary termination benefits, the Group can no longer withdraw the offer when it has communicated to the affected employees or trade union representatives the plan; the actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made; the plan identifies the number of employees whose employment is to be terminated, their job classifications or functions and their locations and the expected completion date; the plan establishes the termination benefits that employees will receive in sufficient detail that employees can determine the type and amount of benefits they will receive when their employment is terminated.

s) Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for goods delivered and services rendered as part of the company's usual activities, less discounts, VAT and other sales-related tax.

Income is recognised on an accruals basis, in other words, at the time of the actual flow of the goods and services they represent and irrespective of when the resulting monetary or financial flow arises. In application of IFRS 15, the Group identifies and separates the various commitments to transfer a good or service under a contract. This implies separate revenue recognition for each of the individually identifiable obligations within the same main contract.

Furthermore, the Group estimates the price of each contract that has been identified by taking into account, in addition to the initial price agreed in the contract, the amount of variable consideration, the time value of money (where a significant financing component is considered to exist) and non-monetary consideration.

The following are some of the specific features of the Group's activities:

s.1 Income from the execution of projects and services rendered

The Group carries out different projects and provides different services for customers. 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 Group's execution produces an asset controlled by customers and with no alternative use for the Group, which is entitled to proceeds from execution completed until year end.

The Group recognises the revenue from contracts using the resource method or percentage of completion method based on costs incurred over total estimated costs. The Group makes adjustments in accordance with the progress for inefficiencies not initially envisaged in the contracts.

The Group 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, a contractual liability is recognised. If the time elapsed between accrual of the revenue and the estimated payment date exceeds twelve months, the Group 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 Group 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 Group 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 Group's incremental borrowing rate.

s.2 Energy sales

Revenues from energy sales are recognised in the period in which the energy is generated and transferred.

Energy sales correspond to the Enerfín subgroup, which is classified as held for sale in 2023, and therefore this type of income is classified under "Profit/loss from discontinued operations" in the consolidated income statement.

s.3 Contractual modifications

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

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

1) The scope of the contract is increased due to the addition of different goods or services, and

2) 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 Group 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.

The Group assigns changes in the transaction price to the contractual obligations in the same way as at the start of the contract, so the Group does not reassign the transaction price to reflect changes in independent sale prices after the contract has commenced. The amounts assigned to fulfilled obligations are recognised as income or a reduction in income when the modification takes place. The Group recognises a change in the transaction price, applying the aforementioned criteria concerning contractual modifications.

However, in the event of a change in the transaction price subsequent to a contractual modification, the Group assigns the effect of the change to the obligations identified prior to the modification, to the extent that the price change is attributable to a variable consideration pledged prior to the modification and the modification is not accounted for as a separate contract, but as a completion of the original contract. On other occasions when modifications are not recognised as a separate contract, the Group assigns the change in the transaction price to the obligations of the modified contract, in other words, the obligations pending execution or partially pending execution following the modification.

In contractual modifications accepted by the parties, but in which approval of the transaction price is pending, the Group recognises the modification in the amount it is considered highly probable will not produce a significant reversal of the income. The Group adjusts estimated transaction prices at each balance sheet date.

t) Income tax

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

Current tax is the amount payable or recoverable for income taxes on consolidated fiscal profit or loss in the year. 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 tax rules and rates that have been approved or are about to be approved as of the end of the year.

Deferred tax liabilities are Corporate Income Tax amounts payable in the future relating to temporary differences, while deferred tax assets are Corporate Income Tax amounts recoverable due to the existence of deductible temporary differences, tax loss carryforwards or deductions pending application. In this connection, a temporary difference is understood to mean the difference between the carrying amount of assets and liabilities and their tax base.

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 net equity or from a business combination.

RECOGNITION OF DEFERRED TAX LIABILITIES

The Group recognises deferred tax liabilities in all cases except:

- those arising from the initial recognition of goodwill or of 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;

- those corresponding to differences relating to investments in subsidiaries, associates and joint ventures on which the Group has a capacity to control when they are reversed and when they are unlikely to be reversed in the foreseeable future.

RECOGNITION OF DEFERRED TAX ASSETS

The Group recognises deferred tax assets provided that:

- it is likely that sufficient future taxable profits will be obtained to offset those items, or when tax legislation allows for the future conversion of deferred tax assets into an enforceable credit in respect of Public entities. However, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit/loss nor taxable income, are not recognised;

- they correspond to temporary differences relating to investments in subsidiaries, associates and joint ventures insofar as the temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilised.

It is considered likely that the Group will obtain sufficient taxable profits in the future to offset deferred tax assets recognised in the consolidated balance sheet, provided there are sufficient deductible temporary differences, relating to the same taxation authority and referring to the same taxpayer, the reversal of which is expected in the same tax year as the deductible temporary differences are expected to be reversed or in years in which a tax loss emanating from a deductible temporary difference may be offset against prior or subsequent profit.

In determining future taxable profit, the Group 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 rules and rates that are approved or about to be approved and having considered the fiscal consequences deriving from the manner in which the Group expects to recover the assets or settle the liabilities. In this connection, the Group has considered the deduction due to the reversal of temporary measures pursuant to transitory provision thirty-seven of Corporate Income Tax Law 27/2014, dated 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 and the updating of balances under Law 16/2012, of 27 December.

At the end of each year, the Group reviews the carrying amount of deferred tax assets with a view to reducing that value to the extent that it is not likely that there will be sufficient future tax credit carryforwards to offset them.

Deferred tax assets that do not meet the aforementioned criteria are not recognised in the consolidated balance sheet. At the end of each year, the Group reviews whether or not the conditions have been fulfilled to recognise deferred tax assets that have not previously been recognised.

TAX UNCERTAINTIES

An uncertain income tax treatment is any treatment applied by an entity where there is uncertainty as to whether said approach will be accepted by the tax authority. The interpretation takes into account:

- How to determine the appropriate accounting unit, and whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments, depending on which approach better predicts the resolution of the uncertainty.

- That the entity must assume that a taxation authority will examine the uncertain tax treatments and will have full knowledge of all related information when making those examinations; in other words, risk of detection must be ignored.

- That the entity must reflect the effect of uncertainty on its accounting for income tax when the taxation authority is unlikely to accept the treatment.

- That the impact of uncertainty must be measured using the most likely amount method or the expected value method, depending on which method better predicts the resolution of the uncertainty, and that the judgements and estimates used must be reassessed if the facts and circumstances change or new information becomes available.

If the Group determines that it is unlikely that the taxation authority will accept an uncertain tax treatment or group of uncertain tax treatments, it considers said uncertainty when determining the taxable income, tax bases, tax loss carryforwards, deductions or tax rates. The Group determines the effect of uncertainty on the Corporate Income Tax filing using the expected value method, when the range of potential outcomes is very broad, or the most likely amount method, when the outcome is binary or concentrated on one value. In those cases in which the tax asset or liability calculated based on these criteria exceeds the amount presented in self-assessments, it is presented as current or non-current in the consolidated balance sheet based on the estimated recovery or payment date, considering, where appropriate, the amount of related late-payment interest on the liability as accrued in the income statement. The Group recognises changes in events and circumstances relating to tax uncertainties as a change of estimate.

The Group recognises and presents fines in accordance with the stated accounting policy for provisions.

CLASSIFICATION

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

u) Statement of cash flows

The Group presents the statement of cash flow using the indirect method, using the following expressions with the following meanings:

- Cash flows. Inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.

- Operating activities. The principal revenue-producing activities of the Elecnor Group companies and other activities that are not investment or financing activities. The Group presents reverse factoring ("confirming") of trade payables as an operating activity.

- Investment activities. The acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents. The Group classifies interest and dividends received as an investment activity.

- Financing activities. Activities that result in changes in the size and composition of the equity and liabilities that are not operating activities.

The cash flows from operating activities in 2023 and 2022 correspond to the Group's routine operations reaching Euros 206,003 thousand.

The net cash flows from investment activities in 2023 are mainly due to new investments in property, plant and equipment (see Note 10) and proceeds from the sale of the subsidiaries Gasoducto de Morelos, S.A.P.I. de C.V. and Eresma Solar, S.L.U. (Note 2.f) (in 2022 they were mainly due to new investments in property, plant and equipment).

Net cash flows from investment activities of discontinued operations in 2023 and 2022 are mainly from new investments in property, plant and equipment of wind farms and solar PV projects under construction (see Notes 7 and 10).

Lastly, the most significant changes in cash flows from financing activities in 2023 and 2022 relate mainly to new issues and redemptions of promissory notes issued in the Alternative Fixed Income Market and repayments of debts arranged in previous years (see Note 16).

Cash flows from financing activities of discontinued operations in 2023 are mainly due to new debt drawdowns of the Rivera de Navarra wind farm and the Portón del Sol solar PV plant and repayments of debts arranged in previous years based on the payment schedule (in 2022 due to new debt of the Rivera de Navarra wind farm and repayments of debts arranged in previous years based on the payment schedule) (see Notes 7 and 16).

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating income is regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The financial information relating to the segments is detailed in Note 6.

w) Environment

The Group 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 Group 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 Group's activities, are recognised as assets, applying the measurement, presentation and disclosure criteria described in section g).

4 · FINANCIAL 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.

Foreign currency risk-

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 exchange rate 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.

The Group is exposed primarily to foreign currency risk from operations involving US Dollars. Set out below is a sensitivity analysis without taking into account the Group's year-end foreign exchange hedges, of the impact on the Group's consolidated profit before tax of changes in this currency, chiefly resulting from the translation of trade receivables and payables:

Thousands of Euros		2023		2022	
Functional currency	Currency	10%	-10%	10%	-10%
EUR	USD	(2,621)	3,203	(4,252)	5,197

The Group's main exposures to foreign currency risk at 31 December 2023 and 2022 are detailed below. The attached tables reflect the carrying amounts of the Group's financial instruments or classes of financial instruments denominated in foreign currencies:

2023

Thousands of Euros	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
EUR		29,383	5,801	(10,674)
DOP	-	-	-	-
DZD	-	124	-	(13,126)
GMD	-	585	-	(612)
GNF	-	1,308	-	(1,816)
HTG	-	14,061	-	(4,101)
OMR	-	12,953	-	(11,970)
USD	55	73,005	32,608	(76,835)
XOF	-	1,756	-	(1,002)
Other	-	175	-	(715)
Total	**55**	**133,350**	**38,409**	**(120,851)**

2022

Thousands of Euros	Long-term credits to Group companies	Trade and other receivables	Cash and cash equivalents	Trade and payables
EUR	-	1,520	8,228	(1,877)
DOP	-	36	-	(554)
DZD	-	12,292	-	(3,925)
GMD	-	657	-	(446)
GNF	-	4,043	-	(5,213)
HTG	-	7,627	-	(11,502)
OMR	-	17,188	-	(18,186)
USD	4,437	37,388	16,704	(11,757)
XOF	-	1,918	-	(903)
Other	-	822	128	(2,502)
Total	**4,437**	**83,491**	**25,060**	**(56,865)**

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 (except for the debt pegged to the HICP), consolidated profit before tax would have amounted to Euros 2,707 thousand and Euros 2,707 thousand lower/higher, respectively, (of which Euros 1,316 thousand would be reflected under "Profit/loss from discontinued operations" in the consolidated income statement) due to a higher/lower finance expense on borrowings at floating rates (Euros 1,713 thousand and Euros 1,713 thousand lower/higher, respectively, in 2022, of which Euros 678 thousand would be reflected under "Profit/loss from discontinued operations" in the consolidated income statement).

Furthermore, in the event of 500-basis-point changes in Brazilian inflation (HICP) to which certain debts, whose guarantees are secured by the projects of certain companies located in Brazil and which belong to the Enerfín business (see Note 16 and 7), are pegged, consolidated profit before tax would have amounted to Euros 7,341 thousand and Euros 7,341 thousand lower/higher, respectively, due to a higher/lower finance expense on borrowings pegged to Brazilian inflation (Euros 7,313 thousand and Euros 7,313 thousand lower/higher, respectively, in 2022). These impacts would be reflected in the consolidated income statement under "Profit/loss from discontinued operations". As regards the evolution of the HICP in Brazil, sales prices are also updated based on changes in this indicator.

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.

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.

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.

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.

5 · DISTRIBUTION OF PROFIT/LOSS

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

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 appropriation of the Parent's profit and reserves for the year ended on 31 December 2022, approved by 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 Parent 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:

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 31/12/2023	33,382
Projected cash balances at 31/12/2023	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.

6 · SEGMENT REPORTING

IFRS 8 requires operating segments to be identified based on the information that the entity's management uses to make decisions about operating matters. The Elecnor Group's chief operating decision-maker is the CEO, to whom the CEO of the Services and Projects business reports, together with the CEO of the Enerfín Subgroup and the CEO of the Celeo Group.

- Elecnor (Essential Services and Sustainable Projects)
- Enerfín and Celeo (Investments in Infrastructure and Renewables)

Enerfín and Celeo make investments in Infrastructure and Renewables: development, financing, construction, investment and management of energy assets. Since the last financial year, goals are established by both businesses on an individual basis in order to analyse their activity, and their main figures are reported as separate segments in order to better understand the Group's businesses.

a) Information on operating segments-

Assets and liabilities for general use and profit and loss arising therefrom were not allocated to the other segments. Similarly, the reconciling items arising from the comparison of the result of integrating the financial statements of the various operating segments (prepared on the basis of management criteria) with the consolidated financial statements of the Elecnor Group, were not allocated. These items are included under the heading "Group Management and Other Adjustments" in the information shown below.

In 2021, as a result of the spin-off of the Services and Projects business carried out by the Parent to the subsidiary Elecnor Servicios y Proyectos, S.A.U., a detailed analysis was performed on the assets and liabilities associated with the "Group Management and Other Adjustments" segment, which are the non-segregated assets and liabilities held at the Parent Elecnor, S.A. These are assets and liabilities that provide services to the Group, such as syndicated financing or the rights of use arising from leases of office space for Elecnor, S.A. employees and the computer software that the Corporation uses to render services to the Group.

Information on these operating segments is presented below:

a) Details of the consolidated income statement items by segment at 31 December 2023 and 2022 are as follows:

2023

Thousands of Euros	Elecnor	Enerfín(*)	Celeo	Group Management and Other Adjustments	Operations between segments	Total at 31/12/2023
Income statement						
Net turnover	3,886,590	-	-	-	(93,684)	3,792,906
Expense for amortisation, depreciation, impairment and charges to provisions	(84,244)	-	-	527	-	(83,717)
Operating income	**136,753**	**-**	**15,390**	**(23,072)**	**(7,926)**	**121,145**
Finance income	11,887	-	-	15	-	11,902
Finance expenses	(18,437)	-	-	(9,295)	-	(27,732)
Translation differences	(7,601)	-	-	47	-	(7,554)
Income tax	(38,191)	-	-	9,074	1,833	(27,284)
Profit/loss from continuing operations	84,411	-	15,390	(23,231)	(6,093)	70,477
Profit/loss from discontinued operations	-	47,349	-	-	-	47,349
Profit/loss for the year	**84,411**	**47,349**	**15,390**	**(23,231)**	**(6,093)**	**117,826**
Attributable to non-controlling interests	4	(7,772)	-	-	-	(7,768)
Parent consolidated income statement	**84,415**	**39,577**	**15,390**	**(23,231)**	**(6,093)**	**110,058**
EBITDA (**)	220,997	-	15,390	(23,599)	(7,926)	204,862

(*) The composition of Enerfín's income statement, which is classified as discontinued operations, is presented in Note 7.
(**) EBITDA (gross operating profit) is the result of adding depreciation, amortisation and impairment losses for the year to operating income.

The expenses of the "Group Management and Other Adjustments" segment included under the heading of Operating income mainly correspond to expenses of personnel assigned to the Corporation, as well as expenses associated with its activity, such as travel, offices, software, etc. (Euros 17.8 million), directors' expenses (Euros 5.4 million), expenses of the Group's advisors and auditors, and the contribution to the Elecnor Foundation.

RESTATED 2022

Thousands of Euros	Elecnor	Enerfín(*)	Celeo	Group Management and Other Adjustments	Operations between segments	Total at 31/12/2022
Income statement (**)						
Net turnover	3,422,866	-	-	-	(29,606)	3,393,260
Expense for amortisation, depreciation, impairment and charges to provisions	(50,116)	-	-	(1,386)	(1)	(51,503)
Operating income	**118,812**	**-**	**17,153**	**(30,955)**	**(8,949)**	**96,061**
Finance income	4,935	-	-	-	-	4,935
Finance expenses	(14,204)	-	-	(5,059)	-	(19,263)
Translation differences	(3,629)	-	-	54	1,996	(1,579)
Income tax	(28,458)	-	-	5,338	1,058	(22,062)
Profit/loss from continuing operations	77,456	-	17,153	(30,622)	(5,895)	58,092
Profit/loss from discontinued operations	-	57,815	-	-	-	57,815
Profit/loss for the year	**77,456**	**57,815**	**17,153**	**(30,622)**	**(5,895)**	**115,907**
Attributable to non-controlling interests	4	(13,098)	-	-	-	(13,094)
Parent consolidated income statement	**77,460**	**44,717**	**17,153**	**(30,622)**	**(5,895)**	**102,813**
EBITDA (***)	168,928	-	17,153	(29,569)	(8,948)	147,564

(*) The composition of Enerfín's income statement, which is classified as discontinued operations, is presented in Note 7. (**) Restated figures, see Note 7.
(***) EBITDA (gross operating profit) is the result of adding depreciation, amortisation and impairment losses for the year to operating income.

The expenses of the "Group Management and Other Adjustments" segment included under the heading of Operating income mainly correspond to expenses of personnel assigned to the Corporation, as well as expenses associated with its activity, such as travel, offices, software, etc. (Euros 20 million), directors' expenses (Euros 4.6 million), expenses of the Group's advisors and auditors, and the contribution to the Elecnor Foundation.

Transactions between the different companies comprising the Group at any given time are carried out at market price.

b) Details of assets and liabilities by segment at 31 December 2023 and 2022 are as follows:

2023

Thousands of Euros	Elecnor	Enerfin(*)	Celeo	Group Management and Other Adjustments	Operations between segments	Total at 31/12/2023
Assets-						
Intangible assets	23,013	-	-	12,561	-	35,574
Right-of-use assets	45,548	-	-	1,137	-	46,685
Property, plant and equipment	238,149	-	-	10,325	-	248,474
Equity-accounted investees	46	-	598,879	-	-	598,925
Non-current financial assets	12,360	-	1	268	-	12,629
Deferred tax assets	61,961	-	-	22,712	-	84,673
Inventories	8,648	-	-	-	-	8,648
Customer contract assets	464,143	-	-	-	-	464,143
Receivables and Public entities	1,109,294	-	-	9,595	-	1,118,889
Non-current assets held for sale	2,046	1,122,676	-	-	(18,728)	1,105,994
Other assets (*)	335,716	-	-	15,443	-	351,159
Total assets	**2,300,924**	**1,122,676**	**598,880**	**72,041**	**(18,728)**	**4,075,793**
Liabilities-						
Non-current financial liabilities	73,071	-	-	271,785	-	344,856
Provisions for liabilities and charges	64,339	-	-	2,638	-	66,977
Government grants	2,015	-	-	-	-	2,015
Non-current lease liabilities	33,482	-	-	464	-	33,946
Other non-current liabilities	1,703	-	-	-	-	1,703
Deferred tax liabilities	27,833	-	-	2,236	-	30,069
Short-term provisions	86,239	-	-	30	-	86,269
Current financial debt	34,943	-	-	240,163	-	275,106
Current lease liabilities	14,369	-	-	805	-	15,174
Current non-financial debt	1,568,457	-	-	34,377	(13,579)	1,589,255
Non-current liabilities held for sale	-	704,864	-	-	-	704,864
Total liabilities	**1,906,451**	**704,864**	**-**	**552,498**	**(13,579)**	**3,150,234**
Additions to Intangible assets, right-of-use asset of property, plant and equipment	89,711	156,092	-	8,374	-	254,177
Additions to equity - accounted investees	-	566	1,027	-	-	1,593
Total additions	**89,711**	**156,658**	**1,027**	**8,374**	**-**	**255,770**

(*) The composition of Enerfin's assets and liabilities, classified as discontinued operations, is presented in Note 7.

2022

Thousands of Euros	Elecnor	Enerfin	Celeo	Group Management and Other Adjustments	Operations between segments	Total at 31/12/2022
Assets-						
Intangible assets	22,662	12,832	-	8,577	-	44,071
Right-of-use assets	50,830	27,960	-	1,537	-	80,327
Property, plant and equipment	218,491	687,885	-	10,566	(15,854)	901,088
Equity-accounted investees	39,660	2,330	586,160	-	-	628,150
Non-current financial assets	15,430	26,350	1	6,137	-	47,918
Deferred tax assets	61,323	21,901	-	13,636	3,504	100,364
Inventories	10,308	-	-	-	-	10,308
Customer contract assets	393,954	-	-	-	-	393,954
Receivables and Public entities	927,782	26,518	-	13,443	(2,156)	965,587
Non-current assets held for sale	2,976	-	-	-	-	2,976
Other assets (*)	335,880	60,195	-	7,130	-	403,205
Total assets	**2,079,296**	**865,971**	**586,161**	**61,026**	**(14,506)**	**3,577,948**
Liabilities-						
Non-current financial liabilities	70,228	414,579	-	310,016	-	794,823
Provisions for liabilities and charges	38,513	11,442	-	4,038	-	53,993
Government grants	2,974	1,668	-	-	-	4,642
Non-current lease liabilities	38,096	29,893	-	1,076	-	69,065
Other non-current liabilities	3,202	2,146	-	-	-	5,348
Deferred tax liabilities	20,184	23,610	-	2,852	-	46,646
Short-term provisions	78,639	2,041	-	127	-	80,807
Current financial debt	18,530	80,519	-	116,314	-	215,363
Current lease liabilities	14,996	3,152	-	781	-	18,929
Current non-financial debt	1,366,353	46,296	-	48,736	(7,208)	1,454,177
Total liabilities	**1,651,715**	**615,346**	**-**	**483,940**	**(7,208)**	**2,743,793**
Additions to Intangible assets, right-of-use asset of property, plant and equipment	108,737	90,950	-	5,965	(4,910)	200,742
Additions to equity - accounted investees	-	520	-	-	-	520
Total additions	**108,737**	**91,470**	**-**	**5,965**	**(4,910)**	**201,262**

(*) Includes mainly "Cash and cash equivalents".

The amounts included in "Operations between segments" relate mainly to property, plant and equipment developed by the Elecnor Segment for the operation of renewable energy farms under construction by the Enerfin Segment.

b) Information on products and services-

The Elecnor Group's primary lines of business correspond to the construction activity and the rendering of services, which are presented under the Services and Projects segment, and to the energy generation activity, which is presented under the Enerfin and Celeo segments.

The construction and services rendering activity in which the Elecnor Group operates is split into the following sub-activities, on which each General Sub-Directorate reports to the CEO of the Services and Projects segment, who in turn reports to the CEO of the Elecnor Group, who is the chief operating decision-maker. In any case, these activities are not undertaken exclusively by any of the General Sub-Directorates:

- Electricity
- Power generation
- Telecommunications and space

- Facilities
- Construction, environment and water
- Maintenance
- Oil & Gas
- Railways

The generation of electricity using mainly wind farms and solar thermal power plants is one of the lines of business of the Elecnor Group that is carried out through the Enerfín subgroup in the case of wind farms, and by Celeo Termosolar, S.L. (Celeo Concesiones e Inversiones Group), in the case of solar thermal plants.

The breakdown of sales by activity at 31 December 2023 and 2022 is shown in Note 7 and Note 23.

c) Geographical information-

Following are details of revenues from external customers and non-current assets that are not financial instruments for the most significant countries at 31 December 2023 and 2022:

REVENUE

Thousands of Euros Country	2023	2022 rest.
Spain	1,489,435	1,403,651
Brazil	420,351	459,557
Angola	98,314	87,932
USA	379,593	323,410
Australia	428,536	336,984
Chile	97,436	93,872
Mexico	39,154	12,940
Panama	44,345	28,215
Dominican Republic	132,199	69,142
Lithuania	165,289	52,301
Italy	145,107	105,889
Ghana	1,911	12,550
Oman	19,575	53,604
United Kingdom	34,435	30,214
Other	297,226	322,999
	3,792,906	3,393,260

Following the discontinuation of the Enerfín subgroup in 2023, the information relating to this segment is detailed in Note 7 to these Consolidated Annual Accounts.

NON-CURRENT ASSETS

Thousands of Euros	2023			
Country	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	-	-
Brazil	24	-	14,039	1,945
Cameroon	-	-	4,736	-
Chile	-	-	6,305	-
United Kingdom	-	5,690	359	1,771
Ecuador	17	1,377	37,979	25
USA	-	288	24,846	16,972
Oman	-	-	1,259	-
Spain	17,132	6,081	97,588	23,376
Lithuania	-	-	19,000	-
Angola	-	-	3,041	-
Australia	5	1,693	18,767	747
Italy	1,022	-	4,328	-
Colombia	-	2,114	16	-
Dominican Republic	-	-	5,064	-
Other	132	(1)	11,147	1,849
	18,332	17,242	248,474	46,685

Following the discontinuation of the Enerfín subgroup in 2023, the information relating to this segment is detailed in Note 7 to these Consolidated Annual Accounts.

NON-CURRENT ASSETS

Thousands of Euros	2022			
Country	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Canada	-	-	138,843	2,899
Brazil	80	-	364,282	3,222
Cameroon	69	-	5,021	-
Chile	-	-	4,610	-
United Kingdom	-	5,690	431	2,061
Ecuador	25	1,377	42,271	5
USA	117	288	17,577	20,766
Oman	-	-	15,046	-
Spain	15,647	17,531	241,810	49,869
Lithuania	101	-	22,441	-
Angola	-	-	7,226	-
Australia	8	1,693	10,053	1,350
Italy	53	782	10,274	-
Colombia	30	204	9,364	-
Other	253	123	11,839	155
	16,383	27,688	901,088	80,327

7 · NON-CURRENT ASSETS (DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS

a) Enerfín subgroup

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 Parent Company's Directors considered that the conditions required by IFRS 5 for the classification of this business as "Non-current assets held for sale and discontinued operations" were met, as disposal of said business in the short term was considered probable.

Following this decision, the Elecnor Group reclassified the assets and liabilities associated with this business as a group of assets and liabilities held for sale, reclassifying the income statement of all the companies in the business as discontinued operations. At the time of reclassification, the Group has assessed the appropriateness of adjusting the fair value of the consolidated net assets in the Enerfín subgroup. In accordance with accounting standards, the Group has not needed to recognise valuation adjustments to the net assets.

Details of the assets and liabilities classified for sale at 31 August 2023 relating to this business are as follows:

Thousands of Euros ASSETS	31 August de 2023
Non-current assets:	
Property, plant and equipment (Note 10)	817,786
Right-of-use assets (Note 11)	32,244
Goodwill (Note 8)	13,113
Intangible assets (Note 9)	321
Equity-accounted investees (Note 12)	2,342
Non-current financial assets	28,081
Deferred tax assets (Note 20)	21,149
Total non-current assets	**915,036**
Current assets:	
EInventories	16
Trade and other receivables	16,649
Public entities, receivable	3,740
Current income tax assets	1,345
Other receivables	257
Other current financial investments	17,951
Derivative financial instruments	2,553
Other current assets	2,638
Cash and cash equivalents	95,762
Total current assets	**140,911**
Total assets	**1,055,947**

Thousands of Euros LIABILITIES	31 August de 2023
Non-current liabilities:	
Provisions for liabilities and charges (Note 18)	11,916
Financial liabilities from issuing bonds and other marketable securities	17,099
Financial liabilities on loans and borrowings	484,390
Derivative financial instruments	15,918
Lease liabilities (Note 11)	33,913
Other non-current liabilities	5,157
Deferred tax liabilities (Note 20)	24,830
Total non-current liabilities	**593,223**
Current liabilities:	
Provisions for liabilities and charges (Note 18)	2,027
Financial liabilities from issuing bonds and other marketable securities	10,950
Financial liabilities on loans and borrowings	26,577
Derivative financial instruments	9,680
Lease liabilities (Note 11)	3,586
Trade and other payables	15,523
Customer contract liabilities	25,879
Current income tax liabilities	1,748
Other payables	8,432
Total current liabilities	**104,402**
Total liabilities	**697,625**

On 17 November 2023, Elecnor, S.A. filed an Insider Information communication with the CNMV notifying of the signing of the agreement for the sale of 100% of the capital of Enerfín Sociedad de Energía, S.L.U. to Statkraft European Wind and Solar Holding AS ("Statkraft"), a company that belongs to the Statkraft Group. The transaction is structured by means of a contract for the purchase and sale of shares, signed on the same date, under the usual terms and conditions for this type of transaction. The sale price is approximately Euros 1.8 billion at the closing date of the sale-purchase transaction, which is expected to take place in the first half of the following year.

The following is the consolidated income statement (discontinued operations) for the years 2023 and 2022:

Thousands of Euros	2023	2022
Net turnover	193,814	220,412
Self-constructed assets	9,737	4,810
Materials consumed	(1,940)	(247)
Other operating income	3,935	2,701
Personnel expenses	(13,819)	(9,508)
Other operating expenses	(66,137)	(65,352)
Expense for amortisation, depreciation, impairment and charges to provisions	(32,023)	(37,808)
Net profit/loss on the sale of non-current assets and subsidiaries	239	1,841
Profit/loss from equity-accounted investees	(781)	(167)
Operating income	**93,025**	**116,682**
Finance income	9,837	5,637
Finance expenses	(33,254)	(36,142)
Translation differences	(229)	(400)
Profit/loss before taxes	**69,379**	**85,777**
Income tax (Note 21)	(22,030)	(27,962)
Profit/loss for the year from continuing and discontinued operations	**47,349**	**57,815**

The net turnover from discontinued operations, which corresponds entirely to energy sales, by geographical area for 2023 and 2022 is as follows:

Thousands of Euros Country	2023	2022
Spain	67,689	87,912
Brazil	97,180	100,046
Canada	26,839	32,454
Colombia	2,106	-
	193,814	**220,412**

Information on the disposal group assets and liabilities of items classified as held for sale of the business described above as at 31 December 2023 relating to this subgroup is as follows:

Thousands of Euros ASSETS	31 December 2023
Non-current assets:	
Property, plant and equipment	910,518
Right-to-use assets	32,286
Goodwill	13,113
Intangible assets	383
Equity-accounted investees	2,237
Non-current financial assets	
Debt service reserve account	14,627
Derivative financial instruments	5,746
Other non-current financial assets	3,046
Deferred tax assets	16,139
Total non-current assets	**998,095**
Current assets:	
Inventories	34
Trade and other receivables	26,788
Public entities, receivable	3,404
Current income tax assets	657
Other receivables	1,039
Other current financial investments	13,606
Derivative financial instruments	10,050
Other current assets	1,851
Cash and cash equivalents	67,152
Total current assets	**124,581**
Total assets	**1,122,676**

Thousands of Euros LIABILITIES	31 December 2023
Non-current liabilities:	
Provisions for liabilities and charges	19,800
Financial liabilities from issuing bonds and other marketable securities	11,673
Financial liabilities on loans and borrowings	495,656
Derivative financial instruments	10,589
Lease liabilities	32,997
Other non-current liabilities	3,942
Deferred tax liabilities	23,893
Total non-current liabilities	**598.550**
Current liabilities:	
Provisions for liabilities and charges	2,031
Financial liabilities from issuing bonds and other marketable securities	10,540
Financial liabilities on loans and borrowings	27,704
Derivative financial instruments	10,391
Lease liabilities	3,743
Trade and other payables	20,932
Customer contract liabilities	23,028
Current income tax liabilities	7,606
Other payables	339
Total current liabilities	**106,314**
Total liabilities	**704,864**

The "Property, plant and equipment" section mainly includes the Group's wind farm assets in Brazil, Spain and Canada with a net carrying amount of Euros 574 million as well as fixed assets under construction corresponding to investments in wind farms in Spain and Canada and a solar PV plant in Colombia and Brazil for Euros 333 million. The main additions to property, plant and equipment by amount relate to investments in wind farms in Spain (Euros 77 million) and in Canada (Euros 57 million), as well as a solar PV plant in Colombia (Euros 87 million) and in Brazil (Euros 6 million). In addition, "Property, plant and equipment" and "Provisions for liabilities and charges" under non-current liabilities of discontinued operations increased by 6.8 million as a result of the restatement of decommissioning provisions due to the updating of cost budgets.

Details of "Financial liabilities on loans and borrowings" and "Financial liabilities from issuing bonds and other marketable securities" are provided in Note 16.

Following are details of non-current assets that are not financial instruments for the most significant countries at 31 December 2023 and 2022:

Thousands of Euros	2023			
Country	Intangible assets	Goodwill	Property, plant and equipment	Right-of-use assets
Spain	348	12,333	238,944	28,370
Brazil	33	-	376,932	1,085
Canada	-	-	186,254	2,831
Colombia	2	-	107,658	-
Other	-	780	730	-
	383	**13,113**	**910,518**	**32,286**

The statement of cash flows of discontinued operations for 2023 and 2022 are as follows:

Thousands of Euros	2023	2022
Cash flows from operating activities:		
Consolidated profit/loss for the year	47,349	57,815
Adjustments for:		
Depreciation, amortisation and impairment losses	32,018	48,852
Finance income/expenses	23,417	30,505
Other adjustments to profit/loss	752	(12,191)
Corporate Income Tax	22,030	27,962
Changes in working capital:		
Changes in working capital	5,561	(27,854)
Income tax paid	(13,617)	(11,820)
Net cash flows from (used in) operating activities	**117,510**	**113,269**
Cash flows from (used in) investment activities:		
Payments for acquisition of Group companies, associates and jointly-controlled entities	(9,884)	-
Payments for the acquisition of tangible assets, intangible assets and financial assets	(260,335)	(74,689)
Payments for contributions to associate companies	(716)	(520)
Interest received	9,837	5,637
Proceeds from the sale of tangible assets, intangible assets and financial assets	6,059	4,999
Net cash flows from (used in) investment activities	**(255,039)**	**(64,573)**
Cash flows from (used in) financing activities:		
Cash inflows from financial debt and other non-current borrowings	133,750	53,501
Interest paid	(34,782)	(32,710)
Repayment of financial debt and other non-current borrowings	(44,437)	(52,681)
Payments from lease liabilities	(3,814)	(4,308)
Dividends paid (Note 15)	(4,978)	(10,165)
Proceeds from contribution/return of funds by/to non-controlling shareholders, net (Note 15)	(2,306)	(2,816)
Net cash flows from (used in) financing activities	**43,433**	**(49,179)**
Cash flows with Group companies	**106,057**	**(9,430)**
Net increase in cash and cash equivalents	**11,961**	**(9,913)**
Cash and cash equivalents at beginning of year	55,191	65,104
Cash and cash equivalents at year end	**67,152**	**55,191**

b) Other

On 28 September 2023, the Elecnor Group formalised the sale of the subsidiary Eresma Solar, S.L.U., recorded at 31 December 2022 as a non-current asset held for sale under the agreement entered into with the buyer in 2020. As at 31 December 2022, the Group had collected Euros 2.4 million in advance by reason of this contract.

During 2023, the Elecnor Group has completed the transaction for a sale price of Euros 9,055 thousand, recording a capital gain of Euros 5.7 million under "Net profit/loss on the sale of non-current assets and subsidiaries" in the consolidated income statement for 2023.

At 31 December 2023, the Group has received proceeds of Euros 5.4 million, with Euros 1.2 million pending collection, recorded under "Other receivables" in the consolidated balance sheet and relating to withholdings on the transaction price to ensure compliance with the Group's obligations (escrow) as well as other minor items.

In addition, at 31 December 2023, the Group has other minor balances pending disposal in "Assets held for sale"

8 · GOODWILL

Details, by company, of "Intangible assets – Goodwill" in the consolidated balance sheet for 2023 and 2022 and of the changes therein in those years, are as follows:

2023

Thousands of Euros	Balance at 31/12/2022	Additions/ (derecognitions)	Discontinued operations (Note 7)	Balance at 31/12/2023
Fully consolidated companies (CGUs)				
Wind farms:				
Galicia Vento, S.L.	8,702	-	(8,702)	-
Aerogeneradores del Sur, S.A.	3,630	-	(3,630)	-
Other businesses:				
Deimos Space, S.L.U.	158	-	-	158
Ehisa Construcciones y Obras, S.A.	1,932	-	-	1,932
Hidroambiente, S.A.U.	388	-	-	388
Instalaciones y Proyectos de Gas, S.A.U. (merged company)	1,031	-	-	1,031
Jomar Seguridad, S.L.U.	1,647	-	-	1,647
Los Llanos Fotovoltaica de Castilla-La Mancha, S.L.U.	-	100	-	100
Belco Elecnor Electric, INC.	288	-	-	288
Xuenergy FV, S.A.S.	-	2,113	-	2,113
IQA Operations Group Limited	5,690	-	-	5,690
Wayraenergy, S.A.	1,377	-	-	1,377
Parque Eólico Montañés, S.L.	10	-	-	10
Timco Transmission Lines PTY LTD.	1,693	-	-	1,693
Montajes Eléctricos Arranz, S.L.	815	-	-	815
Promoción Renovables del Bajío, S.A. de C.V.	123	-	(123)	-
La Cayena Solar, S.A.S.	113	89	(202)	-
El Roble Solar, S.A.S.	91	72	(163)	-
Planta Solar Sahagun, S.A.S.	-	293	(293)	-
	27,688	**2,667**	**(13,113)**	**17,242**

2022

Thousands of Euros	Balance at 31/12/2021	Additions/ (derecognitions)	Balance at 31/12/2022
Fully consolidated companies (CGUs)			
Wind farms:			
Galicia Vento, S.L.	8,702	-	8,702
Aerogeneradores del Sur, S.A.	3,630	-	3,630
Other businesses:			
Deimos Space, S.L.U.	158	-	158
Ehisa Construcciones y Obras, S.A.	1,932	-	1,932
Hidroambiente, S.A.U.	388	-	388
Instalaciones y Proyectos de Gas, S.A.U. (merged company)	1,031	-	1,031
Jomar Seguridad, S.L.U.	1,647	-	1,647
Belco Elecnor Electric, INC.	288	-	288
IQA Operations Group Limited	5,690	-	5,690
Wayraenergy, S.A.	1,377	-	1,377
Parque Eólico Montañés, S.L.	10	-	10
Timco Transmission Lines PTY LTD.	1,693	-	1,693
Montajes Eléctricos Arranz, S.L.	815	-	815
Promoción Renovables del Bajío, S.A. de C.V.	-	123	123
La Cayena Solar, S.A.S.	-	113	113
El Roble Solar, S.A.S.	-	91	91
	27,361	**327**	**27,688**

As indicated in Note 3.h, at each reporting date the Group reviews goodwill for impairment.

The cash-generating units considered for the purpose of the impairment tests on goodwill, included in the table above, are the companies to which the goodwill was allocated, since these companies are generally set up as single-project entities.

Recoverable amount is the higher of fair value less costs to sell and value in use, which is deemed to be the current value of the estimated future cash flows approved by management and considered reasonable. In assessing value in use, the assumptions used include discount rates, growth rates and expected changes in selling prices and costs. The Directors of the Parent estimate discount rates that reflect the time value of money and the risks specific to the cash-generating unit.

In particular, with respect to the impairment tests on the goodwill allocated to wind farms and wind power projects in Spain, that have been classified as non-current assets held for sale during the current financial year, such tests were performed taking into account the value of the farms and projects together with the value of the related fixed assets, which amounted to Euros 31 million in 2022, turnover is estimated in accordance with sector forecasts relating to the pool price and applicable legislation (see Note 6.b), which considers annual increases based on a prudent estimate of the changes in the price index and the average production levels obtained in prior years or those estimated as a result of studies. The main assumptions used by the Parent's Directors when testing for impairment in 2022 were as follows:

- Income: the market price according to external sources of €104/MWh was taken into account for the immediately following year and the stable price curve was applied for the years after that.

  Below are the prices applied in the impairment tests conducted in 2022:

2023	2024	2025	2026	2027	2028	2029	2030
104.2	75.5	65.7	63.0	62.1	61.8	61.8	62.1

- Discount rate: 5.54% in 022 (*).
- Projection period: depending on the remaining useful life of the asset (Note 3.g.).

(*) The discount rate after the tax effect, as in this type of projects the tax component is very high and a fundamental variable when deciding whether to invest. Additionally, the impairment tests prepared by Management use cash flows net of tax.

The results of the impairment tests, as well as the sensitivity analyses performed by Management, which include variations of 50 basis points in the main assumptions, did not show any impairment.

9 · OTHER INTANGIBLE ASSETS

Movement under this heading of the consolidated balance sheet in 2023 and 2022 was as follows:

Thousands of Euros	Development expenses	Industrial property	Computer software	Administrative concessions	Other intangible assets	Total
Balance at 1 January 2022	**407**	**3,102**	**27,365**	**1,806**	**27,506**	**60,186**
Additions	-	-	5,790	34	867	6,691
Disposals	(26)	(2,087)	(412)	-	-	(2,525)
Translation differences	-	59	127	2	-	188
Balance at 31 December 2022	**381**	**1,074**	**32,870**	**1,842**	**28,373**	**64,540**
Additions (*)	-	-	8,694	-	510	9,204
Disposals	-	(3)	(81)	-	(49)	(133)
Changes in the consolidation scope	80	-	-	-	-	80
Discontinued operations (Note 7)	(152)	-	(969)	(57)	(78)	(1,256)
Translation differences	-	(28)	(75)	-	-	(103)
Balance at 31 December 2023	**309**	**1,043**	**40,439**	**1,785**	**28,756**	**72,332**
Accumulated amortisation						-
Balance at 1 January 2022	**133**	**2,834**	**19,262**	**850**	**20,611**	**43,690**
Charges (Note 23) (*)	2	104	3,930	157	2,206	6,399
Disposals	-	(2,088)	(9)	-	(6)	(2,103)
Changes in the consolidation scope	15	-	-	-	-	15
Translation differences	-	47	107	2	-	156
Balance at 31 December 2022	**150**	**897**	**23,290**	**1,009**	**22,811**	**48,157**
Charges (Note 23) (*)	21	102	4,683	156	1,967	6,929
Disposals	(1)	(3)	(45)	-	-	(49)
Discontinued operations (Note 7)	(152)	-	(740)	(43)	-	(935)
Translation differences	-	(25)	(77)	-	-	(102)
Balance at 31 December 2023	**18**	**971**	**27,111**	**1,122**	**24,778**	**54,000**
Net cost at 31 December 2022	**231**	**177**	**9,580**	**833**	**5,562**	**16,383**
Net cost at 31 December 2023	**291**	**72**	**13,328**	**663**	**3,978**	**18,332**

(*) Includes Euros 217 thousand of additions to discontinued operations in 2023. Furthermore, amortisation expenses classified as discontinued operations at 31 December 2023 amounted to Euros 48 thousand (31 December 2022: Euros 85 thousand).

"Other intangible assets" in the above table in a gross amount of Euros 27,506 thousand corresponds entirely to the estimated fair value of the contracts with Public entities for road maintenance and upkeep relating to the subsidiary Audeca, S.L.U. at the date on which this company was acquired by the Elecnor Group in 2010. The Group amortises this asset over a period of 15 years which, based on past experience, is the estimated average term of the aforementioned contracts including the related renewals. The amortisation of this item in 2023 and 2022 amounted to approximately Euros 1,972 thousand, respectively.

The cost of intangible assets in use, fully amortised at 31 December 2023 and 2022 is as follows:

Thousands of Euros	2023	2022
Industrial property	2,122	2,088
Computer software	21,555	17,014
	23,677	**19,102**

10 · PROPERTY, PLANT AND EQUIPMENT

Movement under this heading of the consolidated balance sheet in 2023 and 2022 was as follows:

	Land	Buildings, technical installations and machinery	Hand and machine tools	Furniture and fixtures	Information technology equipment	Motor vehicles	Other property, plant and equipment	Property, plant and equipment under construction	Total
COST:									
Balance at 1 January 2022	**17,733**	**1,315,365**	**23,764**	**10,757**	**16,610**	**44,468**	**18,119**	**14,498**	**1,461,314**
Additions	-	55,032	7,395	486	7,356	10,342	407	88,593	169,611
Disposals	(2,519)	(11,538)	(5,378)	(354)	(875)	(1,606)	(1,362)	(1,546)	(25,178)
Transfers	-	(3,591)	8,913	31	1,405	3,596	1,054	(2,497)	8,911
Translation differences	(190)	59,877	390	263	197	1,598	1,059	(1,633)	61,561
Balance at 31 December 2022	**15,024**	**1,415,145**	**35,084**	**11,183**	**24,693**	**58,398**	**19,277**	**97,415**	**1,676,219**
Additions (*)	225	44,501	2,238	781	2,199	17,070	323	158,744	226,081
Disposals	(4)	(12,752)	(8,455)	(1,323)	(2,985)	(1,760)	(200)	(738)	(28,217)
Transfers	-	18,433	96	22	(3,927)	1,813	(3,495)	(12,942)	-
Discontinued operations (Note 7)	(120)	(1,154,545)	(183)	(1,470)	(2,279)	(167)	(7,721)	(244,471)	(1,410,956)
Translation differences	260	23,429	(461)	(100)	17	(1,254)	416	7,004	29,311
Balance at 31 December 2023	**15,385**	**334,211**	**28,319**	**9,093**	**17,718**	**74,100**	**8,600**	**5,012**	**492,438**
ACCUMULATED DEPRECIATION:									
Balance at 1 January 2022	-	**617,314**	**7,788**	**7,593**	**12,510**	**22,970**	**5,981**	-	**674,156**
Charges (Note 23) (*)	-	74,321	1,402	492	2,055	7,015	1,122	-	86,407
Disposals	-	(7,773)	(1,275)	(280)	(847)	(1,275)	(6)	-	(11,456)
Transfers	-	4,208	(44)	(4)	3,403	1,030	319	-	8,912
Translation differences	-	14,797	324	190	(97)	1,489	278	-	16,981
Balance at 31 December 2022	**-**	**702,867**	**8,195**	**7,991**	**17,024**	**31,229**	**7,694**	**-**	**775,000**
Incorporation to the consolidation scope	-	-	-	-	-	-	-	-	-
Charges (Note 23) (*)	-	65,050	867	806	1,563	10,362	803	-	79,451
Disposals	-	(9,354)	(6,802)	(1,384)	(2,976)	(1,352)	(128)	-	(21,996)
Transfers	-	37	3,456	(494)	(277)	(777)	(1,945)	-	-
Discontinued operations (Note 7)	-	(588,647)	(151)	(911)	(1,832)	(150)	(1,479)	-	(593,170)
Translation differences	-	5,789	(353)	(92)	(25)	(852)	60	-	4,527
Balance at 31 December 2023	**-**	**175,742**	**5,212**	**5,916**	**13,477**	**38,460**	**5,005**	**-**	**243,812**
IMPAIRMENT									
Balance at 1 January 2022	**-**	**2,492**	**-**	**-**	**-**	**-**	**-**	**-**	**2,492**
Disposals	-	(2,361)	-	-	-	-	-	-	(2,361)
Balance at 31 December 2022	**-**	**131**	**-**	**-**	**-**	**-**	**-**	**-**	**131**
Charges	-	21	-	-	-	-	-	-	21
Balance at 31 December 2023	**-**	**152**	**-**	**-**	**-**	**-**	**-**	**-**	**152**
Net cost at 31 December 2022	**15,024**	**712,147**	**26,889**	**3,192**	**7,669**	**27,169**	**11,583**	**97,415**	**901,088**
Net cost at 31 December 2023	**15,385**	**158,317**	**23,107**	**3,177**	**4,241**	**35,640**	**3,595**	**5,012**	**248,474**

(*) Includes Euros 149,578 thousand of additions to discontinued operations in 2023. Furthermore, amortisation expenses classified as discontinued operations at 31 December 2023 amounted to Euros 30,391 thousand (31 December 2022: Euros 45,763 thousand).

The heading "Buildings, technical installations and machinery" at 31 December 2022 mainly included assets at wind farms operated by the Group in Brazil, Spain and Canada for a net carrying amount of Euros 588,101 thousand, and which during 2023 were reclassified as "Non-current assets held for sale" of the consolidated balance sheet (Note 7).

At 31 December 2022, the "Assets under construction" heading in the above table related mainly to investments in wind farms in Spain amounting to Euros 81,959 thousand and a solar PV plant in Colombia amounting to Euros 9,129 thousand belonging to the Enerfín business (Note 7).

At 31 December 2023, the heading Other current liabilities includes an amount of Euros 17,952 thousand from suppliers of fixed assets of which Euros 10,974 thousand correspond to investments in oil extraction infrastructure (Euros 36,394 thousand at 31 December 2022 from suppliers of fixed assets of which Euros 19,245 thousand corresponded to investments made in oil extraction infrastructure and Euros 9,436 thousand to wind power assets in Spain).

The main additions to property, plant and equipment in 2023 relate to machinery, technical installations and transport equipment necessary to develop the Services and Projects activity and oil extraction infrastructures in Ecuador (in 2022 to investments in wind farms in Spain amounting to Euros 69,329 thousand, a solar PV plant in Colombia amounting to Euros 10,478 thousand, both relating to the Enerfín business, and oil extraction infrastructures in Ecuador amounting to Euros 19,888 thousand euros).

Withdrawals in 2023 primarily relate to the regularisation of tooling in the amount of Euros 4,632 thousand (in 2022 to the regularisation of tooling in the amount of Euros 4,473 thousand and the restatement of the value of the decommissioning provisions for the wind farms in Brazil and Canada).

Practically all of the tangible assets of the wind projects in Brazil embarked upon by the Group, and which were reclassified as assets held for sale in 2023, are pledged as security to meet the obligations arising from certain bank loans linked to these projects, the net carrying amount of which at 31 December 2023 and 2022 amounts to Euros 367,258 thousand and Euros 357,011 thousand, respectively.

The offices used by the Group to carry on its business activities, except for those leased in 2007 under the lease agreement, are mostly rented.

The cost of the Group's 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	71,502	72,201
Furniture and fixtures and tooling	5,864	4,579
Information technology equipment	9,382	8,925
Motor vehicles and others	18,039	19,921
	104,787	105,626

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The impact of climate change on the Elecnor Group's physical assets has been considered, concluding that the Elecnor Group's exposure to the main risks associated with climate change is low. No useful lives have been modified and no impairments have been recorded as a result of this analysis.

11 · RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The details and movements by class of right-of-use assets in 2023 and 2022 were as follows:

a) Nature of lease agreements-

2023

Thousands of Euros	Land	Buildings	Facilities	Motor vehicles	Other	Total
Balance at 1 January 2023	**40,095**	**46,713**	**13,122**	**21,479**	**4,861**	**126,270**
Additions (*)	5,364	4,091	4,559	1,741	470	16,225
Disposals	-	(5,514)	-	(862)	-	(6,376)
Discontinued operations (Note 7)	(45,453)	-	-	(271)	(5,326)	(51,050)
Translation differences	(6)	117	(61)	(598)	(5)	(553)
Balance at 31 December 2023	-	45,407	17,620	21,489	-	84,516
Accumulated depreciation at 1 January 2023	**14,623**	**19,297**	**4,133**	**5,495**	**2,395**	**45,943**
Charges (Note 23) (*)	1,319	6,734	3,402	5,135	227	16,817
Disposals	-	(5,434)	71	(602)	-	(5,965)
Discontinued operations (Note 7)	(15,929)	-	-	(261)	(2,616)	(18,806)
Translation differences	(13)	50	14	(203)	(6)	(158)
Accumulated depreciation at 31 December 2023	**-**	**20,647**	**7,620**	**9,564**	**-**	**37,831**
Net cost at 31 December 2023	-	24,760	10,000	11,925	-	46,685

2022

Thousands of Euros	Land	Buildings	Facilities	Motor vehicles	Other	Total
Balance at 1 January 2022	**35,875**	**53,157**	**3,032**	**22,308**	**2,236**	**116,608**
Additions	4,118	153	10,738	6,481	2,623	24,113
Disposals	-	(6,352)	(886)	(8,751)	-	(15,989)
Translation differences	102	(245)	238	1,441	2	1,538
Balance at 31 December 2022	40,095	46,713	13,122	21,479	4,861	126,270
Accumulated depreciation at 31 December 2022	**12,863**	**14,459**	**1,556**	**8,179**	**2,030**	**39,087**
Charges (Note 23) (*)	1,760	7,150	3,372	5,590	365	18,237
Disposals	-	(1,934)	(886)	(8,751)	-	(11,571)
Accumulated depreciation at 31 December 2022	**14,623**	**19,297**	**4,133**	**5,495**	**2,395**	**45,943**
Net cost at 31 December 2022	25,472	27,416	8,989	15,984	2,466	80,327

(*) Includes Euros 5,844 thousand of additions to discontinued operations in 2023. Furthermore, amortisation expenses classified as discontinued operations at 31 December 2023 amounted to Euros 1,566 thousand (31 December 2022: Euros 2,404 thousand).

Additions in 2023 correspond mainly to the leasing of halls, premises and offices.

Additions in 2022 primarily corresponded to land leases for new wind farms and transport elements.

There are assets leased under contracts outside the scope of IFRS 16 since they are short-term lease or contracts that are renewed annually. Each lease contract is analysed and assessed as to whether or not it is reasonably safe to extend the lease agreement. At 31 December 2023, accrued charges amounting to Euros 161,544 thousand (Euros 128,255 thousand at 31 December 2022) for the aforementioned assets were recognised as an expense for these contracts under the heading "Other operating expenses" in the consolidated income statement.

b) Details of lease payments and liabilities-

Changes in lease liabilities in 2023 and 2022 is as follows:

Thousands of Euros	2023	2022
Balance at 1 January	87,994	85,652
Additions	16,225	24,114
Derecognitions	(1,043)	(7,372)
Finance expenses (*)	4,524	4,072
Payments	(21,081)	(18,472)
Discontinued operations (Note 7)	(37,499)	-
Balance at 31 December	**49,120**	**87,994**

(*) Finance expenses relating to discontinued operations at 31 December 2023 amounted to Euros 1,107 thousand (Euros 1,711 thousand at 31 December 2022).

The analysis of the contractual maturity of lease liabilities, including future interest payable, as at 31 December 2023 and 2022, is as follows:

Thousands of Euros	2023	2022
Up to six months	7,822	10,039
Six months to one year	7,352	8,890
From one to two years	12,943	15,952
From two to three years	10,337	13,423
From three to four years	6,063	11,937
More than four years	4,603	27,753
	49,120	**87,994**

12 · EQUITY-ACCOUNTED INVESTEES

Details of the Elecnor Group's investments in associates and joint ventures at 31 December 2023 and 2022, which are accounted for using the equity method (see Note 3.b and c), are as follows:

Thousands of Euros	2023	2022
Woolsthorpe Holding TRUST	-	86
Cosemel Ingeniería, A.I.E	46	3
Gestión de Evacuación la Serna, S.L.	-	2,244
Gasoducto de Morelos, S.A.P.I. de C.V.	-	39,430
Morelos O&M, S.A.P.I. de C.V.	-	226
Morelos EPC, S.A.P.I. de C.V.	1	1
Subgroup Celeo Concesiones e Inversiones	598,878	586,160
	598,925	**628,150**

Details of the key figures of main equity-accounted investees are provided in Appendix III. Considering the importance of the subgroup Celeo Concesiones e Inversiones, Note 32 also presents some of the figures for this subgroup that are not presented either in the consolidated balance sheet or the consolidated income statement of the Elecnor Group, since they are accounted for using the equity method.

Movement in this heading of the consolidated balance sheet in 2023 and 2022 is as follows:

Thousands of Euros	2023	2022
Opening balance	628,150	517,203
Capital increase/Contributions	1,593	520
Transfers to assets held for sale (Note 7)	(2,342)	28,285
Companies leaving the consolidation scope	(40,744)	-
Share in profits/(losses) (*)	15,996	22,498
Translation differences	6,452	47,665
Dividends received	-	(728)
Share in other comprehensive income	(10,264)	14,945
Other movements	84	(2,238)
Closing balance	**598,925**	**628,150**

(*) Includes Euros 523 thousand of losses from discontinued operations until 31 August 2023.

Translation differences in 2023 primarily correspond to the appreciation of the Brazilian real against the Euro during the current year from BRL 5.62/€ at 31 December 2022 to BRL 5.36/€ at 31 December 2023 (in 2022 with the appreciation of the Brazilian Real against the Euro during that year from BRL 6.43/€ at 31 December 2021 to BRL 5.62/€ at 31 December 2022), which has a material impact on the subsidiaries of the Celeo Concesiones e Inversiones Group in that country.

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 reconciliation of the value of these investments, accounted for using the equity method, in the year 2023, until the time of their disposal, is as follows:

Thousands of Euros	
01 January 2023	**39,656**
Share in profit/loss	1,088
Derecognitions	(40,744)
31 December 2023	**-**

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 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.

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

As a result of this transaction, the Elecnor Group recognised a capital gain of Euros 21.5 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 ended 31 December 2023, as follows:

Thousands of Euros	
Sale price attributable to the Elecnor Group	86,273
Derecognition of shareholding	(40,744)
Other assets (*)	(4,938)
Transfer costs	(1,006)
Provision for liabilities	(23,696)
Transfer of translation differences to profit/loss	3,944
Transfer of valuation adjustments to profit/loss	1,686
Proceeds from the sale	**21,519**

(*) The Elecnor Group 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.

13 · NON-CURRENT FINANCIAL ASSETS

The classification of non-current financial assets by categories and classes is as follows:

Thousands of Euros	2023	2022
Financial assets at fair value		
Hedge derivatives (Note 17)	170	9,639
Total financial assets at fair value	**170**	**9,639**
Financial assets at amortised cost		
Non-current loans (Note 28)	-	4,437
Other non-current assets	12,459	33,842
Total financial assets at amortised cost	**12,459**	**38,279**
Total non-current financial assets	**12,629**	**47,918**

a) Non-current loans-

The heading "Non-current loans" in the above table at 31 December 2022 corresponds to the outstanding amount receivable in respect of various loans granted to the associated company Gasoducto de Morelos S.A.P.I. de C.V. These loans are repaid in the sale transaction explained in Notes 2.f and 12.

b) Other non-current assets-

Details of "Other non-current assets" in the above table are as follows:

Thousands of Euros	2023	2022
Debt service reserve account	-	17,825
Guarantees	8,953	8,127
Other	3,506	7,890
	12,459	33,842

The heading "Debt service reserve account" at 31 December 2022 corresponds entirely to the amounts which Spanish and Brazilian subsidiaries focusing on wind farm operation must maintain in bank deposit accounts pursuant to the financing agreements they have entered into (Notes 7 and 16). At 31 December 2023, due to the discontinuation of the Enerfín business, these assets, amounting to Euros 14,154 thousand, have been reclassified as "Non-current assets held for sale" in the accompanying consolidated balance sheet.

The deposits accrue interest at market rates.

14 · CURRENT FINANCIAL ASSETS

a) Trade and other receivables-

The heading "Trade and other receivables" on the current assets side of the consolidated balance sheet is as follows:

Thousands of Euros	2023	2022
Trade and other receivables		
Customers, sales and services rendered	1,056,351	904,922
Less impairment	(91,803)	(92,406)
Advances from suppliers	26,019	43,173
Total	**990,567**	**855,689**

The ageing analysis of the unimpaired balance of "Trade and other receivables" is as follows:

Thousands of Euros	2023	2022
Unmatured balances	742,545	705,030
Up to 6 months	102,628	74,325
Between 6 and 12 months	66,183	16,971
Over 12 months	53,192	16,190
Total	**964,548**	**812,516**

The Group makes provision to cover debts classed as non-performing due to late payment, suspension of payments, insolvency or other reasons, following a case-by-case study of their collectability. Since the entry into force of IFRS 9 Financial Instruments, the Group estimates the expected loss on its trade receivables.

Details of impairment losses on accounts receivable at 31 December 2023 and 2022 and movement in 2023 and 2022 are as follows:

Thousands of Euros	2023	2022
Balance at 1 January	92,406	98,762
Charge (Note 23)	6,190	4,012
Application	(799)	(7,338)
Reversal (Note 23)	(6,194)	(2,554)
Other	-	(995)
Translation differences	200	519
Balance at 31 December	**91,803**	**92,406**

At 31 December 2023 and 2022, all of the Group's financial assets correspond to financial assets at amortised cost, except hedge derivatives which are measured at fair value.

b) Cash and cash equivalents-

Details of cash and cash equivalents in the accompanying consolidated balance sheet are as follows:

Thousands of Euros	2023	2022
Cash equivalents	86,124	60,126
Cash	230,895	312,399
	317,019	372,525

"Other Cash Equivalents" at 31 December 2023 mainly include fixed-income securities and fixed-term deposits that mature in under three months contracted by Elecnor do Brasil, S.A. and Elecnor Chile, S.A., which earn interest at market rates (in 2022 it included mainly fixed-income securities and fixed-term deposits maturing in under three months contracted by Elecnor do Brasil, S.A. that earn interest at market rates).

At 31 December 2022, this heading includes Euros 43,503 thousand contributed mainly by wind farms. (See Note 16) At 31 December 2023, the amount to be contributed by the wind farms (Euros 42,758 thousand) is classified as Non-current assets held for sale (see Note 7).

At 31 December 2023 and 2022, the Group did not have cash and cash equivalents that were unavailable for use.

15 · EQUITY

a) Share 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 Elecnor, S.A. are listed on the Spanish electronic trading system.

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

	% shareholding	
	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%.

b) Valuation adjustments to equity-

Movement in 2023 and 2022 was as follows:

Thousands of Euros	31/12/2021	Change in market value	Settlement of derivatives	31/12/2022	Change in market value	Settlement of derivatives	Changes in the consolidation scope (Note 12)	31.12.2023
Fully consolidated companies -								
Cash flow hedges:								
IRSs (Note 17)	(6,048)	14,138	1,243	9,333	(299)	(4,637)	-	4,397
Exchange rate insurance (Note 17)	(5,227)	(3,190)	5,227	(3,190)	(2,833)	(384)	-	(6,407)
Energy price (Note 17)	(84,610)	(18,673)	56,131	(47,152)	46,711	(1,074)	-	(1,515)
Others:	1,560	-	-	1,560	-	-	-	1,560
	(94,325)	(7,725)	62,601	(39,449)	43,579	(6,095)	-	(1,965)
Deferred taxes arising on valuation (Note 20)	24,882	2,256	(16,511)	10,627	(8,206)	(1,524)	-	897
Total valuation adjustments arising from the full consolidation of companies	**(69,443)**	**(5,469)**	**46,090**	**(28,822)**	**35,373**	**(7,619)**	**-**	**(1,068)**
Companies accounted for using the equity method (Note 12)	**(3,805)**	**14,945**	**-**	**11,140**	**(10,264)**	**-**	**(1,686)**	**(810)**
Non-controlling interests	**(78)**	**(23)**	**-**	**(101)**	**101**	**-**	**-**	**-**
Total valuation adjustments to equity	**(73,326)**	**9,453**	**46,090**	**(17,783)**	**25,210**	**(7,619)**	**(1,686)**	**(1,878)**

c) Other reserves-

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

Thousands of Euros	2023	2022
Legal reserve	1,743	1,743
Reserve for own shares	23,422	22,430
Capitalisation reserve	7,809	7,809
Reserves from translation to Euros	15	15
Total	**32,989**	**31,997**

LEGAL RESERVE-

Under article 274 of the Revised Text of the Spanish Companies Act, an amount equivalent to 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of share capital. The legal reserve has reached the stipulated level.

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 Parent has appropriated to this reserve the minimum amount required by the Revised Text of 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 Parent 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 restricted reserves.

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.

d) Own shares-

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 Parent 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, 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.

This authorisation may be used, in whole or in part, to acquire own shares for delivery or transfer to Executive Directors or members of the Management Team of the Parent 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 Parent 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 consolidated balance sheet.

Details of own shares and movement in 2023 and 2022 are 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**

The purchase and sale of own shares at 31 December 2023 amounted to Euros 3,886 thousand and Euros 2,894 thousand (Euros 2,491 thousand and Euros 2,171 thousand, respectively, at 31 December 2022), giving rise to a capital gain of Euros 1,366 thousand, recognised directly in reserves (capital gain of Euros 309 thousand in 2022).

All of the own shares held by the Parent at 31 December 2023 represented 2.64% of the total share capital of Elecnor, S.A. at that date (2.67 % at 31 December 2022).

e) Non-controlling interests-

Details of "Equity - Non-controlling interests" under liabilities in the consolidated balance sheet in 2023 and 2022 are as follows:

Thousands of Euros	2023	2022
Ventos do Sul Energía, S.A.	3.610	2,491
Parque Eólico Malpica, S.A.	544	555
Galicia Vento, S.L.	863	287
Páramo de Poza, S.A.	3,496	4,084
Parques Eólicos Palmares, S.A.	2,700	4,943
Ventos do Litoral Energia, S.A.	2,273	4,162
Ventos da Lagoa, S.A.	2,150	4,039
Eoliennes de L'erable, SEC.	1,471	2,156
Ventos dos Indios Energia, S.A.	1,525	2,864
Other	475	465
	19,107	**26,046**

Given that none of the above non-controlling interests are material to the Group, it does not disclose summarised financial information about the assets, liabilities, profit/loss and cash flows of the subsidiaries.

Movement during 2023 and 2022 in this heading of the consolidated balance sheet is as follows:

Thousands of Euros	
Balance at 31 December 2021	**24,405**
Share in profits/(losses)	13,094
Change in market value of hedging instruments	25
Dividends paid	(10,165)
Translation differences	1,418
Capital reduction	(2,816)
Other	85
Balance at 31 December 2022	**26,046**
Share in profits/(losses)	7,768
Dividends paid	(4,978)
Translation differences	968
Capital reduction	(2,299)
Changes in the consolidation scope (Note 2,f)	(8,396)
Other	(2)
Balance at 31 December 2023	**19,107**

f) Translation differences-

The cumulative translation differences recognised in equity at 31 December 2023 and 2022 for each of the main currencies are as follows:

Thousands of Euros Translation differences	2023	2022
Brazil	(191,098)	(208,810)
Canada	(1,287)	(726)
Chile	(10,175)	(8,719)
USA	4,107	14,969
Argentina	(9,274)	(6,669)
Venezuela	(42,536)	(42,995)
Other	1,152	1,696
Total	**(249,111)**	**(251,254)**

As stated in Note 6, the Group maintains significant investments in businesses denominated in Brazilian Reals, thus, any fluctuations in the exchange rate of this currency against the Euro have a material impact on the heading Translation differences (Note 12). Due to the nature of these assets, the recoverability of these investments, and the revenue from the related businesses are also shaped by the local inflation rates, which in the long term will likely offset the impact of the aforementioned exchange rate fluctuations.

16 · FINANCIAL LIABILITIES

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

Nevertheless, certain projects, essentially the construction and operation of wind farms, are financed primarily using syndicated loans, the financing of which is secured by the investment projects. Under these loans, the subsidiaries that operate these projects, the majority of which belong to the Enerfín business, accept certain restrictions on the distribution of dividends, conditional upon certain requirements being met, such as the creation of a debt service reserve account (Notes 7 and 13). These subsidiaries must also maintain a specified debt/equity ratio and a specified equity structure.

Although the Elecnor 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.

The target capital structure, excluding the effect of the projects financed with non-recourse financing, is quantified at the following ratio of net financing to equity:

$$\frac{\text{Net financial debt}}{\text{Net financial debt + Equity}}$$

Net financial debt with recourse includes the following line items in the consolidated balance sheet (having eliminated the effect of net financial debt relating to the projects financed with non-recourse financing):

Thousands of Euros	2023	2022
Non-current liabilities - Financial debt with recours	318,615	346,424
Current liabilities - Financial debt with recourse	266,283	121,276
Current financial assets – Other financial investments	(20,198)	(11,849)
Interest rate derivative financial instruments	(170)	(6,039)
Cash and cash equivalents	(317,019)	(329,021)
Financial assets and Cash with recourse reclassified to Non-current assets held for sale	(24,898)	-
Net financial debt with recourse	**222,613**	**120,791**

At 31 December 2023, Cash and cash equivalents corresponds to the total of Cash and cash equivalents in the accompanying consolidated balance sheet. In the previous year it corresponded to the total of Cash and cash equivalents in the consolidated balance sheet, excluding cash for projects funded through non-recourse financing amounting to Euros 43,503 thousand (see Note 14.b). At 31 December 2023, cash from discontinued operations net of cash from projects funded through non-recourse financing amounting to Euros 42,758 thousand is included in "Financial assets and Cash with recourse reclassified to Non-current assets held for sale".

At 31 December 2023, Interest rate derivative financial instruments corresponds to the total of Non-current derivative financial instruments in the accompanying consolidated balance sheet. In the previous year, the portion of derivatives from projects funded through non-recourse financing amounting to Euros 3,600 thousand was excluded.

In addition, at 31 December 2023, Current financial assets – Other financial investments corresponds to the total current investments in related companies, other current financial investments and current derivative financial instruments in the accompanying consolidated balance sheet, excluding the amount of other current financial investments from projects funded through non-recourse financing amounting to Euros 1,718 thousand. At 31 December 2022, Current financial assets – Other financial investments corresponded to the total current investments in related companies, other current financial investments and current derivative financial instruments in the accompanying consolidated balance sheet, excluding the amount of other current financial investments from projects funded through non-recourse financing for an amount of Euros 988 thousand and exchange rate and energy price derivative financial instruments for an amount of Euros 3,905 thousand.

In addition, "Financial assets and Cash with recourse reclassified to Non-current assets held for sale" includes Other current financial investments of discontinued operations (Note 7), excluding the amount of other current financial investments of the projects funded by non-recourse financing amounting to Euros 13,102 thousand and the energy price hedge derivative amounting to Euros 10,050 thousand.

A reconciliation between the Elecnor Group's financial debt and corporate financial debt based on the information provided in the following table is set out below:

Thousands of Euros	2023		2022	
	Non-current	Current	Non-current	Current
Total financial debt and Derivatives	**344,856**	**275,106**	**794,823**	**215,363**
Syndicated loans – wind farms (*)	-	-	(376,964)	(34,566)
Financial liabilities from issuing bonds and other marketable securities-wind farms (*)	-	-	(20,793)	(9,720)
Accrued interest payable wind - wind farms (*)	-	-	-	(4,362)
Derivative hedging instruments - wind farms (*)	-	-	(16,822)	(10,295)
Derivative hedging instruments - Energy prices and rate insurance (Note 17) (*)	-	(646)	-	(27,130)
Other liabilities - Securitisation	(18,854)	(7,250)	(25,911)	(7,250)
Other liabilities - Forfaiting Efficiency Solutions	(3,103)	(1,289)	(4,392)	(1,319)
Other payables - European Energy Efficiency Fund, S.A,	(5,479)	(444)	(6,140)	(427)
Other	1,195	806	2,623	982
Non-current and current liabilities – Financial debt with recourse	**318,615**	**266,283**	**346,424**	**121,276**

(*) Syndicated wind farm loans and energy price hedge derivatives have been reclassified to Non-current assets held for sale in 2023 (Note 7).

"Other" in the above table corresponds to loans granted by Public entities that accrue interest and are recorded under the heading Other non-current and current liabilities in the accompanying consolidated balance sheet.

Changes in and analysis of the financial debt with recourse to shareholders is conducted on an ongoing basis and prospective estimates are also made as a key restrictive factor to be taken into account in the Group's investment strategy and dividends policy.

Details of "Financial liabilities from issuing bonds and other marketable securities, Financial liabilities on loans and borrowings and Derivative financial instruments", under non-current and current liabilities in the accompanying consolidated balance sheet at 31 December 2023 and 2022, are as follows:

Thousands of Euros	2023		2022	
	Non-current	Current	Non-current	Current
Financial liabilities from issuing bonds and other marketable securities-promissory notes	29,672	238,818	30,000	115,438
Financial liabilities from issuing bonds and other marketable securities-wind farms	-	-	20,793	9,720
Financial liabilities from issuing bonds and other marketable securities	**29,672**	**238,818**	**50,793**	**125,158**
Syndicated loans and credit facilities	203,970	-	235,311	-
Syndicated loans – wind farms (*)	-	-	376,964	34,566
Loans secured with personal guarantee	1,897	1,133	40	14
Other payables	96,823	28,644	105,656	9,206
Wind farms (*)	-	-	-	4,362
Other	-	1,292	-	1,122
Finance lease debts	12,494	4,573	8,931	3,510
Financial liabilities on loans and borrowings	**315,184**	**35,642**	**726,902**	**52,780**
Derivative hedging instruments (Note 17)				
Wind farms (*)	-	-	16,822	10,295
Other	-	646	306	27,130
Derivative financial instruments	**-**	**646**	**17,128**	**37,425**
Total financial debt and Derivatives	**344,856**	**275,106**	**794,823**	**215,363**

(*) Syndicated wind farm loans and energy price hedge derivatives have been reclassified to Non-current assets held for sale in 2023 (Note 7).

At 31 December 2023 and 2022, all of the Group's financial liabilities correspond to financial liabilities at amortised cost, except hedge derivatives which are measured at fair value.

The Directors consider that as most of the loans are linked to floating interest rates, there are no material differences between the carrying amounts recorded and the fair value of the loans.

The main characteristics of the most significant financial liabilities from issuing bonds and other marketable securities and financial liabilities on loans and borrowings at 31 December 2023 and 2022 are as follows (in thousands of Euros):

Type	Company	2023					
		Currency	Interest rate	Due date	Nominal value	Current	Non-current
Financial liabilities from issuing bonds and other marketable securities							
	Elecnor, S.A.	EUR	-	2024	240,000	238,818	-
	Elecnor, S.A.	EUR	3,15%	30 September 2035	30,000	-	29,672
						238,818	**29,672**
Financial liabilities on loans and borrowings							
Syndicated loans and credit facilities							
	Elecnor, S.A. (*)	EUR	Euribor + spread	30 September 2026	285,000	-	170,401
	Elecnor, S.A. (*)	USD	SOFR/Libor + spread	30 September 2026	75,000	-	-
	Electrificaciones del Ecuador, S.A. (*)	USD	SOFR/Libor + spread	30 September 2026	75,000	-	33,569
Other payables							
	European Energy Efficiency Fund, S.A.	EUR	4.1%	03 September 2031	9,200	444	5,478
	Efficiency Solutions Fund	EUR	4.9%	30 June 2027	11,500	1,289	3,103
	ICO loan	EUR	2.55%	30 September 2031	20,000	-	19,906
	Banca March loan	EUR	2.55%	30 September 2031	50,000	-	49,704
	Elecnor Eficiencia Energética 2020, Fondo de Titulización	EUR	2.81%	31 December 2027	50,000	7,250	18,854
Other						26.659	14.169
						35.642	**315.184**

		2022				
Type / Company	**Currency**	**Interest rate**	**Due date**	**Nominal value**	**Current**	**Non-current**
Financial liabilities from issuing bonds and other marketable securities						
Elecnor, S.A.	EUR	-	2023	115,900	115,438	-
Elecnor, S.A.	EUR	3.16%	30 September 2035	30,000	-	30,000
Ventos Do Sul, S.A.	BRL	70% pegged to the CDI + 0.75% 30% pegged to the HICP + 3.25%	31 December 2025	50,000	9,720	20,793
					125,158	**50,793**
Financial liabilities on loans and borrowings						
Syndicated loans and credit facilities						
Elecnor, S.A. (*)	EUR	Euribor + spread	30 September 2026	285,000	-	203,111
Elecnor, S.A. (*)	USD	Libor + spread	30 September 2026	75,000	-	4,519
Electrificaciones del Ecuador, S.A. (*)	USD	Libor + spread	30 September 2026	75,000	-	27,681
Syndicated loans – wind farms						
Ventos Do Litoral Energia, S.A.	BRL	TJLP + 2.34%	15 July 2029	18,739	2,424	9,333
Ventos Do Indios Energia, S.A.	BRL	TJLP + 2.45%	15 February 2032	22,585	4,120	11,085
Parque Eólico Palmares, S.A.	BRL	TJLP + 2.34%	31 July 2029	19,958	1,866	9,172
Ventos Do Lagoa, S.A.	BRL	TJLP + 2.34%	15 February 2029	19,178	2,324	9,463
Parque Éoliennes de L'Érable, SEC	CAD	5.015%	31 March 2033	173,094	8,982	94,493
Parque Éoliennes de L'Érable, SEC	CAD	7.123%	18 April 2033	24,234	904	18,829
Galicia Vento, S.L.	EUR	1.75% + Euribor	31 December 2024	38,500	5,870	2,694
Aerogeneradores del Sur, S.A.	EUR	1.75% + Euribor	31 December 2024	16,500	2,516	1,155
Parque Eólico Cofrentes, S.L.U.	EUR	Euribor + 2.25%	30 June 2038	35,775	1,849	28,984
Ventos do São Fernando I Energia	BRL	HICP + 2.18%	31 December 2039	47,625	1,117	44,897
Ventos do São Fernando II Energia	BRL	HICP + 1.94%	15 July 2043	39,552	2,120	37,404
Ventos do São Fernando III Energia	BRL	HICP + 1.24%	15 July 2043	12,198	653	14,378
Ventos do São Fernando IV Energia	BRL	HICP + 0.79%	31 December 2040	33,496	2,616	43,076
Renovables del Cierzo, S.L.U.	EUR	Spanish bond + 4.5%	30 June 2047	136,000	-	52,000
Other payables						
European Energy Efficiency Fund, S.A.	EUR	3.93%	30 September 2031	9,200	427	6,140
Efficiency Solutions Fund	EUR	4%	30 June 2027	11,500	1,139	4,392
ICO loan	EUR	2.54%	30 September 2031	20,000	—	19,894
Banca March loan	EUR	2.54%	30 September 2031	50,000	—	49,670
Elecnor Eficiencia Energética 2020, Fondo de Titulización	EUR	2.81%	31 December 2027	50,000	7,250	25,911
Other					6,603	8,621
					52,780	**726,902**

(*) Referring to the same loan in both years. See Syndicated loans and credit facilities.

Details, by maturity, of the above non-current debt for 2023 and 2022 are as follows:

Thousands of Euros Payables maturing in:	31/12/2023
2025	13,160
2026	216,460
2027	10,348
2028 and thereafter	104,888
Total	**344,856**

Thousands of Euros Payables maturing in:	31/12/2022
2024	61,365
2025	51,669
2026	275,303
2027 and thereafter	406,486
Total	**794,823**

Syndicated loans and credit facilities-

On 21 July 2014, Elecnor, S.A. arranged syndicated agreement financing of 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. This financing is subject to 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. becoming 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) with a limit of Euros 236 million and the USD credit sub-tranche (Sub-tranche B2) with a limit of 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 Group's Management analysed whether or not the conditions had been substantially modified, and concluded that there was no extinguishment of the original liabilities in any of the years.

This syndicated financing bears interest pegged to Euribor or SOFR rates (Libor until 30 June 2023), depending on whether the drawdowns are in Euros or USD, for the interest period chosen by the borrowers (one, three or six months), plus an applicable margin that is tied to the ratio of net financial debt with recourse/(EBITDA with recourse + dividends from projects). 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, and excluding the figures of the projects that guarantee their financing without recourse to their shareholder. Non-compliance could be cause for terminating the agreement, but at 31 December 2023, there were not breaches of the ratios.

At 31 December 2023, the drawn down amount of the syndicated financing 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.

Loans – wind farms-

With regard to the loans obtained in local currency by the Brazilian subsidiaries Parques Eólicos Palmares, S.A., Ventos da Lagoa, S.A., Ventos do Litoral, S.A. and Ventos dos Índios, S.A. with the BNDES (Banco Nacional de Desenvolvimento Económico y Social), classified as Non-current liabilities held for sale in 2023, they must also maintain certain debt coverage ratios for the service within certain limits, and must deposit in a reserve account a monetary amount that covers at least three monthly instalments of principal and interest. At 31 December 2023, there were no breaches of the abovementioned financial ratios.

With regard to the loans for funding the projects built in the north of Brazil (Vento do São Fernando Complex), there is an obligation to maintain debt service coverage ratios within certain limits, and to deposit cash in a reserve account, except for the subsidiary Ventos do São Fernando IV, which in 2022 replaced the reserve account obligation by contracting a bank guarantee. In order to secure the financing obtained with BNB to finance the São Fernando I, II and III projects, it was also necessary to arrange a bank guarantee with Bradesco from the start of the financing in 2020.

The syndicated loan granted to the Canadian subsidiary Eoliennes de l'Érable, SEC, classified as Non-current liabilities held for sale in 2023, is bound to the fulfilment of an Annual Principal Debt Service Coverage Ratio (APDSCR), which must be higher than a certain ratio throughout the life of the loan. At 31 December 2023, there were no breaches of this ratio.

In Spain, the subsidiary P.E. Cofrentes, S.L.U. has signed a Project Financing loan, classified as Non-current liabilities held for sale in 2023. As security for this loan, a real right of pledge was established on shares of the relevant subsidiary, as well as on any indemnities, compensation and/or penalty payments which may accrue in its favour, and in relation to the construction, operation and maintenance, and operating management agreements, and all the cash accounts of the aforementioned company.

In 2023, the subsidiaries Aeroeneradores del Sur, S.A. and Galicia Vento, S.L., which had been granted Project Finance loans, proceeded to make an early repayment of their debts. In 2022, the subsidiary Parque Eólico Malpica, S.A., which had been granted a Project Finance loan, proceeded to make an early repayment of its debt.

In 2023, the Group took out a new loan to finance a solar PV plant under construction in Colombia (Portón del Sol) for a total amount of Euros 68.7 million, of which Euros 62 million had been drawn down at 31 December. Furthermore, in 2022 the Group took out a new loan to finance a wind farm under construction in Spain (Renovables del cierzo) for a total amount of Euros 136 million, of which Euros 127 million had been drawn down at 31 December 2023 (Euros 52 million in the previous year). At 31 December 2023, these loans are classified as "Non-current liabilities held for sale" in the accompanying consolidated balance sheet (Note 7).

Domestic subsidiaries have certain limitations in relation to these loans consisting basically of restrictions on the disposal of their property, plant and equipment and on the payment of dividends. These restrictions are subject to compliance with certain conditions, such as the ongoing fulfilment of the debt coverage ratio and the setting up of a debt service reserve account (see Notes 13 and 7).

The Directors consider that the companies are fulfilling all the conditions of the loans and that the financing, which is secured by investment projects, will be serviced on a normal basis, using the revenue generated from each project.

Financial liabilities from issuing bonds and other marketable securities-promissory note

At the beginning of 2023, Elecnor, S.A. had issued promissory notes on the Alternative Fixed Income Market 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 maturing in the short term 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 respectively, maturing in the short term).

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 maturing in the short term at 31 December 2022 was therefore Euros 115 million, reflecting 1,169 and 1,124 securities with a nominal value of Euros 100 thousand each respectively.

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

The promissory note programmes in force in 2023 and 2022 provided for a maximum number of outstanding issues of 400 million.

Financial liabilities from issuing bonds and other marketable securities-wind farm

In 2019, the subsidiary Ventos do Sul Energia, S.A. issued bonds amounting to BRL 325 million in two tranches; one BRL 227 million tranche pegged to the CDI plus a market spread and one BRL 98 million tranche indexed to HICP plus a market spread. At 31 December 2023, this financial liability is classified under "Non-current liabilities held for sale" in the accompanying consolidated balance sheet (Note 7).

This issue, maturing in December 2025 (a 6.5-year term) is project-backed and earmarked for corporate use by the issuing company or its partners.

Other payables-

Other payables includes a financing agreement entailing the assignment of future receivables for Euros 9.2 million, executed on 18 August 2017 with the European Energy Efficiency Fund, S.A., SICAV-SIF, maturing in 2031. The nominal value outstanding at 31 December 2023 is Euros 5.9 million (Euros 6.6 million at 31 December 2022).

Moreover, on 13 March 2018, the Group arranged a financing agreement through a policy for the assignment of credit rights with the Efficiency Solutions, SV S.À.R.L. fund, amounting to Euros 11.5 million, and maturing in June 2027. The nominal value outstanding at 31 December 2023 is Euros 4.4 million (Euros 5.7 million at 31 December 2022).

In 2021, the Parent entered into a loan for a nominal value of Euros 20 million, which accrues fixed nominal annual interest at a rate of 2.4%, will be fully repaid on 30 September 2031. On the same date, the Parent signed a second loan for a nominal value of Euros 50 million, which accrues fixed nominal annual interest at a rate of 2.4% and matures in full in 2031.

Lastly, in 2020 the Group set up a Securitisation Fund "Elecnor Eficiencia Energética 2020, Fondo de Titulización", to which it has assigned the future credit claims derived from the contracts for the management of energy services and maintenance of public street lighting installations which Elecnor Servicios y Proyectos, S.A.U. executes for 43 Spanish municipalities and Public entities for an amount of Euros 107.7 million. This debt was fully repaid in 2021 and the nominal value pending repayment at 31 December 2023 is Euros 26.1 million (Euros 33.2 million at 31 December 2022).

The main characteristics of this financial structure are as follows:

- Creation of a securitisation fund, which purchases the credit claims from Elecnor for Euros 50 million. The Securitisation Fund has raised the funds by issuing bonds (listed on the Alternative Fixed-Income Market), which were fully subscribed by institutional investors and fully paid.
- The difference between the nominal balance of the credit claims (Euros 107.7 million) and their purchase price, which amounts to Euros 57.7 million, is used to overcollateralise the bonds. This is common in this type of structure and, as it increases, it improves the rating of the financing as it curbs the bondholders' risk and, therefore, their required return.
- The Group recovers this overcollateral year by year, through repayment by the securitisation fund of the difference between the amount that the securitisation fund actually collects (Elecnor transfers the balance of the account into which the Public entities pay to the Securitisation Fund's treasury account each week) for the contracts assigned and the payments that the securitisation fund must make.

The effective annual interest rate of this financing is 2.81%, and the repayment schedule is as follows:

Year	Miles de Euros
2024	6,750
2025	6,700
2026	5,750
2027	-
2028	-
Total	**19,200**

Other financing-

Excluding tranche B of the syndicated financing, at 31 December 2023, Elecnor, S.A. and Elecnor Servicios y Proyectos, S.A.U. had 14 open credit facilities with financial institutions (13 credit facilities in 2022), up to a maximum total of Euros 175 million, with a drawdown of 19.7 at that date (maximum limit of Euros 163 million in 2022, with no drawdown at that date). These bilateral credit facilities bear interest rate linked to the currency of the facility, to EURIBOR/SOFR (LIBOR until 30 June 2023) plus a market spread, and most of them mature at one year, with some maturing at up to three years with automatic annual renewals.

17 · DERIVATIVE FINANCIAL INSTRUMENTS

The Elecnor Group uses derivative financial instruments to cover the risks to which its business activities, transactions and future cash flows are exposed as a result of changes in exchange rates, interest rates and energy prices, which affect the Group's profit/loss. Details of the balances reflecting the measurement of derivatives in the consolidated balance sheet at 31 December 2023 and 2022 are as follows:

Thousands of Euros	2023				2022			
	Non-current assets (Note 13)	Current assets	Non-current liabilities (Nota 16)	Current liabilities (Note 16)	Non-current assets (Note 13)	Current assets	Non-current liabilities (Nota 16)	Current liabilities (Note 16)
INTEREST RATE HEDGES								
Cash flow hedges								
Interest rate swap	170	2,067	-	-	9,639	-	306	-
EXCHANGE RATE HEDGES								
Cash flow hedges:								
Exchange rate insurance	-	69	-	646	-	2,361	-	5,551
ENERGY PRICE HEDGES								
Cash flow hedges:								
Energy price	-	-	-	-	-	1,544	16,822	31,874
	170	**2,136**	**-**	**646**	**9,639**	**3,905**	**17,128**	**37,425**

In 2023, the derivatives relating to the Enerfín subgroup were reclassified to Non-current assets and liabilities held for sale (Note 7).

Exchange rate-

The Elecnor Group uses exchange rate hedges basically to mitigate the possible adverse effect of exchange rate fluctuations on future cash flows relating to two types of transactions:

- Payments relating to works and supply agreements denominated in a currency other than the functional currency.
- Receipts relating to works agreements denominated in a currency other than the functional currency.

At 31 December 2023 and 2022, the total nominal value of the items for which exchange rate hedges had been arranged was as follows:

Currencies	31/12/2023	31/12/2022
Thousands of US Dollars (*)	10,111	35,129
Thousands of Chilean Pesos (*)	-	20,190,297
Thousands of Rand (*)	3,446	22,757
Thousands of Euros (*)	5,689	11,735

(*) Figures expressed in the pertinent currency.

Of the nominal total hedged at 31 December 2023:

- Euros 4,026 thousand in sales insurance in US dollars against euros to hedge future flows in that currency.
- Euros 783 thousand correspond in purchases of euros against Australian dollars to hedge future flows in that currency.
- Euros 4,906 thousand correspond in purchases of euros against US dollars to hedge future flows in that currency.
- Euros 5,494 thousand correspond in purchases of US dollars against Colombian pesos to hedge future flows in that currency.
- Euros 189 thousand correspond in purchases of rand against euros to hedge future flows in that currency.

Of the nominal total hedged at 31 December 2022:

- Euros 3,898 thousand in sales insurance in US dollars against euros to hedge future flows in that currency.
- Euros 21,729 thousand correspond to purchases of Chilean Pesos against US Dollars to cover the risk of payments to suppliers in Chilean Pesos.
- Euros 2,884 thousand in purchases of US dollars against Australian dollars to hedge future flows in that currency.
- Euros 5,425 thousand correspond in purchases of euros against Australian dollars to hedge future flows in that currency.
- Euros 6,310 thousand correspond in purchases of euros against US dollars to hedge future flows in that currency.
- Euros 24,480 thousand correspond in purchases of US dollars against Colombian pesos to hedge future flows in that currency.
- Euros 1,813 thousand correspond in purchases of US dollars against euros to hedge future flows in that currency.
- Euros 1,247 thousand correspond in purchases of rand against euros to hedge future flows in that currency.

The equivalent Euro value of the nominal value under exchange rate hedges at 31 December 2023 was approximately Euros 15,398 thousand (approximately Euros 67,786 thousand in 2022).

The expiration of these exchange rate hedges is expected to coincide with the forecast flow of the payments and receipts being hedged. The risk of changes in the estimated cash flows is very low.

Details of the maturities of the nominal values hedged by derivative financial instruments at 31 December 2023 and 2022 are as follows:

	Maturity 31/12/2023					
	2024	2025	2026	2027	2028 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	4,276	-	-	-	-	4,276
USD purchases (*)	5,835	-	-	-	-	5,835
Rand purchases (*)	3,446	-	-	-	-	3,446
Euro purchases (*)	5,689	-	-	-	-	5,689

(*) Figures expressed in Euros in the pertinent currency.

	Maturity 31/12/2022					
	2023	2024	2025	2026	2027 and thereafter	Total
Exchange rate hedge:						
USD sales (*)	4,140	-	-	-	-	4,140
USD purchases (*)	30,989	-	-	-	-	30,989
Chilean Pesos purchases (*)	20,190,297	-	-	-	-	20,190,297
Rand purchases (*)	22,757	-	-	-	-	22,757
Euro purchases (*)	11,735	-	-	-	-	11,735

(*) Figures expressed in Euros in the pertinent currency.

Interest rate-

The Elecnor Group uses interest rate hedging instruments in accordance with its risk management policy. The purpose of these transactions is to mitigate the effect that changes in interest rates could have on future cash flows from certain loans and credit facilities indexed to floating interest rates, associated with the corporate financing obtained by the Parent and project financing. At 31 December 2023 the total nominal value of the liabilities hedged by interest rate hedges amounted to Euros 152,767 thousand (Euros 223,052 thousand in 2022).

The nominal values of the various interest rate derivative financial instruments described above mature as follows:

	Maturity 31/12/2023					
	2024	2025	2026	2027	2028 and thereafter	Total
Interest rate hedges	150,495	518	543	1,211	-	152,767

	Maturity 31/12/2022					
	2023	2024	2025	2026	2027 and thereafter	Total
Interest rate hedges	39,727	160,083	3,586	2,813	16,843	223,052

Neither in the case of exchange rate hedges or interest rate hedges did any circumstances arise in 2023 or 2022 that required changing the hedge accounting policy initially adopted for recognising the derivatives. In 2023 and 2022 the Elecnor Group did not have any derivatives that do not qualify for hedge accounting.

Energy price-

The Elecnor Group, via the Enerfín subgroup, classified as held for sale in the year, uses derivative financial instruments to hedge the risk of fluctuations in the Spanish daily market price based on its forecasts, as this has a very significant impact on the Group's profit/loss. Within the framework of these operations, the Group enters into swap contracts to ensure a fixed energy price for a specific number of megawatt-hours (MWh), which are settled on a monthly basis, fulfilling the requirements to be deemed hedge accounting. The breakdown of the derivatives contracted by the Group at 31 December 2022, as well as their main characteristics, is as follows:

2022

Maturity	Nominal (MWh)	Fair value Assets/ (Liabilities)
2023	350,400	(30,330)
2024	78,840	(8,052)
2025	78,840	(3,469)
2026	78,840	(1,932)
2027	78,840	(1,616)
2028 and more	190,296	(1,753)
		(47,152)

In 2022, the price of energy increased significantly, meaning that the contracts entered into previously, at much lower prices, have led to the recording of material liabilities. Consequently, the Group recorded under the heading "Profit/ loss from discontinued operations" in the accompanying 2022 consolidated income statement an amount of Euros 56,131 thousand of lower revenue from derivatives settled during the year, as they are deemed hedging instruments.
In 2023, the Group recorded higher revenue from settled derivatives amounting to Euros 1,074 thousand under "Profit/ loss from discontinued operations" in the consolidated income statement.

Adjustments-

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, the Elecnor Group 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 to which IFRS 9 applies is calculated using the best estimate of future price curves for these non-financial items existing at the closing date of the consolidated annual accounts, using, to the extent possible, prices established on futures markets.

18 · PROVISIONS

The breakdown of provisions for liabilities and charges, and their classification as current or non-current at 31 December 2023 and 2022, is as follows:

Thousands of Euros	2023		2022	
	Non-current	Current	Non-current	Current
Litigation and liabilities	38,487	47,430	15,953	37,309
Decommissioning	770	265	9,050	505
Other	27,720	38,574	28,990	42,993
Total	**66,977**	**86,269**	**53,993**	**80,807**

Details of "Provisions for liabilities and charges" in the accompanying consolidated balance sheet, and movement in 2023 and 2022, are as follows:

Thousands of Euros	Litigation and liabilities	Decommissioning	Other	Total
Balance at 31 December 2021	**55,263**	**12,124**	**68,821**	**136,208**
Provisions charged to profit and loss (Note 23) (*)	13,603	573	26,960	41,136
Translation differences	2,107	564	183	2,854
Application	(102)	-	(19,864)	(19,966)
Transfers	(5,562)	-	5,562	-
Reversals (Note 23) (*)	(12,047)	(3,706)	(9,679)	(25,432)
Balance at 31 December 2022	**53,262**	**9,555**	**71,983**	**134,800**
Provisions charged to profit and loss (Note 23) (*)	60,131	810	21,451	82,392
Translation differences	(544)	86	(158)	(616)
Application	(562)	81	157	(324)
Transfers	1	4	(5)	—
Reversals (Note 23) (*)	(25,641)	(348)	(23,074)	(49,063)
Discontinued operations (Note 7)	(730)	(9,153)	(4,060)	(13,943)
Balance at 31 December 2023	**85,917**	**1,035**	**66,294**	**153,246**

(*) Includes Euros 202 thousand of provisions and Euros 6 thousand of reversals classified in the consolidated income statement as discontinued operations at 31 December 2023 (Euros 2,868 thousand and Euros 5,559 thousand at 31 December 2022, respectively).

The Group estimates the amount of the liabilities arising from litigation and similar events. With the exception of certain liabilities in which it can be estimated that the outflows will be in the short term, the Group cannot reliably estimate the precise timing of the outflows and, accordingly, does not include the updating effect.

Due to the nature of its activities, the Group is exposed to a number of claims and litigation. The heading "Provisions for litigation and liabilities" in the foregoing table reflects the Group's best estimate of potential penalties and other contingencies that could arise from the execution of various projects mainly carried out abroad. The Directors estimated that the provision recognised reasonably covers the payments that are likely to arise in the future as a result of past events.

On 31 May 2017, Spanish National Commission on Markets and Competition (hereinafter, the "CNMC") notified the Parent 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 Parent received an incidental request to bring proceedings, said proceedings having been brought in proper and timely manner on 11 November 2019.

In light of these events, and based on the assessment of the Parent'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 years when the arguments presented by the parties have been rejected and the CNMC's decision confirmed, the Group booked in 2019 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%. At 31 December 2023, this provision remains under the category "Other" as there have been no changes during the current year.

Furthermore, on 16 July 2019, the CNMC opened disciplinary proceedings against the subsidiary Audeca, its Parent and other companies and their Parents, on the grounds of possible anti-competitive practices prohibited by Article 1 of the LDC (Defence of Competition Act) and Article 101 of the TFEU. On 28 August 2021, the CNMC notified the decision by which Audeca was declared liable for a breach of Article 1 of the LDC and Article 101 of the TFEU and a total fine of Euros 2,639 thousand was imposed on Audeca and, jointly and severally, on Elecnor. Audeca and Elecnor filed a contentious-administrative appeal against the resolution with the National Court, and requested as a precautionary measure the suspension of the enforcement of the resolution, both in terms of the payment of the fine imposed and the prohibition to contract, and this appeal was admitted for processing. On the basis of the assessments of the Group's legal advisors, as a result of recent developments in the context of other appeals, the Directors made a provision of Euros 2.6 million in this respect in 2022 under "Other" as they deem the likelihood of the appeal being upheld to be less than 50%. At 31 December 2023, this provision remains as there have been no changes during the current year.

Furthermore, the category "Other" includes provisions for construction contracts with negative margins for a total amount of Euros 28,942 thousand (Euros 31,446 thousand at 31 December 2022), the most significant of which is the provision recorded in 2023 arising from the estimate of a negative margin in relation to projects in Australia amounting to approximately Euros 13.4 million. During this year, certain circumstances have increased the cost estimate for the contracts, 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. Against this backdrop, and with the customer's collaboration, we are together seeking solutions to keep these projects—which are of strategic importance for Australia—afloat. We are confident that these joint endeavours will result in a reversal of the situation estimated at 2024.

Other relevant provisions are those recorded in 2019 for the "Mataquito Transmisora de Energía" project in Chile, which at 31 December 2023 amounts to Euros 8,005 thousand (Euros 5,467 thousand in 2022), that recorded in 2022 for the Kwanza Norte project in Angola (Euros 3,742 thousand) and reversed in 2023, and that recorded in 2022 for a solar project in Spain amounting to Euros 7,500 thousand, reversed in 2023. The application of these provisions as and when the work is executed is recorded under "Application" in the above table.

On the other hand, at 31 December 2022 Other provisions included an amount of Euros 1,312 thousand relating to guarantees provided to various public bodies, necessary for the administrative processing of connection requests, which at 31 December 2023 are classified under "Non-current liabilities held for sale". In 2022, Euros 5,793 thousand were reversed in relation to guarantees provided in previous years to ensure the completion of the facilities committed to in relation to wind farm construction projects being undertaken by the Group, which are provided for in view of the possibility that they will be executed by the government if the project is not carried out. These provisions were reversed because the viability of the projects was clarified after progress was made in their processing or because the development of other projects did not continue for reasons not attributable to the Group.

The rest of reversals in 2023 and 2022 correspond to penalties and other contingencies/litigations in relation to the execution of various projects that were completed in 2023 and 2022, respectively, and that were resolved favourably for the Group.

Decommissioning provisions at 31 December 2022 corresponded to the provision for the wind farm owned by the Group in Canada and for the wind farms in Brazil. These provisions have been reclassified in 2023 to "Non-current liabilities held for sale" in the accompanying balance sheet (Note 7). They are calculated by estimating the amount of the decommissioning obligation in the foreseen year of dismantling (at the end of the economic life of the assets) on the basis of estimates received from external suppliers and with the approval of the Group's technicians. These amounts are discounted at the market discount rate and recorded in the fixed assets of the wind farms as an increase in the value of the assets and are depreciated in the period until their decommissioning (Notes 7 and 11).

The balance under this heading at 31 December 2023 includes an advanced payment received by Elecnor Servicios y Proyectos, S.A.U. in respect of a project it will execute in conjunction with an external partner (80% Elecnor – 20% the other partner) and amounting to Euros 50,891 thousand (Euros 58,096 thousand as at 31 December 2022). The Group received 100% of the advance payment in 2020 amounting to Euros 72,620 thousand for having submitted all guarantees (its own and those of the other party) and the Group is delivering its share to this partner as it submits the guarantees to which it is entitled.

19 · ADVANCES FROM CUSTOMERS

Advances from customers basically reflect payments made in advance by customers prior to the start of the related contracts. These advances are discounted from invoices issued during the execution of the contracts.

20 · DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

Details of "Deferred tax assets" and "Deferred tax liabilities" in the accompanying consolidated balance sheet, and movement in 2023 and 2022, are as follows (in thousands of Euros):

	31 December 2021	Transfers	Credit / charge to the income statement (*)	Credit / charge to the assets and liabilities valuation reserve	Application of IAS 12 - Amendment (Note 2.b)	Translation differences
Deferred tax assets:						
Measurement of derivative financial instruments (Note 17)	23,485	-	(3,160)	(10,222)	-	1
Property, plant and equipment and intangible assets	5,505	-	(137)	-	-	(1)
Tax credits	18,240	186	(5,102)	-	-	117
Deductions and credits to be applied	3,584	(479)	(766)	-	-	52
Losses in external subsidiaries	29	-	15	-	-	-
Non-deductible provisions (Note 18)	33,631	(207)	3,311	-	-	935
Other deferred tax assets	4,939	500	5,660	-	20,033	215
	89,413	**-**	**(179)**	**(10,222)**	**20,033**	**1,319**
Deferred tax liabilities:						
Property, plant and equipment and intangible assets	14,111	—	(362)	—		455
Measurement of derivative financial instruments (Note 17)	2,317	14	—	976		66
Other deferred tax liabilities	11,101	(758)	(112)	—	19,133	(295)
	27,529	**(744)**	**(474)**	**976**	**19,133**	**226**

(*) Includes Euros 637 thousand credit to the income statement and Euros 4,983 thousand credit to reserves from discontinued operations at 31 December 2023 (Euros 7,124 thousand and Euros 10,532 thousand at 31 December 2022, respectively).

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	31 December 2022	Transfers	Credit / charge to the income statement (*)	Credit / charge to the assets and liabilities valuation reserve	Discontinued operations (Note 7)	Translation differences	31 December 2023
Deferred tax assets:							
Measurement of derivative financial instruments (Note 17)	10,104	-	1,374	(5,225)	(4,617)	(2)	1,634
Property, plant and equipment and intangible assets	5,367	-	(726)	-	(4,532)	-	109
Tax credits	13,441	1,197	(4,545)	-	(375)	13	9,731
Deductions and credits to be applied	2,391	-	(549)	-	(1,514)	-	328
Losses in external subsidiaries	44	-	269	-	-	-	313
Non-deductible provisions (Note 18)	37,670	-	12,803	-	(494)	(73)	49,906
Other deferred tax assets	31,347	(1,197)	2,286	-	(9,617)	(167)	22,652
	100,364	**-**	**10,912**	**(5,225)**	**(21,149)**	**(229)**	**84,673**
Deferred tax liabilities:							
Property, plant and equipment and intangible assets	14,204	-	1,733	(739)	(12,571)	(16)	2,611
Measurement of derivative financial instruments (Note 17)	3,373	-	150	-	(790)	(5)	2,728
Other deferred tax liabilities	29,069	744	5,655	769	(11,469)	(38)	24,730
	46,646	**744**	**7,538**	**30**	**(24,830)**	**(59)**	**30,069**

(*) Includes Euros 637 thousand credit to the income statement and Euros 4,983 thousand credit to reserves from discontinued operations at 31 December 2023 (Euros 7,124 thousand and Euros 10,532 thousand at 31 December 2022, respectively).

Deferred tax assets and liabilities that are expected to be realised or reversed in periods of less than 12 months are not significant, except for deferred tax assets relating to the valuation of derivative financial instruments for which practically the totality is expected to be reversed within the coming 12 months.

Deferred tax assets and liabilities: property, plant and equipment and intangible assets, in the foregoing table mainly reflect taxable temporary differences arising from differences between the carrying amount of certain property, plant and equipment and intangible assets and their tax base, as well as the temporary differences derived from the depreciation and amortisation of these non-current assets for accounting and tax purposes.

Deferred tax assets: tax credits and deductions and credits pending application, in the foregoing table, include, respectively, unused tax loss carryforwards and deductions pending application of various Group companies, which have been capitalised as the Parent's Directors consider that they will be recovered against estimated profits in the coming years.

Deferred tax assets: non-deductible provisions, in the above table mainly include the tax impact of adjustments to accounting profit/loss as a consequence of various provisions that were not considered deductible when they were recognised (see Notes 14.a and 18).

At 31 December 2023 and 2022, the tax credits for capitalised tax loss carryforwards and the deferred tax assets and liabilities by entity/subgroup are as follows:

Thousands of Euros	2023		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	-	23,950	7,109
Elecnor Servicios y Proyectos, S.A.U	6,437	25,933	11,642
Aplicaciones Técnicas de la Energía, S.A.	1,875	2,592	-
Audeca, S.L.U.	-	72	1,224
Elecnor do Brasil, Ltda	-	9,876	661
Elecnor Chile, S.A.	-	5,999	-
Elecnor Inc	-	11,936	8,411
Other	1,419	4,315	1,022
Total	**9,731**	**84,673**	**30,069**

Thousands of Euros	2022		
	Tax credits	Deferred tax assets	Deferred tax liabilities
Elecnor, S.A.	-	15,549	7,809
Elecnor Servicios y Proyectos, S.A.U	9,736	27,750	6,689
Aplicaciones Técnicas de la Energía, S.A.	2,200	3,146	-
Enerfín subgroup	1,075	25,394	23,585
Audeca, S.L.U.	-	104	1,673
Elecnor do Brasil, Ltda	-	9,410	756
Elecnor Chile, S.A.	-	9,465	-
Elecnor Inc	-	3,269	5,570
Other	430	6,277	564
Total	**13,441**	**100,364**	**46,646**

Details of the amounts (in thousands of Euros) and expiry years of uncapitalised tax loss carryforwards pending offsetting of the most significant entities/tax groups at 31 December 2023 and 2022 are as follows (in thousands of Euros):

2023	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	1,720	Unlimited
Deimos Engineering and Systems, S.L.U	2,471	Unlimited
Dunor Energía, Sapi de Cv	12,563	2029; 2031 and 2033
Elecnor Australia Holdings, PTY, LTD	91,444	Unlimited
Elecnor Cameroun , S.A.	2,878	2027
Elecnor Perú, S.A.C.	6,157	2025
Til Til Consorcio Spa	2,854	Unlimited
	120,087	

2022	Unused, uncapitalised tax loss carryforwards	Expiry year
Aplicaciones Técnicas de la Energía, S.A.	4,302	Unlimited
Deimos Engineering and Systems, S.L.U	2,692	Unlimited
Enerfín Enervento, S.L.U.	4,003	Unlimited
Elecnor Perú, S.A.C.	4,389	2025
Enervento Exterior, S.L.U.	2,155	Unlimited
Elecnor Energie Und	1,718	Unlimited
Proyectos Electricos Agua Prieta, Sapi de Cv	7,929	Unlimited
Dunor Energía, Sapi de Cv	13,456	2029; 2031; no expiry date
	40,644	

At 31 December 2023, the Elecnor Group has Euros 29,436 thousand of uncapitalised tax loss carryforwards from branches (Euros 25,209 thousand at 31 December 2022), the limitation period for which depends on the tax legislation applicable to each branch.

Furthermore, the Group has deductions generated and not capitalised in the amount of Euros 2,322 thousand as at 31 December 2023 (Euros 3,777 thousand as at 31 December 2022).

In addition, at 31 December 2023, the Group has a balance of Euros 78,056 thousand by way of uncapitalised foreign income exemption (Euros 73,998 thousand at 31 December 2022).

Details of the Group's total taxable income, deductions and other temporary differences are shown in Appendix IV.

The unused tax loss carryforwards and tax credits for deductions and other items described above were generated by various companies in the Elecnor Group and their future recoverability is conditional upon these companies' ability to generate sufficient taxable profits.

Due to the treatment permitted by prevailing fiscal legislation, additional tax liabilities that cannot be objectively quantified could arise in the event of inspection. However, the Parent's Directors consider that the possibility of such contingent liabilities arising during future tax inspections of Group companies is remote and that, in any case, the tax liability that could result therefrom would not materially affect the Consolidated Annual Accounts of the Elecnor Group.

21 · INCOME TAX

The Parent has the following years open to inspection by the tax authorities in respect of the main taxes applicable to it:

	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 2021, based on its request of 28 December 2020, the Parent received notification from the Tax Authority that it will be taxed under the consolidated tax regime from 1 January 2021 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 Montañés, 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).

Inspections conducted by the Tax Authority's Large Taxpayers Division at the Parent, and commenced by notification on 1 July 2016, concluded in 2018 and covered all taxes applicable to the Parent 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 Parent 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 Parent was notified that the files were accessible, and of the procedure for allegations, which were submitted on 17 December 2020 that have been rejected in 2021. The decisions dismissing the appeals were appealed before the National Court, and judgements are pending.

In light of this situation, the Parent's Directors, in cooperation with its tax advisers, and although they consider that there are weighty arguments to underpin the position of the Parent, 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, and considering the impact for the rest of years open to inspection, should the Tax Authority apply the same criteria for the years open to inspection.

In addition to the foregoing, on 2 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 also covered the period 2014.

The aforementioned inspections concluded in 2021 with the signing of statements of conformity which resulted in a payment totalling Euros 5,691 thousand.

Lastly, note On 21 December 2022, the Parent 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 Group 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.

The Group has assessed the impact of the recent Constitutional Court ruling on the nullity of several provisions of Royal Decree-Law 3/2016 amending corporate income tax, in relation 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 any impairment losses on investments 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.

Details of the income tax expense accrued in 2023 and 2022 are as follows:

Thousands of Euros	2023	2022
Consolidated profit/loss before tax from continuing operations and discontinued operations	**167,140**	**165,931**
Non-deductible expenses	3,005	13,971
Non-taxable income (**)	(57,479)	(22,566)
Adjustment for dividends (****)	2,832	10,575
Profit/loss from equity-accounted investees (Note 12)	(15,738)	(22,498)
Other	(12,165)	(6,260)
Uncapitalised tax credits applied (*****)	(3,795)	(21,667)
Uncapitalised tax loss carryforwards (***)	103,468	11,691
Adjusted accounting profit/loss	**187,268**	**129,177**
Gross tax calculated at the tax rate in force in each country (*)	57,115	42,716
Tax deductions for incentives and other	(2,609)	(1,029)
Adjustment to prior year's Corporate Income Tax expense	(1,594)	(1,961)
Other adjustments	(3,598)	10,298
Accrued income tax expense from continuing operations and discontinued operations	**49,314**	**50,024**

(*) The fully consolidated foreign subsidiaries and branches calculate the Corporate Income Tax expense and the amount due in respect of the various other applicable taxes in accordance with the prevailing tax rates and legislation in their respective countries.

(**) Non-taxable income in 2023 mainly reflected adjustments to the accounting profit for income from the sale of investments which are exempt from taxation amounting to Euros million (Euros 10 million in 2022).

(***) Corresponding mainly, in 2023, to the companies Green Light Contractors PTY LTD, in the amount of Euros 87 million (Enerfín Energy Company of Canada in the amount of Euros 2.3 million and Enerfín Renovables, LLc, in the amount of Euros 1.4 million, in 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 Corporate Income Tax Law in Spain. 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%.

(*****) In 2022, mainly relating to the companies Elecnor Perú, S.A.C. for Euros 14 million and Eledepa for Euros 5 million.

Details of the main components of the income tax expense accrued in 2023 and 2022 were as follows:

Thousands of Euros	2023	2022
Current tax		
Present year	55,718	41,982
Prior years' adjustments	(1,912)	(1,961)
Other adjustments	(1,120)	10,298
Deferred tax		
Amount of the deferred tax expense/income relating to the origination and reversal of temporary differences	(3,372)	(295)
Accrued income tax expense from continuing operations and discontinued operations	**49,314**	**50,024**

22 · GUARANTEE COMMITMENTS WITH THIRD PARTIES AND CONTINGENCIES

Guarantee commitments with third parties-

At 31 December 2023 and 2022, details of the risk exposure relating to bank guarantees delivered and other bid, completion and performance bonds, are as follows:

Thousands of Euros	2023	2022
Completion bonds	1,002,950	971,601
Advances on contracts:		
Current	339,016	563,638
To be cancelled	4,177	3,243
Performance bonds	362,583	313,486
Bid bonds	46,110	63,671
Other	128,860	94,884
Total	**1,883,696**	**2,010,523**

The above table includes data concerning the Enerfín subgroup, reclassified as discontinued operations in 2023.

At 31 December 2023 the Group has provided guarantees to the customer Casablanca Transmisora de Energía (Chile) for the Special Contract for the engineering, supply, permits, easements and construction of New Transmission Lines and substations as partial deliveries for the amount of Euros 29.2 million (2022: Euros 30 million).

Additionally, in Australia, the Group has provided guarantees for the customer NSW Electricity Networks, amounting to Euros 78 million for the Energy Connect transmission lines project in Australia, for the customer Goyder Wind Farm 1 Pty Ltd, amounting to Euros 28 million for the Engineering Procurement and Construction Contract for the design, manufacture, installation, commissioning and construction of the project known as EPC (Euros 41 million in 2022), and for the customer Flyers Creek Wind Farm Pty Ltd, for whom it provided guarantees amounting to Euros 17 million for the construction of the Flyers Creek Wind Farm (Euros 20 million in 2022).

Similarly, the Group has provided guarantees to the customer Mataquito Transmisora de Energía, S.A. in Chile for the amount of Euros 66 million for the Special Contract for the engineering, supply, permits, easements and construction of New Transmission Lines and substations as partial deliveries. Furthermore, the most significant guarantees notably include those provided to the customer AB Lietuvos Gelezinkeliu for the Lithuanian project Electrification of the railway section Vilnius-Klaipèda (Draugystès st.) amounting to Euros 93 million (Euros 68 and 96 million respectively in the previous year).

During 2023, guarantees in the amount of Euros 23 million were provided to the customer Blyth Battery Pty Ltd for the construction of a wind power project in Australia as well as Euros 19 million to the customer Parintins Amazonas Transmissora de Energia for the construction and operation of a transmission line in Brazil.

The remaining amount of the guarantees at 31 December 2023 and 2022 consists of a number of guarantees of insignificant individual amounts.

The Parent's Directors consider that any liabilities that might arise from the bank guarantees provided would not give rise to significant losses in the accompanying consolidated financial statements.

Contingencies-

On 17 January 2020, the Central Court of Instruction No. 5 issued an order decreeing the commencement of a trial concerning a former employee of the Group and concerning the company Deimos Space, S.L., the latter for alleged criminal liability as a legal person for possible crimes of corruption in international commercial transactions and money laundering, requiring that the company provide a guarantee of Euros 1,460 thousand to cover civil liability, and additional guarantees of Euros 10,240 thousand and Euros 2,625 thousand to cover possible future pecuniary sanctions and confiscations.

The Group presented the shares it owns in the Deimos Group to cover the aforementioned guarantee.

Following the trial held between the end of 2022 and the beginning of 2023, an order was issued in April 2023 confirming the ruling of the February 2023 judgement of the Criminal Division of the Spanish National High Court, in which Deimos Space, S.L.U. and its former employee were acquitted of all the charges brought against them.

23 · INCOME AND EXPENSES

Net turnover-

The entirety of the Group's turnover in 2023 and 2022 corresponds to the execution of projects and services rendered.

The breakdown of the Group's turnover in 2023 and 2022, by both geographical areas and activities, is as follows:

Thousands of Euros	2023	2022 (*)
By geographical area		
Domestic	1,489,436	1,403,651
International	2,303,470	1,989,609
Total	**3,792,906**	**3,393,260**
By line of business		
Electricity	1,560,084	1,352,435
Power generation	688,013	724,734
Telecommunications and space	273,314	242,133
Construction, environment and water	326,502	285,849
Maintenance	393,128	287,998
Facilities	184,624	232,520
Oil & Gas	142,222	165,724
Railways	225,019	101,867
Total	**3,792,906**	**3,393,260**

(*) Restated figures, see Note 7.

Revenue from Contracts with Customers

Movement in assets and liabilities from contracts with customers in 2023 and 2022 is as follows:

Thousands of Euros	Assets	Liabilities
At 31 December 2022	393,954	276,032
Revenues recognised	3,792,906	-
Turnover	-	3,855,476
Reclassification to income	(3,720,352)	(3,720,352)
Translation differences	(2,365)	1,647
At 31 December 2023	**464,143**	**412,803**

Thousands of Euros	Assets	Liabilities
At 31 December 2021	399,621	411,529
Revenues recognised	3,393,260	-
Turnover	-	3,272,434
Reclassification to income	(3,403,508)	(3,403,508)
Translation differences	4,581	(4,423)
At 31 December 2022	**393,954**	**276,032**

In 2023 and 2022, the business's usual contractual modifications were made, including those in which there is a dispute about the scope and/or price (see Note 3.s.3). The Group recognises contractual modifications when they have been approved by the parties.

In 2023 and 2022, there has been no relevant revenue from performance obligations satisfied in prior periods.

In view of the nature of the Elecnor Group's contracts, advances are received on dates close to the execution of the milestones that give rise to them, thus, practically all of the balance of contractual liabilities at the end of each year is recognised as revenue in the following year.

Materials consumed-

Details of this item in the 2023 and 2022 consolidated income statements are as follows:

Thousands of Euros	2023	2022 (*)
Purchases of raw materials and other materials consumed	1,602,230	1,311,966
Work carried out by other companies	530,187	499,897
Change in goods for resale, raw materials and other inventories	465	(1,329)
Total	**2,132,882**	**1,810,534**

(*) Restated figures, see Note 7.

Other operating expenses-

Details of this item in the 2023 and 2022 consolidated income statements are as follows:

Thousands of Euros	2023	2022 (*)
Leases	161,544	128,255
Repairs and maintenance	32,520	45,574
Independent professional services	107,540	87,360
Transportation	28,746	27,910
Insurance premiums	22,817	20,943
Banking services	20,351	20,907
Advertising and publicity	1,747	1,128
Utilities	52,662	67,007
Taxes	34,481	34,266
Other expenses	138,739	132,601
Total	**601,147**	**565,951**

(*) Restated figures, see Note 7.

Other operating income-

Details of this item in the 2023 and 2022 consolidated other operating income accounts are as follows:

Thousands of Euros	2023	2022 (*)
Grants (Note 3.p)	4,348	3,834
Other income	53,236	37,573
Total	**57,584**	**41,407**

(*) Restated figures, see Note 7.

Other income in 2023 includes the amount of Euros 32 million from the Lithuanian branch. Other income for 2022 included an amount of Euros 18,603 thousand for the collection of insurance in relation to damage suffered in an incident at the Batinah gas pipeline in Oman.

Personnel expenses-

Details of this item in the 2023 and 2022 consolidated income statements are as follows:

Thousands of Euros	2023	2022 (*)
Salaries and wages	776,393	741,155
Termination benefits	4,201	6,013
Social Security payable by the Company	177,864	148,306
Other employee benefits expenses	87,625	79,112
Total	**1,046,083**	**974,586**

(*) Restated figures, see Note 7.

At 31 December 2023, the heading "Other current liabilities" includes approximately Euros 45 million in remuneration pending payment (Euros 48 million at 31 December 2022).

Depreciation, amortisation and provisions-

Details of this item in the 2023 and 2022 consolidated income statements are as follows:

Thousands of Euros	2023	2022 (*)
Depreciation charge for property, plant and equipment (Note 10)	49,060	40,644
Amortisation of intangible assets (Note 9)	6,881	6,314
Changes in provisions for risks and charges without decommissioning (Note 18)	9,171	29,882
Depreciation charge for right-of-use assets (Note 11)	15,251	15,833
Change in impairment of receivables (Note 14)	(4)	(14,354)
Other (Note 18)	3,358	(26,816)
Total	**83,717**	**51,503**

(*) Restated figures, see Note 7.

The heading "Other" at 31 December 2023 and 2022 corresponds mainly to the application of provisions for negative margins the Group recognises against this heading, taking expenses for provisioned payments at 31 December 2023 and 2022 by their type in the accompanying consolidated income statement.

The heading "Change in impairment of receivables" for 2022 included an amount of Euros 16 million recorded for the recovery of an impairment recognised in 2019. In 2018, Consorcio Constructor Ductos del Sur, a customer of the subsidiary Elecnor Perú, S.A.C., after having terminated the construction contract as a result of the termination of the Gasoducto Sur Peruano contract, and having been subjected to an arbitration process, recognised a debt payable to Elecnor Perú, S.A.C. for USD 24 million with a principal maturity in 2021, borne by Odebrecht (a partner of the aforementioned Consorcio). In 2019, due to Odebrecht's financial difficulties, the Group's management did not consider that this amount was likely to be recovered, and booked an impairment in relation to this balance. In 2022, the Group reached an agreement whereby USD 16 million was collected and a write-off of USD 8 million was agreed. This resulted in an income of Euros 16 million being recorded in the income statement due to the reversal of impairment.

Finance income-

Finance income derives from the application of the effective interest rate method to financial assets in the category of financial assets at amortised cost.

Finance expenses-

Details of this item in the 2023 and 2022 consolidated income statements are as follows:

Thousands of Euros	2023	2022 (*)
Financial expenses at amortised cost (Note 16)	24,534	10,958
Interest rate derivative finance expenses	(4,036)	1,133
Finance expenses from lease liabilities (Note 11)	3,417	2,361
Other finance expenses	3,817	4,811
Total	**27,732**	**19,263**

(*) Restated figures, see Note 7.

Finance expenses derive practically entirely from the application of the effective interest rate method to financial liabilities in the category of financial liabilities at amortised cost.

24 · INTERESTS IN JOINT VENTURES

In 2023 and 2022 the balance sheets and income statements of Temporary Business Associations (known in Spain as UTEs) and certain foreign entities considered to be a similar vehicle to a UTE (various kinds of joint ventures) (see Note 3.c) in which Elecnor Group holds interests were included in proportion to their shareholding in each joint operation, in accordance with IFRS 11.

As regards these vehicles, the Group's percentage ownership therein at 31 December 2023 and 2022, the amount of revenues from construction work performed in 2023 and 2022 and the order book at year end are included in Appendix II to these Consolidated Annual Accounts.

The contribution of these joint ventures to the various headings in the accompanying consolidated balance sheet and in the income statement at 31 December 2023 and 2022 are as follows:

Thousands of Euros ASSETS	2023	2022	LIABILITIES	2023	2022
Intangible assets	575	660	Profit/loss for the year	13,457	7,662
Property, plant and equipment	38,401	42,745			
Financial assets	1,338	1,341	Other non-current liabilities	7,151	11,322
Inventories	9,852	3,642	Current trade payables	143,896	144,441
Receivables	65,932	80,477			
Temporary financial investments	3,152	(504)			
Cash	45,116	35,064			
Accruals	138	-			
Total	**164,504**	**163,425**	**Total**	**164,504**	**163,425**

Thousands of Euros Income statement	2023	2022
Net turnover	145,876	145,705
Materials consumed	(86,501)	(94,801)
Non-trading income	1,049	736
Personnel expenses	(15,252)	(10,572)
External services	(16,819)	(18,799)
Taxes	(1,792)	(815)
Losses, impairment and changes in trade provisions	715	3,873
Other operating expenses	42	(3)
Depreciation and amortisation charge	(11,925)	(11,718)
Impairment and profit/loss on disposal assets	(1)	(7)
Finance income	1,386	85
Finance expenses	(2,341)	(1,530)
Translation differences	(72)	(1,964)
Foreign taxes	(908)	(2,528)
Total	**13,457**	**7,662**

25 · ORDER BOOK

Details, by business line, of the order backlog of Elecnor Servicios y Proyectos, S.A.U. at 31 December 2023 and 2022, excluding Temporary Business Associations (Note 24), are as follows

Thousands of Euros	2023	2022
By geographical area		
Domestic	687,941	589,546
International	688,443	864,997
Total	**1,376,384**	**1,454,543**
By line of business		
Electricity	448,651	719,213
Power generation	153,719	23,923
Telecommunications and space	301,097	265,470
Construction, environment and water	119,654	101,304
Maintenance	54,711	4,704
Facilities	23,303	52,762
Oil & Gas	97,560	103,907
Railways	177,689	183,260
Total	**1,376,384**	**1,454,543**

At 31 December 2023 the order backlog of the rest of the subsidiaries amounts to Euros 1,201,268 thousand (Euros 953,860 thousand in 2022) and mainly comprises work for companies in the electricity sector.

26 · INFORMATION ON THE AVERAGE SUPPLIER PAYMENT PERIOD. FINAL PROVISION TWO OF LAW 31/2014 OF 3 DECEMBER 2014

Information on deferred payments to suppliers by consolidated Spanish companies is as follows:

	Days 2023	Days 2022
Average supplier payment period	59	59
Transactions paid ratio	63	64
Transactions payable ratio	44	40
Expressed in thousands of Euros		
Total payments made	1,391,750	1,248,539
Total payments outstanding	291,013	333,507

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 Euros (thousands of Euros)	711,282	540,093
Percentage of total monetary payments to suppliers	51 %	43 %
Number of invoices paid	227,951	152,408
Percentage of total number of invoices paid to suppliers	48 %	32 %

The payments to suppliers reflected in the above table are trade payables as they relate to goods and services. They therefore include "Trade and other payables - trade payables for purchases or services".

The above tables include the details concerning the Enerfín subgroup, reclassified as discontinued operations in 2023.

27 · INFORMATION ON EMPLOYEES

The average headcount, by professional category (not including joint ventures), in 2023 and 2022 was as follows:

	Average headcount	
Category	2023	2022
Management	161	161
Executive	1,513	1,396
Technician	5,185	4,861
Basic	16,119	16,542
Total	**22,978**	**22,960**

Of the Group's average workforce in 2023 and 2022, a total of 5,025 and 6,252 employees had temporary employment contracts, respectively.

Moreover, the breakdown by gender at the end of 2023 and 2022, specified by professional category, of staff and Directors, not including joint ventures, is as follows:

	31 December 2023		31 December 2022	
Category	Male	Female	Male	Female
Directors	11	3	11	3
Management	140	19	142	18
Executive	1,270	261	1,184	225
Technician	3,340	1,913	3,220	1,782
Basic	14,828	791	14,900	876
Total	**19,589**	**2,987**	**19,457**	**2,904**

The average number of employees with a disability equal to or greater than 33%, by category, is as follows:

Category	2023	2022
Management	2	1
Executive	4	6
Technician	19	15
Basic	67	68
Total	**92**	**90**

The above tables include the details concerning the Enerfín subgroup, reclassified as discontinued operations in 2023.

28 · RELATED PARTY BALANCES AND TRANSACTIONS

28.1 · Related party balances and transactions of the Group

Related party transactions have been carried out at arm's length. Transactions carried out by the Group with investees that are not fully or proportionately consolidated and with other non-consolidated companies during 2023 and 2022 are as follows:

Thousands of Euros	2023		2022	
	Sales and other operating income	Finance income	Sales and other operating income	Finance income
Equity-accounted investees:				
Gasoducto de Morelos, S.A.	23	98	—	475
Grupo Celeo Concesiones e Inversiones	89,463	948	78,037	—
Total	**89,486**	**1,046**	**78,037**	**475**

At 31 December 2023 and 2022, balances receivable from and payable to investees that are not fully or proportionately consolidated and other non-consolidated companies, deriving from the above transactions, are as follows:

Thousands of Euros	2023			2022		
	Accounts receivable		Accounts payable	Accounts receivable		Accounts payable
	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables to associates and related companies	Other financial investments (Note 14)	Trade receivables from related companies	Trade payables to associates and related companies
Equity-accounted investees:						
Dioxipe Solar, S.L.	-	4,782	-	-	2,328	-
Aries Solar Termoeléctrica, S.L.	-	6,288	-	-	2,553	-
Diego de Almagro Transmisora de Energía,S.A	-	-	-	-	46	-
Gasoducto Morelos S.A.P.I. de CV	-	-	-	4,437	174	-
Casablanca Transmisora de Energía, S.A.	-	2,288	-	-	4,489	-
Mataquito Transmisora de Energía, S.A.	-	2,271	-	-	8,147	-
Parintins Amazonas Transmissora de Energía,S.A.	-	6,557	-	-	-	-
Nirivilo Transmisora de Energía,S.A.	-	-	-	-	1,347	-
Celeo Apolo FV,S.L.	300	-	-	-	-	-
Other	18	927	38	-	257	7
	318	**23,113**	**38**	**4,437**	**19,341**	**7**

Moreover, at 31 December 2023 and 2022 the Parent had an account payable to the Directors amounting to Euros 2,369 thousand and Euros 2,410 thousand, respectively, recorded under "Other current liabilities" in the Consolidated Balance Sheet

28.2 · Remuneration of the Board of Directors

a) Remuneration and other benefits paid to the Board of Directors-

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

The Parent has paid approximately Euros 4.7 thousand for life insurance arranged for former or current members of its Board of Directors in 2023 (Euros 4.5 thousand in 2022).

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

At 31 December 2023, the Board of Directors of the Parent 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 Parent 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.

b) 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.

c) 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 Parent 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.

28.3 · Remuneration to the Management Team

In 2023, the Elecnor Group's Management Team received remuneration amounting to Euros 6,483 thousand (Euros 4,609 thousand in 2022).

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

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

29 · AUDIT FEES

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

Thousands of Euros Description	2023	2022 (*)
Audit Services - Main auditor		
Spain	359	262
Remainder of countries	549	230
Other services		
Main auditor	55	126
Other companies in the main auditor network	160	143
Total	**1,123**	**761**

(*) Formerly KPMG Auditores, S.L.

Thousands of Euros Description	2023	2022 (*)
For audit services - Other firms	488	815
Other services - Other firms	2,359	485
Total	**2,847**	**1,300**

(*) Formerly 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. and the companies that make up the Group.

The heading "Other services" provided by PricewaterhouseCoopers Auditores, S.L. and other firms associated with the PwC brand in 2023 amounted to Euros 215 thousand (Euros 269 thousand in 2022 provided by KPMG Auditores, S.L. and other associated firms). Of these other services, those provided to the Group by PricewaterhouseCoopers Auditores, S.L., other than the audit of accounts, amounted to Euros 55 thousand and correspond to the limited review of interim financial statements. In the previous year, the services provided to the Group 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 21 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 verification and other services rendered to the Group amounted to Euros 79 thousand and Euros 81 thousand respectively (Euros 40 thousand and Euros 103 thousand respectively in 2022 rendered by other companies in the KPMG network).

30 · EARNINGS PER SHARE

Details of basic earnings per share in 2023 and 2022 are as follows:

	2023	2022
Attributable net profit (thousands of Euros)	110,058	102,813
Total number of shares outstanding	87,000,000	87,000,000
Less – own shares (Note 15.d)	(2,299,529)	(2,322,384)
Weighted average number of shares outstanding	84,700,471	84,677,616
Basic earnings per share (Euros)	1.30	1.21
Basic earnings per share from continuing operations (Euros)	0.83	0.69
Basic earnings per share from discontinued operations (Euros)	0.47	0.53

At 31 December 2023 and 2022 Elecnor, S.A., the Parent of the Elecnor Group, has not issued any financial instruments or other contracts entitling the holder to receive ordinary shares from the Company. and therefore diluted earnings per share coincide with basic earnings per share.

31 · ENVIRONMENTAL INFORMATION

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 the Directors' Report accompanying these accounts outlines the goals, strategies and all the initiatives implemented in 2023 in relation to the Group's Climate Action and Environmental Performance.

32 · OTHER DISCLOSURES

This Note sets out the main projects of the concession business (of the Enerfín group, which is fully consolidated and was classified as held for sale in 2023, and of the Celeo group, which is accounted for using the equity method) with their EBITDA (Gross Operating Profit) and the debt backed by these projects (in thousands of Euros):

GRUPO CELEO Concesiones e Inversiones		2023						
		EBITDA (*)	Gross debt	Cash	Net debt	Km	Mw	% shareholding (**)
REDES BRASIL								
Celeo Redes Transmissao de Energía,S.A.	(2)	26,486	66,354	10,958	55,396	-	-	51%
		26,486	66,354	10,958	55,396	-	-	
Lt Triangulo,S.A.	(1)	18,717	-	3,068	(3,068)	695	-	51%
Vila do Conde Transmissora de Energia SA	(1)	9,045	-	5,843	(5,843)	324	-	51%
Pedras Transmissora de Energía, S.A.	(1)	2,958	246	1,361	(1,115)	357	-	51%
Coqueiros Transmissora de Energía, S.A.	(1)	1,187	197	884	(687)	453	-	51%
Encruzo Novo Transmissora de Energia, S.A.	(1)	2,695	2,432	1,020	1,412	220	-	51%
Linha de Transmissao Corumba, S.A.	(1)	5,326	4,786	2,464	2,322	279	-	51%
Integraçao Maranhense Tranmissora de Energia, S.A.	(1)	8,176	7,640	2,687	4,953	365	-	26%
Caiua Transmissora de Energia, S.A.	(1)	4,419	5,426	4,387	1,039	142	-	26%
Cantareira Transmissora de Energía, S.A.	(1)	23,238	84,631	11,992	72,639	342	-	26%
Serra de Ibiapa Transmissora de Energía, S.A. - SITE	(1)	18,332	168,531	13,206	155,325	366	-	51%
Brilhante Transmissora de Energia SA	(1)	9,531	32,715	5,263	27,452	581	-	51%
Jauru Transmissora de Energía, S.A.	(1)	12,625	20,245	5,186	15,059	940	-	34%
Cachoeira Paulista Transmissora de Energía, S.A.	(1)	11,007	42,757	17,197	25,560	181	-	25,50%
Parintins Amazonas Transmissora de Energía, S.A.	(1)	16,654	191,570	2,477	189,093	240	-	25,50%
		143,910	561,176	77,035	484,141	5,485	.	
REDES CHILE								
Celeo Redes Operación Chile, S.A.	(2)	22,217	476,867	19,400	457,467	-	-	51%
CRC Transmisión, SPA	(2)	17,264	237,581	10,872	226,709	-	-	25,50%
		39,481	714,448	30,272	684,176	-	-	
Nirivilo Transmisora de Energía, S.A.	(1)	(97)	-	46	(46)	115	-	51%
Alto Jahuel Transmisora de Energía, S.A.	(1)	26,720	-	1,947	(1,947)	256	-	51%
Charrua Transmisora De Energía, S.A.	(1)	18,121	-	1,755	(1,755)	198	-	51%
Casablanca Transmisora de Energía, S.A.	(1)	1,412	3,877	7,650	(3,773)	110	-	25,50%
Mataquito Transmisora de Energía, S.A.	(1)	1,384	141	612	(471)	387	-	25,50%
Diego de Almagro Transmisora de Energía, S.A	(1)	8,803	-	999	(999)	52	-	25,50%
Celeo Redes Chile Expansión, SPA	(1)	1,571	21,741	414	21,327	-	-	51%
Alfa Transmisora de Energía, S.A.	(1)	76,771	943,531	35,547	907,984	899	-	10,20%
Transquillota Electrica de Quillota Limitada	(1)	1,662	-	174	(174)	8	-	10,20%
		136,347	969,290	49,144	920,146	2,025	-	
REDES PERÚ								
Puerto Maldonado Transmisora de Energía, S.A.C.		(209)	24,177	1,981	22,196	432	-	51%
		(209)	24,177	1,981	22,196	432	-	
REDES ESPAÑA								
Celeo Redes, S.L	(2)	28,614	4,264	700	3,564	-	-	51%
		28,614	4,264	700	3,564	-	-	
SPAIN RENEWABLES								
Celeo Fotovoltaico, S.L.U.	(1)	5,135	29,423	3,322	26,101	-	15	51%
Dioxipe Solar, S.L.	(1)	18,468	155,170	8,743	146,427	-	50	49,76%
Aries Solar Termoelectrica, S.L.	(1)	38,049	311,133	9,641	301,492	-	100	51%
BRAZIL RENEWABLES								
Celeo Sao Joao do Piaui FV I, S.A.(6)	(1)	5,272	68,429	4,133	64,296	-	180	51%
		66,924	564,155	25,839	538,316	-	345	
OTHER	(2)	70,615	-	78,181	-	-		
		70,615	-	78,181	-	-	-	
TOTAL		512,168	2,903,864	274,110	2,707,935	7,942	345	

(*) Excluding IFRS and IFRIC 12 (EBITDA excluding IFRIC 12 impact best reflects the cash flow generation capacity of each project). (**) % Attributed to Elecnor Group.
(1) Operational project vehicle companies. (2) Holding companies.

GRUPO CELEO Concesiones e Inversiones		2022 EBITDA (*)	Gross debt	Cash	Net debt	Km	Mw	% shareholding (**)
REDES BRASIL								
Celeo Redes Transmissao de Energía,S.A.	(2)	24,657	60,357	1,491	58,866	.	.	51%
		24,657	**60,357**	**1,491**	**58,866**	**-**	**-**	
Lt Triangulo,S.A	(1)	20,934	.	4,050	(4,050)	695	.	51%
Vila Do Conde Transmissora De Energia SA	(1)	9,009	.	6,257	(6,257)	324	.	51%
Pedras Transmissora De Energía, S.A.	(1)	2,668	1,234	3,312	(2,078)	.	.	51%
Coqueiros Transmissora De Energía, S.A.	(1)	1,069	504	467	37	65	.	51%
Encruzo Novo Transmissora De Energia,S.A.	(1)	2,301	3,013	601	2,412	220	.	51%
Linha De Transmissao Corumba,S.A.	(1)	5,062	5,898	1,215	4,683	279	.	51%
Integraçao Maranhense Tranmissora De Energia,S.A.	(1)	6,026	9,433	5,963	3,470	365	.	26%
Caiua Transmissora De Energia,S.A.	(1)	4,108	6,381	3,971	2,410	142	.	26%
Cantareira Transmissora De Energía,S.A.	(1)	21,838	85,645	20,066	65,579	342	.	26%
Serra De Ibiapa Transmissora de Energía,S.A. - SITE	(1)	16,894	154,685	18,522	136,163	366	.	51%
Brilhante Transmissora De Energia SA	(1)	9,335	29,181	5,245	23,936	581	.	51%
Jauru Transmissora De Energia,S.A.	(1)	11,697	23,565	5,965	17,600	940	.	34%
Cachoeira Paulista Transmissora De Energía,S.A.	(1)	11,939	43,932	19,605	24,327	181	.	25,50%
Parintins Amazonas Transmissora de Energía,S.A.	(1)	(28)	184,483	33,599	150,885	240	.	25,50%
		122,852	**547,954**	**128,838**	**419,117**	**4,740**	**.**	
REDES CHILE								
Celeo Redes Operación Chile,S.A.	(2)	42,767	505,434	27,312	478,122	.	.	51%
CRC Transmisión, SPA	(2)	14,562	181,421	4,616	176,805	.	.	25,50%
		57,329	**686,855**	**31,928**	**654,927**	**-**	**-**	
Alto Jahuel Transmisora de Energia,S.A.	(1)	21,581	(1,212)	7,374	(8,586)	256	.	51%
Charrua Transmisora De Energia,S.A.	(1)	16,892	.	7,003	(7,003)	198	.	51%
Casablanca Transmisora de Energía,S.A.	(1)	771	1,491	3,231	(1,740)	110	.	25,50%
Mataquito Transmisora de Energía,S.A.	(1)	849	1,969	1,099	869	387	.	25,50%
Diego de Almagro Transmisora de Energía,S.A	(1)	4,521	.	637	(637)	52	.	25,50%
Alfa Transmisora de Energía,S.A.	(1)	64,097	979,196	54,447	924,749	899	.	10,20%
Transquillota Electrica de Quillota Limitada	(1)	2,234	.	2,529	.	8	.	10,20%
		110,945	**981,444**	**76,320**	**907,652**	**1,910**	**-**	
REDES PERÚ								
Puerto Maldonado Transmisora de Energía, S.A.C.	(1)	(186)	4,086	70	4,016	162	.	51%
		(186)	**4,086**	**70**	**4,016**	**162**	**-**	
REDES ESPAÑA								
Celeo Redes, S.L	(1)	(81)	4,284	195	4,089	.	.	51%
		(81)	**4,284**	**195**	**4,089**	**-**	**-**	
SPAIN RENEWABLES								
Celeo Fotovoltaico, S.L.U.	(1)	5,725	30,942	4,906	26,036	.	15	51%
Dioxipe Solar, S.L.	(1)	16,864	157,062	12,888	144,174	.	50	49,76%
Aries Solar Termoelectrica, S.L.	(1)	30,791	325,533	18,731	306,802	.	100	51%
BRAZIL RENEWABLES								
Celeo Sao Joao do Piaui FV I, S.A.(6)	(1)	8,614	69,685	4,437	65,248	.	180	51%
		61,994	**583,222**	**40,962**	**542,260**	**.**	**345**	
OTHER	(2)	53,240	.	55,083	-	-	-	-
		53,240	**.**	**55,083**	**.**	**.**	**.**	
TOTAL		**430,750**	**2,868,202**	**334,887**	**2,590,927**	**6,812**	**345**	

(*) Excluding IFRS and IFRIC 12 (EBITDA excluding IFRIC 12 impact best reflects the cash flow generation capacity of each project). (**) % Attributed to Elecnor Group
(1) Operational project vehicle companies. (2) Holding companies.

Enerfín subgroup	2023 EBITDA (*)	Gross debt	Cash	Net debt	Mw	% shareholding
National Projects:						
Eólica Montes del Cierzo,S.L	3,886		1,242	1,242	60	100%
Eólica Páramo de Poza,S.A	4,365		1,497	1,497	100	70%
Parque Eólico Malpica, S.A.	3,190		964	964	17	96%
Aerogeneradores del Sur, S.A.	7,495		588	588	54	100%
Galicia Vento, S.L.	16,118		1,105	1,105	128	91%
Parque Eólico Cofrentes, S.L.U.	4,317	(40,781)	4,609	(36,172)	50	100%
Renovables del Cierzo, S.L.U.	(16)	(127,261)	8,242	(119,019)	139	100%
Cobertura de precio energía contrata por Enerfín Sociedad de Energía, S.L.	4,662	(7,961)	13,636	5,675	.	-
Brazil projects:						
Ventos del Sul, S.A.	30,953	(22,214)	11,614	(10,600)	150	80%
Parques Eólicos Palmarés, S.A.	6,312	(9,731)	5,047	(4,684)	58	90%
Ventos da Lagoa, S.A.	5,384	(10,463)	2,114	(8,349)	58	90%
Ventos do Litoral Energía, S.A.	4,617	(10,518)	5,356	(5,162)	58	90%
Ventos Dos Indios Energía, S.A.	2,551	(14,230)	3,641	(10,589)	53	90%
Ventos do Sao Fernando I Energía, S.A.	2,217	(47,282)	2,260	(45,022)	76	100%
Ventos do Sao Fernando II Energía, S.A.	3,121	(39,153)	1,864	(37,289)	73	100%
Ventos do Sao Fernando III Energía, S.A.	984	(14,934)	4,078	(10,856)	24	100%
Ventos do Sao Fernando IV Energía, S.A.	3,146	(45,442)	3,784	(41,658)	83	100%
Canada Projects:						
Eoliennes de L´Erable, SEC	19,558	(113,348)	6,019	(107,329)	100	51%
Colombia Project:						
Parque Solar Portón, SAS	1,698	(63,236)	13,548	(49,688)	129	100%
Structure	138	.	9,211	9,211	-	
Developments and other investees.	351	.	10,289	10,289	324	-
	125,047	**(566,554)**	**110,708**	**(455,846)**	**1,734**	

(*) EBITDA as defined in Note 16.

Enerfín subgroup	2022 EBITDA (*)	Gross debt	Cash	Net debt	Mw	% shareholding
National Projects:						
Eólica Montes del Cierzo,S.L	15,529	.	1,607	1,607	60	100%
Eólica Páramo de Poza,S.A	14,825	.	1,067	1,067	100	70%
Parque Eólico Malpica, S.A.	9,370	.	469	469	17	96%
Aerogeneradores del Sur, S.A.	20,911	(3,671)	2,694	(977)	54	100%
Galicia Vento, S.L.	44,160	(8,565)	7,482	(1,083)	128	91%
Parque Eólico Cofrentes, S.L.U.	8,853	(57,950)	6,741	(51,209)	50	100%
Renovables del Cierzo, S.L.U.	(20)	(52,000)	2,395	(49,605)	139	100%
Cobertura de precio energía contrata por Enerfín Sociedad de Energía, S.L.	(46,235)	(21,579)	1,544	(20,035)	.	-
Brazil projects:						
Ventos del Sul, S.A.	31,155	(30,513)	9,313	(21,200)	150	80%
Parques Eólicos Palmarés, S.A.	6,465	(11,038)	3,676	(7,362)	58	80%
Ventos da Lagoa, S.A.	5,484	(11,787)	2,218	(9,569)	58	80%
Ventos do Litoral Energía, S.A.	4,692	(11,757)	3,829	(7,959)	58	80%
Ventos Dos Indios Energía, S.A.	2,854	(15,205)	3,026	(12,179)	53	80%
Ventos do Sao Fernando I Energía, S.A.	3,072	(46,014)	3,140	(42,874)	76	100%
Ventos do Sao Fernando II Energía, S.A.	6,379	(39,524)	4,062	(35,462)	73	100%
Ventos do Sao Fernando III Energía, S.A.	1,878	(15,031)	4,513	(10,518)	24	100%
Ventos do Sao Fernando IV Energía, S.A.	2,878	(45,692)	5,435	(40,257)	83	100%
Canada Projects:						
Eoliennes de L'Erable, SEC	25,630	(124,775)	6,645	(118,130)	100	51%
Structure	(161)	.	2,579	2,579	.	-
Developments and other investees.	(3,229)	.	7,749	7,779	271	-
	154,490	(495,101)	80,184	(414,918)	1,552	

(*) EBITDA as defined in Note 16.

33 · 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 7 "Non-current assets (disposal groups) held for sale and discontinued operations" of these Notes to the Annual Accounts.

At the date of authorisation for issue of these Consolidated 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.

Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Fully consolidated method					
ELECNOR, S.A.					
	Elecdal, URL	ALGERIA	Construction and assembly	100.00%	100.00%
	Elecnor Cameroun Société Anonyme	CAMEROON	Construction and assembly	100.00%	100.00%
	Elecnor Servicios y Proyectos, S.A.U.	SPAIN	A broad range of business activities	100.00%	100.00%
	Enerfín Sociedad de Energía, S.L.U.	SPAIN	Management and administration of companies	100.00%	100.00%
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.					
	Aplicaciones Técnicas de la Energía, S.L.U. (ATERSA)	SPAIN	Solar energy	100.00%	100.00%
	Area 3 Equipamiento y Diseño Interiorismo, S.L.U.	SPAIN	Interior design	100.00%	100.00%
	Audeca, S.L.U.	SPAIN	Environmental restoration and reforestation and operation of roads	100.00%	100.00%
	Central Solar de Muantaia, S.A. (****)	MOZAMBIQUE	Development and promotion of new projects related to solar energy generation	100.00%	-
	Deimos Space, S.L.U.	SPAIN	Analysis, engineering and development of space missions and software	100.00%	100.00%
	Ehisa Construcciones y Obras, S.A.U.	SPAIN	Construction and assembly	100.00%	100.00%
	Elecdor, S.A.	ECUADOR	Construction and assembly	100.00%	100.00%
	Elecen, S.A.	HONDURAS	Construction and assembly	100.00%	100.00%
	Elecnor Argentina, S.A.	ARGENTINA	Construction and assembly	100.00%	100.00%
	Elecnor Australia PTY LTD	AUSTRALIA	Management and administration of companies	100.00%	100.00%
	Elecnor Chile, S.A.	CHILE	Construction and assembly	100.00%	100.00%
	Elecnor Côte D'Ivoire, S.A.	IVORY COAST	Construction and assembly	100.00%	100.00%
	Elecnor de Mexico, S.A.	MEXICO	Construction and assembly	100.00%	100.00%
	Elecnor Do Brasil, L.T.D.A.	BRAZIL	Construction and assembly	100.00%	100.00%
	Elecnor Energie and Bau, GmbH	GERMANY	A broad range of business activities in the areas of engineering, development, construction, assembly, repairs and maintenance of all types of works, installation work of any kind, particularly in energy efficiency and renewable energies	-	100.00%
	Elecnor Infrastrutture e Aerospaziale, S.R.	ITALY	Construction and assembly	100.00%	100.00%
	Elecnor Infrastrutture, LLC	OMAN	Construction and maintenance	100.00%	100.00%
	Elecnor Perú, S.A.C.	PERU	Construction and assembly	100.00%	100.00%
	Elecnor Philippines Corporation	PHILIPPINES	A broad range of business activities	100.00%	100.00%
	Elecnor Seguridad, S.L.U.	SPAIN	Installation and maintenance of fire prevention and safety systems	100.00%	100.00%
	Elecnor Senegal, SASU	SENEGAL	Construction and assembly	100.00%	100.00%
	Elecnor, INC.	USA	Facilities	100.00%	100.00%
	Elecred Servicios, S.A.U.	SPAIN	Rendering of all manner of services, and development, administration and management of companies	100.00%	100.00%
	Electrolineas del Ecuador, S.A.	ECUADOR	Construction and assembly	100.00%	100.00%
	Elecven Construcciones, S.A.	VENEZUELA	Construction and assembly	99.88%	99.88%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Fully consolidated method					
	ELEDEPA, S.A.	PANAMA	A broad range of business activities	100.00%	100.00%
	Enertel, S.A. de C.V.	MEXICO	Construction and assembly	99.99%	99.99%
	Guercif Solar Farm, S.A.R.L. (****)	MOROCCO	Production, transmission and distribution of electricity	100.00%	-
	Hidroambiente, S.A.U.	SPAIN	Environmental activities	100.00%	100.00%
	IDDE, S.A.U.	SPAIN	Sales	100.00%	100.00%
	IQA Operatios Group, LTD	SCOTLAND	Electrical installations	100.00%	100.00%
	Jomar Seguridad, S.L.U.	SPAIN	Sale, installation and maintenance of fire prevention and safety systems	100.00%	100.00%
	Kafironda Solar Energy Limited (****)	ZAMBIA	Supply, distribution and generation of electricity, gas, etc.	95.00%	-
	Los Llanos Fotovoltaica de Castilla-La Mancha, S.L.U.	SPAIN	Development, construction and generation of electricity	100.00%	100.00%
	Montajes Eléctricos Arranz, S.L.	SPAIN	Electrical installations and other activities	100.00%	100.00%
	Montelecnor, S.A.	URUGUAY	Construction and assembly	100.00%	100.00%
	Omninstal Electricidade, S.A.	PORTUGAL	Construction and assembly	100.00%	100.00%
	Parque Eólico Montañés, S.L.U.	SPAIN	Construction and operation of wind farm	100.00%	100.00%
	TDS, S.A.	ARGENTINA	No activity/In the process of winding up	100.00%	100.00%
	Xunergy FV, S.A.S. (****)	COLOMBIA	Development and promotion of new projects related to power generation	100.00%	-
ATERSA					
	Atersa Senegal, SASU (*)	SENEGAL	Solar energy generation	100.00%	100.00%
DEIMOS SPACE, S.L.U.					
	Deimos Atlantic Launchers, S.A.	ITALY	Space transport, launch of satellites and space vehicles	-	100.00%
	Deimos Engenharia, S.A.	PORTUGAL	Services in the areas of telecommunications and aeronautic and space energy	100.00%	100.00%
	Deimos Engineering and Systems, S.L.U. (*)	SPAIN	Software development, engineering and technical assistance in the field of remote sensing	100.00%	100.00%
	Deimos Space UK, Limited (*)	ENGLAND	Analysis, engineering and development of space missions and software	100.00%	100.00%
	S.C. Deimos Space, S.R.L. (*)	ROMANIA	Analysis, engineering and development of space missions and software	100.00%	100.00%
ELECNOR AUSTRALIA					
	Green Light Contractors PTY, LTD (*)	AUSTRALIA	Construction and assembly	100.00%	100.00%
ELECNOR INC					
	Belco Elecnor Electric, INC (*)	USA	Electrical installations	100.00%	100.00%
	Elecnor Energy Services LLC (*)	USA	Facilities	100.00%	100.00%
	Elecnor Hawkeye, LLC (*)	USA	Electrical installations	100.00%	100.00%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Fully consolidated method					
ENERFÍN DO BRASIL SOCIEDAD DE ENERGÍA LTDA					
	Solar Serrita Energia, S.A. (*)(****)	BRAZIL	Renewable energy generation	100.00%	100.00%
ENERFÍN ENERGY COMPANY OF CANADA, INC					
	Investissements Eoliennesde L'Érable, INC. (*)	CANADA	Administration and advisory services	100.00%	100.00%
	Investissements Eoliennes del'Érable, SEC. (*)	CANADA	Administration and advisory services	100.00%	100.00%
	Lambton Enerwind General Partner Inc (Gp) (*)	CANADA	Administration and advisory services	100.00%	100.00%
	Lambton Enerwind Limited Partnership (Sec) (*)	CANADA	Wind farm development	100.00%	100.00%
	Winnifred Wind Project GP Inc (*) (****)	CANADA	Renewable energy generation	100.00%	-
	Winnifred Wind Project LP (*) (****)	CANADA	Renewable energy generation	100.00%	-
ENERFÍN ENERVENTO EXTERIOR, S.L.U.					
	Éoliennes des Prairies Commandité, Inc. (GP) (*)	CANADA	Management and administration of companies	100.00%	100.00%
	Guajira Eólica I, S.A.S. (*)	COLOMBIA	Wind farm development	100.00%	100.00%
	Moose Mountain Wind Projet GP (*)	CANADA	Management and administration of companies	100.00%	100.00%
	Moose Mountain Wind Projet LP (*)	CANADA	Wind farm development	100.00%	100.00%
	Rio Grande Energias Renováveis, LTDA. (*)	BRAZIL	Development, construction and generation of electricity	100.00%	100.00%
	Rio Sul 2 Energia, Ltda. (*)	BRAZIL	Management and administration of companies	100.00%	100.00%
	SEC Éoliennes des Prairies (LP) (*)	CANADA	Wind farm development	100.00%	100.00%
	Ventos do São Fernando V Energia, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Ventos do São Fernando VI Energia, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Vientos De Panaba, S.A. de CV (*)	MEXICO	Wind farm development	100.00%	100.00%
ENERFÍN ENERVENTO, S.L.U.					
	Aerogeneradores del Sur, S.A.(*)	SPAIN	Construction, operation and use of wind farm resources	100.00%	100.00%
	Eólica Montes de Cierzo, S.L. (*)	SPAIN	Operation of power plants	100.00%	100.00%
	Eólica Páramo de Poza, S.A. (*)	SPAIN	Operation of power plants	70.00%	70.00%
	Galicia Vento, S.L. (*)	SPAIN	Operation of power plants	90.60%	90.60%
	Parque Eólico Cofrentes, S.L.U. (*)	SPAIN	Operation of power plants	100.00%	100.00%
	Parque Eólico Malpica, S.A. (*)	SPAIN	Operation of power plants	95.55%	95.55%
ENERFÍN RENEWABLES, INC					
	Dry Branch Solar, LLC (*)	USA	Renewable energy generation	100.00%	100.00%
	Enerfín Renewables, Llc (*)	USA	Renewable energy generation	100.00%	100.00%
	Hickory Grove Wind, LLC (*)(****)	USA	Renewable energy generation	100.00%	-

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Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Fully consolidated method					
	Mantle Rock Star, LLC (*)	USA	Renewable energy generation	100.00%	100.00%
	Tater Creek Wind ,LLC (*) (****)	USA	Renewable energy generation	100.00%	-
	Walnut Creek Solar, LLC (*)	USA	Renewable energy generation	100.00%	100.00%
	West Fork RiverSolar, LLC (*)	USA	Renewable energy generation	100.00%	100.00%
ENERFÍN SOCIEDAD DE ENERGÍA, S.L.U.					
	Bookar Wind Farm PTY LTD (*)	AUSTRALIA	Renewable energy generation	100.00%	100.00%
	Córdoba Solar 2, S.A.S. (*)	COLOMBIA	Development, construction, generation, sale and marketing of electricity and any other lawful activity	100.00%	100.00%
	El Roble Solar, S.A.S. (*)	COLOMBIA	El Roble 19.5 Mw solar photovoltaic generation project	100.00%	100.00%
	Enerfera, S.R.L. (*)	ITALY	Construction, operation and use of wind farm resources	100.00%	100.00%
	Enerfín do Brasil Sociedad de Energia, LTDA. (*)	BRAZIL	Development and management of wind farm activities	100.00%	100.00%
	Enerfín Energy Company of Canada, INC. (*)	CANADA	Management and administration of companies	100.00%	100.00%
	Enerfín Energy Services, Pty Ltda. (*)	AUSTRALIA	Management and administration of companies	100.00%	100.00%
	Enerfín Energy Services, Pty Ltda.(*)(****)	SOUTH AFRICA	Renewable energy generation	100.00%	-
	Enerfín Enervento Exterior, S.L.U. (*)	SPAIN	Management and administration of companies	100.00%	100.00%
	Enerfín Enervento, S.L.U. (*)	SPAIN	Administration and advisory services	100.00%	100.00%
	Enerfín Québec Services, INC. (*)	CANADA	Management and administration of companies	100.00%	100.00%
	Enerfín Renewables, INC. (*)	USA	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables II, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables IV, S.L. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables IX, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables VI, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables VIII, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables X, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables XI, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Renovables, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Enerfín Servicios, S.A.S (*)	COLOMBIA	Management and administration of companies	100.00%	100.00%
	Enermex Gestión, S.A. de C.V. (*)	MEXICO	Management and administration of companies	100.00%	100.00%
	Eólica Alta Guajira, S.A.S. (*)	COLOMBIA	Development, construction and generation of electricity	100.00%	100.00%
	Eolica La Vela (*)	COLOMBIA	Wind farm development	100.00%	100.00%
	Eólica Los Lagos (*)	CHILE	Wind farm development	100.00%	100.00%
	Eólica Musichi (*)	COLOMBIA	Wind farm development	100.00%	100.00%
	Girasol 1, S.A.S. (*)	COLOMBIA	Renewable energy generation	100.00%	100.00%
	Guajira Eólica II, S.A.S. (*)	COLOMBIA	Wind farm development	100.00%	100.00%
	Harbour Atlantis Green Energy 16 (*)	SPAIN	Generation, supply, marketing and sale of any type of energy from renewable sources	-	51.00%
	Harbour Atlantis Green Energy 17 (*)	SPAIN	Generation, supply, marketing and sale of any type of energy from renewable sources	51.00%	51.00%

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Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Fully consolidated method					
	Harbour Atlantis Green Energy 8 (*)	SPAIN	Generation, supply, marketing and sale of any type of energy from renewable sources	-	51.00%
	La Cayena Solar,S.A.S. (*)	COLOMBIA	Development, construction, generation, sale and marketing of electricity and any other lawful activity	100.00%	100.00%
	Luzy Energía Renovable,S.L.U. (*)(**)	SPAIN	Generation of wind and photovoltaic energy, and from any other renewable energy sources	100.00%	100.00%
	Parque Eólico Cernégula, S.L.U. (*)	SPAIN	Wind farm development	100.00%	100.00%
	Parque Eólico Volandín, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Parque Solar Portón, S.A.S.	COLOMBIA	Power generation	100.00%	100.00%
	Planta Solar Sahagun, S.A.S. (*)	COLOMBIA	Development, construction, generation, sale and marketing of electricity and any other lawful activity	100.00%	100.00%
	Promoción Renovables del Bajío, S.A. de C.V. (*)	MEXICO	Construction and assembly	100.00%	100.00%
	Renovables del Cierzo, S.L.U. (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Solar 3 Rayas, S.L.U. (formerly named Enerfín Renovables VII, S.L.U.) (*)	SPAIN	Renewable energy generation	100.00%	100.00%
	Solar São Fernando I Energia, S.A. (*)	BRAZIL	Renewable energy generation	100.00%	100.00%
	Ventos do São Fernando IX Energia, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Ventos do São Fernando VII Energia, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Ventos do São Fernando VIII Energia, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Ventos do São Fernando X Energia, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Vientos de Sucilá, S.A. de C.V. (*)	MEXICO	Wind farm development	100.00%	100.00%
	Vientos De Yucatán, S.A. de C.V. (*)	MEXICO	Wind farm development	100.00%	100.00%
EOLIENNES DE L'ERABLE COMMANDITAIRE					
	Boliennes de L'Érable, SEC.(*)	CANADA	Operation of power plants	51.00%	51.00%
	Eoliennes De L'Erable Commandite Inc (*)	CANADA	Administration and advisory services	100.00%	100.00%
GREEN LIGHT CONTRACTORS PTY, LTD					
	Elecnor New Zealand, Ltd (*)(****)	NEW ZEALAND	Construction and assembly	100.00%	-
	Secure Energy JV (es una ute)(*)(****)	AUSTRALIA	It is a Joint Venture of Green Light and Clough, for High Voltage power transmission and substation projects	50.00%	-
	Timco Transmission Lines PTY LTD (*)	AUSTRALIA	Construction and assembly	100.00%	100.00%
HIDROAMBIENTE, S.A					
	Everblue Private Limited	INDIA	Environmental activities	100.00%	100.00%
INVESTISSEMENTS EOLIENNES DE L'ÉRABLE SEC					
	Eoliennes L'Erable Commanditaire Inc (*)	CANADA	Operation of power plants	100.00%	100.00%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Fully consolidated method					
RIO GRANDE ENERGIAS RENOVAVEIS, LTDA					
	Gran Sul Geraçao de Energía (*)	BRAZIL	Wind farm development	100.00%	100.00%
	Rio Norte I Energia, LTDA. (*)	BRAZIL	Management and administration of companies	100.00%	100.00%
	Rio Norte II Energia, LTDA. (*)	BRAZIL	Management and administration of companies	100.00%	100.00%
	Rio Sul 1 Energia, Ltda. (*)	BRAZIL	Management and administration of companies	100.00%	100.00%
RIO NORTE I ENERGIA, LTDA					
	Ventos do Sao Fernando I Energía(*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Ventos do Sao Fernando II Energía(*)	BRAZIL	Operation of power plants	100.00%	100.00%
	Ventos do Sao Fernando III Energía(*)	BRAZIL	Operation of power plants	100.00%	100.00%
RIO NORTE II ENERGIA, LTDA					
	Ventos de Sao Fernando IV Energía, S.A. (*)	BRAZIL	Operation of power plants	100.00%	100.00%
RIO SUL 1 ENERGIA ,Ltda					
	Parques Eólicos Palmares, S.A. (*)	BRASIL	Operation of electricity transmission service concessions	90.00%	80.00%
	Ventos da Lagoa, S.A. (*)	BRAZIL	Operation of power plants	90.00%	80.00%
	Ventos do Litoral Energia, S.A. (*)	BRAZIL	Operation of power plants	90.00%	80.00%
	Ventos do Sul, S.A. (*)	BRAZIL	Operation of power plants	80.00%	80.00%
	Ventos Dos Indios Energia, S.A. (*)	BRAZIL	Operation of power plants	90.00%	80.00%
Equity method (Note 12)					
ELECNOR, S.A.					
	Celeo Concesiones e Inversiones, S.L.U.	SPAIN	Management and administration of companies	51.00%	51.00%
	GASODUCTO DE MORELOS, S.A.P.I. (Sdad Anónima Promotora de Inversión) DE C.V.	MEXICO	Operation and maintenance of the Morelos gas pipeline	0.00%	50.00%
	Morelos Epc S.A.P.I. de Cv	MEXICO	Construction, engineering and supply of the Morelos gas pipeline	50.00%	50.00%
	Morelos O&M, Sapi, Cv	MEXICO	Maintenance of the Morelos gas pipeline	0.00%	50.00%
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.					
	Cosemel ingeniería, AIE	SPAIN	Development, construction and operation of installations and electrifications of high-speed railway lines	33.33%	33.33%
CELEO CONCESIONES E INVERSIONES, S.L.U.					
	Celeo Apolo FV, S.L. (*)	SPAIN	Development	51.00%	51.00%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Equity method (Note 12)					
	Celeo Desarrollo Termosolar, S.L. (*)(****)	SPAIN	Development, construction and operation of solar PV facilities	51.00%	-
	Celeo Energía, S.L. (*)	SPAIN	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%	51.00%
	Celeo Redes, S.L.U. (*)	SPAIN	Management and administration of companies	51.00%	51.00%
	Celeo Termosolar, S.L. (*)	SPAIN	Construction and subsequent operation of solar thermal plants	51.00%	51.00%
	Helios Inversión Y Promoción Solar, S.L.U. (*)	SPAIN	Development, construction and operation of solar PV farms	51.00%	51.00%
CELEO ENERGIA, SLU					
	Alwa II SpA (*)	CHILE	Development, construction and operation of electrical facilities	51.00%	51.00%
	Celeo Energia Brasil, LTDA (*)	BRAZIL	Development, construction and operation of all types of energy and services, utilities, waste treatment, etc.	51.00%	51.00%
CELEO REDES BRASIL, S.A.					
	Brilhante Transmissora de Energia , S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
	Caiua Transmissora de Energia, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	26.01%	26.01%
	Cantareira Transmissora de Energía, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	26.01%	26.01%
	Celeo Barreiras FV I, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV II, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV III, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV IV, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV IX, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV V, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV VI, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV VII, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV VIII, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Barreiras FV X, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo Redes Expansoes, S.A. (*)	BRAZIL	Holdings in other national or foreign entities and in consortia	25.50%	25.50%
	Celeo Redes Transmissao de Energia, S.A. (*)	BRAZIL	Holdings in other national or foreign entities and in consortia	51.00%	51.00%
	Celeo Redes Transmissao e Renovaveis, S.A. (*)	BRAZIL	Marketing of solar-generated electricity and maintenance of transmission grids	51.00%	51.00%
	Coqueiros Transmissorade Energía, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
	Encruzo Novo Transmissora de Energia, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
	Integraçao Maranhense Tranmissora de Energia, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	26.01%	26.01%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Equity method (Note 12)					
	Estreito Transmissora de Energía, S.A. (*)	BRAZIL	Development, construction and operation of electrical facilities	51.00%	51.00%
	Linha de Transmissao Corumba, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
	Pedras Transmissora de Energía, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
CELEO REDES CHILE EXPANSION, SPA					
	Alfa Transmisora de Energía, S.A. (*) (**)	CHILE	Development, construction and operation of electrical facilities	10.20%	10.20%
	Transquillota Electrica de Quillota Limitada (*) (**)	CHILE	Development, construction and operation of electrical facilities	10.20%	10.20%
CELEO REDES CHILE LTDA					
	Celeo Obras de Ampliación SpA(*)	CHILE	Development, construction and operation of electrical facilities	51.00%	51.00%
	Celeo Redes Operación Chile, S.A. (*)	CHILE	Operation of power plants	51.00%	51.00%
	CRC Transmisión, SpA (*)	CHILE	Operation of power plants	25.50%	25.50%
	Goyo Transmisora de Energía, S.A. (*)	CHILE	Development, construction and operation of electrical facilities	51.00%	-
	Reactiva Transmisora de Energía, S.A. (*)	CHILE	Development, construction and operation of electrical facilities	-	51.00%
	Ruil Transmisora de Energía, S.A. (*)	CHILE	Development, construction and operation of electrical facilities	-	51.00%
	Nirivilo Transmisora de Energía, S.A. (*)	CHILE	Development, construction and operation of electrical facilities	51.00%	51.00%
CELEO REDES EXPANSOES, S.A.					
	Cachoeira Paulista Transmissora de Energía, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	25.50%	25.50%
	Jaurú Transmissora de Energía, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	34.00%	34.00%
	Parintins Amazonas Transmissora de Energia, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	25.50%	25.50%
CELEO REDES OPERACIÓN CHILE, S.A.					
	Alto Jahuel Transmisora de Energía, S.A.	CHILE	Development, construction and operation of electrical facilities	51.00%	51.00%
	Charrua Transmisora De Energia,S.A.	CHILE	Assembly, installation, operation of the new 2 x 500 Charrúa – Ancoa line	51.00%	51.00%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Equity method (Note 12)					
CELEO REDES T. DE ENERGIA, S.A.					
	Lt Triangulo, S.A (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
	Vila do Conde Transmissora de Energia, S.A. (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
CELEO REDES T. E RENOVAVEIS, S.A.					
	Celeo Sao Joao do Piaui FV I, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo São João Do Piaui FV II, S.A (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo São João Do Piaui FV III, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo São João Do Piauí FV IV, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo São João Do Piauí FV V, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Celeo São João Do Piauí FV VI, S.A. (*)	BRAZIL	Generation and sale of solar power	51.00%	51.00%
	Serra de Ibiapa Transmissora de Energia, S.A. - SITE (*)	BRAZIL	Operation of public service concessions for electricity transmission	51.00%	51.00%
CELEO REDES, S.L.U.					
	Celeo Redes Brasil, S.A. (*)	BRAZIL	Development, construction and operation of electrical facilities	51.00%	51.00%
	Celeo Redes Chile Expansión, SpA (*)	CHILE	A broad range of activities	51.00%	51.00%
	Celeo Redes Chile, Ltda. (*)	CHILE	Operation of power plants	51.00%	51.00%
	Celeo Redes Perú, S.A.C (*)	PERU	Development, construction and operation of electrical facilities	51.00%	51.00%
	Puerto Maldonado Transmisora de Energía, S.A.C (*)	PERU	Development, construction and operation of electrical facilities	51.00%	51.00%
CELEO TERMOSOLAR					
	Aries Solar Termoelectrica, S.L. (*)	SPAIN	Development, construction and operation of thermosolar plants	51.00%	51.00%
	Dioxipe Solar, S.L. (*)	SPAIN	Development, construction and operation of thermosolar plants	49.76%	49.76%
	Solar Renewables Spain, S.A R.L. (*)	LUXEMBOURG	Development, construction and operation of thermosolar plants	51.00%	51.00%
CRC TRANSMISION, SPA					
	Casablanca Transmisora de Energía, S.A. (*)	CHILE	Development, construction and operation of electrical facilities	25.50%	25.50%
	Diego de Almagro Transmisora de Energía, S.A. (*)	CHILE	Development, construction and operation of electrical facilities	25.50%	25.50%
	Mataquito Transmisora de Energía,S.A. (*)	CHILE	Development, construction and operation of electrical facilities	25.50%	25.50%

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Appendix I: Company information

Parent	Company	Registered office	Activity	% direct or indirect ownership 31/12/2023	% direct or indirect ownership 31/12/2022
Equity method (Note 12)					
ENERFÍN ENERVENTO EXTERIOR, S.L.U.	Woolsthorpe Holding Trust (*)	AUSTRALIA	Management and administration of companies	50.00%	50.00%
HELIOS INVERSION	Celeo Fotovoltaico,S.L.U. (*)	SPAIN	Development, construction and operation of solar PV farms	51.00%	51.00%
RENOVABLES DEL CIERZO, S.L.U.	Gestión de Evacuación La Serna, S.L. (Gelaserna) (*)	SPAIN	Wind farm development	17.93%	17.93%
WOOLSTHORPE ASSET PTY, LTD	Woolsthorpe Development PTY (*)	AUSTRALIA	Management and administration of companies	50.00%	50.00%
WOOLSTHORPE HOLDING TRUST	Woolsthorpe Asset Trust (*)	AUSTRALIA	Wind farm development	50.00%	50.00%

(*) Indirectly held companies.
(**) Additions to the perimeter.

Appendix II: List of consolidated temporary business associations (UTEs)

Thousands of Euros. 100% information provided, not taking into account removals

		Production 2023	Backlog not yet settled 2023	Production 2022	Backlog not yet settled 2022
UTE PUENTE MAYORGA (*)	50.00%	--	--	--	--
UTE ELNR-CONSTUCSA E. HIDROGENO	50.00%	--	--	--	--
UTE PARQUESUR OCIO	90.00%	--	--	--	--
UTE INSTALACIONES ELÉCTRICAS SINCROTRÓN ALBA	50.00%	--	--	--	--
UTE ROTA HIGH SCHOOL	50.00%	--	--	--	--
UTE VILLASEQUILLA - VILLACAÑAS	21.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA 07-A (*)	60.00%	--	--	--	--
CONSORCIO ELECNOR DYNATEC	100.00%	--	--	2,324	--
UTE ZONA P-2	50.00%	--	--	--	--
UTE SUBESTACIÓN JUNCARIL	50.00%	--	--	--	--
UTE CASA DE LAS ARTES	50.00%	--	--	--	--
UTE CENTRO DE PROSPECTIVA RURAL	20.00%	7	--	--	--
UTE CENTRO MAYORES BAENA	20.00%	--	--	--	--
UTE TERMINAL DE CARGA	50.00%	--	--	--	--
UTE LED MOLLET	70.00%	--	--	--	--
UTE GALINDO	100.00%	--	--	--	--
UTE EXPLOTACIÓN ZONA P2	50.00%	--	--	--	--
UTE AS SOMOZAS	50.00%	--	--	--	--
UTE JARDINES MOGAN	50.00%	--	--	--	--
UTE ELECNOR ONDOAN SERVICIOS	50.00%	1296	1000	1,306	--
UTE PATRIMONIO SEGURIDAD	33.33%	--	--	--	--
UTE PLAZAS COMERCIALES T4	50.00%	--	--	--	--
UTE TRANVIA OUARGLA	49.50%	--	--	--	--
UTE ENERGÍA GALICIA	20.00%	--	--	--	--
UTE AEROPUERTO DE PALMA	45.00%	--	--	--	--
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	100.00%	7675	--	(516)	--
UTE ENERGÍA GRANADA	33.34%	--	--	33	--
UTE MOBILIARIO HUCA	50.00%	--	--	--	--
UTE ANILLO GALINDO	25.00%	--	--	--	--
CONSORCIO NUEVA POLICLÍNICA DE CHITRE	100.00%	--	--	--	--
CONSORCIO NUEVA POLICLÍNICA DE CHEPO	100.00%	607	--	159	--
UTE CAMPO DE VUELO TF NORTE (*)	70.00%	--	--	--	--
UTE VOPI4-ELNR CA L'ALIER	50.00%	55	205	50	260
UTE MANTENIMIENTO AVE ENERGÍA	12.37%	19509	13563	20,184	33,747
UTE ASEGOP IBIZA	32.50%	--	--	(4)	21
UTE ELECNOR BUTEC BELLARA	60.00%	--	--	17,308	--
UTE EDARES SEGOVIA (*)	40.00%	--	--	--	--
UTE SICA	50.00%	--	--	--	--
UTE MANTENIMIENTO AEROPUERTO DE PALMA	50.00%	--	--	--	--
UTE CUETO DEL MORO	25.00%	--	--	--	--
UTE ELECNOR ALGHANIM	60.00%	68	--	700	812
UTE MANTENIMIENTO VALEBU (*)	50.00%	--	--	--	--
UTE EMBARQUE DESEMBARQUE T4	50.00%	--	--	--	--

Continued on next page

Appendix II: List of consolidated temporary business associations (UTEs)

Thousands of Euros

		Production 2023	Backlog not yet settled 2023	Production 2022	Backlog not yet settled 2022
UTE CONTAR	95.00%	49	--	173	--
UTE INST. RECERCA SANT PAU	50.00%	--	--	141	--
UTE INST. MERCAT DE SANT ANTONI	60.00%	--	--	66	--
UTE TUNELES ABDALAJIS	100.00%	172	--	2	--
UTE TORRENTE - XATIVA	50.00%	--	--	--	--
UTE EMPALME II	50.00%	12	--	(674)	--
UTE AEROPUERTO TERUEL	50.00%	--	--	--	--
UTE NAVE SESTAO	50.00%	--	--	--	--
UTE ENERGÍA GALICIA MANTENIMIENTO	20.00%	2550	20604	2,433	23,154
URBANIZADORA RIODEL	50.00%	0	--	10	--
ELECNOR TARGET LLC, JV (QURAYAT)	60.00%	17512	1124	52,274	19,194
UTE TERMINAL E	50.00%	--	--	--	--
UTE HERNANI-IRUN	50.00%	4	--	--	--
UTE CARPIO Y POLLOS	50.00%	128	--	126	--
UTE CAMPO DE VUELOS ASTURIAS	70.00%	33	287	0	319
UTE BIOMASA HUERTA DEL REY	50.00%	--	--	--	--
UTE MOPAEL	80.00%	--	--	4,139	3,000
UTE OFICINAS GENCAT	60.00%	--	--	--	--
UTE UYUNI-YUNCHARA	49.00%	--	--	--	--
UTE MANTENIMIENTO SIGMA AENA	50.00%	0	--	135	--
UTE EQUIPAMIENTO AGENTE ÚNICO	100.00%	180	495	156	683
UTE EQUIPAMIENTO DE CCTV	30.00%	--	--	--	--
UTE UCA	50.00%	88	--	68	34
UTE SIPA AENA	50.00%	30	--	326	--
JV ELECNOR AL OWN	70.00%	--	--	--	--
UTE BILBOPORTUA	50.00%	238	--	443	--
UTE BIZKAIKO ARGIAK	23.00%	--	--	--	--
ELECNOR AND RAY, J.V.	60.00%	--	--	--	--
UTE MANTENIMIENTO LOTE 1	50.00%	--	--	--	--
UTE ELECNOR - EIFFAGE	50.00%	2051	--	--	--
UTE TIL TIL	50.00%	--	--	--	--
UTE EDAR LAGUNA DE NEGRILLOS	80.00%	--	--	--	--
UTE PORTUKO ARGIAK	23.00%	35	180	47	215
UTE URBANITZACIÓ MERCAT DE SANT ANTONI	60.00%	--	--	--	--
UTE ING PUY DU FOU (*)	50.00%	--	--	--	--
UTE SICA 2018-2021	100.00%	0	--	42	--
UTE ELECTRIFICACIÓN VILAFRANCA	90.00%	956	637	11	--
UTE TREBALLS PREVIS 1 CAMP NOU	22.50%	0	--	177	--
UTE CLINICA EUGIN BALMES (*)	50.00%	0	--	20	--
UTE SALAS VIP AEROP BCN	50.00%	--	--	--	--
JV TAFILAH	70.00%	--	--	--	--
UTE ACCESOS BANCO DE ESPAÑA	50.00%	--	--	--	--
VARIANTE PAJARES UTE	20.00%	--	--	--	--

Continued on next page

Appendix II: List of consolidated temporary business associations (UTEs)

Thousands of Euros

		Production 2023	Backlog not yet settled 2023	Production 2022	Backlog not yet settled 2022
CONSORCIO CHIELEC DOMINICANA	100.00%	--	--	--	--
UTE CASETAS AEROPUERTO DE MÁLAGA (*)	77.00%	--	--	--	--
UTE AMPLIACIÓN TRANVÍA VITORIA	50.00%	--	--	--	--
ELECNOR - EIFFAGE JV	50.00%	763	395	236	--
UTE MANTENIMIENTO AEROPUERTO DE PALMA II	50.00%	1121	52	2,182	--
UTE MONTETORRERO	25.00%	--	--	191	--
UTE MONLORA	30.00%	--	--	--	--
UTE MONCAYO	10.00%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA CONAKRY	50.00%	504	--	11,825	--
UTE ALSTOM RENOVABLES-ELECNOR II	25.64%	--	--	--	--
SEP ELECNOR-EIFFAGE GUINEA BISSAU	50.00%	975	2104	1,106	---
UTE PEDRALBA-OURENSE	50.00%	1763	1163	3,048	--
UTE EDIFICI LA PEDROSA	50.00%	--	--	379	--
UTE BOMBEOS BAKIO-GANDIAS	50.00%	--	--	--	70
UTE ELECTRIFICACIÓN RECOLETOS	50.00%	--	--	--	370
UTE PRESA DE L'ALBAGÉS	50.00%	--	--	--	--
UTE LIMPIEZA AEROPUERTO DE PALMA	50.00%	382	118	365	--
UTE SICA 2020-2022	100.00%	109	--	283	--
UTE SEG ESTACIONES MADRID	50.00%	--	--	105	--
UTE NOVA ESCOLA BRESSOL	50.00%	70	--	238	35
UTE MANT MERCAT DE SANT ANTONI	60.00%	271	29	226	--
UTE LINEA 4	20.00%	--	--	--	--
UTE INSTAL. TUNEL GLORIES	40.00%	1,798	40	3,143	--
UTE EDAR ARRIANDI	50.00%	191	--	128	--
UTE SIPA 2020-2022	50.00%	1,716	560	1,157	--
UTE UCA 2020-2022	50.00%	91	6	13	--
UTE REGADIO VALORIA FASE I	50.00%	--	23	--	--
UTE PALMEROLA	56.68%	(111)	--	8,557	73
UTE GALILEO	100.00%	--	--	--	--
UTE COMEDOR BANCO DE ESPAÑA	100.00%	--	--	--	--
UTE M.I. MUNDAKA GERNIKA (*)	51.00%	0	--	69	--
UTE LA ESCOCESA	25.00%	2,481	140	23,779	--
UTE SEGURETAT L'AMPOLLA	50.00%	--	--	--	--
UTE MANTENIMIENTO NORESTE	50.00%	10,519	18,999	9,598	29,518
UTE MANTENIMIENTO CENTRO	50.00%	5,537	13,628	5,200	19,166
UTE OBSOLESCENCIA SISTEMES L9	50.00%	581	38	1,153	262
UTE LOMA DE LOS PINOS	55.63%	1,355	--	4,642	--
UTE CATENARIA ATXURI-BOLUETA	50.00%	--	--	30	--
UTE CIERRE EL MUSEL	100.00%	--	--	(19)	--
UTE SEGURIDAD FONTSANTA ITAM	100.00%	209	26	1,052	235
UTE LA COMETA I AND II	5.00%	--	--	599	--
UTE EL FRESNO	50.00%	324	10	2,015	--
UTE EDAR ARRIANDI	50.00%	145	130	170	275

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Appendix II: List of consolidated temporary business associations (UTEs)

Thousands of Euros

		Production 2023	Backlog not yet settled 2023	Production 2022	Backlog not yet settled 2022
UTE MÁLAGA MANTENIMIENTO SICA	50.00%	--	--	--	--
UTE BRINKOLA SAN SEBASTIÁN	50.00%	0	--	199	--
UTE SEGRISOL	50.00%	107	165	347	272
UTE SOLANS	8.00%	218	--	4,223	660
UTE ZÁRATE	33.34%	5,627	25,689	2,997	--
UTE AMPLIACIÓN EDAR XERESA (*)	20.00%	--	--	84	--
UTE ILLA FARGI 22@	25.00%	38,154	526	20,392	34,608
AGRUPACIÓN SABANITAS	100.00%	34,646	26,938	14,618	65,973
UTE EDAR TRASPINEDO	50.00%	1,479	291	27	1,769
UTE CAMBRE	50.00%	220	465	750	685
UTE MICROINFORMÁTICA	50.00%	18	5,232	--	5,250
UTE MONITORES TWR MAD	50.00%	134	--	--	134
UTE RENOVACIÓN CATENARIA LOTE 3	50.00%	2,205	1,139	546	3,344
UTE RENOVACIÓN CATENARIA LOTE 1	50.00%	1,670	1,188	477	2,858
UTE MTO SCADA AENA	50.00%	30	--	78	30
UTE BOMBEO GALDAMES	40.00%	294	134	--	428
UTE REFORMA EDIFICI DIAGONAL 471	50.00%	25,243	4,573	1,552	29,816
UTE CENTRE PENITENCIARI Z.F.	50.00%	321	9,920	--	10,241
UTE EDAR ALCARAZ Y SAN PEDRO	70.00%	104	3,684	23	3,788
UTE ENERGÍA LÍNEA 9	20.00%	318	--	2,287	--
S.E.I. UTE (ELECNOR,S.A.-TERRES)	50.00%	--	--	--	--
UTE REMOLAR	47.02%	--	--	--	--
UTE ELECNOR GONZÁLEZ SOTO	50.00%	-60	--	99	--
UTE VILLAGONZALO, Z - 3	35.00%	--	--	--	--
UTE TARAGUILLA	25.00%	--	--	--	--
ACCIONA INFRAESTRUCTURAS - ELECNOR HOSPITAL DAVID, S.A.	25.00%	14,351	--	--	--
DUNOR ENERGÍA, S.A.P.I. DE C.V.	50.00%	--	--	--	--
PROYECTOS ELÉCTRICOS AGUA PRIETA, S.A.P.I. DE C.V.	50.00%	--	--	--	--
WAYRA	50.00%	31,388	36,634	25,945	33,320
PROYECTOS ELÉCTRICOS AQUAPRIETA, S.A.P.I. DE C.V. (*)	50.00%	--	--	--	--
UTE ALIMENTACIÓN L-6 MM	50.00%	--	2,156	--	--
UTE SAN BLAS-CANILLEJAS	60.00%	121	--	--	--
UTE UCA 2023-2026	50.00%	--	--	--	--
UTE SICA 2022-2024	50.00%	--	--	--	--
UTE SIPA 2023-2026	50.00%	--	--	--	---
UTE FV CENTELLES	50.00%	915	247	--	--
UTE EDARS ALCOSOL	100.00%	1,851	--	--	--
UTE EXPLOTACIÓN PRESAS ACUAES	50.00%	1,764	3,540	--	--
UTE CÓRDOBA NORTE III	100.00%	1,063	306	--	--
UTE SET ATALAYA	50.00%	--	9,106	--	--
UTE NUEVOS CARGADORES PMI	50.00%	145	901	--	--
UTE MANTENIMIENTO PMI	50.00%	1,126	3,472	--	--
UTE EDIFICI ESTEL	35.00%	10,602	21,559	--	--

Continued on next page

Appendix II: List of consolidated temporary business associations (UTEs)

Thousands of Euros

		Production 2023	Backlog not yet settled 2023	Production 2022	Backlog not yet settled 2022
UTE EDAR BAIX LLOBREGAT	50.00%	521	1,472	--	--
ADAP SCADAS AENA A NTS	32.00%	2	18,899	--	--
UTE CCVC	33.33%	--	--	--	--
UTE ELEC.ESTACIONES BARCELONA	40.00%	528	1,189	--	--
UTE CAIXARESEARCH	50.00%	1,153	59,839	--	--
UTE PUENTE ALAMILLO	50.00%	--	845	--	--
UTE AMER-ELECNOR LIMPIEZA PMI	50.00%	49	723	--	--
UTE MONTELLANO	80.00%	38	1,796	--	--
UTE SANTOS DE LA PIEDRA	51.51%	--	14,301	--	--
UTE BARCIAL PRADILLO Y ORGAS	60.00%	550	844	--	--
UTE TUNELES SECTOR 3	34.00%	--	34,158	--	--
UTE BOXES CIRCUIT	60.00%	--	2,523	--	--
UTE EASO	24.01%	--	13,835	--	--
UTE TELEMANDO CANTABRIA	50.00%	1	11,542	--	--
UTE CATENARIA MURCIA LORCA	33.33%	1	31,818	--	--
UTE FLIX	50.00%	--	984	--	--
UTE BOVERA	50.00%	--	173	--	--
UTE BELLAGUARDA	50.00%	--	398	--	--
UTE COGENERACIÓN EDAR COSTA DEL SOL	75.00%	--	5,028	--	--
UTE AUCOSTA CONSERVACION UTE	50.00%	--	--	--	--
UTE PARQUE PATERNA	50.00%	--	--	--	--
UTE HUELVA SURESTE II	50.00%	--	--	--	--
UTE MANZANARES II	50.00%	2,770	1,667	2,827	4,132
UTE PONTENORTE	50.00%	1,093	544	566	726
UTE TALAVERA	50.00%	2,520	929	2,374	3,398
UTE SMA OLVEGA	60.00%	1,009	14,103	992	1,840
UTE GUADIX-BAZA	51.00%	46	--	537	60
UTE PET-TAC ARRIXACA	20.00%	618	--	--	--
UTE CENTRO DR QUESADA	20.00%	732	--	--	--
UTE SEVILLA A66	50.00%	2,082	1,193	1,712	2,054
UTE SAN CIPRIANO	70.00%	3,318	1,722	3,258	2,521
UTE MAQUEDA II	50.00%	2,785	1,808	2,739	2,000
UTE CIRCUNVALACIÓN LUCENTUM	50.00%	1,634	697	1,400	344
UTE AUDECA CIVISGLOBAL SECTOR O-03	70.00%	3,014	196	2,845	3,167
UTE MADRID SURESTE	67.00%	2,712	230	2,360	1,839
UTE SANTA ELENA	60.00%	2,483	2,549	2,641	1,041
UTE PONTENORTE II	50.00%	687	330	591	372
UTE LA CAMPANETA	50.00%	--	--	--	--
UTE RESIDUOS PUERTO ALICANTE	50.00%	353	253	428	606
UTE PONTESUR II	50.00%	2,146	4,028	2,469	6,174
UTE RSU ALMAZÁN	60.00%	376	2,869	343	3,245
UTE POSTRASVASE MD	50.00%	110	--	453	59
UTE LEÓN ESTE	70.00%	1,851	4,343	801	6,194

Continued on next page

Appendix II: List of consolidated temporary business associations (UTEs)

Thousands of Euros

		Production 2023	Backlog not yet settled 2023	Production 2022	Backlog not yet settled 2022
UTE PORTOS GALICIA	70.00%	2,026	740	74	2,766
UTE SEGURIDAD VIAL DIP C	50.00%	520	700	--	--
UTE LOTE 2 CANAL PISUERGA	50.00%	433	3,559	--	--
UTE ESTRUCTURAS MADRID 1	30.00%	1,836	500	--	--
UTE DICIDO	50.00%	141	914	--	--
UTE ESTACIONS ABRERA-IGUALADA	60.00%	--	--	6	--
UTE SEG,ESTACIONES MADRID	50.00%	--	--	105	--
UTE EQUIPAMIENTO CCTV	70.00%	--	--	--	--
UTE EST. MOLÍ NOU -QUATRE CAMINS	85.00%	--	--	3	--
UTE PATRIMONIO SEGURIDAD	33.00%	--	--	--	--
UTE SEGUR L'AMPOTLLA	50.00%	--	--	47	--
UTE MÁLAGA MTO SICA	50.00%	--	--	122	--
UTE AGENTE ÚNICO INETUM	50.00%	2,535	--	708	--
UTE PRESONS	65.00%	--	--	--	--
UTE BINACED	50.00%	--	--	--	--
UTE ALBERO BAJO	50.00%	1,271	--	3,311	--
UTE CERTEST	50.00%	4,615	--	12,095	4,290
UTE MEDIALABS	55.00%	--	--	--	--
UTE NAVENTO DEIMOS, FILE 2017-02371	27.46%	--	--	112	--
UTE DEIMOS-INETUM (SIVE) (NAMED BEFORE AS UTE DEIMOS-IECISA)	50.00%	--	--	2,072	--
DEIMOS-INETUM (RENFE)	50.00%	3,565	--	1,529	--
DEIMOS-INETUM (SIVE CANARIAS)	50.00%	147	--	1,725	--
UTE INETUM-DEIMOS - SANT ANDREU BCN	50.00%	--	--	229	--
UTE INETUM- DEIMOS CRONOMETRÍA RENFE_ EXPTE 2021- 00688	50.00%	1,047	--	--	--
UTE INETUM-DEIMOS CARTELERIA	50.00%	1,587	--	--	--
UTE DEIMOS-DOMOBILITY	80.00%	--	--	--	--
UTE DEIMOS-AXPE	55.00%	--	--	--	--

(*) UTEs (temporary business associations) settled in 2023.

Appendix III: Elecnor, S.A. and Subsidiaries

Condensed financial information of equity-accounted companies
31 December 2023 (Expressed in thousands of Euros)

	Subgroup Celeo Concesiones
Balance sheet information	
Non-current assets	3,027,536
Non-current liabilities	1,752,718
Non-current financial liabilities	1,379,074
Total non-current net assets	**1,274,818**
Current assets	267,704
Cash and cash equivalents	161,455
Current liabilities	240,271
Current financial liabilities	160,227
Total current net assets	**27,433**
Non-controlling interests	**127,857**
Net assets	**1,174,394**
Percentage ownership	0.51
Share of net assets	598,941
Carrying amount of the investment (*)	598,878
Information from the income statement	
Revenue	291,880
Depreciation and amortisation	-61,265
Interest income	20,262
Interest expense	-83,259
Income tax expense/(income)	-29,443
Profit/loss from continuing operations	32,391
Profit/loss for the year	32,391
Other comprehensive income (**)	-11,821
Total comprehensive income	**20,570**
Dividends received	-

(*) The carrying amount is the value of the company in the consolidated group (equity-accounted value).
(**) Other comprehensive income is the change in equity of derivatives and translation difference (and subsidies, where applicable).

Appendix III: Elecnor, S.A. and Subsidiaries

Condensed financial information of equity-accounted companies 31 December 2022 (Expressed in thousands of Euros)

	Gasoducto de Morelos, S.A. Promotora de Inversión de C.V.	Subgroup Celeo Concesiones
Balance sheet information		
Non-current assets	250,308	2,983,425
Non-current liabilities	182,609	1,578,724
Non-current financial liabilities	112,516	1,329,270
Total non-current net assets	**67,699**	**1,404,701**
Current assets	23,137	256,895
Cash and cash equivalents	19,885	168,366
Current liabilities	11,976	390,378
Current financial liabilities	394	159,922
Total current net assets	**11,161**	**-133,483**
Non-controlling interests		**121,522**
Net assets	**78,860**	**1,149,696**
Percentage ownership	50 %	51 %
Share of net assets	39,430	586,345
Carrying amount of the investment (*)	39,430	586,160
Information from the income statement		
Revenue	40,874	306,575
Depreciation and amortisation	-13,057	-61,461
Interest income	90	15,597
Interest expense	-8,499	-86,805
Income tax expense/(income)	-4,760	-51,391
Profit/loss from continuing operations	11,107	33,815
Profit/loss for the year	11,107	33,815
Other comprehensive income (**)	11,181	119,234
Total comprehensive income	**22,288**	**153,049**
Dividends received	-	-

(*) The carrying amount is the value of the company in the consolidated group (equity-accounted value).
(**) Other comprehensive income is the change in equity of derivatives and translation difference (and subsidies, where applicable).

Appendix IV: Tax Information

Tax loss carryforwards (reported in thousands of Euros)

	Jurisdiction	Expressed in thousands of Euros
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.- NIEDERLASSUNG DEUTSCHLAND	Germany	261
ELECNOR, S.A.	Algeria	469
ELECNOR AUSTRALIA PTY, LTD.	Australia	91,444
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	Belgium	196
ELECNOR CAMEROUN SOCIETE ANONYME	Cameroon	2,878
TIL TIL CONSORCIO, SpA	Chile	2,854
XUENERGY FV, S.A.S	Colombia	13
ELECNOR SERVICIOS Y PROYECTOS, S.A.U SUCCURSALE DE COTE D'IVOIRE	Ivory Coast	1,642
ELECNOR COTE D'IVOIRE SOCIETE ANONYME	Ivory Coast	420
ELECTRIFICACIONES DEL ECUADOR, S.A. (ELECDOR)	Ecuador	119
WAYRAENERGY, S.A.	Ecuador	4,729
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	Spain	25,822
DEIMOS ENGINEERING AND SYSTEMS, S.L.U.	Spain	2,471
PARQUE EÓLICO MONTAÑÉS, S.L.U.	Spain	198
ELECRED SERVICIOS, S.A.U.	Spain	1
APLICACIONES TÉCNICAS DE LA ENERGÍA, S.L.U.	Spain	9,228
HIDROAMBIENTE, S.A.U.	Spain	401
ELECNOR, INC.	United States	626
ELECNOR PHILIPPINES CORPORATION	Philippines	236
ELECNOR SERVICIOS Y PROYECTOS, S.A.U. SUCCURSALE GUINEE	Guinea	352
GROUPEMENT INTERNATIONAL SANTÉ POUR HAITI	Haiti	6,606
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	Jordan	2,035
ELECNOR, S.A. SUCCURSALE	Morocco	220
GUERCIF SOLAR FARM, SARLAU	Morocco	16
DUNOR ENERGÍA, S.A.P.I. de C.V.	Mexico	12,563
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	Mozambique	3,535
CENTRAL SOLAR DE MUANTUAIA, S.A.	Mozambique	401
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	Norway	2,704
ELECNOR, S.A. OMAN BRANCH	Oman	4,712
ELECNOR INFRASTRUCTURE SPC	Oman	185
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	Panama	91
ELECNOR PERÚ, S.A.C.	Peru	6,157
ELECNOR SERVICIOS Y PROYECTOS, S.A.U. - SUCURSAL EM PORTUGAL	Portugal	6,324
ELECNOR SENEGAL, SASU	Senegal	139
ELECNOR, PLC	Zambia	289
KAFIRONDA SOLAR ENERGY LIMITED	Zambia	62
		190,399

Appendix IV: Tax Information

Deductions (thousands of Euros)

	Jurisdiction	IT	R&D	Donations
DEIMOS SPACE, S.L.	Spain	141	1,932	-
APLICACIONES TÉCNICAS DE LA ENERGÍA, S.L.U.	Spain	97	221	-
HIDROAMBIENTE, S.A.U.	Spain	-	119	73
DEIMOS SPACE UK, LTD.	United Kingdom	-	57	-
		237	2,329	73

Temporary differences in branches (reported in thousands of Euros)

	Jurisdiction	Provisions	Prospetto Manutenzioni	Exchange rate differences	Depreciation and amortisation
ELECNOR SERVICIOS Y PROYECTOS, S.A.U. - SUCURSAL EM ANGOLA	ANGOLA	1,164	-	(4,393)	-
ELECNOR, S.A.	ALGERIA	145	-	(15,351)	-
ELECNOR, S.A. - SUCCURSALE CAMEROUN	CAMEROON	126	-	-	526
ELECNOR SERVICIOS Y PROYECTOS, S.A.U SUCURSAL COLOMBIANA	COLOMBIA	603	-	(28)	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U SUCCURSALE DE COTE D'IVOIRE	IVORY COAST	1,639	-	-	17
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	GHANA	-	-	(1,205)	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	HONDURAS	1,239	-	-	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	ITALY	-	498	-	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	JORDAN	149	-	-	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	MOZAMBIQUE	-	-	274	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	NORWAY	3	-	-	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	PANAMA	4	-	-	-
ELECNOR SERVICIOS Y PROYECTOS, S.A.U.	DOMINICAN REPUBLIC	169	-	-	-
ELECNOR, S.A. - ELECNOR, PLC	ZAMBIA	-	-	(42)	(36)
		8,171	498	(20,746)	507

Appendix IV: Tax Information

Temporary differences in domestic subsidiaries (reported in thousands of Euros)

	Elecnor, S.A.	Elecnor Servicios y Proyectos S.A.U	Deimos Space, S.L.	Deimos Engineering and Systems S.L.U.	Area 3 Equipamiento Diseño e Interiorismo S.L.U.	Audeca, S.L.U.
Credit to be offset DA 19°	17,383	-	-	-	-	-
Foreign income exemption (art. 22 Corporation Income Tax Law)	5,551	71,471	395	-	-	-
Economic Interest Group (Chap. II of Title VII Corporation Income Tax Law)	-	(135)	-	-	-	-
Deduction of 30% of accounting depreciation costs (excluding small companies) (art. 7 Law 16/2012)	-	23	-	10	-	-
Impairment losses under art. 13.1 Corporation Income Tax Law not affected by art. 11.12 or DT 33ª.1 Corporation Income Tax Law	5,484	3,169	-	-	-	-
Impairment losses on IM, investment property and II, including goodwill (art. 13.2 a) and DT 15 Corporation Income Tax Law	22,893	1,458	-	478	-	-
Other provisions not deductible for tax purposes (art. 14 Corporation Income Tax Law) not affected by art. 11.12 Corporation Income Tax Law	2,235	13,079	292	284	-	278
Accelerated amortisation	-	(65)	-	-	-	-
Other provisions not deductible for tax purposes (art. 14.1 Corporation Income Tax Law)	34,414	33,205	-	-	-	-
Finance lease: special regime (art. 106 Corporation Income Tax Law)	-	-	-	-	-	(1,944)
Adjustments for impairment losses on shares in capital or equity (art. 13.2 b Corporation Income Tax Law)	-	1,768	-	-	-	-
Impairment losses on shares in capital or equity (art. 15 k Corporation Income Tax Law)	-	-	50	-	-	-
Differences between accounting and tax depreciation (art. 12.1 Corporation Income Tax Law)	-	-	-	-	-	11
Amortisation of intangible assets and goodwill (art. 12.2 Corporation Income Tax Law) and amortisation of DT 13ª.1 Corporation Income Tax Law	-	-	-	-	-	-
Elimination by consolidation	-	-	(14)	(74)	(62)	-

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Appendix IV: Tax Information

Temporary differences in domestic subsidiaries (reported in thousands of Euros)

	Parque Eolico Montañés, S.L.U	Jomar Seguridad S.L.U	Ehisa Construcciones y Obras, S.A.U	Elecnor Seguridad S.L.U	Aplicaciones Técnicas de la Energía, S.L.U	Total
Credit to be offset DA 19°	-	-	-	-	-	17,383
Foreign income exemption (art. 22 Corporation Income Tax Law)	-	-	-	-	640	78,056
Economic Interest Group (Chap. II of Title VII Corporation Income Tax Law)	-	-	-	-	-	(135)
Deduction of 30% of accounting depreciation costs (excluding small companies) (art. 7 Law 16/2012)	-	-	2	-	37	72
Impairment losses under art. 13.1 Corporation Income Tax Law not affected by art. 11.12 or DT 33ª.1 Corporation Income Tax Law	-	-	-	-	-	8,653
Impairment losses on IM, investment property and II, including goodwill (art. 13.2 a) and DT 15 Corporation Income Tax Law	-	-	-	-	4,279	29,108
Other provisions not deductible for tax purposes (art. 14 Corporation Income Tax Law) not affected by art. 11.12 Corporation Income Tax Law	383	75	160	374	544	17,704
Accelerated amortisation	-	-	-	-	-	(65)
Other provisions not deductible for tax purposes (art. 14.1 Corporation Income Tax Law)	-	-	-	-	-	67,619
Finance lease: special regime (art. 106 Corporation Income Tax Law)	-	-	-	-	-	(1,944)
Adjustments for impairment losses on shares in capital or equity (art. 13.2 b Corporation Income Tax Law)	-	-	-	-	-	1,768
Impairment losses on shares in capital or equity (art. 15 k Corporation Income Tax Law)	-	-	-	-	-	50
Differences between accounting and tax depreciation (art. 12.1 Corporation Income Tax Law)	-	-	-	-	-	11
Amortisation of intangible assets and goodwill (art. 12.2 Corporation Income Tax Law) and amortisation of DT 13ª.1 Corporation Income Tax Law	-	-	-	-	1,062	1,062
Elimination by consolidation	-	-	(14)	-	-	(164)

2023 DIRECTORS' REPORT ELECNOR GROUP

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.

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.

(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).

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 result 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 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 disposal 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	Var (%)
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 company, 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 (47.2 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:

Thousands of Euros EBITDA[2]	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**

(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).

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.

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%
Total	**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 exchange rate 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 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 Energía 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 and entering 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 Enerfin 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 Company 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 project 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 (%)
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 Enerfin 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

15.1 About this report

GRI 2-1, GRI 2-2, GRI 2-5

This section of the Directors' Report is produced in compliance with the provisions of Law 11/2018, of 28 December, concerning non-financial information and diversity (preceded by Royal Decree-Law 18/2017, of 24 November).

Within this framework, information is included on the activities and the main economic, social, environmental and governance impacts of the Elecnor Group, and any aspects considered relevant for the company's main stakeholders in 2023. As shown in Appendix II, "Contents index of Law 11/2018 of 28 December, on non-financial information and diversity", the compliance options of the international standards of the Global Reporting Initiative (GRI) have been followed in the drafting process and the requirements identified as material for the business have been taken into consideration.

The scope of the information reported in this report is the entire Elecnor Group (Elecnor, S.A. and subsidiaries), and also includes, where applicable, information on the joint venture Celeo Concesiones e Inversiones, S.L. With regard to environmental data, the scope is limited to those countries where the organisation has a permanent presence. And in relation to corporate information, it includes information on the Elecnor Group, the Elecnor Foundation and the joint venture Celeo Concesiones e Inversiones, S.L.

15.2 Progressing in our commitment to sustainability

GRI 2-23, GRI 2-24

The Elecnor Group considers it has an inherent sustainability of its activities and its business strategy, as well as its relations with stakeholders.

The Elecnor Group has various policies, approved by the highest level of the organisation, that set out and clarify its principles and values and its commitments, both to its employees and to the business environment and society in general. These policies include, besides the Code of Ethics and Conduct and the Compliance Policy, the Sustainability Policy, Integrated Management System, the Anti-Corruption Policy, the Anti-Trust Policy, the Human Rights Policy, the Local Community Relations Policy, the Equality Plan and the Tax Policy, among others. All these policies are published on the Elecnor Group's websites and on its corporate intranet "Buenos Días".

In 2023, the Elecnor Group approved the Internal System Policy on Integrity and Regulatory Compliance and the Procedure for Managing Communications received through the Group's Ethics Channel. This resulted in the updating of the Integrated Management System Policy and the Information Communication Policy, contacts and engagement with shareholders, institutional investors, asset managers, financial intermediaries, proxy advisers and other stakeholders.

In turn, the Group passes these commitments on to its operational management both through its Strategic Sustainability Plan and the various management systems it has in place, including the Corporate Social Responsibility Management System, the Compliance System and the Integrated Management System, which integrates the quality, environment, health and safety, energy management, R&D&I management, information security systems and risk management.

SUSTAINABILITY GOVERNANCE

GRI 2-13, GRI 2-14, GRI 2-16

Board of Directors

The Board of Directors of Elecnor Holding is the body with the most wide-ranging powers and faculties to manage and represent the company, and it carries out its functions with unity of purpose and independence of criteria, guided by the corporate interest, which it understands as the achievement of a profitable and sustainable business in the long term, in order to foster its continuity and the maximisation of its economic value.

Pursuant to Article 14 of the Bylaws and Article 5 of the Board of Directors' Regulations, the Board of Directors' policy is to focus its activity on the general function of laying down the strategic and management guidelines of the company and its Group, as well as on supervising their implementation, deciding on matters that are strategically relevant at Group level, entrusting the governing bodies and management functions of the companies that go to make up the Group to their management and governing bodies, while also overseeing the reconciliation of Elecnor corporate interest with the said entities.

In particular, in the field of sustainability, the Board of Directors is responsible, among other functions and responsibilities, for determining and approving the Sustainability Policy in environmental and social matters; supervising the process of drawing up and presenting the financial information and the Directors' Report, which includes the mandatory non-financial information; and drawing up the Non-Financial Information Statement for presentation to the General Shareholders' Meeting. It also approves the initiatives of the Elecnor Group's Strategic Sustainability Plan that contribute to its business strategy and long-term interests and sustainability.

Similarly, the Board supervises the effective functioning and performance of the Appointments, Remuneration and Sustainability Committee, which has taken on the duties of promoting, monitoring and assessing all actions and policies on ESG issues undertaken in the company.

Appointments, Remuneration and Sustainability Committee

The Appointments, Remuneration and Sustainability Committee, in connection with the review of corporate governance and sustainability, is responsible for:

- Assessing and periodically reviewing the corporate governance system and the company's Sustainability Policy in environmental and social matters, with a view to ensuring that they fulfil their mission of furthering the social interest and take into account the legitimate interests of stakeholders.
- Overseeing that environmental and social practices are in line with the strategy and policy set.
- Overseeing and assessing the processes of relations with the different stakeholders.

The members of the Appointments, Remuneration and Sustainability Committee are appointed with the know-how, skills and experience required for the duties they are called upon to perform. The dynamics and practices set up to strengthen the Directors' knowledge of ESG matters notably include the incorporation of a specific agenda item on sustainability issues at meetings of the Board of Directors, the Executive Committee and other major committees.

The Appointments, Remuneration and Sustainability Committee has designated the Sustainability Committee as the Group's key operational body on sustainability issues.

The Appointments, Remuneration and Sustainability Committee holds quarterly meetings to track and evaluate the Group's sustainability actions.

Sustainability Committee

The Sustainability Committee of Elecnor Group, set up in 2020, is a cross-cutting body with representation from the company's various corporate and business areas. Its goal is to design the tools needed to manage sustainability throughout the Group, foster a coordinated strategy, ensure that it is properly adopted and followed, and monitor progress achieved with a view to nurturing best practices.

This year, the Sustainability Committee met on 4 occasions.

The Sustainability Committee's actions are supervised by Management and referred to the Appointments, Remuneration and Sustainability Committee of the Board of Directors.

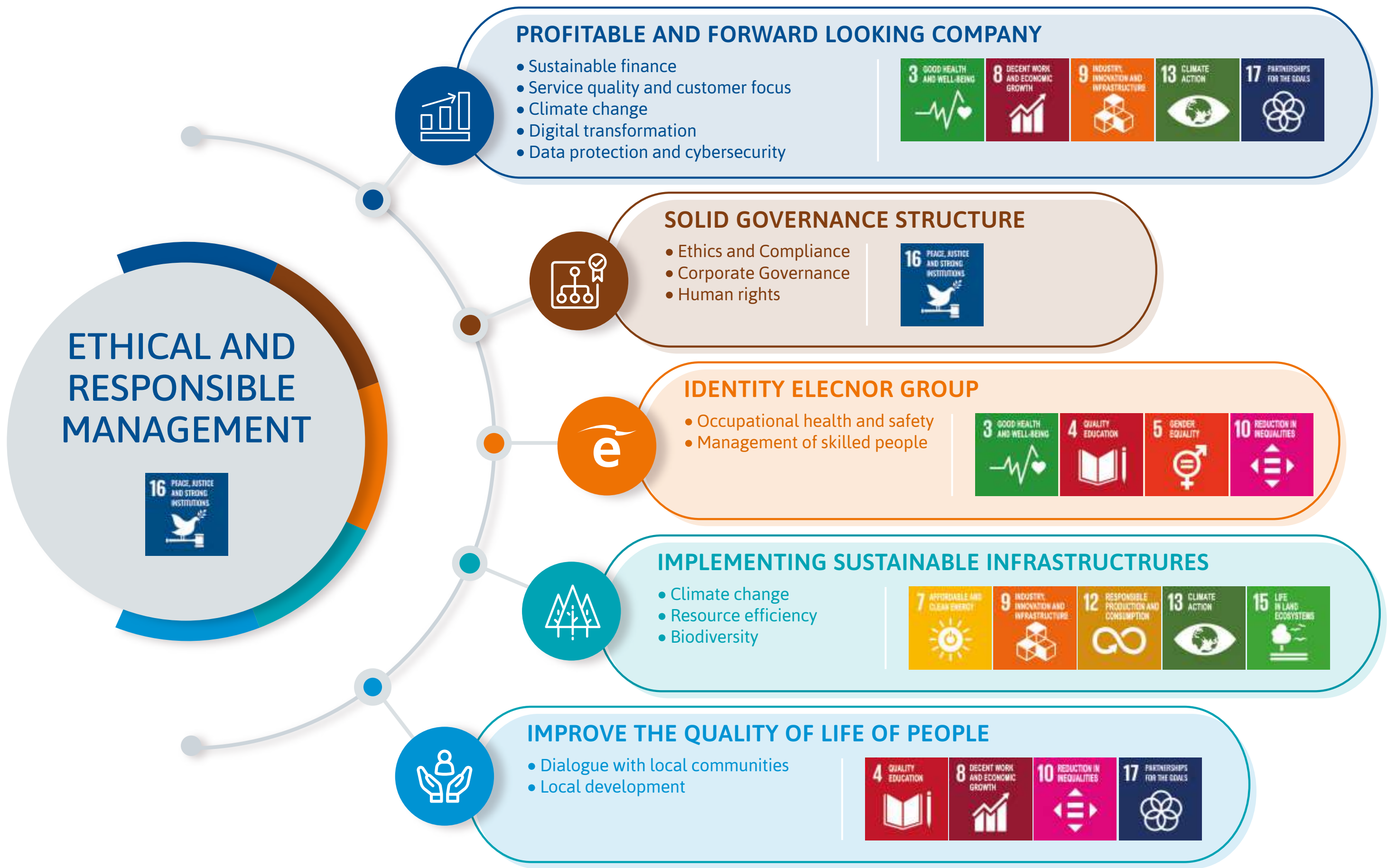
ELECNOR GROUP SUSTAINABILITY STRATEGY

At the Elecnor Group, sustainability is regarded as essential both in the implementation of its activities and its business strategy, as well as in its relations with its stakeholders. A commitment that is embodied in its Strategic Sustainability Plan, which lays down the core areas of its social responsibility and the basis for ongoing improvement in sustainability management.

The Elecnor Group's new 2023-2025 Strategic Sustainability Plan, submitted to the Appointments, Remuneration and Sustainability Committee and approved by the Board of Directors, maintains a continuity with respect to the previous 2021-2022 Strategic Sustainability Plan. The new Plan reflects, through different objectives and initiatives, the following strategic challenges of the Elecnor Group: management excellence, strengthening the company's identity, expanding sources of financing, strengthening control, efficiency, technology, cybersecurity, quality, environment, communication and reputation systems. This strategy conveys to the Group's stakeholders its commitment to people, society and the environment, always based on ethical and responsible management.

The five strategic pillars of the previous Strategic Plan have been maintained in the current one, although "Promoting a culture of belonging and respect" is now called "Elecnor Group's identity" for greater alignment with the Group's strategy. In addition, two new lines of action have been added regarding supply chain and biodiversity, and initiatives related to human rights and environmental taxonomy.

The Strategic Sustainability Plan 2023-2025 and the traceability of its core strategies to the Group's material topics is shown below:



Main strategic lines

PROFITABLE AND FORWARD-LOOKING COMPANY

It comprises one of the core building blocks of sustainability seeking the long-term projection of the company in terms of financial solvency, efficiency and competitiveness. These are its lines of action:

- > Sustainable financing linked to the performance of ESG goals and indicators
- > Service quality and customer satisfaction
- > Responsible supply chain
- > Technology and innovation

SOLID GOVERNANCE STRUCTURE

Geared towards making further progress in the principles of Good Governance and continuing to strengthen the structure of good governance and the compliance model. These are its lines of action:

- > Corporate Governance
- > Compliance

ELECNOR GROUP'S IDENTITY

The importance of people's health and safety, as well as aspects fostering in the motivation and personal and professional development of the teams is particularly linked to the company's DNA. These are its lines of action:

- > Health and safety
- > Enhancing team commitment and loyalty

DEVELOP SUSTAINABLE INFRASTRUCTURES

Being one of the key players in the development and progress of society through infrastructure, renewable energy, energy efficiency, water and environmental projects, as well as the commitment to being a Net Zero company in 2050. These are its lines of action:

- > Develop projects and services that contribute to decarbonising the economy
- > Carbon-neutral company
- > Biodiversity

IMPROVE THE QUALITY OF LIFE OF PEOPLE

With the aim of generating change and well-being, Elecnor Group is committed to fostering the development and progress of society. These are its lines of action:

- > Constant dialogue with stakeholders
- > Supporting the communities where the Group operates

Similarly, in the area of ongoing improvement, the company has outlined actions geared towards the **more efficient management of sustainability** that strengthen the Group's commitment in this area and achieve its full integration into the business.

2022-2023 Strategic Plan Milestones

Some achievements of the 2023-2025 Strategic Plan are set out below:

- Progress continued to be made in the area of sustainable financing, with the registration of a Multi-currency Promissory Note Programme on the Alternative Fixed Income Market (MARF) for up to Euros 400 million. This is the Elecnor Group's second Programme linked to sustainability that includes targets for reducing greenhouse gas emissions and accidents at work.
- Major progress has been made in the renewable energy projects of wind farm repowering and the green hydrogen pilot project.
- The Digital Transformation index has reached 97% on 2023 projects.
- Within the framework of the Climate Change Strategy, the carbon footprint for Scopes 1, 2 and 3 has been verified and the analysis of climate-related risks and opportunities has been updated following the recommendations of the TCFD.
- The CDP score of A- has been maintained. The renewal of this rating endorses Elecnor's leadership in terms of sustainability, adaptation and mitigation of climate change.
- Progress was made in the deployment of the Quality and Environment System, most notably with the certification of Elecnor Peru.
- In Health and Safety, the Group's frequency rate remained the best since the series commenced.

ELECNOR GROUP MATERIAL TOPICS

GRI 2-29, GRI 3-1, GRI 3-2

The Elecnor Group identifies material topics by preparing its own materiality study, conducted jointly with an external advisor. At the close of 2022, this study was undertaken in order to define the Group's relevant sustainability issues that have formed the basis of the new 2023-2025 Strategic Sustainability Plan and to prioritise the contents included in this section of the Directors' Report.

For the first time, this exercise was conducted according to the concept of dual materiality, which involves assessing both the risks and opportunities related to ESG issues that may influence the Group's value (financial materiality), and the impacts of ESG issues on people and the planet (impact materiality).

The process used to identify material topics consisted of the following:

1. **Identification of potentially material EGS issues.** Sector benchmarking was conducted by analysing publicly available information from companies in the sector, along with regulations and news related to ESG issues. Furthermore, the material topics for the infrastructure and renewable energy sectors were analysed according to SASB, Sustainalytics and S&P Global. As a result of this process, 24 ESG issues were identified.

2. **Consultation with internal and external stakeholders.** A consultation was launched with the key stakeholders via a questionnaire asking their opinion on the relevance level that each of the 24 ESG issues that were identified should have for the Elecnor Group. Similarly, with a view to approaching the concept of dual materiality with stakeholders, questions were added to identify their views on the positive and negative impacts of the Elecnor Group on people and the planet, as well as on the financial risks and opportunities for the company arising from each of the ESG issues.

   In this phase, 175 online surveys were sent to all stakeholders: shareholders and investors, customers, employees, suppliers and subcontractors, regulators and administration, lenders and insurers, partners, trade unions, social environment and opinion makers.

3. **Assessment of ESG issues by the Sustainability Committee based on the concept of dual materiality.**

   > Each of the 24 ESG issues identified in the initial phase were assessed according to the dual approach:

   - Financial materiality. The risks and opportunities that could impact the company's value were analysed.
     - Financial risk, taking into consideration variables such as importance (analysing potential impacts on the income statement, reputation, survival, etc.) and probability.
     - Financial opportunity based on its potential impact on the income statement and reputation.
   - Impact materiality. The real and potential positive and negative impacts of the Elecnor Group on people and the planet were evaluated:
     - Negative impacts based on variables such as severity (analysing the scale, extent and irremediability) and probability.
     - Positive impacts based on their contribution to sustainable development.

   > Prioritisation of ESG issues. On the basis of the above criteria, following the analysis, ESG issues were classified as high, medium and low impact issues. Based on these results, high impact issues are further classified into critical and priority issues. In addition, among the medium-impact issues, other issues that are considered more strategic for the company are identified as relevant.

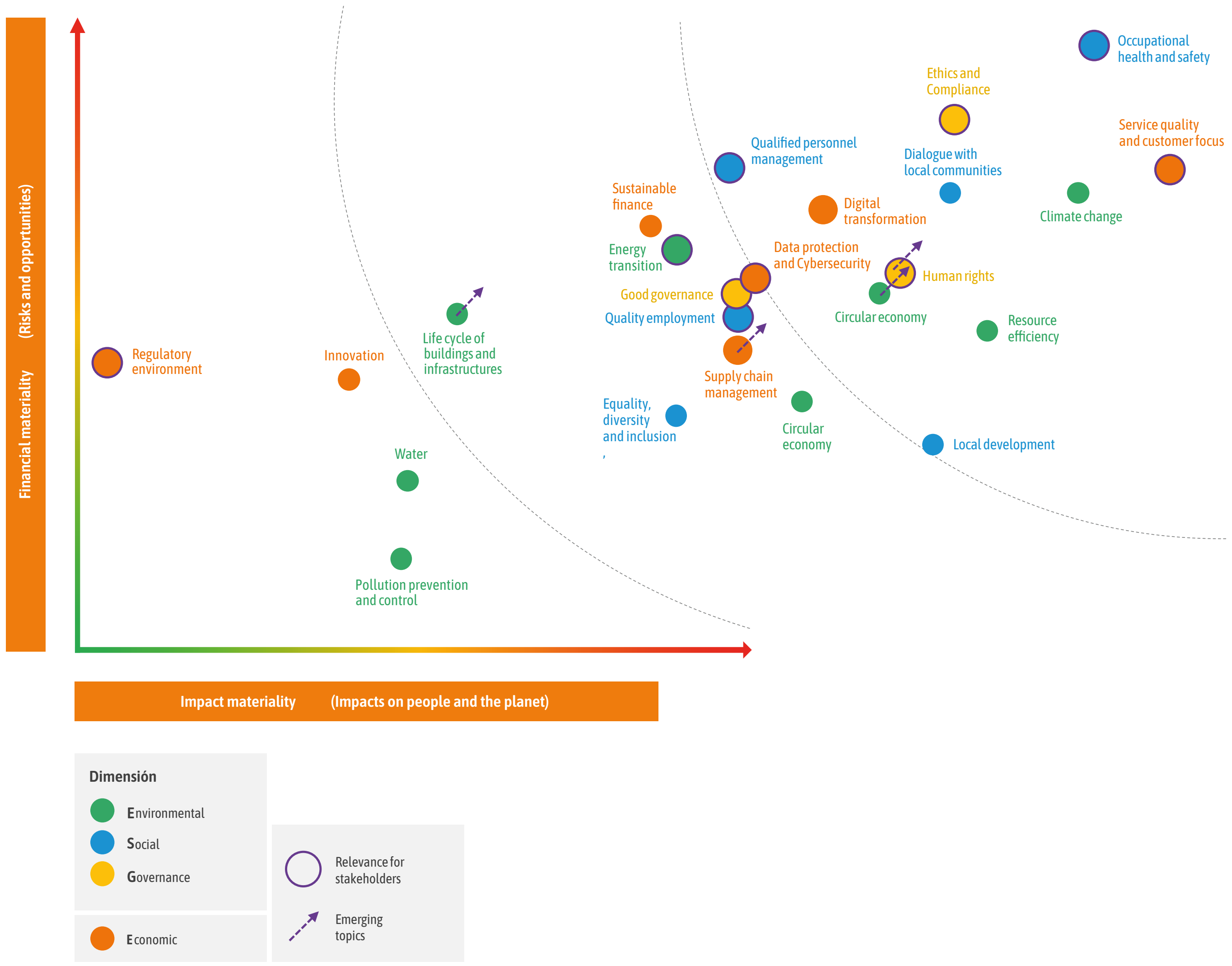
4. **Preparation of the materiality matrix** on the basis of the results obtained in the assessment exercise conducted by the Sustainability Committee and stakeholder consultation. The results have been validated by the Appointments, Remuneration and Sustainability Committee in 2023.

The Y axis of the matrix shows the results of the financial materiality assessment (risks and opportunities that affect or may affect the Elecnor Group's value creation). The X axis displays the results of the materiality of impact (real and potential impacts of the Elecnor Group on people and the planet).

Furthermore, the stakeholders' perspective is represented by the different size of the bubble that visually represents each ESG issue, depending on the relevance attributed by the respondents.

Lastly, certain issues were identified that are likely to become more relevant in the medium and long term: human rights, supply chain and biodiversity, so they have been included in the new strategy. The life cycle of buildings and infrastructures is also considered to be an area that will need further attention, given the potential market demand for such projects.

ELECNOR GROUP'S DUAL MATERIALITY MATRIX



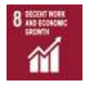
RESULTS OBTAINED

ESG	Classification	Material topics	Financial materiality	Impact materiality
S	Critical	Occupational health and safety	x	x
G		Service quality and customer focus	x	x
G		Ethics and Compliance	x	x
E		Climate change	x	x
S	Priority	Dialogue with local communities	x	x
G		Digital transformation	x	x
S		Management of skilled people	x	
S		Human rights		x
E		Resource efficiency		x
E		Biodiversity		x
S		Local development		x
G	Relevant	Corporate Governance	x	
E		Data protection and cybersecurity	x	
E		Sustainable finance	x	

This year, in addition to the material topics identified in 2022 (Critical and Priority), Relevant topics have been incorporated as a material aspect.

The impacts associated with the material topics are detailed in the following tables:

POSITIVE IMPACTS

Material Topic	Description	Time Horizon	Level	SDGs	Linkage to Impact
Service quality and customer focus	Developing reliable, sustainable, resilient and quality infrastructure that contributes to economic development and human wellbeing.	Short-term	Critical		Direct/ Indirect
Climate change	The Elecnor Group's energy efficiency and renewable energy projects, as well as its climate change strategy, help build a low-carbon society	Medium-term	Critical		Direct/ Indirect
Dialogue with local communities	Listening to local communities facilitates the identification of ESG impacts (positive and negative) and their management	Short-term	Priority		Direct
Digital transformation	The implementation of digital technologies is key in the development of the business model and in identifying process improvements for greater efficiency for people and the environment	Medium-term	Priority		Direct
Local development	Infrastructure projects help improve the economic and social development of the influence areas of the projects	Short-term	Priority		Direct

Direct: The organisation is directly linked to the impact
Indirect: The organisation is linked to the impact through its business relationships

NEGATIVE IMPACTS

Material Topic	Time Description	Horizon	Level	Linkage to Impact
Occupational health and safety	Affecting the health and safety of employees, subcontractors, customers due to the occurrence of accidents and/or generation of occupational illnesses.	Short-term	Critical	Direct/ Indirect
Ethics and Compliance	Failure to comply with the applicable regulations and/or the company's ethical principles may result in the violation of labour, environmental, etc. regulations.	Short-term	Critical	Direct
Climate change	Contribution to climate change through the generation of GHG emissions.	Medium-term	Critical	Direct/ Indirect
Dialogue with local communities	Generation of negative impacts on the environment and local communities in the development of projects.	Short-term	Priority	Direct
Human rights	Potential violation of some basic rights and freedoms of stakeholders (e.g., rights of indigenous communities, non-discrimination...)	Short-term	Priority	Direct/ Indirect
Resource efficiency	Water consumption in water-stressed areas contributes to water depletion / Energy consumption generates GHG emissions.	Medium-term	Priority	Direct
Biodiversity	Impacts on biodiversity at some stage of the project life cycle.	Short-term	Priority	Direct/ Indirect

Direct: The organisation is directly linked to the impact
Indirect: The organisation is linked to the impact through its business relationships

ALIGNMENT OF THE STRATEGIC SUSTAINABILITY PLAN, MATERIAL TOPICS AND SUSTAINABLE DEVELOPMENT GOALS

Axes of the Strategic Sustainability Plan	Material topics	GRI Content	SDGs	Chapter of this Report where answers are given
Elecnor Group's identity	**Occupational health and safety**	403-1 403-2 403-3 403-4 403-5 403-6 403-7 403-8 403-9 403-10	3 GOOD HEALTH AND WELL-BEING 8 DECENT WORK AND ECONOMIC GROWTH	We look after our people
Profitable and forward-looking company	**Service quality and customer focus**	Elecnor Group own indicator	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE PRODUCTION AND CONSUMPTION	Operational excellence
Solid governance structure	**Ethics and Compliance**	2-9 2-23 2-27 201-4 205-1 205-2 205-3 206-1 207-1 207-2 207-3 207-4 415-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS	Responsible management
Develop sustainable infrastructures	**Climate change**	201-2 305-1 305-2 305-3 305-4 305-5	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Committed to the environment
Improve the quality of life of people	**Dialogue with local communities**	203-2 413-2	8 DECENT WORK AND ECONOMIC GROWTH	Social impact
Profitable and forward-looking company	**Digital transformation**	Elecnor Group's own indicator	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	Technology and innovation
Elecnor Group's identity	**Management of skilled people**	401-1 401-3 404-1 404-2 404-3	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCTION IN INEQUALITIES	Our people, our best asset

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ALIGNMENT OF THE STRATEGIC SUSTAINABILITY PLAN, MATERIAL TOPICS AND SUSTAINABLE DEVELOPMENT GOALS

Axes of the Strategic Sustainability Plan	Material topics	GRI Content	SDGs	Chapter of this Report where answers are given
Solid governance structure	**Human rights**	2-23 406-1 407-1 408-1 409-1 411-1	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCTION IN INEQUALITIES	Responsible management
Develop sustainable infrastructures	**Resource efficiency**	302-1 302-2 302-3 302-4 302-5 303-1 303-3 303-5 306-1 306-2 306-3 306-4 306-5	12 RESPONSIBLE PRODUCTION AND CONSUMPTION 13 CLIMATE ACTION	Committed to the environment
Develop sustainable infrastructures	**Biodiversity**	304-1 304-2 304-3 304-4	15 LIFE ON LAND ECOSYSTEMS	Committed to the environment
Improve the quality of life of people	**Local development**	201-1 203-1 204-1 413-1	5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCTION IN INEQUALITIES	Social impact
Solid governance structure	**Corporate Governance**	2-9 to 2-21	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Responsible management
Profitable and forward-looking company	**Data protection and cybersecurity**	Elecnor Group's own indicator	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES	Technology a nd innovation
Profitable and forward-looking company	**Sustainable finance**	Elecnor Group's own indicator	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	Committed to the environment

Information related to policies, measures and monitoring indicators associated with each material topic is included in the chapters that deal with the material topics.

SOCIAL DIALOGUE WITH STAKEHOLDERS

GRI 2-25, GRI 2-29

The Elecnor Group is in fluent and constant dialogue with its various stakeholder groups through a number of channels, through which it aims to ascertain and respond to their needs and expectations.

The main stakeholders and communication channels with them are outlined below:

Stakeholder group	Communication channel
Shareholders and investors	Shareholders' Meeting
	Corporate website (Shareholders and Investors Channel)
	email (Shareholder Services)
	Social media
	CNMV website
	Management Committees, Commissions, Boards of Directors and Shareholders' Meetings
	Informal channels (in-person dialogue, one-to-one meetings)
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc.
	Roadshows and forums
	Presentations of profit/loss
	Meetings
	ESG forms
Customer	Meetings and presentations
	Corporate websites
	Trade fairs
	Satisfaction surveys
	Social media
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc.
	Code of Ethics channel
Employees	Periodic meetings
	Work groups
	Training sessions and courses
	Corporate websites
	Social media
	Buenos Días Elecnor intranet
	eTalent
	Signage
	Awareness-raising and sensitisation campaigns
	Campaigns for participation in collective initiatives/projects
	Corporate and financial reporting: Integrated Report, etc.
	Code of Ethics channel
Suppliers and subcontractors	Meetings and work groups
	Corporate websites
	Social media
	Code of Ethics channel
	Audits
	Management platforms
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc..
Public Entities and regulatory bodies	Official filings
	Meetings
	Corporate website
	e-offices
	Social media
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc.

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Stakeholder group	Communication channel
Lenders/ Insurers	Meetings
	Corporate website
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc.
	ESG forms
Partners	Meetings
	Collaboration agreements
	Forums, fairs and congresses
	Corporate websites
	Social media
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, Elecnor Foundation Report, etc.
	ESG form
Unions	Meetings
	Information briefings
	Corporate websites
	Social media
	Code of Ethics channel
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, Integrated Report, etc.
Social environment	Social projects
	Corporate and financial reporting: Annual Reports, NFIS, Integrated Report, Elecnor Foundation Annual Report
	Sponsorships and patronage
	Corporate websites
	Social media
	Specific project websites
	Code of Ethics channel
Environment and environment-related organisations	Environmental projects
	Corporate and financial reporting: Annual Reports, NFIS, Integrated Report, Elecnor Foundation Annual Report
	Corporate websites
	Social media
	Specific project websites
	Code of Ethics channel
Opinion generation	Press releases
	Partnership agreements with the media
	Meetings
	Corporate website
	Corporate and financial reporting: Corporate Governance Report, Annual Accounts, NFIS, Integrated Report, etc.
	Social media
	ESG forms

Thanks to the more than 400,000 followers on social media and the more than 20 corporate websites that the Elecnor Group has worldwide, it is possible to promote the Elecnor Group's external communication channels, the purpose of which is to disseminate the corporate culture, connect with stakeholders and promote awareness of the company's values among customers, shareholders and other stakeholders.

These are some key figures in the Elecnor Group's communication with the various stakeholders in 2023:

29 Corporate **websites**

43,022 users visited the Shareholders and Investors channel of the Elecnor Group website

251 internal **communications** sent to the Elecnor Group workforce

126,808 users of the Elecnor Group website

35 meetings with investment funds and analyst

2,141 satisfaction surveys sent to customers

463,716 followers on social media

48 consultations received and attended at accionistas@elecnor.com

15.3 Business model

GRI 2-6

Information on the company's business model is contained in the Purpose and business model section of this Directors' Report. Information concerning the outlook for 2024 can be found in the section with the same name.

STRATEGIC GOALS

The strategy of the Elecnor Group is in line with its purpose and is backed by a multidisciplinary, qualified and diverse team that enables it to take advantage of opportunities and drive growth.

Thanks to a solid, durable business model with strong synergies between its businesses, the Elecnor Group is committed to diversification, internationalisation and technical excellence in order to drive the development of essential services, sustainable projects, concessions and its own projects.

In that regard, the Group's strategy is based on the protection and safety of its people and its activity, as well as on technical and financial robustness, efficiency and control. All this with the focus on generating value for all of its stakeholder groups and the expansion of the Elecnor Group.

Our purpose, the reason we exist

We generate change and well-being by deploying infrastructure, energy and services to territories all over the world in order to develop their potential.

elecnor — 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.

elecnor — 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.

enerfín celeo — 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.

GROWTH LEVERS
Efficiency, diversification and robustness

DIFFERENTIAL BASE
People and values

15.4 Our people, our best asset

People management is a key area for the Elecnor Group. Keeping a committed team, attracting the best talent and supporting their professional development, while fostering good working practices, equal opportunities and a safe and healthy working environment are the keys to the Integrated Human Resources Management.

At 2023 year-end, the Group employed more than 22,500 people of 92 nationalities. They form a committed, professional and diverse team.

Integrated Human Resources Management

GRI 3-3

The Group's Integrated Human Resources Management is geared towards attracting the best talent available, as well as deploying, fostering and developing the organisation's existing talent, as described in the following sections on recruitment, training, performance and development.

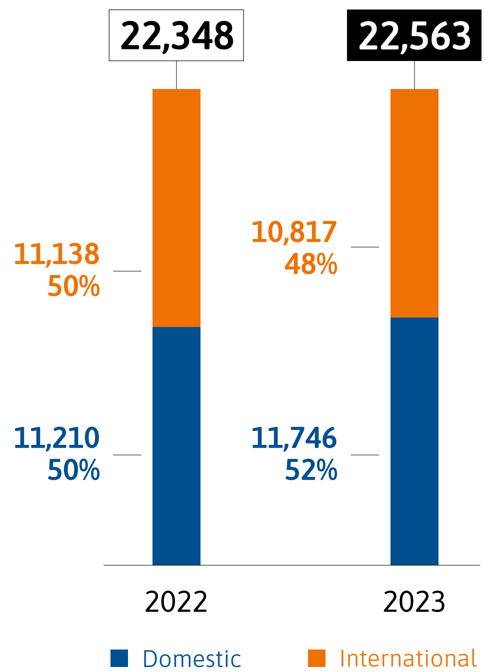
Workforce profile

GRI 2-7

The Elecnor Group has an international, multicultural and diverse profile with a presence in more than 50 countries across five continents. The international workforce accounts for 48% of the total, and the domestic workforce 52%.

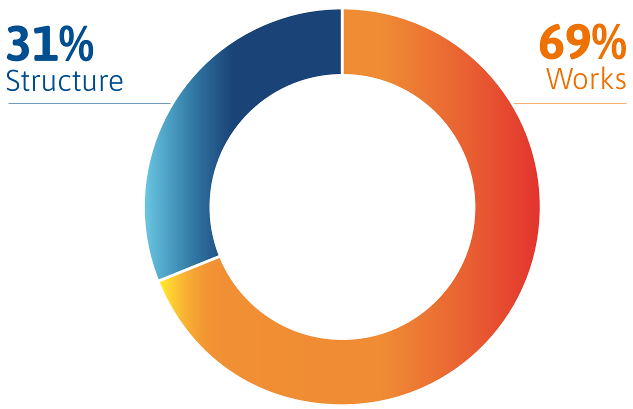
At the end of 2023, the Elecnor Group employed 22,563 people, a 1% increase compared to the previous year (22,348 employees).

EMPLOYEE DEVELOPMENTS BY MARKET



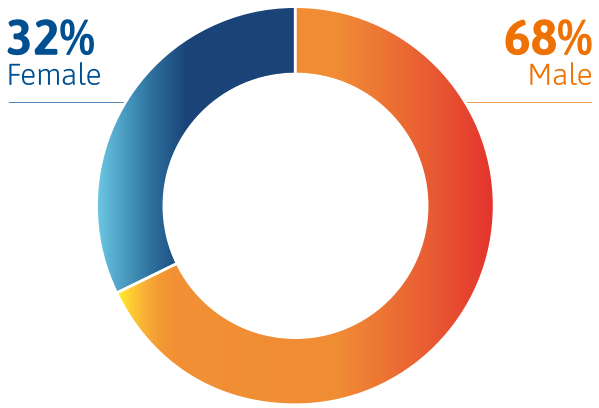
The Elecnor Group's workforce comprised 31% Structure staff and 69% Works staff.

WORKFORCE BREAKDOWN



In line with the historical trend in the sector, men have a greater presence in the Group, as they account for more Works staff, where women only account for 5%. However, in the Structure category, there is a greater balance between men and women (the latter accounting for 32%).

STRUCTURE WORKFORCE BY GENDER



The company's commitment to equality and diversity fosters growth in the number of women at the organisation, and there has been a 3% increase at Group level in the last year. Note also that 46% of women in the workforce hold degree qualifications or above and they increasingly occupy positions of responsibility in the Group.

It is also worth highlighting the effort made by the company to recruit female engineers as the Group's most demanded profile. At present, in Spain, 41% of the Group's graduates are female engineers or architects, a figure that contrasts with 27% of the total number of female graduates from all Spanish universities.

Over the course of this chapter and in Appendix I hereto, the workforce figures by employee type (Structure and Works) and by gender are broken down so as to adequately represent the profile of the workforce.

STRUCTURE STAFF

	2022	2023	Change (%)
	6,572	6,944	6%
Male	4,547	4,751	4%
Female	2,025	2,193	8%

WORKS STAFF

	2022	2023	Change (%)
	15,776	15,619	-1%
Male	14,900	14,828	0%
Female	876	791	-10%

Below is a breakdown of the Structure staff by geographical area and gender:

Geographic area	2022		2023	
	Male	Female	Male	Female
Spain	2,684	1,225	2,866	1,337
Europe	317	155	309	151
North America	229	46	275	51
Latin America	886	432	811	424
Africa	51	8	15	4
Asia	232	113	213	103
Oceania	148	46	262	123
Total	4,547	2,025	4,751	2,193

The Elecnor Group is committed to enhancing the quality of employment, which is demonstrated by the 2% increase in the number of open-ended contracts compared to the figure for 2022, reaching a permanent contract rate of 79%.

Furthermore, 99% of the Group's contracts are full time. All the information broken down by type of contract and type of employment can be found in Appendix I to this report.

Likewise, the Elecnor Group uses subcontracted staff to carry out projects. GRI 2-8

In 2023, the number of hours of absenteeism in the Elecnor Group totalled 1,937,342 (2,651,853 hours in 2022), implying an absenteeism[1] ratio of 3.77% (5.09% in 2022). This ratio does not include information from the United States for data protection reasons.

WORKFORCE TURNOVER [2]

GRI 401-1

Workforce turnover this year reached 51%. The turnover figures in segment are due mainly to contracts ending due to project completions over the course of the year. However, if we analyse the voluntary turnover of the Structure staff in 2023, it is significant to note that it is 8.5%, compared to 11.1% in 2022.

Appendix I of this Report contains in-depth figures on the whole workforce turnover.

NEW HIRINGS

GRI 401-1

In order to implement projects, 12,001 new recruitments were made in 2023, which implies a 3% increase compared to 2022 (12,412).

These data include subrogated staff and interns joining the Group during the year.

By gender and type of employee

	Structure			Works	
	Male	Female	Total	Male	Female
2022	1,316	614	12,412	9,865	617
2023	1,226	587	12,001	9,565	623

(1) The absenteeism ratio is calculated as hours of absenteeism including all absences (unjustified, remunerated and non-remunerated leave, illness, accident, maternity and paternity)/ actual hours worked.

(2) Turnover is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure)/average employment * 100.

Selection

The Elecnor Group strives for the utmost fairness in the duties, remuneration and recognition of posts of equal value within the Group, regardless of the characteristics of the person occupying the post. In this connection, it has established selection guidelines to achieve maximum equality in these aspects. The objective is to capture and attract the best talent available in the market, giving priority to internal talent and following the Group's Internal Selection and Mobility Policy.

This year, the selection of qualified profiles in the various business areas of the Group was strengthened in order to attract talent according to the specific needs of each area. The goal is to build a multidisciplinary team that operates with a global vision of the business.

Aware of the difficulties inherent to international selection processes and the level of competition in some countries due to the scarcity of skilled profiles, work is ongoing to boost the Group brands as a standard-bearing company for professional development. In this regard, the LinkedIn profile Elecnor Talento is mainly used to coordinate job vacancy postings. In 2023, impetus continued to be given to capturing skilled staff using specific campaigns on LinkedIn and other employment websites in order to identify talent among those who are not actively seeking work.

This year has continued to be marked by the need to recruit national and international profiles for renewable energy projects, both wind and photovoltaic.

Similarly, with the aim of attracting students and recent graduates, the Elecnor Group actively collaborates with the university environment and vocational training schools, taking part in different employment forums, both on-site and virtual. In 2023, 633 interns joined the team at the Elecnor Group.

Regarding the international scholarship programme, the Group maintains its collaboration with the Basque Government. The ICEX scholarships in various countries are also upheld.

As described in greater detail in the Equality and diversity section of this Report, the Elecnor Group is committed to including people with disabilities in the workplace. This commitment has materialised in the form of support for the Adecco Foundation's #EmpleoParaTodos (JobsForEveryone) programme. This is an organisation that has been working for over 20 years to foster the employability of people at risk of exclusion. Furthermore, we collaborate through the Aflora project, which seeks to normalise disability in the company by informing and orienting people who, due to certain health conditions, are eligible to obtain a disability certificate.

Developing human capital

One of the Elecnor Group's main lines of action of integrated human resources management is to develop its human capital, working on training, retaining and developing it.

The **Identity Reinforcement Project,** designed the previous year, outlines the lines of work in various areas of people management geared towards attracting, developing and retaining talent in the Elecnor Group.

In 2023, the project continued to make progress with initiatives framed within its main lines of action:

- Initial steps geared towards welcoming new recruits, from welcome to monitoring and evaluation after the probationary period.
- Training for new recruits over the first three years. This year, the following training sessions were provided:
  - New graduates (first year): 229 attendees.
  - Negotiation techniques (second year): 113 attendees.
  - Negotiation with the property (third year): 84 attendees.
- Monthly and quarterly project monitoring meetings where we foster communication between those in charge and their teams and monitor the achievement of objectives.
- Holding workshops intended to increase motivation and listen to people's needs:
  - Continuity conferences held every two years and aimed at graduates with between 4 and 5 years of seniority from the General Sub-Directorates and Business Divisions. This year, the conference was called Tune In and was attended by 254 people.
- Compensation/Performance evaluation and monitoring plan. In 2023, the new Job Map and the new Performance Evaluation process for Structure staff was defined.
- Career plans. Valencia has joined the Development/Career Plan for new university graduates. This Plan defines the salary aspects for the first three years, which are linked to their annual performance.
- Training. We continue with the possibility for each professional to request more personalised training.
- Emotional salary. The Elecnor Group supports the carrying out of activities that promote the well-being of the workforce, as detailed in the Work-Life Balance section of this Report.
- Active listening by drawing up an exit questionnaire for the company that collects information in this respect and interviews between managers and their teams to deal with the different needs on an individual basis.

TRAINING AND DEVELOPMENT
GRI 3-3, GRI 404-2

The Elecnor Group has a policy in place called Procedure for Training Management which defines the way to pinpoint and meet the training needs of all the workforce. The training needs identified, and the training and awareness actions to be implemented, are outlined in the Training Plan.

The Training Plan is designed by the Training Department based on the needs detected by the Delegates, Managers and Area Heads of each Directorate or General Sub-Directorate.

The Group pays special attention to training intended to ensure that staff are aware of the suitability and importance of their activities and how they contribute to achieving its growth, competitiveness and profitability goals, as well as aspects of occupational risk prevention, quality, environmental management, energy management, information security, R&D&I and compliance.

In 2023, the Elecnor Group continued in its commitment to the training and developing its employees as key factors for the organisation's success, expanding on training and professional growth opportunities.

Thus, of note are the following training itineraries, designed according to existing positions and needs.

> Executive itineraries

The third edition of the ESADE Management Development Programme was held, aimed at those holding the position of Delegate, and the Senior Management Programme (SMP) at IESE continued with the "High Impact Communication" training for Managers.

> Itineraries on management skills

They include courses related to leadership, finance, sales, communication, negotiation and strategies, work, project management, quality and Manager School, among others. A total of 1,223 attendees took part.

> Specialised itineraries

They consist of courses related to the most specific aspects of each position, which have been attended by 802 people (598 through the Pharos digital training tool).

> Office automation/technical IT

68 attendees have taken a course to update or learn new office automation tools. Additionally, 30 Office training sessions were held for 1,059 people and 12 Google Workspace sessions for 420 participants.

Besides classroom training, the Elecnor Group offers training courses with the following methodologies:

- **Online live:** live training where attendees interact with the speaker and participants
- **Online:** various training contents are hosted on digital platforms. On the online platform Pharos, 598 participants have completed some of the available courses on technical or specific training.

On the Buenos Días intranet, Elecnor Group employees can access a catalogue of training courses.

Furthermore, Elecnor Group continues with the Manager School initiative, whose objective is to provide the necessary know-how to people who occupy or will occupy the position of manager, to enable them to carry out their duties and achieve the established goals.

To this end, a Training Plan has been established that addresses the following skills: management functions, digital, technical, occupational risk prevention and management systems. In 2023, the following courses were given to Managers and Skilled Workers Team Leaders:

- It is also up to me. Sessions on occupational risk prevention aimed at works managers with a participation of 110 attendees in 7 sessions.
- Being a manager at Elecnor. Sessions on key issues, challenges and performance skills. 9 sessions were held with a total of 144 attendees.

TRAINING INDICATORS

	2022	2023	Changes
Investment in training (€)	9,839,989	11,413,657	16%
Training hours	344,005	393,607	14%
No. of attendees*	35,123	35,914	2%
Training hours/employee	15.39	17.44	13%

(*) The number of attendees measures the number of people who have received training, and one person may have completed several courses.

Structure and Works training for staff tailored to the needs of their job descriptions:

- **Structure.** In 2023, 9,257 people attended training events, such as: management, technology, IT, languages, quality and environment, and occupational risk prevention.
- **Works.** Works staff receives training in connection with electricity, installations, maintenance, gas, telecommunications, vehicle and machine operation, quality and environment, and occupational risk prevention. This continuous training makes it possible to acquire and maintain the necessary qualifications to perform specialist tasks involving execution risk. In total, 26,657 people have received some of the aforementioned training.

2022

Structure staff		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	98	666	226	**892**	5,846	2,101	**7,947**
Technology	156	1,133	469	**1,602**	10,880	2,930	**13,810**
IT	42	166	119	**285**	2,112	1,328	**3,440**
Languages	378	321	185	**506**	5,420	3,826	**9,246**
Quality and Environment	129	422	265	**687**	1,877	1,987	**3,864**
Occupational health and safety	325	2,954	1,110	**4,064**	26,363	9,123	**35,486**
Total	**1,128**	**5,662**	**2,374**	**8,036**	**52,498**	**21,294**	**73,792**

Works staff		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	18	173	3	**176**	1,430	23	**1,453**
Technology	1,222	8,507	28	**8,535**	117,906	411	**118,317**
IT	2	24	3	**27**	268	31	**299**
Languages	0	4	0	**4**	3	0	**3**
Quality and Environment	22	426	31	**457**	735	53	**787**
Occupational health and safety	1,951	17,598	290	**17,888**	147,520	1,836	**149,355**
Total	**3,215**	**26,732**	**355**	**27,087**	**267,861**	**2,353**	**270,214**

2023

Structure staff		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	137	1,268	581	**1,849**	17,800	6,123	**23,922**
Technology	386	1,474	659	**2,133**	13,106	3,910	**17,016**
IT	18	70	38	**108**	927	505	**1,432**
Languages	643	402	258	**660**	9,772	6,713	**16,484**
Quality and Environment	119	439	238	**677**	2,347	1,592	**3,938**
Occupational health and safety	938	2,897	933	**3,830**	34,792	9,961	**44,753**
Total	**2,241**	**6,550**	**2,707**	**9,257**	**78,743**	**28,802**	**107,544**

Works staff		Attendees			Hours		
Area	No. of courses	Male	Female	Total	Male	Female	Total
Management	46	441	15	456	7,980	1,871	9,851
Technology	1,455	9,922	56	9,978	124,492	412	124,904
IT	9	27	3	30	294	60	354
Languages	9	13	1	14	226	21	247
Quality and Environment	31	374	9	383	1,622	26	1,648
Occupational health and safety	2,045	15,583	213	15,796	146,548	2,512	149,060
Total	**3,595**	**26,360**	**297**	**26,657**	**281,162**	**4,902**	**286,064**

TRAINING HOURS AND ATTENDEES BY PROFESSIONAL CATEGORY AND TYPE OF EMPLOYEE

	2022		2023	
Professional category	Attendees	Hours	Attendees	Hours
Structure	**8,036**	**73,791**	**9,25**	**107,545**
Management	133	1,638	143	2,111
Executive	1,520	13,056	1,649	21,161
Technician	6,383	59,098	7,465	84,273
Works	**27,087**	**270,214**	**26,657**	**286,063**
Basic	27,087	270,214	26,657	286,063
Total	**35,123**	**344,005**	**35,914**	**393,608**

TRAINING HOURS BY GENDER AND TYPE OF EMPLOYEE

	Structure			Works	
	Male	Female	Total	Male	Female
2022	52,498	21,294	**344,005**	267,861	2,353
2023	78,743	28,802	**393,608**	281,162	4,901

AVERAGE HOURS OF TRAINING BY CATEGORY AND GENDER GRI 404-1

2022

Category	Male		Female		Total	
	Number	Average	Number	Average	Workforce	Average
Structure	**4,547**	**11.55**	**2,025**	**10.52**	**6,572**	**11.23**
Management	143	10.02	18	11.39	161	10.17
Executive	1,184	8.11	225	15.33	1,409	9.26
Technician	3,220	12.88	1,782	9.90	5,002	11.82
Works	**14,900**	**17.98**	**876**	**2.69**	**15,776**	**17.13**
Basic	14,900	17.98	876	2.69	15,776	17.13
Total	**19,447**	**16.47**	**2,901**	**8.51**	**22,348**	**15.39**

2023

Category	Male		Female		Total	
	Number	Average	Number	Average	Workforce	Average
Structure	**4,751**	**16.57**	**2,193**	**13.13**	**6,944**	**15.49**
Management	141	13.84	19	8.37	160	13.19
Executive	1,270	13.51	261	15.36	1,531	13.82
Technician	3,340	17.86	1,913	12.88	5,253	16.04
Works	**14,828**	**18.96**	**791**	**6.20**	**15,619**	**18.32**
Basic	14,828	18.96	791	6.20	15,619	18.32
Total	**19,579**	**18.38**	**2,984**	**11.29**	**22,563**	**17.4**

With a view to continuous improvement, the Group assesses each training itinerary considering the opinion of trainees by means of an anonymous questionnaire.

Note also in this connection the personalised training and updating programme in specific skills for the members of the Group's Board of Directors.

PERFORMANCE MANAGEMENT

GRI 404-3

Performance management is the process of analysis of the actions and results of each person in their job, as well as the identification of improvement areas. The aim is a maximum commitment to existing potential in the Group in order to offer employees opportunities for growth and improvement over the course of their career.

The Group is committed to managing talent by identifying key posts and talent groups (high potential, key people and successors), thereby helping to devise specific development and career plans.

In 2023, the performance management process continued to be implemented for new university graduates from Madrid and Barcelona within the framework of the Career Plan, being joined this year by new university graduates from Valencia. In total, 259 graduates took part in the evaluation process.

Progress was also made in the design of the Group's new performance management model based on the achievement of business objectives and competencies.

During 2023, 4,015 people were assessed (process completed in January 2024), taking into account the aspects of job development and attitudes towards customer service, teamwork and communication/interaction.

Professional category	Male	Female	Total	% of assessment *
Structure	**2,707**	**1,262**	**3,969**	**57%**
Management	114	14	128	80%
Executive	761	166	927	61%
Technician	1,832	1,078	2,910	55%
Works	**35**	**11**	**46**	**0,3%**
Basic	35	11	46	0,3%
Total	**2,742**	**1,269**	**4,011**	**18%**

(*) Calculated on the total of each professional category.

Remuneration and benefits

Elecnor's job chart clarifies and simplifies its organisational structure, the responsibilities of each post and the profiles required. This definition of jobs and responsibilities makes it easier to adapt remuneration in a more objective and fair way, rewarding and recognising merit where due. In 2023, a new job map was defined for Structure staff.

The Elecnor Group offers its employees social benefits that are described in more detail in the Work-Life Balance section of this chapter.

REMUNERATIONS POLICY

GRI 2-19

Within the framework of Integrated Human Resources Management, the Elecnor Group's Remuneration Policy respects the criteria of objectivity, fairness and non-discrimination, recognising and rewarding merits.

The Group uses salary surveys as a benchmark to obtain information relating to the salaries and social benefits in the sector or at similar companies. These surveys are a tool to gauge how competitive positions are as compared to the same positions in the market. Furthermore, the Group also accesses other market research to achieve this purpose.

In order to gathering all the necessary information on employee payrolls in a uniform, agile and effective manner, in 2021, the SAP Success Factors tool was implemented. This tool enables the information from the payroll systems of subsidiaries and branches in the foreign market to be obtained by automation.

The Elecnor Group has a remuneration register adapted to the requirements of Royal Decree 902/2020 of 13 October on equal pay for men and women.

The Elecnor Group's wage policy is for men and women performing jobs with equal responsibility to receive equal pay. As outlined in its Equality Plan, The Group implements a remuneration system that guarantees neutrality at all times with no conditioning factors whatsoever on the basis of gender, a circumstance that will continue over time.

The table below details the wage gap ratio which represents the salary difference between men and women by professional category and employee type in the Elecnor Group. The wage gap has been calculated as the difference between the fixed average wage of men and of women, over the average wage of men.

Category	2022	2023
Management	13 %	14%
Executive	17 %	16 %
Technician	21 %	22%
Basic	47%	38%

Employee type	2022	2023
Structure	33%	32%
Works	47%	38%

Moreover, it is worth representing the wage gap in Spain, where 52% of the workforce is located.

SPAIN

Category	2022	2023
Management	8%	9%
Executive	2 %	3%
Technician	10%	10%
Basic	0,3%	3%

Employee type	2022	2023
Structure	21%	21%
Works	0,3%	3%

The average remunerations and its evolution thereof by gender, age and professional category are exposed in Appendix I.

Work-life balance

The Elecnor Group organises working hours in accordance with sector-specific and conventional standards applicable to the company and by means of negotiations with the employee representatives at each work centre, in the form of various work schedules negotiated and approved with the Workers' Legal Representation.

The company considers that the concept of work-life balance encompasses measures to improve quality of employment, support for families, professional development, equality of opportunities and flexibility in accordance with framework agreements such as family-friendly company. Similarly, this concept is included in the Group's Code of Ethics and Conduct, in which it undertakes to implement steps to facilitate the reconciliation of professional obligations and personal and family life. In this connection, the Group is working to improve each aspect based on the circumstances of the company, country and individual worker.

Although there is currently no formal policy to facilitate disconnection from work, the company encourages the implementation of policies, wherever possible, that facilitate a work-life balance, such as avoiding late meetings, scheduling training during work hours, having flexible working hours, compressed work schedules every Friday and in summer or, where applicable, shorter working days, with all measures provided in the various applicable regulations being implemented.

With respect to digital disconnection, the Elecnor Group has an agenda system marking the workforce's rest and availability periods to prevent any meetings or actions of any kind being scheduled during this period. Furthermore, "scheduled sending" has been enabled in the email system to ensure that, if an email is sent outside of the recipient's working hours, he/she receives it during his/her working hours. The whistleblowing channel and the post office box that the company makes available to employees accepts complaints, reports or observations on this matter.

The Elecnor Group has a Flexible Compensation Plan to which Structure staff in the domestic market with open-ended contracts have access. This Plan includes health insurance (employees may include their spouse and children), meal vouchers and cards, retirement insurance, transport passes, pension plans and kindergarten. 1,071 people joined in 2023.

Moreover, there is a study support programme available to all Group staff in Spain who have children aged 4 to 16. The only requirement is to have been at the company for at least one year. In 2023, 3,215 employees benefited from this assistance quantified at Euros 584,913. Study support is also available for disabled children of employees, which varies depending on the school year.

Other social benefits granted by the company are life insurance and accident insurance, travel insurance for employees who travel, medical insurance for employees in positions of responsibility, medical check-up for all employees, company car for those whose work requires them to travel by car and a retirement plan for Management.

The Elecnor Group also supports the carrying out of activities that promote the health and well-being of the workforce, including the following in 2023:

- Agreements with physiotherapy clinics and insurance companies.
- Weekly information on health tips and good practices.
- To promote and encourage sport, the company subsidises participation in sports activities and company races. A total of 224 people took part in the races in Bilbao, Madrid, Palma de Mallorca, Seville and Valencia.
- Apartments. 108 apartments were raffled among the Structure and Works staff in Spain to enjoy during 15 days in summer.
- "Moana" surf camp in Vizcaya. 47 children, children of Elecnor Group employees, attended this surf camp for a week.

In addition, note that the Más Elecnor digital platform includes special offers and discounts on products and services for the entire workforce and their direct relatives.

Equality and diversity GRI 2-25 GRI 401-3 GRI 406-1

The Group's Gender Equality Plan reflects its commitment to equal opportunities for men and women and non-discrimination in its guiding principles.

Furthermore, Elecnor's commitment to equal opportunities is enshrined in its Code of Ethics and Conduct: "The Elecnor Group applies criteria of non-discrimination and equal opportunities in its selection processes as well as in the development of the professional careers of its employees. Race, colour, nationality, social origin, age, sex, marital status, sexual orientation, ideology, religion and kinship are excluded as factors for professional assessment. The only professional differentiation features used are merit, effort, the results of hard work, training, experience and future potential. Promoting equality entails a special area concerning gender balance, as evidenced in the selection and recruitment practices, professional promotion procedures, training and general work conditions.

The Equality Plan establishes various working areas to boost equality between men and women in the following axes of action: selection and recruitment, professional classification, training, promotion, work conditions, work-life balance, female representation and remuneration.

Moreover, the Group has a Compliance Policy and internal controls to ensure all forms of discrimination are prevented; these controls include workplace harassment, sexual harassment and pregnancy risk protocols, among others.

Furthermore, the Group's Recruitment Policy stipulates that all candidates are given equal consideration, that equal opportunities are respected, that the process is treated with the utmost confidentiality and that the positions in the various fields of activity are filled by the most suitable people, within a framework of equal treatment and without discrimination of any kind.

If employees want to send any type of suggestion or resolve a conflict, the following mailbox is available as a communication channel: **codigoetico@elecnor.com**. In 2023, no complaints have been received in terms of equality or discrimination of treatment on the grounds of sex or similar matters. GRI 406-1

In line with historical trends regarding gender in the sector, men are more widely represented in the Group, especially among Works staff. However, Structure staff is of great balance: at 31 December 2023, 32% were women and 68% men; while in Works, 5% were women and 95% men.

During this year, 381 male employees (524 in 2022) were entitled to paternity leave and 85 female employees (110 in 2022) were entitled to maternity leave. 100% of these groups (98% in 2022), took the leave.

In Spain, out of the 327 people who took leave (265 men and 62 women), 320 returned at the end of their leave (261 men and 59 women), which corresponds to a return rate of 98% (98% men and 95% women).

On the other hand, out of the 320 employees who returned, 310 were in active employment at the end of the year (255 men and 55 women), corresponding to a retention rate of 97% (98% men and 93% women).

Entidad adherida a la alianza
CEO LA DIVERSIDAD

The Elecnor Group has maintained the "Empresa adherida a la Alianza #CEOPorLaDiversidad" seal. This accreditation acknowledges the Elecnor Group as a company committed to researching, sharing, developing and fostering strategies and good business practices for diversity, equity and inclusion in order to turn Spain, its companies and its leaders into drivers of an innovative model centred on the dignity of all people, on fundamental rights and on the advantages and opportunities that diversity management can offer to companies and their different stakeholders.

DIVERSITY IN GOVERNING BODIES

The Elecnor Group counts with the Policy for the Selection of Directors and for Board Diversity accessible on the Group's website, outlining all the measures adopted in relation to the selection of Directors, diversity policy in relation to gender, age, experience, etc., as well as the procedures for said selection so as to foster a diversity of experience, knowledge, competencies and gender and so as to ensure that, in general, they do not entail implicit biases that might imply any kind of discrimination.

This Policy, amended in December 2020 in order to adapt it to the reform of the Code of Good Governance approved in June 2020 by the CNMV, is regularly reviewed by the Appointments, Remuneration and Sustainability Committee in order to make progress in improving this aspect.

The Policy is governed by the following guiding principles:

- Adequate composition of the Board of Directors, for which purpose the Director selection processes must be grounded on a prior analysis of the competencies required by the Board.
- Fostering diversity in the Board and its Committees, among other aspects, in relation to know-how, experience, age and gender.
- Non-discrimination and equal treatment, whether on the grounds of race, gender, age, disability or any other reason.
- Transparency in selecting candidates for Directors, with the Board of Directors being obliged to provide all significant information in this regard, duly documenting the selection processes and including the main conclusions in the reports and proposals by competent bodies that must be made available to shareholders at their General Meeting.
- Compliance with applicable regulations and the principles of good corporate governance.

The bodies in charge of ensuring the diversity of the Board of Directors and its Committees as well as of the processes of selection of members of the Board will be the Board of Directors and the Appointments, Remuneration and Sustainability Committee, without prejudice to the appointment powers of the General Meeting of Shareholders.

Similarly, the Group has an Equality Plan, applicable not only to the Board of Directors but also to the Management Team and all Group personnel, which lays down specific actions to be performed for persons holding positions of responsibility in each business area.

This Equality Plan is one of the main tools used by the Appointments, Remuneration and Sustainability Committee to foster inclusion and diversity among the Group's employees, including its executives.

With regard to the recommendation of the Code of Good Governance of ensuring that the number of female directors represents at least 40% of members of the Board of Directors, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

Representation of women in executive positions*	2022	2023
% of women in executive positions *	11.2%	11.9%
% of women on the Boards of Directors **	21.4 %	21.4%

(*) Considering Management category of Elecnor.
(**) The Board in December of the reporting year.

The Policy for the Selection of Directors and for Board Diversity and the Equality Plan are available on the Group's corporate website.

DISABILITY

The Elecnor Group is committed to having diverse and inclusive teams comprising people with different competencies, skills, perspectives and experiences.

In Spain it employs a total of 92 people with various disabilities (90 in 2022), accounting for 0.78% of the national workforce and for 0.4% of the total workforce of the Group. The Group combines the hiring of personnel with disabilities with the adoption of alternative measures pursuant to Spain's Disabled Persons and Social Inclusion Act (LGD).

In the interests of data confidentiality, no information is reported regarding differently-abled persons in the rest of countries in which the Group is present.

In particular, in Spain, the company resorted to alternative measures by acquiring raw materials, tools, PPE and procuring various services from special employment centres for a value of more than Euros 5.4 million.

Suppliers	Amount
Protec & Marti, S.L.	€3,817,262
Comercial M. Unceta	€282,989
Integra PMC	€57,860
Gelim	€146,358
I.L. Sijalon	€334,574
Apunts	€1,427
Cemi Norte	€118,776
S. Arza	€716,131
Total	**5,475,377 €**

Since 2021, the Elecnor Group has had a collaboration agreement with the Adecco Foundation to foster the company's commitment to the labour inclusion of people at risk of exclusion, through the #EmpleoParaTodos (JobsForEveryone) programme. In that context, the Aflora Plan was launched with the goal of normalising disability in the Group, seeking to identify employees who are eligible to obtain a disability certificate.

In addition, the company is committed to creating inclusive, barrier-free spaces that facilitate participation.

About our people

Internal communication is key in the Elecnor Group as it is the link between the company and its people. The main objective is to foster dialogue, collaboration and understanding between the different areas of the Group, as well as staff involvement.

During 2023, the Group launched new initiatives in addition to those started in the previous year. Thanks to these actions, the more than 22,000 people who today make up the Elecnor Group can stay connected through the different communication channels, both internal (Buenos Días) and external (social networks).

Noteworthy initiatives

To get home

As part of World Day for Safety and Health at Work, the Elecnor Group held an annual event on occupational risk prevention that sought to raise awareness, foster and reward occupational prevention actions in all fields and spheres.

The event, which was broadcast in all countries where the Group operates, aimed to highlight the importance of complying with safety regulations in order to return home with one's family through the slogan "Return home".

Hackers vs Locky

The Cybersecurity area launched a campaign with the aim of raising awareness of the importance of improving digital security skills. It was implemented through a game, so that people could learn about the reality of cybersecurity by playing.

GoodBye Plastic

This year's World Environment Day focused on the importance of providing solutions to plastic pollution, encouraging people to inspire others to join the cause and providing a channel where each participant could send a video with plastic-free actions. This initiative has also sought to demonstrate the great impact of individual choices.

The Q team

On the occasion of World Quality Week, the Corporate Services area launched The Q Team campaign, with the aim of raising awareness of the lessons learned on the Elecnor Group's path to excellence and disseminating the importance of quality in all its processes.

Being healthy

This Human Resources initiative seeks to improve the physical and emotional well-being of the people comprising the Elecnor Group. A healthy well-being plan that consists of disseminating content in various formats (audiovisual, infographics, reports, etc.) that combine three areas of knowledge: nutrition, emotional well-being and physical activity.

Carrera de las Empresas

The Elecnor Group encourages the adoption of healthy habits inside and outside the workplace, achieving a safe and healthy workplace filled with energy. The Company Race ("Carrera de las Empresas") is an initiative that also encourages teamwork, a good atmosphere and camaraderie.

Advent Calendar

This initiative provided the opportunity to discover, by opening a window in the calendar each day, an inspirational message about sustainability, together with related information about the Group. A daily raffle was held among all participants who opened a window.

Let's talk about Safety

As part of the Elecnor Group's commitment to health and safety, a video has been sent out every week in which, in a simple and accessible way, a lesson learned about a specific accident or incident that occurred in the past has been shown to raise awareness of the importance of learning in order to avoid a repetition.

Social dialogue GRI 2-30

In Spain, 100% of the workforce is covered by collective bargaining agreements. Considering that the concept of the Collective Bargaining Agreement stems from the Spanish Constitution and is developed by the Workers' Statute, and is therefore local and difficult to extrapolate, in the rest of the countries where the Group is present, employees are not covered by such agreements, but they are all are under the framework of labour relations set out in the corresponding local labour legislation. Comparable legislation exists in Argentina, Brazil, Cameroon, Lithuania, Portugal, Italy, Uruguay and the USA, under which employees are covered, although it is not of the same nature as in Spain.

The Elecnor Group also has Human Resources Departments to ensure compliance with and application of the current legislation throughout all the countries where it operates.

The work centres in Spain with between 10 and 49 employees have staff delegates, with Workers' Committees representing employees at centres with 50 workers or more.

Both the staff delegates and the Committees members are chosen in trade union elections, in which both unions and independent groups may field candidates. At present, the majority union is Comisiones Obreras (CCOO), but others are also represented: UGT, ELA, LAB, USO, ESK and independent groups. In the rest of countries the Group is compliant with legislation in force.

Labour relations at the Group are managed on the basis of provincial collective bargaining agreements within the sector. In certain cases, specific agreements are signed with particular groups. The company holds periodically meetings with each and every one of the Workers' Legal Representations (RLT), in which it provides the information required by both the Workers' Statute and the Organic Law on Trade Union Freedom. Nonetheless, extraordinary meetings may be held at the request of both the Group and the RLTs themselves.

In 2023, two agreements were signed with workers' representatives to improve conditions (on-call and standby, bonuses, working hours, etc.) for Eastern Andalusia and Vizcaya Distribution. Likewise, the Metal Collective Bargaining Agreement of Córdoba, Castellón, Valencia, Balearic Islands, Valladolid, Albacete, Pontevedra, Murcia, Palencia, Soria, Granada, Lleida, Lugo, Cáceres, Gipuzkoa, Vizcaya, Jaén, Almería, Navarre, Barcelona, Gerona, Zaragoza and Burgos has been reviewed.

The Group has various channels for employee dialogue and participation, such as meetings with workers' representatives, Equality Plan Monitoring Committee, the Buenos Días Elecnor intranet, the platform eTalent and the email addresses **codigoetico@elecnor.com** and **subdireccionrrhh@elecnor.com**, among others.

15.5 We look after our people

GRI 403-1

Our commitment to employee health and safety has been a priority for the Elecnor Group since the outset. Along these lines, the Group conducts work to achieve the goal of zero accidents, zero tolerance to any breaches of preventive measures and the continuous fostering of safe conduct among employees.

This commitment is formalised in the Group's Integrated Management System, which comprises the aspects of environment, quality, health and safety, energy management, R&D&I management, information security and risk management. These seven vectors comprise the Elecnor Group's Integrated Management System Policy, each with its specific objectives and strategies, but all with a common mission: the ongoing improvement of the organisation.

As regards health and safety, the guiding principles reflected in the Integrated Management System Policy are as follows:

- Provision of the necessary material resources.
- Focus on training in prevention techniques.
- Eliminate hazards and minimise risks
- Development of awareness campaigns for the entire Group.
- Continuous performance of inspections and audits on site and adoption of the appropriate corrective measures to rectify the origin of the deficiencies.

Furthermore, in the Integrated Management System Policy, employees are encouraged to perform their work according to the established rules, instructions and procedures, to use the individual or collective protection equipment provided, to use equipment, tools and vehicles appropriately, not to perform work in which there is an imminent serious risk to workers and to inform their superior, and to collaborate with the company in ongoing improvement.

In the Elecnor Group, the Health and Safety Area is structured based on the Joint Prevention Service (JPS), which is broken down into Central and Health and Safety Technicians. The latter have a presence in the various countries where the Group operates.

The Central JPS comprised 14 people at the end of the year, structured as follows:

- Technical Office Department. Prepares and maintains the Group's occupational risk prevention (OPR) documentation, campaigns, etc., as well as ensuring that internal audits are conducted in Spain and some countries in the international market.
- Internal Work Audit Department. Which conducts this kind of control in Spain as well as certain other countries.
- International OPR Coordinator Coordinating with all the Group's international organisations by means of reviewing reports, conducting meetings, monitoring implementation of the Safety Excellence Plan and software rollout, among other things.
- Activity, telecommunications and utilities (electricity and gas) coordinators. They undertake coordination tasks with customers and with the Group's organisations in the domestic market, preparing reports, monitoring, etc.

Health and Safety Technicians provide services to the various units on a day-to-day basis. Their duties include, inter alia, technical support to customers, inspections and training, and coordinating the application of the Management System in their business unit.

In the national market, there are 132 technicians[3], with different levels and specialities (most of them have the three specialities required by Spanish legislation), mainly dedicated to health and safety tasks. In the international market, there are 253 technicians from various categories, depending on the legislation of each country, and 59 people with a health profile (including doctors, nurses, paramedics, etc.).

A total budget of Euros 26.6 million (Euros 14.6 million in Spain and Euros 12 million for the international market) was allocated for the development of health and safety activities during 2023.

Health and safety management

GRI 3-3, GRI 403-2, GRI 403-3, GRI 403-7, GRI 403-8

Health and safety management in the Elecnor Group is conducted with the conviction of minimising or eliminating the main risk that may occur as a result of undertaking a project: a major or fatal accident. This risk is mainly related to working at heights, electrical risk, handling large loads, confined spaces, etc. Furthermore, the risk of traffic accidents is representative due to the high number of vehicles constantly on the move.

Each of the Elecnor Group's activities involves different types of risks, which are identified, minimised/eliminated with the preventive measures provided for in the risk assessment.

The Elecnor Group has implemented a Health and Safety Management System encompassed within the Integrated Management System, which applies to all workers, activities and places of work. Its goal is to remove or minimise the risk situations that people might face when executing their activity. To this end, the following actions are conducted:

- Safety inspections and internal work audits to monitor the conditions in which work is executed.
- Information and training on health and safety for all workers.
- Monitoring and awareness meetings.
- Campaigns to increase awareness and change behaviours.

(3) They do not include health technicians hired specifically for large projects.

All Management System activities have been strengthened during the year with the implementation of the Digital Transformation and Safety Excellence projects, which continue to make progress.

The Management System includes the initial risk assessment procedures (adapted to the legal requirements of each country) identifying the risks associated with activities, the probability of those risks emerging and the severity of the consequences of their materialising. Below are the corrective/preventive measures to eliminate or reduce risk.

By means of controlling work conditions (safety inspections, internal work audits, system audits, principal risk permits or spontaneous observations), the environment in which activities are conducted is monitored and corrective measures are implemented, which may include the re-assessment of the work to be executed. If there has not been a re-assessment the risk assessment is reviewed and, where applicable, it is modified every 3-5 years.

The risk assessments are performed by health and safety technicians. The safety inspections involve the entire hierarchical structure to foster integration of health and safety in people's everyday routines. Those directly responsible for projects are in charge of the principal risk permits, observations and other activities. In addition, all these aspects are monitored in conjunction with the Group's Management.

The Elecnor Group's Health and Safety Policy includes the right of workers to refrain from performing work where there is serious or imminent risk, requesting that execution of the work should halt and consulting their managers or the Safety Technician to perform the work in a safe way, without being subject to any type of penalty. Employees can report such situations through various mechanisms such as spontaneous risk observations, PRP, safety inspections, etc.

The Management System contains a procedure to investigate workplace accidents and incidents that define the responsibilities and actions, including the application of the corrective measures to avoid the repetition of the event or minimise its consequences. The findings of accident and incident investigations are analysed on a monthly basis, and the advisability of reviewing the System is assessed.

Additionally, there are two other procedures. On the one hand, the Improvement Management procedure, which defines the process for providing opportunities for improvement and, on the other hand, the Ideas Management+ procedure, which establishes the rewarding of employees to encourage their participation in continuous improvement.

In 2023, Spain, Argentina, Brazil, Chile, Italy, Mexico, United Kingdom and Uruguay have been audited externally and keep the certificate in accordance with the requirements of ISO 45001:2018. 59% of turnover is certified in accordance with international ISO 45001 standard (65% in 2022).

In 2023, 37 internal audits (28 in 2022) were performed in Spain in accordance with ISO 45001 standards. With respect to external audits, these were conducted for Elecnor and the subsidiaries included in the Multi-site Certificate: Elecnor Servicios y Proyectos, Adhorna, Atersa, Deimos Space, Deimos Engineering, Ehisa, Elecnor Infrastructure, Elecnor Seguridad and Jomar Seguridad, and they all ended with satisfactory results. Similarly, Audeca and Enerfín, which have independent certification, obtained satisfactory results in their audits.

In the international market, again pursuant to the requirements of ISO 45001, 28 internal audits (20 in 2022) and 14 external audits (13 in 2022) were conducted in various countries, also with satisfactory results.

Among other actions, 99,297 safety inspections (95,116 in 2022) were conducted throughout the Group, as a result of which 78,277 corrective measures (75,413 in 2022) were implemented, and 1,233 internal works audits (1,057 in 2022) were implemented as a means of control and in-depth analysis of the safety environment at projects.

HEALTH AND SAFETY COMMITTEES

GRI 403-4, GRI 403-8

Generally speaking, in almost all the main countries where the Elecnor Group operates, there are worker participation committees, in which the workers' chosen representatives and representatives of the company intervene. They are equal consultative and participatory bodies. The frequency of the meetings is that established in applicable legislation, but they normally meet monthly or quarterly.

In work places or countries where there is no worker representation, consultation and participation is by means of other mechanisms (awareness meetings, notice boards, circulars, e-mails, etc.).

FTRAINING IN OCCUPATIONAL HEALTH AND SAFETY

GRI 403-5

In 2023, the Elecnor Group continued with health and safety training activities to further foster a culture of prevention in the workplace. Depending on the activity, training is given on the following aspects:

- Management systems.
- Ab initio or induction when joining the company or project.
- Significant specific risks: height, electrical hazards, machinery, confined spaces, etc.
- Action in case of emergency: first aid, evacuation, fire prevention, etc.

The attendees who have received health and safety training, as well as the hours dedicated by type of market, are set out below:

	Attendees			Hours		
	2022	2023	Changes	2022	2023	Changes
Spain	16,390	16,606	1%	163,644	179,077	9%
International	66,967	760,652	1036%	377,613	523,238	39%
Total	**83,357**	**777,258**	**832%**	**541,257**	**702,315**	**30%**

Training actions were undertaken in Spain for a collective of 16,606 attendees (15,639 men and 967 women), most of whom attended more than one training action. A total of 179,077 training hours were provided (168,823 hours by men and 10,254 hours by women), 9% up compared to last year. There are also other technological and management training, which also have a clear impact on prevention, and which are not included in this total (qualifications/electrical permits, machinery operators, etc.).

significant increase in attendees and training hours in the international market has its origin in the increased implementation and monitoring of induction training in large projects.

The most notable training actions in Spain are:

Courses	Participants	Hours
Basic course	934	56,040
First cycle of the TPC	2,023	16,184
Second cycle of the TPC	3,995	24,174
Working at heights	3,196	27,076
Confined spaces	1,858	14,534
First aid	1,219	5,318
Leadership courses	1,075	8,487
The Risk Factor course	617	4,305
Total	**14,917**	**156,118**

Training actions were held internationally for a collective of 760,652 attendees (702,957 men and 57,695 women), most of whom attended more than one training action. In terms of total training hours, the figure stood at 523,238 hours (481,506 hours by men and 41,732 hours by women). These figures include the induction actions given for entry to the major projects.

One of the most significant initiatives in 2023 was the World Day for Safety and Health at Work campaign, titled "To get home" ("Volver a casa"), which was held on 28 April to commemorate the event. This year, the campaign's presentation event was organised globally over streaming for all the countries, which was attended by more than 4,600 people from all profiles of the organisation, including Management and other stakeholders. Furthermore, during the months following the initiative, the video obtained more than 30,000 views on the Group's social networking sites.

In line with the health and safety awareness-raising of all employees, it is worth highlighting the implementation of the named Safety Contacts. This entails —at all meetings, training sessions, etc.— the person in charge of the meeting beginning by talking about health and safety. The topics addressed can be related to both occupational safety and the non-occupational sphere, since the goal is to raise the level of risk perception in general and to generate a behavioural change towards an interdependent safety culture.

Occupational health services

GRI 403-3, GRI 403-6

The Elecnor Group is committed to the health of its workers, providing them access to health services at work so as to identify and eliminate hazards and minimise risks. As a result of the monitoring of these services, actions considered necessary are taken and, in extreme cases, may lead to a change of service.

Depending on where the activity is conducted, a different type of service is offered:

- Presence of an adequate medical service on site (doctor, nurse, paramedic or trained personnel).
- If necessary, workers may be transported in their own vehicles if their injuries permit or via ambulance to the nearest hospital.
- If workers use their own transport, the resulting expenses will be reimbursed.

In any event, workers are given the necessary information for their use in the local language or, where applicable, in the language in which said indications are understandable to them.

For workers who are in another country (expatriates/posted), an emergency notification service has been contracted that channels the action to enable the worker to receive information on where to go. Furthermore, the care service for other non-medical emergencies is also included: security events, natural catastrophes, etc. In extreme cases, this service includes the necessary actions for individual or collective repatriation.

Accident rates

GRI 403-9, GRI 403-10

In 2023, the frequency rate remained the same as in the previous year and was the best since the series commenced, while the severity rate was the second best since the rates were first measured. In particular, its frequency rate was 1.70 and its severity rate was 0.10.

Accident rates	2022	2023
Frequency rate	1.70	1.70
Severity rate	0.08	0.10

Frequency rate = (number of accidents involving more than one day's leave, not counting those on way to or from work/hours worked) x 10^6
Severity rate = (number of days lost/hours worked) x 10 ^3

In Spain, the frequency rate stands at 2.30, which is the best figure in the historical series, compared to 2.60 in 2022, and the severity score was 0.16 compared to 0.14 in 2022. In 2023, there were no fatal work-related accidents, marking a total of seven years with this important achievement. Additionally, there were fewer accidents, 54 accidents vs. 58 in 2022.

In the international market, the final frequency rate was 1.2, compared with 1.1 in 2022. On the other hand, the severity rate was 0.05, down from 0.03 in the previous year. This year there has been 35 accidents (32 in the previous year). There were no fatal accidents, while in 2022 there was one fatal accident involving own staff in Latin America. This tragedy served to spur the Group on in its firm commitment to working to reach its target of zero accidents.

FIGURES BROKEN DOWN BY GENDER

	2022		2023	
	Male	Female	Male	Female
Frequency rate	1.95	0.00	1.94	0.31
Severity rate	0.09	0.00	0.11	0.01
Occupational illness rate	0,04	0,00	0,08	0,00

(*) **Occupational illness rate** = (number of occupational illnesses/hours worked) x 10^6

In general, figures are compiled using IT tools, varying from payroll software, intranet, health and safety management tools (Notific@, SegurT, PRPs, e-coordina, etc.), spreadsheets, monthly reports, follow-up meetings, etc.

EMPLOYEE ACCIDENT RATE

Location	No. of recordable work-related injuries			No. of injuries due to work-related accidents with major consequences [1]			Hours worked		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain	**54**	**0**	**54**	**2**	**0**	**2**	**20,162,632**	**3,079,595**	**23,242,227**
Europe	11	0	11	0	0	0	3,142,903	383,716	3,526,619
North America	0	0	0	0	0	0	1,561,753	126,274	1,688,027
Latin America	19	1	20	0	0	0	14,826,088	2,052,311	16,878,399
Africa	3	1	4	0	0	0	4,352,370	651,252	5,003,622
Asia	0	0	0	0	0	0	271,242	13,101	284,343
Oceania	0	0	0	0	0	0	518,027	222,012	740,039
Total international	**33**	**2**	**35**	**0**	**0**	**0**	**24,672,383**	**3,448,666**	**28,121,049**
Total	**87**	**2**	**89**	**2**	**0**	**2**	**44,835,015**	**6,528,261**	**51,363,276**

(1) Injury due to workplace accident leading to death or so severe that the employee cannot recover or fully recover their state of health as it was prior to the accident, or is not expected to fully recover their state of health as it was prior to the accident within a period of 6 months.
Only including accidents involving more than one day's leave, not counting those on way to or from work.

The most significant workplace hazards with serious consequences are determined based on the record of accidents at the company:

- Working at heights: risk of falling to another level from, in many cases, considerable height.
- Work involving electrical hazard: risk of electrical contact, arc flash, fire or spatter from incandescent material.
- Handling large loads: risk of objects falling or of becoming trapped by objects.
- Work in confined spaces: risk of suffocation or explosion.
- Traffic accidents (on way to/from work or during work): risk of crashes, being run over, fire...

The main and most serious injuries resulting from the occupational hazards described above are: deaths, amputations, hemiplegia, paraplegia, severe fractures and burns, among others.

Appendix I of this report contains a detailed comparison of the accident rate of employees compared to the previous year.

Committed to prevention in subcontractors

The Elecnor Group extends its culture and commitment to the health and safety of subcontractors by monitoring accident rates. In particular, its frequency rate was 2.58 and its severity rate was 0.08.

Accident rates	2022	2023
Frequency rate	2.53	2.58
Severity rate	0.04	0.08

Frequency rate = (number of accidents involving more than one day's leave, not counting those on way to or from work/hours worked) x 10^6
Severity rate = (number of days lost/hours worked) x 10^3

FIGURES BROKEN DOWN BY GENDER

	2022		2023	
	Male	Female	Male	Female
Frequency rate	2.53	0.00	2.58	0.00
Severity rate	0.04	0.00	0.08	0.00

ACCIDENT RATE AT SUBCONTRACTORS

Geographic area	No. of work-related injuries			Hours worked		
	Men	Women	Total	Men	Women	Total
Spain	**38**	**0**	**38**	**10,759,546**	**0**	**10,759,546**
Europe	4	0	4	821,915	0	821,915
North America	0	0	0	4,446	0	4,446
Latin America	9	0	9	5,112,837	0	5,112,837
Africa	1	0	1	2,338,001	0	2,338,001
Asia	0	0	0	435,004	0	435,004
Oceania	0	0	0	680,236	0	680,236
Total international	**14**	**0**	**14**	**9,392,439**	**0**	**9,392,439**
Total	**52**	**0**	**52**	**20,151,985**	**0**	**20,151,985**

Of the total number of accidents, five were recorded as work-related accidents with major consequences.
Only including accidents involving more than one day's leave, not counting those on way to or from work.

Elecnor deeply regrets to have to report that there was a fatal accident involving a subcontracted staff member in Spain and another in Latin America. This further reinforces the Group's strong commitment to continue working towards the goal of 0 accidents.

Appendix I of this report contains a detailed comparison of the accident rate of subcontractors compared to the previous year.

OCCUPATIONAL HEALTH AND SAFETY WITH CUSTOMERS AND SUBCONTRACTORS

GRI 403-7, GRI 403-8

The Elecnor Group applies to subcontracted staff the same health and safety controls and measures as it applies to its own workers, conducting inspections, training, meetings, etc.

As part of the Safety Excellence Project, there is a specific line of action for subcontractors.

In Spain, there is a procedure for subcontractor assessment and a model for tracking their health and safety performance using the computer software Evalu@.

This procedure enables the actions of subcontractors to be analysed and the action plans to be established in the event that they fail to meet the health and safety standards established by the Elecnor Group.

With regard to customers and other stakeholders (for example, third parties present at the workplace, with or without a contractual relationship with the customer), business health and safety coordination initiatives are implemented to eliminate or reduce to a minimum the potential hazards due to interference.

For the public in general, demarcation, signalling and surveillance helps avoid injury to third parties.

Health surveillance

GRI 403-10

In general terms, the Elecnor Group employees do not perform activities with a high rate or risk of occupational illnesses. In those activities in which there might be a risk of developing an occupational illness (work at nuclear plants, involving asbestos, phytosanitary products, etc.) the necessary preventive measures are implemented and health monitoring performed, including checking physiological parameters that may help detect any problems in those tasks that may harm employees' health and safety. There were no significant cases in 2023, that is there were no serious permanent or life-threatening injuries to employees.

When Elecnor employees are working in areas where there are endemic diseases (malaria, dengue, yellow fever, typhoid, AIDS, etc.), these are tackled through vaccines or preventive/prophylactic measures, backed by the relevant information campaigns. Accordingly, all expatriate/posted workers are required to take a health course using the SOS International e-learning platform.

In 2023, awareness initiatives continued to focus on conducting campaigns to combat AIDS and sexually transmitted diseases in various countries, with actions and campaigns to foster healthy habits (avoiding cardio-respiratory disease and musculoskeletal disorders, nurturing a healthy and balanced diet, etc.), back training, and prevention of endemic diseases in the international market, etc.

Furthermore, campaigns were conducted to coincide with World Breast Cancer Day and World Prostate Cancer Day, and the physiotherapy programme to prevent musculoskeletal injuries has been upheld in various cities in Spain

EMPLOYEE OCCUPATIONAL ILLNESSES

	No. of work-related illnesses and diseases			Hours worked		
Geographic area	Men	Women	Total	Men	Women	Total
Spain	**4**	**0**	**4**	**20,162,632**	**3,079,595**	**23,242,227**
Europe	0	0	0	3,142,903	383,716	3,526,619
North America	0	0	0	1,561,753	126,274	1,688,027
Latin America	0	0	0	14,826,088	2,052,311	16,878,399
Africa	0	0	0	4,352,370	651,252	5,003,622
Asia	0	0	0	271,242	13,101	284,343
Oceania	0	0	0	518,027	222,012	740,039
Total international	**0**	**0**	**0**	**24,672,383**	**3,448,666**	**28,121,049**
Total	**4**	**0**	**4**	**44,835,015**	**6,528,261**	**51,363,276**

The most significant workplace hazards that present a risk of medical condition or illness are determined on the basis of their past record at the Group:

- Endemic diseases in certain countries where the company operates: malaria, dengue fever, etc.
- Asbestosis in places where there is asbestos (residual risk, which has never materialised).
- Musculoskeletal diseases at construction sites.

In 2023, there were no cases of malaria or dengue fever resulting in occupational sick leave of staff in countries where this type of illness is recognised as a work-related disease.

Moreover, there were 4 cases of occupational illnesses in Spain, both in men and of musculoskeletal origin, although these figures are partial as there are countries where they are not registered as such due to their legislation. There were no deaths due to occupational diseases in 2023.

Cases among local staff in countries with endemic diseases are not considered to be occupational illnesses.

Depending on the type of activity and risk, the Elecnor Group takes the necessary measures to minimise the occurrence of occupational illnesses: application of procedures, training, control, etc. Likewise, through the agreement with SOS International, information and training activities are carried out.

Appendix I of this report contains a detailed comparison of employees' occupational illnesses compared to the previous year.

Safety Excellence Project (SEP)

During the year, the implementation of the SEP was completed in Mexico, and significant progress was made in Brazil, Italy, Portugal, the Dominican Republic and the United Kingdom. In other countries, progress continues to be made in implementing several lines of action in order to continue unifying the Group's actions.

The digital transformation of occupational health and safety

The digital transformation in health and safety enables the optimisation of processes, the most appropriate technology to be applied and efficiency to be gained.

In 2023, initiatives were launched and consolidated within the framework of the Group's Digital Transformation project. Some of the most notable of these are:

- The Principal Risk Permit (PRP) tool is fully implemented in Spain. This year, a total of 356,741 PRPs were conducted in this market.
- Development of various modules of the new CORE tool, which groups together the processes of the Integrated Management System: planning, goals, risks and action plans, improvement management, internal audits, monitoring of corrective measures, etc.
- Progress in the process of implementing the various health and safety IT tools (SegurT, Notific@, PRPs, e-coordina) in various countries (Australia, Brazil, Mexico, etc.), adapting them to applicable legislation and their specific characteristics. This process will be completed in successive years throughout the international market.
- An artificial intelligence and big data application project has been launched that will improve the monitoring and use of several of the applications (SegurT, Notific@ and PRP), harnessing the potential of the huge amount of data they contain and detecting any possible misuse of the tools in order to correct it.
- The first module of the training project using virtual reality has been completed, a Transformer Station for SF6 cells in a precast concrete, which will improve the training of our employees in the local operation of medium- and low-voltage networks.

15.6 Operational excellence

GRI 3-3 GRI 2-23 GRI 2-24

As mentioned in previous sections, the Elecnor Group has an Integrated Management System that includes the aspects of environment, quality, health and safety, energy management, R&D&I management, information security and risk management. All of them comprise the Group's Integrated Management Policy and encompass the organisation's common goal of ongoing improvement.

In 2023, the Board of Directors approved the update of the Integrated Management System Policy whereby the Elecnor Group consolidates its commitment to the principles that govern the operation of the entire organisation. In this way, they constitute the basis for defining and reviewing objectives that continuously improve the effectiveness of its management systems.

These principles, based on which specific commitments and lines of action are laid down for each area, are as follows:

- Strict compliance with applicable legislation and any other requirements binding upon Elecnor in all the markets in which it operates.
- Customer satisfaction.
- The prevention of any injuries to and deterioration in the health of the Group's workers, improving work conditions to provide them greater health and safety protection.
- Pollution prevention.
- Efficient energy use and consumption.
- The activities having a favourable impact on the social environment.
- Improvement in competitiveness through R&D&I.
- Effective and efficient protection by way of a preventive, detective, reactive and dynamic approach to the use of information.
- Integration of risk management in the organisation's activities with a preventive approach that enables it to anticipate, manage and control the risks to which the Group is exposed.

In 2023, multisite certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Elecnor Group's infrastructures area that contains all of the scopes of the various activities and all of the work centres. This year, the scope of this certification has been extended to the design and construction of renewable energy parks in the Engineering General Sub-Directorate. In the international sphere, Elecnor Peru was added to the multi-site certification.

This was the second year of implementation of the Corporate Social Responsibility Management System in Spain, Angola and Brazil according to the IQNet SR10:2015 standard. Worth highlighting are the advances and improvements incorporated, the main one being the launch of the Strategic Sustainability Plan 2023-2025, the basis of the CSR Management System.

This year, Elecnor Servicios y Proyectos, S.A.U. obtained the Risk Management System certification according to ISO 31000.

The information regarding the rest of the certifications of the Integrated Management System is explained in each of the corresponding sections of this report (We look after our people, Committed to the environment and Technology and innovation).

Quality management

The Elecnor Group's quality strategy consists mainly of strengthening customer satisfaction, consolidating the continuous improvement in the organisation's processes through risk management and opportunities and implementing opportunities for improvement and lessons learned, and involving the workforce in all this process.

In 2023, various activities and initiatives were undertaken to strengthen both customer satisfaction management and the ongoing improvement process. The following can be highlighted:

- Deploying of the Management Systems:
  - Aligning the Management System at Elecnor Hawkeye and broadening the scope of the multi-site certificate to the Engineering General Sub-Directorate.
  - Obtaining new certifications:
    - Risk Management System Certification
    - Elecnor Peru Certification
- Optimising processes through the CORE tool, which encompasses the digitalisation of Integrated Management System processes. At present, the modules for audits, improvement management, objectives and targets, risks and action plans, and planner are available.
- Measures to expand the sample of customers in the satisfaction survey and to manage surveys with low ratings.
- Boosting the documentation of lessons learned and opportunities for improvement, identifying, documenting and providing 411 opportunities for improvement and 71 lessons learned.
- Inclusion of quality objectives in the Group's Strategic Plan related to customer satisfaction and non-quality costs.
- First international meeting of the Group's Quality and Environment managers, in which 12 countries took part and lines of work were established in accordance with the objectives of the Group's Strategic Plan.

63% of turnover is certified in accordance with international ISO 9001 standards.

CUSTOMERS, AT THE HEART OF THE BUSINESS

GRI 2-25

Customer satisfaction is a priority goal for the Elecnor Group. For this reason, different activities and initiatives are undertaken to strengthen its management.

The Elecnor Group continues to measure customer satisfaction through surveys, enabling it to gauge the degree of satisfaction with the services offered, as well as to identify strengths and areas for improvement.

In 2023, 2,141 customer satisfaction surveys were sent, with a response rate of 70% (1,495 responses). The results show that Elecnor Group's average score among its customers has improved compared to 2022, rising from 8.62 to 8.71.

Satisfaction survey	2022	2023
Number of surveys	1,217	1,495
Average score	8.62	8.71

The most highly rated aspects in both 2022 and 2023 were compliance with safety requirements, training and technical capacity, and service and communication.

As proof of the Elecnor Group's commitment to customer satisfaction, a methodology has been set up for surveys that obtain a score under 7.5 in order to find out the causes of this score and to analyse how to improve it. This is implemented by means of improvement Director's reports defining the necessary corrective actions to remedy the cause of the score obtained. Following the implementation of these actions, the customer survey is conducted again to assess the customer's compliance with the action plans.

As for customer claims or complaints, they are managed in accordance with the "Internal and External Communication" and "Improvement Management" procedures that outline the system to be applied for their management, analysis of causes and definition of efficient corrective actions.

Furthermore, the Elecnor Group acts with due diligence when addressing complaints through the following actions:

- Designating persons responsible for assessing customer complaints and coordinating their resolution on the basis of improvement management reports.
- Annual recording, management and monitoring of the number of complaints received.
- Measuring the degree of resolution of closed/pending complaints and the time invested in this.
- Outlining action plans and/or improvement actions when considered necessary.
- Assessing customer satisfaction once the improvement action has been implemented following the complaint.

In 2023, 408 customer complaints were filed, most of which were linked to technical management (39%), materials and equipment (25%) and workforce (15%). All complaints were answered within the defined period (maximum one week) and 54% of them closed with a satisfactory result.

In 2022, 194 customer complaints were filed, most of which were linked to technical management (60%), materials and equipment (18%) and workforce (15%). All complaints were fielded within a defined period and 66% of them are closed with a satisfactory result.

SUPPLY CHAIN

GRI 2-6

The Elecnor Group guarantees the most stringent levels of quality to its customers by fostering responsible management of the supply chain. This is the reason why the company affords priority to those suppliers of materials and services that can have a significant impact on the final quality provided by the Group to its customers.

Whenever possible, priority is afforded to contracting local suppliers to boost the area's economy. The Social Impact chapter of this Report provides details of the Group's procurements from local suppliers.

The core risks affecting the supply chain are analysed from three distinct angles. Firstly, they are analysed at a high level by Management; secondly, the analysis is carried out at the operational level after identifying those responsible for the different processes; and finally, it is carried out at the project level by the project managers.

In this field, in 2023, the main risk identified in both high-level and operational risks was the late delivery of supplies, both equipment and materials. In order to curb these risks and have a more resilient network of suppliers and contractors, the Elecnor Group has developed an action plan based on fostering digital transformation in the procurement process.

Therefore, this year, work began on implementing the Fullstep procurement platform nationally in the subsidiaries. This platform enables all parties involved in the procurement process to view the status of their processes in real time. Some relevant figures of 2023 are set out below:

- Upwards of 3,390 suppliers have registered with Fullstep, accepting both the General Terms and Conditions of Procurement, in which ethical, labour, social and environmental criteria, among others, are established, as well as the Code of Ethics and Conduct for Suppliers, Subcontractors and Collaborators, and the Information Security Policy. Therefore, by the end of 2023, a total of 19,310 registered suppliers had accepted these requirements.
- More than 3,500 internal procurement platform users.
- More than 13 training sessions have been given to more than 400 internal users.
- More than 350,000 procurement orders have been placed for approximately Euros 1,802 million.

Supply chain management is described in the Materials/ Services Supplier Management procedure.

In 2023, both the general procurement conditions and the general terms and conditions of business and the model contracts to subcontractors have been updated to reflect the changes made in these processes.

Depending on the nature and relevance of its suppliers, the Elecnor Group requires compliance with the following requirements:

- To all suppliers: acceptance of the general procurement conditions or acceptance of the general terms and conditions of business.
- To major suppliers: approval process.
- To relevant suppliers: they are subject to the ESG audit process.

The Elecnor Group deems major suppliers to be all the materials and services that, as a result of their effect on the safety of the installation and/or continuity of service, seriously affect the final quality of the installations it carried out.

Approval as a major supplier is granted after its documentation is analysed using the criteria of quality, environment, energy management, occupational health and safety, compliance, R&D&I, information security and sustainability.

Currently, the Elecnor Group has a total of 7,069 approved suppliers: 5,781 in Spain and 1,288 internationally across 19 countries. In 2023, 1,489 new suppliers have been approved, of which 727 (49%) have been proven to be aligned with environmental requirements and 120 (8%) with the sustainability requirements required by the Group.

In 2022, the Elecnor Group had a total of 7,844 approved suppliers: 6,927 in Spain and 917 internationally across 16 countries. 2,287 suppliers were approved, of which 730 (32%) were proven to be aligned with environmental requirements and 114 (5%) with the sustainability requirements required by the Group.

The re-assessment of suppliers remains ongoing using 3 tools: surveys to assess procurement, supplier complaints and audits of relevant suppliers.

The Elecnor Group has selected its relevant suppliers, which represent 58% of its purchasing volume, and audits them by applying environmental, social and governance criteria, since the aim is not only to detect possible risks, but also to develop the weakest areas of suppliers in order to align them with the Group's policies. In this way, relevant suppliers are audited every 3 years, thus keeping information on their performance up to date at all times.

During 2023, 7 audits were carried out on relevant suppliers (the same as in 2022), all of them with a favourable outcome, the result of which directly affects their approval as amajor supplier. For this reason, the relationship with relevant suppliers is constant, requesting corrective action plans if deemed necessary. Therefore, the Elecnor Group is aware that insisting on the resolution of the non-conformities detected during the audit is the way forward to help its distributors improve as a business and mitigate the risks associated with the supply chain. Working with suppliers who comply with standards helps improve performance and generates shared value.

Such is the case that, in 2023, the Elecnor Group has not suspended its commercial relationship with any of its suppliers due to irregularities detected in both the procurement of materials and the management of services supplied.

For the purpose of maintaining optimal relations and processes with suppliers, the Group has several communication channels:

> Fullstep (procurement platform)
- **soporteproveedores@elecnor.es**
- Purchasing Process Manual and Supplier Quality Manual

> E-coordina (platform for the coordination of business activities)
- **soporte@e-coordina.com**
- Library for suppliers

> Whistleblowing channel
- **codigoetico@elecnor.com**
- PO box (apartado de correos) n° 77-48008

15.7 Committed to the environment

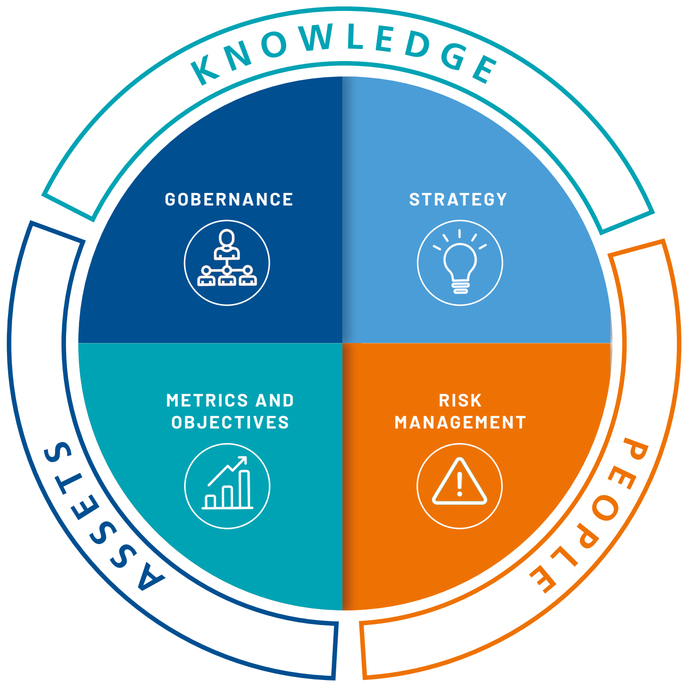
Climate action GRI 3-3

CLIMATE CHANGE STRATEGY

The Elecnor Group seeks to actively and decisively contributes to building a sustainable and low-carbon future. Climate change is a strategic priority and challenge that is embodied in both the **Strategic Sustainability Plan 2023-2025** and the **Climate Change Strategy 2020-2035**, which establishes greenhouse gas emission reduction targets in line with the Science Based Targets (SBT) initiative, with the commitment to achieving Net Zero by 2050.

With a comprehensive approach, the organisation effectively analyses and manages both physical and transitional risks associated with climate change, while identifying and capitalising on emerging opportunities. With this approach and backed by a diversified business, the Elecnor Group is firmly positioned to reduce emissions, decarbonise its business model and strengthen its resilience to climate impacts.

The Climate Change Strategy acts as an integrative framework to steer all the Group's actions to reduce greenhouse gas emissions, adapt to climate change impacts and tap into the associated opportunities. Its purpose is to lay the foundations for a decarbonised, profitable and continuously growing business, thus consolidating the Elecnor Group as a leading company on the path to a more sustainable, low on carbon emissions future.



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, 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.

The TCFD's initiative, by enhancing the quality of financial reporting on the potential impacts of climate change, seeks to improve the ability of investors to assess climate-related risks and opportunities.

In 2022, the SBT initiative validated the emissions reduction targets presented by the Elecnor Group in 2021, the year in which it joined this initiative led by CDP, the United Nations Global Compact, the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

Establishing 2020 as a baseline year, the Elecnor Group's target for 2035 for absolute Scope 1 and 2 emissions is to cut them by 38%. This target is in line with the Paris Agreement to limit the increase in global temperature to below 2°C. In addition, over the same period and on the same time basis, it has committed to reduce its Scope 3 emissions from the purchase of goods and services, as well as from fuel and energy-related activities, by 18%. In this context, taking into account that the Elecnor Group has defined the base year (2023) in this financial year, during 2024 the emission reduction targets will be re-validated by the SBT initiative.

It should be pointed out that the Elecnor Group participates in the CDP (Carbon Disclosure Project), presenting its voluntary report on climate change, which strengthens its commitment to sustainability. In 2023, it upheld the score of A- achieved in the two preceding years, 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.

This endeavour means we are working along four lines of action:

> Fuels:

- Renewing the fleet for more efficient and less carbon-intensive vehicles.
- Developing country projects for the switch to more sustainable fuels.
- Optimising waste collection routes to minimise journeys.

> Renewable energy:

- Acquiring 100% of electricity from renewable energy by 2035 at Group level.
- Fostering self-consumption in installations.
- Use of construction machinery with integrated solar panels.

> Value chain:

- Setting up a collaboration programme with the main suppliers as regards greenhouse gas emissions, focusing on obtaining primary information and subsequently accompanying them on their reduction path.

> Risk management:

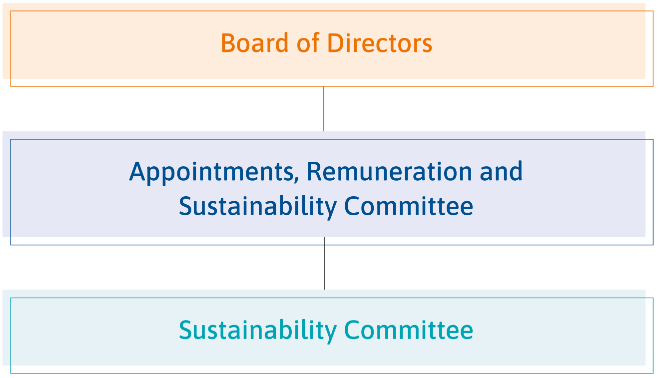
- Managing the short, medium and long-term risks and opportunities linked to climate change.

Governance

The Elecnor Group's climate governance is a cross-cutting responsibility at all levels of the company. This implies that the commitment to address and manage climate change impacts is shared and integrated across all areas and functions of the organisation.

The Appointments, Remuneration and Sustainability Committee of the Group's Board of Directors, to which the Sustainability Committee reports, holds the ultimate responsibility for climate issues.

This Committee monitors the company's Strategic Sustainability Plan on a quarterly basis and submits its assessment to the Board of Directors. This Strategic Sustainability Plan addresses climate change issues through a number of strategic initiatives.



In February 2023, the Board of Directors approved a new Integrated Policy on Environmental Management, Quality, Health and Safety, Energy Management, R&D&I Management, Information Security and Risk Management.

The section "Progressing in our commitment to sustainability" of this report provides a more detailed description of how the Elecnor Group's sustainability governance is organised.

Management of climate risks and opportunities

GRI 201-2

In 2023, the Elecnor Group carried out a review of its analysis of climate risks and opportunities following the recommendations of the TCFD.

This year it broadened and enhanced the analysis of risks and opportunities carried out in 2022, covering a wider range of activities, increasing the coverage of scenarios used and analysing a wider and more varied range of risks and opportunities.

This study considers, on the one hand, how climate change affects the Group's physical assets (Enerfín's renewable energy generation plants) and, on the other, how it affects the construction of infrastructures and transmission lines in Angola, Australia, Brazil, Cameroon, Chile, Colombia, Spain, Gambia, Guinea Bissau, Guinea Conakry, Ghana, Lithuania, Mexico, Mozambique, Panama and the Dominican Republic.

For the Elecnor Group, the analysis of climate risks and opportunities in construction projects is essential, as it allows for more accurate planning, strengthens resilience and favours the execution of more sustainable projects. This approach benefits both the Group and its customers by providing more robust solutions adapted to present and future climate challenges.

The analysis carried out is aligned with the criteria relating to the principle of not causing significant harm to climate change adaptation included in Appendix A of the Commission Delegated Regulation 2021/2139 on European Taxonomy.

In compliance with TCFD recommendations, and in order to be able to analyse a representative range of various future scenarios, the Elecnor Group worked in 2023 with three climate scenarios, analysed in each case for three time horizons: short (2021-2040), medium (2041-2060) and long term (2081-2100):

a. SSP1-2.6: increase of about 1.5°C by mid-century and about 2.6°C by the end of the century.

b. SSP2-4.5: increase of about 2.0°C by mid-century and about 4.5°C by the end of the century.

c. SSP5-8.5: significantly higher increase, exceeding 3°C by mid-century and reaching 8.5°C or more by the end of the century.

   The analysis is based on historical data from 1995 to 2014.

These scenarios provide a variety of contexts to assess risks and opportunities, thus establishing a robust basis for decision-making. SSP1 projects a sustainable and equitable future; SSP2 represents an interim trajectory based on historical patterns; and SSP5 illustrates rapid development driven by fossil fuels and technology.

The process of identifying, analysing and managing the risks associated with climate change is developed through a collaborative and cross-functional approach, with the close involvement of the different organisations as well as corporate departments.

The management of physical risks in facilities was focused at the local level, given the specific nature of these risks, which are directly linked to particular climatic, geographical and environmental conditions. On the other hand, transition risks were addressed at the national level, responding to the critical influence of governments and regulators in shaping markets and public sectors. This strategic choice is due to the need to comply with specific national regulatory frameworks and government policies in the countries where Elecnor Group operates.

a. **Physical risks:** to identify these risks, a detailed analysis of the evolution of climatic variables at the Elecnor Group's operational locations (construction sites and fixed assets) was carried out. Using GIS software, we worked with specific GIS layers for each climate variable, scenario type and time horizon. The interpretation of the evolution of climatic variables in the different scenarios made it possible to determine the probability of occurrence of climatic events that could pose a risk to the organisation's activities. This analytical approach also includes consideration of all relevant physical hazards identified in Appendix A of the European Commission Delegated Regulation 2021/2139 on European Taxonomy.

b. **Transitional risks and opportunities:** a comprehensive analysis of current and emerging climate regulation was carried out, assessing its potential impact on the Elecnor Group in the short, medium and long term. In addition, trends in sustainability and climate action globally and in the company's sector of operation were examined. This analysis encompasses technological and market aspects, considering potential changes in customer and end-consumer behaviour, as well as changes in material prices linked to climate action initiatives.

In this phase, 29 physical risks, 19 transitional risks and 21 opportunities with a certain probability of occurrence were identified.

Subsequently, a prioritisation process was carried out by means of an assessment carried out by the working group, considering the possible impacts that the risks and opportunities could have on the locations where the Elecnor Group operates or on the organisation as a whole. This process was conducted through questionnaires and interviews with the working group, who finally jointly assigned a severity level to the impacts of the risks and opportunities, following pre-established criteria.

For those risks and opportunities with a higher probability and significant severity, a more in-depth assessment of their impact on the Group from a financial perspective has been carried out.

The following tables show the most relevant risks and opportunities of the study:

HIGH-SEVERITY RISKS

Transitional risks

Description	Potential impact, scope and risk management	Action Plan
Increased stringency or obligations of environmental legislation and regulations	The increase in carbon pricing mechanisms in the various regions where Elecnor or Enerfín operates, as well as the increase in the prices of the current mechanisms, could have a significant impact on the Group's operating costs. This scenario could result in higher costs for the organisation, as it could face higher prices for supplies of materials needed for operations. This is the case in countries such as Mexico or Spain, where there is already a carbon regulatory market in place; Colombia, where the regulatory market is still under development; or Brazil, where its implementation is being considered. **Horizon:** short-term **Affected activities:** **Elecnor** – Projects in Spain, Mexico, Colombia and Brazil. **Enerfín** - Operations in Brazil and Spain.	To mitigate risk and reduce emissions, the Elecnor Group will focus on improving energy efficiency and promoting the adoption of clean technologies in its operations. Its SBT target is to reduce absolute Scope 1 and 2 GHG emissions by 38%. In addition, the organisation is committed to adopting sustainable practices to achieve the SBT target of reducing Scope 3 emissions by 18% by 2035, using 2020 as the base year.
Border adjustment mechanism	The EU's Carbon-Border Adjustment Mechanism (CBAM) is one of the key instruments of the European Green Pact. It aims to prevent emission reduction requirements on European industry from resulting in a flight of companies to source from jurisdictions with laxer climate legislation and to incentivise greater climate ambition at the global level. This could affect an increase in the organisation's operating costs by having to pay more for imports of materials related to iron, steel, cement, aluminium, fertilisers, electricity and hydrogen. **Horizon:** short-term **Affected activities:** Purchases of the organisation from the European Union to external countries.	Faced with the risk posed by the European Union's CBAM, the Elecnor Group plans to implement a set of strategic measures between 2024 and 2035. These actions will include supplier diversification, process optimisation and close collaboration with strategic partners. The main objective will be to reduce reliance on materials subject to the 'green tariff', thus ensuring continuous adaptation to emerging climate regulations and improving operational efficiency.

Physical risks

Description	Potential impact, scope and risk management	Action Plan
Heat wave	According to scenarios SSP1-2.6, SSP2-4.5 and SSP5-8.5, a progressive increase in the number of days with temperatures above 35°C is observed. These temperature extremes can affect the quality of work, the well-being and safety of workers and the timing and completion of projects. In addition, there are countries, such as Spain, with sanctions for occupational hazards associated with extreme temperatures. In the specific case of Spain, for example, temperatures between 14° and 25° are recommended for light work and humidity between 45% and 60%, with sanctions for non-compliance. If risk mitigation measures are not taken, there is a risk of production stoppages due to occupational health and safety regulations or loss of employees due to sick leave because of working conditions. **Horizon:** short-term **Affected activities:** **Elecnor** - Some projects in Panama, Brazil, Mozambique, Norway, Australia, Dominican Republic and Spain.	To mitigate the risk of extreme temperatures at work, measures such as constant monitoring of working conditions and the adoption of safety protocols, including regular breaks and adequate provision of water and shade, are proposed. In addition, increased investment in infrastructure would be considered to ensure optimal working conditions (2024-2035).

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Physical risks

Description	Potential impact, scope and risk management	Action Plan
Storms and extreme events (including blizzards, dust and sandstorms)	The occurrence of storms and extreme weather events presents a significant financial risk to Enerfín. This risk is broken down into several aspects: a. **Reduced energy production:** during and after these events, the need to temporarily disable turbines to avoid damage results in a loss of direct income. b. **Repair and maintenance costs:** affected facilities will require additional repairs, resulting in additional maintenance costs. For example, the repair of broken wind turbine blades during a storm. c. **Insurance and mitigation costs:** increases in insurance costs are expected to cover potential damages, in addition to expenses related to the implementation of mitigation and resilience measures. **Horizon:** short-term **Affected activities:** **Enerfín** - Some wind farms in Spain and Brazil.	To mitigate the risk of storms and extreme weather events, Enerfín will propose the implementation of measures such as improving infrastructure to withstand adverse climatic conditions, geographic diversification of projects and the review and updating of insurance policies to cover possible damages. In addition, the development of contingency plans and monitoring systems for a faster and more efficient response to adverse climate events will be considered (2024-2035).
Storms and extreme events (including blizzards, dust and sandstorms)	The occurrence of storms and extreme weather events poses a significant risk to the Elecnor Group's operations. The following describes how these events could impact financially: a. **Stoppage of works:** storms and extreme events can force the temporary stoppage of work in progress, resulting in a decrease in productivity and an increase in construction time. This could affect the expected revenues and profitability of projects or the reputation of the company. b. **Repair and replacement costs:** infrastructure construction is exposed to damage from these adverse weather conditions, which would generate additional costs related to repairs and, in some cases, the need to replace affected structures. c. **Insurance and mitigation costs:** given the likelihood of damage caused by these weather conditions. Insurance costs are expected to rise to cover these risks. **Horizon:** short-term **Affected activities:** **Elecnor** – various construction projects in Ghana, Brazil, Gambia, Guinea Bissau, Guinea Conarky, Mozambique, Colombia, Cameroon, Angola, Australia, Mexico and Spain.	To manage the risk of storms and extreme weather events, Elecnor will propose the implementation of measures aimed at strengthening the construction of infrastructures (2024-2028) and the review and updating of insurance policies to cover possible damages (2024-2025). Priority will also be given to establishing a methodology for monitoring climate variables (2024-2035) and early warning systems (2030-2035) to minimise impacts on operations.

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Physical risks

Description	Potential impact, scope and risk management	Action Plan
Forest fires	The occurrence of forest fires poses a significant risk to the production and operation of Enerfín's wind farms. How these events could impact financially is detailed here: a. **Repair and maintenance costs:** the need for additional repairs and maintenance would generate added costs, which could affect the company's profit margins and profitability. b. **Loss of revenue due to unavailability:** the temporary interruption of wind farm operations due to fires would result in a direct loss of revenue associated with power generation. This loss of revenue would affect Enerfín's ability to meet its financial and commercial targets. c. **Insurance and mitigation costs:** With the likelihood of damage caused by forest fires, insurance costs are expected to increase to cover these risks. **Horizon:** Short-term **Affected activities:** **Enerfín** - Some wind farms in southern and eastern Spain.	Enerfín proposes the implementation of constant monitoring of climate variables and the adoption of preventive measures, such as early detection systems and firebreak areas, to mitigate risks in wind farms (2024-2035).

CLIMATE OPPORTUNITIES

Description	Potential impact, scope and management of opportunities	Action Plan
Returns on investment in low-emission technology	The Elecnor Group's adoption of sustainable practices and production of environmentally-friendly products not only has the potential to generate significant impact, but can also offer a number of tangible and strategic benefits. Some of these benefits include: a. **Improved brand perception:** the commitment to sustainability and the production of eco-friendly products strengthens Elecnor's image as a responsible company committed to the environment. b. **Opening up new opportunities in sustainable growth markets:** Elecnor could take advantage of this trend to expand its presence in sustainable growth markets and diversify its product portfolio. c. **Increased sales and expansion of market share:** growing demand for eco-friendly products could boost the company's growth and strengthen its competitive position in the construction industry. **Horizon:** long-term **Affected activities:** **Elecnor** - Projects carried out by the Elecnor Group in all locations.	Elecnor plantea la implementación de prácticas sostenibles y desarrollar productos ecoamigables para mejorar la percepción de su marca, impulsar la lealtad del cliente y capitalizar las oportunidades en mercados sostenibles en crecimiento, fortaleciendo así su posición competitiva y aumentando su participación en el mercado de la construcción.

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CLIMATE OPPORTUNITIES

Description	Potential impact, scope and management of opportunities	Action Plan
Access to new markets, new locations and facilities	The climate opportunity presents a favourable scenario for Enerfín, as more and more consumers are becoming more environmentally conscious and are looking for sustainable energy. This shift in consumer preferences, coupled with increased regulations and environmental requirements, expands Enerfín's market potential and opens up new business opportunities. By meeting this growing demand for sustainable energy, Enerfín has the capacity to increase its production and generate higher profits. Expanding into wider markets and positioning itself as a leading renewable energy provider strengthens the company's competitive position and its ability to fully capitalise on this opportunity. **Horizon:** medium-term **Affected activities:** **Enerfín** - All locations.	Enerfín plans to boost technological innovation, expand its production, diversify its products and consolidate its brand image to capitalise on the growing demand for sustainable energy and strengthen its competitive position.

Metrics and targets

In this report, the Elecnor Group presents essential indicators that provide detailed information on climate and the strategy to combat climate change. These indicators are crucial for the ongoing monitoring of the Group's decarbonisation targets and the resilience of the strategy to the climate events analysed.

Below is a description of the key aspects, such as calculating the Elecnor Group's carbon footprint, the emissions avoided as a result of the renewable energy generation activity and the results of implementing the Climate Change Strategy.

These metrics are complemented by other climate-related aspects such as energy and water consumption and waste management. These indicators are described in the Environmental performance section of this Report.

Monitoring, evaluation and review of the climate change strategy for 2023

GRI 302-4, GRI 305-5

Below is a description of the main actions carried out in 2023 within the framework of the Elecnor Group's Climate Change Strategy.

Strategic line	Investment (€)	Shares	Emissions avoided tCO_2e
Fuel	5,153,193	• Conference calls encouraged to avoid journeys. • Acquisition of vehicles, machinery with lower fuel consumption. • Optimising municipal waste collection routes and other services. • Developing preventive maintenance of vehicles.	796
Energy	482,753	• Renewable energy use. • Acquiring efficient IT tools (computers, tablets, etc.). • Installation of timers for electronic devices and automatic off switches. LED lighting to replace existing fixtures. • Improving the thermal insulation of buildings.	1,962
Water	8,580	• Developing a plan to reduce water consumption and/or optimise its use. • Implementation of technology, practices or systems that reduce, optimise, recycle or reuse water.	8
Other actions	33,096	• Developing a plan to cut down on the use of plastics. • Recovery of waste materials from the construction site for on-site projects.	0.6
Total	**5,677,622**		**2,767**

CARBON FOOTPRINT

One of the main objectives of the Elecnor Group's environmental management is aimed at reducing the carbon footprint generated as a result of the organisation's activity.

For the past 10 years, the Elecnor Group has been calculating its carbon footprint in accordance with internationally recognised standards and implementing actions to reduce GHG emissions within the scope of its activity. Each year, the Elecnor Group calculates its footprint using a tool that enables each organisation in the Company to report the consumption data associated with Scopes 1, 2 and 3.

The 2023 inventory has been verified by Aenor 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". This change in methodology with respect to previous years (until now, ISO 14064-1:2018 was used as the reference standard) responds to the Elecnor Group's adherence to the Science Based Target (SBT) initiative, which uses the GHG Protocol as a reference.

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.

It is worth highlighting Elecnor's partnership with the Spanish Quality Agency (AEC) in the Climate Change task force, exchanging experiences and generating useful documentation for all the agency's members and partners. The matters addressed relate to actions to combat climate change (carbon footprint, energy efficiency, decarbonisation, etc.) and related legal developments.

EMISSIONS (t CO_2e) GRI 305-1, GRI 305-2, GRI 305-3

Scope	2022	2023	Changes (%)
Scope 1 Stationary and mobile combustion	76,084	82,322	8 %
Scope 2 Consumption of electricity	1,647	1,511	-8%
Scope 1 & 2 totals	**77,731**	**83,833**	**8%**
Scope 3 emissions	1,079,714	760,603	-30%
Total	**1,157,445**	**844,436**	**-27%**

(*) Fugitive emissions have been reported in Scope 1

In the calculation of the carbon footprint for this year, the Scope 1 and Scope 2 emission factors have been updated using sources from recognised entities such as DEFRA, International Energy Agency, MITECO, etc.

As a consequence of the change in the carbon footprint calculation methodology (especially Scope 3), the variation of the data for 2022 and 2023 are not comparable.

In line with the Group's increased activity, in 2023 its carbon footprint was 83,833 tCO_2e for Scope 1 and Scope 2 (77,731 in 2022). Factoring in Scope 3 emissions (deriving from the value chain), the Group's total emissions amounted to 844,436 tCO_2e (1,157,445 tCO_2e in 2022), considering the market-based[4] method.

For the information of Elecnor Group stakeholders, GHG emissions have also been calculated using the location-based method[5] totalling 846,176 tCO_2e.

For the calculation of the carbon footprint, an operational control approach has been chosen, although a shareholding approach has been used for the emissions included in the Scope 3 Investments category, given that they correspond to emissions from Celeo, a company in which the Elecnor Group has a stake.

The greenhouse gases (GHG) encompassed in the carbon footprint are those which, among those considered in the Kyoto Protocol, are generated by the organisation's activity. These are: carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) and, additionally, hydrofluorocarbons (HFCs) associated with refrigerant gas leaks in climate control and refrigeration equipment.

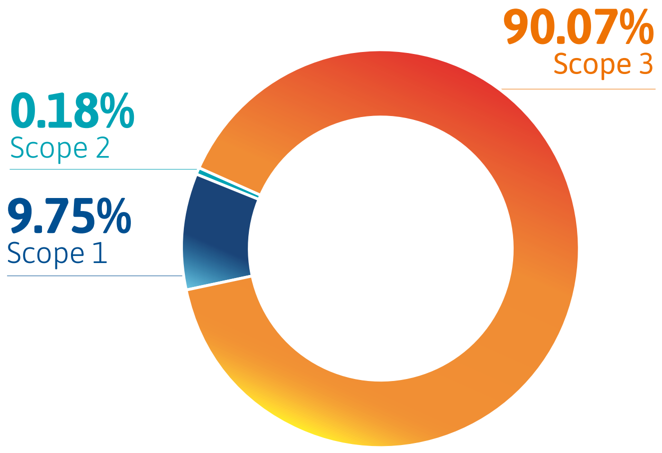
Initially, the Elecnor Group considered 2014 as the base year, which was later changed to 2020 as it was the first year in which the organisation calculated all its emissions in all relevant categories. Currently, it has been decided to select 2023 as the base year to align with the change in methodology and the Science Based Target (SBT) initiative.

(4) ***Market-based*** means that, in case of guarantees of origin, in those centres that have them, the emission factor is zero.

(5) ***Location-based.*** This scenario does not take into account the guarantees of origin that each organisation may have taken out with its marketer. The emission factors used are those of each country's electricity mix.

The Elecnor Group's GHG emissions in 2023 were 844,436 tCO_2e. 90.07% of emissions come from Scope 3, 9.75% from Scope 1, and the remaining 0.18% from Scope 2 emissions.

DISTRIBUTION OF THE ELECNOR GROUP'S GHG EMISSIONS 2023



Scope 1 (Direct GHG emissions)
Scope 2 (Indirect GHG emissions from purchased electricity)
Scope 3 (other indirect GHG emissions)

Of the total Scope 1 and 2 emissions, 98% correspond to direct emissions (Scope 1) and the remaining 2% to indirect emissions from purchased electricity (Scope 2).

At 2023 year-end, for Scopes 1 and 2 the ratio of emissions generated per hour worked was 1.67 $kgCO_2e$/hour, the same as that in 2022. Nevertheless, taking 2014 and 2020 as the basis for comparison, the ratio has clearly improved, having fallen by 30% and 10% respectively (2.4 $kgCO_2e$/hour in 2014, 1.86 $KgCO_2e$/hour in 2020 and 1.67 $kgCO_2e$/hour in 2023). With regard to Scope 3, the ratio of emissions generated per hour worked was 15.60 $kgCO_2e$/hour, with the previous year being 23.19 $kgCO_2e$/hour. GRI 305-4

Scope 3 of the carbon footprint refers to processes associated with the Elecnor Group's value chain, but which take place in sources that do not belong to it and which it does not control. The categories are calculated according to "The Corporate Value Chain (Scope 3) Accounting & Reporting Standard". This protocol classes Scope 3 emissions into 15 subcategories. Those applicable and relevant to Elecnor are as follows:

- Supply chain (procurement of products and services).
- Capital goods (reported in conjunction with supply chain).
- Life cycle of fuels and energy consumed.
- Transport and distribution of goods.
- Management of waste generated.
- Business travel by air, train and car (private, rental and taxi), in addition to stays at hotels.
- Employee commuting to and from the workplace.
- Leases.
- End of life of products sold.
- Investments.

Scope 3 emissions by category are detailed below: GRI 302-2

Scope 3* emissions	2022	2023	Changes (%)
Purchase of goods and services	971,355	587,893	-39%
Capital goods	-	50,959	-
Upstream fuel and energy activities	18,976	19,624	3%
Upstream transmission and distribution	25,732	9,208	-64%
Waste generation	942	3,328	253%
Corporate journeys	21,318	15,964	-25%
Commuting	23,243	39,114	68%
Upstream leased assets	5,563	9,135	64%
End of life of products sold	104	43	-58%
Investments**	12,481	25,334	103%
Total	**1,067,233**	**760,603**	**-29%**

(*) As a result of the change in the carbon footprint calculation methodology, the data for 2022 and 2023 are not comparable.
(**) The investments correspond to Celeo.

Emissions related to bioenergy consumption

In addition, 547 tCO_2 of biogenic emissions from biofuels consumed by the Elecnor Group (biodiesel and ethanol) are reported outside the scope of the carbon footprint calculation. Thus, direct GHG emissions (Scope 1), stationary combustion, from biodiesel consumption were 107 tCO_2e, and direct GHG emissions (Scope 1), mobile combustion, from ethanol consumption were 440 tCO_2e.

MITIGATION THROUGH ACTIVITIES. AVOIDED EMISSIONS

GRI 302-5

The Group's electricity generation activity using renewable sources avoids the emission of greenhouse gases. The company undertakes projects in the areas of wind, solar PV and solar thermal power, hydroelectric and biomass plants.

As part of its commitment to diversification, the Group's renewable subsidiary Enerfín, is implementing innovative projects that include, among others, the hybridisation of wind energy and photovoltaic energy and storage, or generation, storage and supply of green hydrogen. In an initial phase, these projects are centred in Spain in light of the new regulation (Royal Decree Law 23/2020) and the National Recovery and Resilience Plan.

This kind of project responds to the need to decarbonise the economy, enabling, on the one hand, greater penetration of renewables in the electricity system (hybridisation, storage); and, on the other hand, reaching sectors with high emissions such as heavy goods transport or cogeneration. Along these lines, the administrative processing of two hybridisation projects and an innovative green hydrogen production project began. In particular, through its subsidiary Renovables del Cierzo, S.L., it started to process the solar wind hybridisation projects of the Corral del Molino I and El Montecillo wind farms, with an installed solar power of 3.4 and 6.2 MWp respectively.

It is worth noting that Enerfín's renewable energy production amounted to 2,660,309 MWh in 2023 (2,875,260 Mwh in 2022), taking into consideration the projects operated in Spain, Brazil and Canada. Greenhouse gas emissions avoided through renewable energy production totalled 444,156 tCO_2e (429,620 tCO_2e in 2022).

By means of its concessions and projects business, the Group has holdings in 2,079 MW of renewable energy facilities in operation and under construction in Spain, Brazil, Canada and Colombia (1,897 MW in 2022), broken down as follows:

Renewable energy (MW)	2022	2023
Wind energy	1,355	1,538
Solar thermal energy	150	150
Solar PV energy	392	391
Total	1,897	2,079

Environmental performance

GRI 3-3, GRI 2-23, GRI 2-24

The Elecnor Group's Corporate Services Department is responsible for managing the Integrated Management System, which encompasses the quality management, environmental management, occupational risk prevention, energy management, R&D&I, information security and risk management of all the company's organisations.

In order to monitor the areas of Quality and Environmental Management, there is a team of 132 people distributed between the Quality and Environment area of the Corporate Services Department and the various organisations of the Group, both in Spain and internationally, in order to ensure compliance with the company's established Management Systems. During 2023, the first international meeting of the Elecnor Group's Quality and Environment Managers was held, in which 12 countries took part.

The principles of the Environmental Management of the Elecnor Group are set out in the Integrated Management System Policy, which was updated in 2023.

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.

In 2023, multi-site certification audits were conducted according to ISO standards 9001:2015 and 14001:2015. This is a single certificate for all of the organisations in the Elecnor Group's infrastructures area that contains all of the scopes of the various activities and all of the work centres. This year, the scope of this certification has been extended to the design and construction activities of renewable energy parks in the Engineering General Sub-Directorate. In the international sphere, Elecnor Peru was added to the multi-site certificate.

63% of turnover is certified in accordance with international ISO 14001 standard.

Elecnor has renewed the Verified Aenor Environment CO_2 Certificate, with which the Group obtains an independent and rigorous endorsement of the quantification of its greenhouse gas emissions in its activities, which helps improve its environmental and energy management.

It also renewed the Energy Management System (GE-2013/0033) under the UNE-EN ISO 50001:2018 standard, thereby reinforcing the Group's commitment to sustainability.

In the Group's new Strategic Sustainability Plan 2023-2025, quality and environmental objectives related to customer satisfaction, non-quality costs and reduction of greenhouse gas emissions have been included.

In 2023, the Elecnor Group has allocated a total of Euros 11,400,000 to managing environmental impacts (Euros 11,254,000 in 2022), broken down as follows:

Activity (investment)	2022	2023
Actions to minimise environmental impacts (climate change strategy, waste management, others)	6,916,500	7,207,000
Environmental awareness-raising	12	9.000
People dedicated to environmental activity	4,200,000	3,960,000
Environmental certifications	20	25.000
Environmental consultancy and advice	105.5	199,000
Total	11,254,000	11.400,000

The Elecnor Group took out an environmental liability policy for 2023. This policy covers Elecnor S.A., Elecnor Servicios y Proyectos, Celeo and Enerfín, including all the countries where the Group operates, with a general limit of Euros 20 million.

CONSUMPTION MANAGEMENT

Energy consumption GRI 302-1, GRI 302-3

In 2023, energy consumption totals 1,196 TJ, 4% up on the previous year (1,146 TJ). Furthermore, the ratio of energy consumed by the organisation per hour worked was 2.5 J/hour, the same ratio as in 2022.

It is worth highlighting that 100% of the electricity consumed by the Elecnor Group's facilities in Spain since 2021 comes from renewable sources.

The various energy consumptions are presented below:

ENERGY CONSUMPTION (TJ)

	2022	2023
Natural gas	0.21	0.57
Diesel	75	69
Petrol	90	72
Gas oil	906	978
Biodiesel	0.03	1.48
Electricity	71	66
Non-renewable source	30	24
100% Renewable source	41	42
Other fuels	3	8
Total	1,146	1,196

Note. All the electricity consumed by the Elecnor Group's facilities in Spain in 2023 comes from 100% renewable sources.

Energy efficiency initiatives GRI 302-5

Energy management is one of the Elecnor Group's areas of activity. It is certified as an Energy Services Company (ESC), empowering it to develop projects to boost energy efficiency in street lighting, buildings and facilities. At present, Elecnor manages 293,411 street lights in 102 Spanish municipalities, representing an increase of 4% over the number of street lights managed compared to the previous year.

Meanwhile, internally, over the course of 2023, a number of energy-saving and energy efficiency actions were implemented, most notably:

- Procurement of electricity with renewable origin certificate and improvement of renewable energy self-consumption facilities.
- Acquiring efficient tools (computers, tablets, etc.)
- Fleet renewal, including new hybrid vehicles in the organisation.
- Conference calls encouraged to avoid journeys.
- Installation of timers for electronic devices and automatic off switches.

- Replacement of existing lighting with low-consumption LED lighting (offices, wind turbines in some wind farms, etc.).
- Design of the Group's new headquarters according to sustainability, optimisation of consumption and reduction of waste generation criteria (e.g., individual light meters, LED screens and sensors for light regulation, blinds, micro-perforated roof and acoustic insulation screens, bicycle parking and electric vehicle charging points in the garage).
- Self-consumption of electricity through photovoltaic solar panels at Atersa.
- Addition of hybrid vehicles to Audeca's fleet.
- One-off modifications to the facilities at water treatment plants to reduce electricity consumption, installing more energy-efficient machines, planned and implemented under ISO 50001 certification.

Sustainable financing GRI 3-3

Elecnor registered in June 2023 a Multi-currency Promissory Note Programme on the Alternative Fixed Income Market, MARF, for up to Euros 400 million, the objective of which is to allow short and medium-term financing in advantageous conditions compared to alternative sources of financing.

This is the Elecnor Group's second Programme linked to sustainability that includes targets for reducing greenhouse gas emissions and accidents at work. If they are not met, they imply a commitment of contributions to sustainable projects.

The programme, which runs until June 2024, will allow financing in Euros and US Dollars, with maturities of up to 24 months, through the issuance of promissory notes with a nominal value of Euros 100,000 to institutional investors.

The programme is part of the strategy to diversify the sources of financing of working capital and to optimise its costs. In this context, the soundness of Elecnor's business model and reputation is well recognised in the MARF, which is allowing Elecnor to be one of the companies with the highest issued amount and lowest costs in the market. In the last twelve months, the company has made 70 issues, maintaining an average outstanding amount of Euros 226 million.

For this Promissory Note Programme, Elecnor will have Banca March, Banco de Sabadell, Renta 4 and Norbolsa as placement entities, assuming the functions of distributing the issues among qualified investors. Banca March is also the Registered Advisor and Paying Agent. Cuatrecasas has taken over the legal advice, and G-Advisory is the consultancy firm that will issue the sustainability reports.

This Promissory Note Programme accompanies other sustainable financing operations signed by the Elecnor Group in 2021:

- Three long-term private placements totalling Euros 100 million:
  - 50 million at 10 years, in sustainable loan format, coordinated by Banca March.
  - 20 million at 10 years, which additionally fulfils the Green Loan Principles, as the funds are used for projects classified as green, executed by ICO and with Banco Sabadell as coordinator.
  - 30 million at 14 years, in the form of a sustainable bond issued in the MARF, with an Elecnor Group rating (investment grade; BBB-, issued by Axesor) and structured and placed by Banco Sabadell.
- The company signed a novation of the Syndicated Financing Agreement which, being in compliance with the requirements of the Sustainability Linked Loan Principles, was rated as sustainable.

Consumption of renewable energy

The electricity consumed by the Elecnor Group's facilities in Spain in 2023 comes from 100% renewable sources.

Furthermore, the subsidiary Audeca has several solar energy generation facilities at road maintenance centres of the Ministry of Transport and Sustainable Mobility. Atersa's self-consumption thanks to the 100 kWp photovoltaic system installed on the roof.

Celeo in Brazil generates photovoltaic energy for its own consumption at its maintenance base in Uberlândia. Celeo in Chile also has photovoltaic panels at the Atacama maintenance base.

Water consumption GRI 303-1

The types of Elecnor Group's water consumption as a result of its activities is as follows:

- Own consumption. Water used in the facilities and to conduct the Group's various activities.
- Water treatment for customer. Water captured from waste water treatment facilities or water supply services, or discharged water from treatment plants operated by Elecnor and processed to attain human consumption quality or a degree of treatment as established by law.

Although the activities conducted by Elecnor do not generate a major impact on the water resource and it regards the water footprint as a material topic of low criticality, the company is aware of the importance of this limited resource and that some of its activities are conducted in areas with a high risk of water stress, which is why it drives initiatives to reduce and optimise the consumption of this resource.

Similarly, the environmental administration establishes preventive measures to curb possible effects on river ecosystem species and other bodies of water, as well as to fulfil the environmental flow regime and the technical requirements laid down by the administration itself. The processes that ensure compliance with water collection and discharge requirements are part of the environmental management systems that the company implements, verifies and certifies pursuant to the international standard ISO 14001.

Through the Environmental Management System, the Group identifies its own water consumption as a non-material environmental aspect. Even so, the possible impacts related to water consumption in the activities conducted are assessed and monitored at the permanent facilities and in the works executed, and good practices are introduced to foster the minimisation of water consumption.

This monitoring is conducted through:

- Monitoring of consumption
- Identification and compliance with legal requirements
- Standard environmental management procedures
- Location of areas at high risk of water stress (WRI)

Elecnor has emergency plans and protocols in place, in addition to duly trained personnel, in order to ensure that in the event of a spill or dumping in a body of water, correct and rapid action is taken, minimising any adverse effect on the environment, indicating how to collaborate and the means of communication to be used with the stakeholders involved. At the same time, the minimum impact on water is guaranteed, ensuring strict compliance with legislation.

As stated above, Elecnor ensures compliance with legislation in all areas where it conducts its business, the aspect of water consumption is integrated into the organisation's management system, and it has the proper means and duly trained personnel in the event of an emergency that could affect a body of water. Elecnor avoids collecting water in areas of high water stress where it operates.

GRI 303-3, GRI 303-5	2022	2023
Mains water consumption (Ml)	96	188
Water consumption in areas without water stress (Ml)	28	121
Water consumption in areas of high water stress (Ml)	68	67

Note. Water stressed areas have been identified on the basis of the "WRI Aqueduct 2023".

The increase in water consumption is mainly due to the inclusion of new countries and organisations (Australia, Dominican Republic and Cameroon) in the report, as well as the increase in the Group's activity.

The Elecnor Group ensures compliance with legislation, which guarantees that the discharges conducted are within the limits stated in the corresponding authorisations or permits. Thus, no anomalous circumstances have been detected that could significantly affect water resources and related habitats.

Other consumption

The Elecnor Group considers the consumption of raw materials to be non-material due to the sector to which it belongs. The Group uses the following raw materials: steel, cables, insulators, electrical panels, cells, pumps and pipelines. The company currently implements initiatives to recycle and re-use some of these, such as cables and steel. For the future, work is underway to implement a methodology to consolidate and report this information.

WASTE MANAGEMENT

GRI 306-1, GRI 306-2

The Elecnor Group's Environmental Management System includes the protocol for managing waste generated by Elecnor's own activity in order to ensure adequate protection of people's health and the environment, as well as compliance with applicable legislation. The waste generated is treated in accordance with current legislation by authorised managers, seeking the best available techniques for recovery wherever possible and optimising the resources used at worksites and work centres. Moreover, in 2023 the company generated a total of 94,312,288 kilograms of waste (35,904,107 kilograms in 2022), 79% of which was recovered (re-use, recycling, soil treatment or other means), 3% less than the previous year.

Although there has been a slight decrease in waste recovery, it is worth noting that the Elecnor Group remains committed to continuous improvement in its waste management practices, as reflected in the recovery percentages in Spain (93%), Italy (100%) and Portugal (100%).

The Elecnor Group also contributes to waste recovery by managing municipal recycling centres and recovering silt at the water treatment plants (WWTP and WTP) it manages.

Below are details of the amounts of waste generated in its operations: GRI 306-3

Waste generation by type	2022	2023
Hazardous waste	338,667	1,065,370
Non-hazardous waste	35,565,440	93,246,918
Total	**35,904,107**	**94,312,288**

For waste generated in the European Union, waste is classified using the EWL Code (European Waste List), which is a system for classifying the different types of waste based on their origin and composition. It is established on the basis of a hierarchy of numerical categories, each of which corresponds to a specific type of waste and is associated with a precise description of its characteristics and composition.

GRI 306-4, GRI 306-5

2022 (kilograms)	Hazardous waste	Non-hazardous waste
Waste not destined for disposal	**181,369**	**29,352,884**
Reuse/Preparation for reuse	54,006	11,855,993
Recycling	2,316	14,627,130
Other recovery operations	125,047	2,869,760
Waste destined for disposal	**157,298**	**6,212,556**
Incineration (with energy recovery)	8,415	11,761
Incineration (no energy recovery)	8,950	19,676
Transfer to landfill	71,188	5,897,587
Other elimination operations	68,745	183,532
% Destined for recovery	**82%**	
Total	**35,904,107**	

2023 (kilograms)	Hazardous waste	Non-hazardous waste
Waste not destined for disposal	**260,712**	**74,268,584**
Reuse / Preparation for reuse	29,596	37,592,255
Recycling	53,244	27,585,512
Other recovery operations	177,872	9,090,817
Waste destined for disposal	**804,658**	**18,978,334**
Incineration (with energy recovery)	26,868	1,198
Incineration (no energy recovery)	75,702	260,136
Transfer to landfill	608,677	18,173,751
Other elimination operations	93,411	543,249
% Destinados a Valorización	**79%**	
Total	**94,312,288**	

The increase in total waste generation compared to the previous year is mainly linked to the increase in the number of large projects in the Brazilian business. These projects are responsible for 48% of the total waste generated.

During 2023, projects carried out in Brazil included the construction of transmission lines in the states of Minas Gerais, Rio Grande do Norte, Pará and Amazonas; the construction of the Mutum, Terminal Rio and Boa Sorte substations; and the construction of solar PV farms, such as Boa Sorte, Sol do Piauí, Lar do Sol II and Arinos Sul.

The increase in waste generation is also due to the inclusion of Australia, the United Kingdom and Italy in the report.

Finally, the waste reporting methodology has been improved with the implementation of the digital platform for GRel waste management in Brazil, Uruguay, Chile and Argentina.

Other initiatives GRI 306-2

Certain major initiatives implemented to prevent waste generation (recycling, reuse, etc.) are described below.

Enerfín participates as a partner alongside other developers and industrial companies in the Renercycle project to develop industrial and technological solutions that promote the circular economy in the renewable energy sector.

The subsidiary Atersa has improved the efficiency of photovoltaic panels marketed. Here, efficiency means the amount of Watts used in a solar panel expressed in W/m². This improvement entails fewer product units needed to achieve the same installation power, resulting in reduced waste generated. It also works with Ecolec, a non-profit organisation that fosters the proper management of electronic and electrical waste and care for the environment, to ensure the removal and recycling of solar panels at the end of their useful life.

ENVIRONMENTAL AWARENESS

The Elecnor Group involves its employees and all other stakeholders in environmental awareness programmes and campaigns. While some actions are undertaken at Group level others are implemented locally.

Some of the most notable initiatives include:

- Goodbye Plastic campaign. On the occasion of World Environment Day, the Goodbye Plastic campaign was launched to encourage commitment and responsibility in reducing plastic pollution.
- Make your footprint positive! ("¡Que tu huella sea positiva!")campaign with the aim of encouraging good environmental practices within project facilities through different activities.
- First Children's Drawing Competition The importance of water in my life ("La importancia del agua en mi vida") in Mexico. The aim of the campaign was to raise awareness among workers and their children about water care.
- Carrying out various awareness campaigns focused on optimising water use and reducing consumption, for example in the Dominican Republic, Montelecnor and Elecnor Angola.
- Audeca has carried out an internal awareness campaign to reduce the use of plastic by eliminating this type of water bottles and distributing glass bottles to workers.

MANAGEMENT OF BIODIVERSITY AND PROTECTION OF THE NATURAL ENVIRONMENT

GRI 2-25, GRI 3-3, GRI 304-1, GRI 304-2, GRI 304-3

The Elecnor Group's human-induced impact on bioversity refers to the potential effects on flora and fauna due to disturbances, loss of habitat and even loss of species. The Group identifies and assesses this impact from all its activities, either for legal compliance or at the own initiative of the organisation or its customers. As a result, it undertakes activities and measures that reduce the impact on biodiversity to a minimum or even generate a positive impact on biodiversity.

Some of the mitigation actions conducted in 2023 to minimise and limit the impact on biodiversity are described below:

Related to fauna conservation

- Nueva Alto Melipilla - Nueva Casablanca - La Pólvora - Agua Santa transmission line (Chile). Implementation of measures for the protection of birdlife, such as the installation of flight deterrents to increase the visibility of power lines and prevent birds from being electrocuted.

  In addition, prior to carrying out works, a series of measures have been implemented such as scaring off low-mobility wildlife through controlled disturbance, manual and gradual removal of refuges, as well as rocks or vegetation. Removed rocks and vegetation have been used to build new burrows outside the site area.

- Portón del Sol solar PV farm (Colombia). Relocating all the fauna located in the project area through scaring, collection and relocation.

- Santos de la Piedra Wind Farm (Spain). The following actions have been carried out: recovery plan for the common crayfish and removal of animal carcasses.

- Ribera Navarra Wind Farm (Spain). Bird detection cameras have been installed for the automatic shutdown of wind turbines, in the event of detecting a dangerous situation for birds.

- PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas (Brazil). Some actions are carried out within the framework of the wildlife conservation programme:

  - Rescue and management of animals during removal of vegetation.

  - Raptor conservation programme.

  - Signalling and monitoring programme for birds susceptible to collision.

- Aerosur wind farm (Spain). Enerfín has set up conservation actions for the Egyptian vulture *(Neophron percnopterus)* and the Montagu's harrier *(Circus pygargus)*. Monitoring is conducted for reproduction, marking specimens, supplementary feeding or the maintenance of unharvested cultivated plots to allow the species to nest. We have also carried out reintroduction and reinforcement sessions for endangered birds.

- Sigma solar PV plant. Arco 1-5 farms (Spain). Actions were undertaken to identify Montagu's harrier *(Circus pygargus)* nests in the Arco 4 and 5 projects, following the detection of their presence in the vicinity.

- Yaoundé Lake (Cameroon). Monthly monitoring of biodiversity by identifying native and invasive species of fauna and flora present in the project area.

- NYOM II (Cameroon). The following actions have been carried out:

  - Identification of invasive plant species in the project area.

  - Weeding and clearing of vegetation.

  - Awareness-raising sessions among employees to enable the team to be able to identify this type of species.

- 230 kV Sabanitas Substation - Panamá III Substation transmission line (Panama). Rescue of a three-toed sloth *(Bradypus variegatus)*.

- 400 kV Segura - Centurión transmission line (Spain). Some actions have been taken to help reduce interaction with local wildlife:

  - Purchase of multi-purpose nests to accommodate barn owls, kestrels or lesser kestrels.

  - Installation of bird deterrents to increase the visibility of the power lines and prevent birds from being electrocuted.

Lastly, during the pre-operational (construction) phase of its projects, the renewable energy subsidiary Enerfín conducts exhaustive environmental impact studies in agreement with the administration and lasting at least one year, for the purpose of characterising the bird species and populations existing in the area and their behaviour in the different seasons (identifying nesting and roosting areas, determining flight heights, etc.). The findings of these studies are crucial for the projects' viability.

Once the facility enters operation, Enerfín conducts birdlife monitoring plans, in addition to various checks for the conservation of ecosystems existing in the project area, reporting the data from this monitoring to these administrations in due course.

Related to flora conservation

The Elecnor Group and Enerfín undertake several actions for the protection of flora in the projects they carry out. The most significant ones for 2023 are outlined below:

- Portón del Sol solar PV farm (Colombia). Various measures have been taken, such as drying out the ponds, and rescuing and relocating species of flora in the national closed category (orchids, bromeliads, bryophytes and lichens).

  We have also rescued individual saplings, treated them in a nursery until they can be transplanted, and rescued epiphytic plants. Additionally, the trees of the *Pseudomalmea boyacana* species have been spared until they flower so that they can disperse the seeds, as this is a species with a scarce presence in the area.

- Sigma solar PV plant. Arco 1-5 farms (Spain). Transplanting of palmetto *(Chamaerops humilis)* specimens located in the access works to the plants was carried out. In addition, trees and bushes located in the areas affected by the photovoltaic modules have been transplanted.

- New 2x220 Nueva Alto Melipilla - Nueva Casablanca - La Pólvora - Agua Santa (Chile) line. Geophyte specimens were identified for rescue and relocation.

- PATE - 230 kV Oriximiná-Juruti-Parintins e Subestações Associadas transmission line (Brazil). Flora rescue programme for the conservation of plant genetic resources, rescuing and saving germplasm and producing herbarium samples of forest species collected in the area affected by the project.

- Boa Sorte solar PV plant (Brazil). Plant germplasm has been rescued to mitigate and compensate for the negative environmental impacts caused by the removal of vegetation in the project area.

- New England Solar Farm (Australia). A Biodiversity Management Plan has been carried out during the implementation of the project. Some of the actions carried out have been the following:

  - Study of the existing flora in the project area.

  - Control and management of vegetation in the project area.

  - Control of vegetation growth on roadside verges.

Connected with restoration projects

The Elecnor Group carries out and implements actions to restore habitats in the areas of influence of the projects. The most important ones are described below:

- Portón del Sol solar PV farm (Colombia). The following restoration actions have been carried out: planting of 405 host trees in addition to those required by the Environmental Management Plan (EMP) to ensure greater survival of individuals in the ecological rehabilitation area for the growth of non-vascular epiphytes. Furthermore, additional maintenance has been contracted to that established in the EMP to ensure the survival of the planted trees.

- The subsidiary Audeca continues to carry out emergency works to mitigate the effects of the May 2023 fire in the Hurdes and Gata mountains in Extremadura. These actions consist of the extraction of the burnt wood and numerous works for the restoration of the ecosystem, in order to minimise the risks of ash and soil possibly being blown and swept over the population and the environment.

- The subsidiary Audeca has undertaken the restoration of the river Zapardiel in the province of Ávila up to the mouth of Tordesillas, in Valladolid. The project will enable the management of water resources of the Duero river basin through innovative, sustainable, participatory solutions that can be exported to the rest of the river basins. This project began in 2018 and will run until 2027.

Furthermore, the Elecnor Group includes projects located in or near protected areas of great value, the information on which is set out in Appendix I of this report.

Similarly, the Group and its subsidiaries also monitor species that appear on the International Union for Conservation of Nature (IUCN) Red List and on national conservation lists whose habitats are in areas affected by the organisation's operations, by level of risk of extinction. Appendix I of this report lists the projects that conduct this monitoring.

European taxonomy of environmentally sustainable economic activities

The European taxonomy forms part of a series of actions that seek to redirect capital flows towards sustainable activities within the European Union's European Green Pact, which in turn identifies a set of policy initiatives geared towards compliance with the commitments made in the Paris Agreement and, more specifically, with the goals set out in the United Nations 2030 Agenda for Sustainable Development adopted in 2015.

Under the European Taxonomy Regulation (EU Regulation 2020/852) (hereafter, TR), the taxonomy is intended as a classification system for environmentally sustainable economic activities to assist in informing investors —under a single, official criterion— about which investments are sustainable, providing transparency and clarity in the market.

Pursuant to these regulations, the Elecnor Group discloses in this Non-Financial Information Statement (NFIS) information on the manner and extent to which the company's activities are associated with economic activities that are considered environmentally sustainable in relation to goals to mitigate and adapt to climate change. In particular, the Group publishes the proportion of its total turnover, CapEx and OpEx that is linked to environmentally sustainable economic activities. In addition, and for the first time this year, the Group has analysed the extent to which its activities can be considered eligible under these regulations in relation to the other environmental objectives, such as the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution and the protection and recovery of biodiversity and ecosystems.

In that regard, there are two levels of classification of economic activities in terms of their contribution to environmental objectives:

- On a first level, an economic activity will be regarded as an **eligible** economic activity pursuant to the taxonomy to the extent that it fits one of the descriptions of activities included in the delegated acts implementing this regulation[1] (1st Delegated Act, expanded by virtue of the 3rd Delegated Act and partially modified by the 4th Delegated Act, in relation to the goals of mitigation of and adaptation to climate change, and 5th Delegated Act in relation to the rest of the environmental goals), regardless of whether it meets any or all the technical selection criteria established so that it can also be considered environmentally sustainable. As a consequence, the fact that an economic activity is eligible under the taxonomy does not provide any indication of its actual environmental performance and sustainability
- On a second level, an eligible economic activity will also be regarded as an **environmentally sustainable** activity when it meets the technical selection criteria identified for each activity in the appendices to the abovementioned delegated acts, i.e. when:
  - it contributes substantially to one or more of the environmental objectives laid down in Article 9 of the TR,
  - does not cause any material detriment to one or more of the environmental objectives laid down in Article 9 of the TR, and
  - it is conducted in conformity with minimum social safeguards that ensure that the activity is performed in compliance with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights laid down in the eight core conventions referred to in the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Note 1. Appendix I of this Report identifies in greater detail the main implementing legislation of the European Taxonomy Regulation.

Methodology for the identification of eligible activities

Categorisation of activities into eligible and non-eligible activities

The Elecnor Group has found that the activities it conducts may contribute primarily to mitigating the effects of climate change rather than contributing to adapting to it and its consequences, to the sustainable use and protection of water and marine resources, to a circular economy, to the prevention and control of pollution or to biodiversity (without prejudice to the positive effects that they may also generate in this field). In these circumstances, while the analysis of the eligibility of its activities under the taxonomy rules has taken into consideration all environmental objectives, the subsequent analysis of its environmental sustainability has focused on the assessment of its contribution to the goal of **mitigating climate change.**

The Elecnor Group classifies its activities and sub-activities using an internal coding system.

These activities and their corresponding sub-activities have been analysed using the classification of economic activities included in the delegated acts of the Regulation corresponding to the various environmental goals, and which are based on the NACE (Statistical Classification of Economic Activities in the European Community) classification.

Following the exercise conducted, it has been concluded that the following Elecnor Group activities and subactivities are deemed eligible according to the taxonomy:

- Electricity. Subactivities: distribution and transmission networks, substations, transformer stations and live working.
- Energy efficiency. Subactivity: street lighting.
- Power generation. Subactivities: wind farms, solar photovoltaic, power generation and self-consumption plants.
- Railways. Subactivities: catenary, traction substations, signalling and interlocking, and communications.
- Maintenance. Sub-activities: urban services.
- Facilities. Subactivities: electricity and instrumentation, air-conditioning, HVAC, PCI and plumbing and comprehensive installations.
- Construction. Subactivities: non-residential buildings.
- Environment and Water. Sub-activities: water works, distribution networks and water treatment plants and environmental works.

Appendix I of this Report contains an itemised list of the Elecnor Group's eligible and ineligible activities and sub-activities and their correspondence with the abovementioned NACE codes and environmentally sustainable activities according to the Taxonomy Regulation and implementing regulations.

Methodology for identifying environmentally sustainable activities: analysing compliance with technical selection criteria

With the aim of analysing which activities or projects comply with the technical selection criteria laid down in the taxonomy regulation that enable them to be classified as environmentally sustainable, the Elecnor Group first identifies and reviews all the projects under execution registered in its works system and determines the scope of this analysis. The analysis on the fulfilment of the selection criteria is conducted at project level when, given its nature (type of activity and requirements of the taxonomy, geographical location and deployment and execution of the applicable management and control procedures, primarily) and magnitude, it is deemed necessary to accredit this fulfilment on an individualised basis. Conversely, in cases where the nature of the projects included in a given activity is homogeneous, the management procedures set up are applied across the board and the individual volume of each project is not significant; the analysis is performed at the activity level.

The technical selection criteria applicable to each of the eligible activities pursuant to the taxonomy are substantially different and, accordingly, there is a substantial variation in the assessment of compliance with them from one activity to another. As can be seen below, a highly significant part of the Elecnor Group's activity is identified with the construction or rendering of services associated with the operation of electricity transmission or distribution systems and with the construction or operation (in the latter case, through the Enerfín Subgroup's activity) of electricity generation facilities based on wind energy or photovoltaic solar technology. The most notable aspects included in this analysis process in relation to these activities are described below.

Substantial contribution to the goal of mitigating climate change

Set out below are the main aspects of assessing whether projects for the **construction or rendering of services related to operating electricity transmission or distribution systems** substantially contribute to the goal of mitigating climate change:

- Identifying whether the transmission and distribution infrastructure or equipment subject to the project is located within the interconnected European system;
- Identifying, if not, whether the infrastructure in question is connected or intended to create a connection or extend an existing connection to an energy production facility with a level of greenhouse gas emissions below the thresholds laid down in the taxonomy regulation (low-carbon generation) or whether the primary goal of the infrastructure is to increase the generation or use of renewable electricity generation; and
- As a last resort, where neither of the above two circumstances can be proven, analysing the characteristics of the electricity system in which the infrastructure is located and, specifically, whether the average emissions factor of the system network or whether more than 67% of the newly activated capacity in the system falls below certain emissions thresholds, in both cases considering a successive period of five years.

Generally speaking, and according to the "Renewable Energy Statistics 2023" report from the International Renewable Energy Agency (IRENA), the participation of renewable energy in the production and installed capacity of electricity generation in the main countries in which the Elecnor Group is present executing transmission and distribution system construction projects is very high. In all cases, major efforts have been made in recent years to increase the percentage of renewable energy in their installed generation capacity.

With regard to projects related to the **construction or operation of electricity generation facilities using renewable energy sources (wind and solar),** their very nature proves their substantial contribution to this goal of mitigation.

With regard to the **construction and maintenance of rail transport infrastructure,** this activity refers to actions on electrified infrastructure and associated subsystems, which also proves its substantial contribution to this mitigation goal.

Finally, for **building renovation and related activities,** the substantial contribution is shown through the assessment of the energy performance of the buildings or facilities subject to the corresponding actions.

No significant harm to other environmental goals

In line with the nature of the Elecnor Group's principal eligible activities, our analysis of compliance with these selection criteria has been particularly focused on the goals of adaptation to climate change, transition to a circular economy and protection and recovery of biodiversity and ecosystems. Although the requirements laid down in the taxonomy regulations to demonstrate that economic activities do not cause significant harm to any of the identified environmental goals also differ between the different eligible activities, the aforementioned activities of electricity transmission and distribution and the construction and operation of renewable generation facilities based on renewable sources, construction and maintenance of infrastructure for railway transport and renovation of buildings and related activities, generally have important elements in common in terms of demonstrating compliance with these requirements.

The nature of the core activities conducted by the Elecnor Group sometimes limits its ability to significantly influence some of these environmental goals. This is especially true with respect to the goals of adapting to climate change and the transition to a circular economy, given that the Group —with the exception of the energy generation facilities, mainly wind power, which it operates through the Enerfín Subgroup— does not own or operate the infrastructures it builds throughout their entire lifecycle. As a rule, the design and technical specifications of the projects are determined by the customer and the Group has no ability to manage these assets after the completion of their construction and delivery.

In any case, and as regards the goal of **adapting to climate change,** the abovementioned technical specifications generally address the most adverse climatic conditions and set out the appropriate adaptation solutions. These are usually related to implementing the best technology in the installations and using highly durable materials that can withstand the most extreme conditions and, above all, to the location of the various supports of the transmission and distribution lines and of the photovoltaic and wind complexes themselves and of the foundations and towers of the wind turbine generators.

Furthermore, and as explained in the Climate Action section of this Report, the Elecnor 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 activities, following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and in accordance with the criteria set out in Appendix A *("Criteria relating to the principle of no significant adverse effect on climate change adaptation")* of Appendix I relating to the goal of mitigating climate change of the 1st Delegated Act. Specifically, the impact of climate change has been assessed both on the Elecnor Group's physical assets and on the infrastructure construction activity in the countries in which it currently has a greater presence or significant medium- and long-term business opportunities. The findings of this analysis form the basis for the identification and implementation of adaptation solutions to reduce the impact of the most significant physical climate risks to the Group's activities, taking into account their context and their position in the supply chain.

The Elecnor Group, as also outlined in the Environmental Performance section, conducts its operations pursuant to the procedures established in its Environmental Management System certified under ISO 14001:2015. In particular, as regards the goal of **transitioning towards a circular economy,** and as outlined in the *"Waste management"* section of the abovementioned Environmental Performance section, the Elecnor Group fosters the circular economy by reducing and recovering the waste generated whenever possible and optimising the resources used at all worksites and work centres. In that regard, it has specific Waste Management procedures in place to ensure both adequate protection of human health and the environment and fulfilment of the applicable legislation, seeking the best available techniques for recycling. Similarly, the key characteristics of its operations and activities that may have a material impact on the environment are regularly monitored and measured through the Environmental Action Control Plans, and compliance with legal requirements is verified

Furthermore, and as also outlined in detail in the abovementioned section of this Report on Waste Management, the Group is fully committed to and working intensively on a number of initiatives geared towards preventing the generation of waste and enhancing the circular economy, especially with respect to wind power generation facilities.

Lastly, as regards the goal of **protecting and recovering biodiversity and ecosystems**, and as detailed in the Biodiversity management and protection of the natural environment section of the abovementioned Environmental Performance section, the Elecnor Group identifies and assesses in all its operations the impact they may have on fauna and flora, taking the appropriate measures to reduce this impact or even to generate a positive impact on the environment. Most of the projects implemented by the Group have the mandatory Environmental Impact Assessment reports and the corresponding environmental impact statements, based on which environmental monitoring plans are prepared to ensure the application of the appropriate mitigation and compensation actions.

As a result of the assessment conducted regarding these selection criteria, the Group has concluded that, overall, its eligible activities do not cause material detriment to any of the environmental goals set out in the taxonomy regulations.

With regard to the analysis of no significant adverse effect on the objectives of sustainable use and protection of water and marine resources and pollution prevention and control, the exposure of the Group's main activities is low. In any case, the Group implements appropriate working procedures to mitigate any negative impact that may occur.

Minimum social safeguards

To assess whether the operations conducted by the Elecnor Group are performed pursuant to minimum social safeguards, the outcome of the Final Report on Minimum Safeguards issued by the European Sustainable Finance Platform in October 2022 has been considered primarily. Based on this report, the analysis has been conducted with respect to the Group's management and performance in the following four areas:

a. Combating bribery and corruption.
b. Human rights.
c. Taxation.
d. Free competition.

To prevent and adequately manage the risks linked to these four areas and to ensure adequate performance in full compliance with the law and its principles and values, the Elecnor Group has a fully operational Compliance System that is structured and operates according to the best national and international practices. The Elecnor Group's Compliance System is certified according to the UNE-ISO 37001 anti-bribery management system standard and the UNE 19601 criminal compliance management system standard. The Ethical management and regulatory compliance section of this report outlines the key components of this system and the manner in which the Group conducts its operations in these areas of management.

The Human Rights section of the Responsible Management chapter of this report makes explicit in particular the Elecnor Group's commitment to support, uphold and protect human rights to the fullest extent and the mechanisms it has in place to ensure that all of its operations are conducted pursuant to these principles.

Lastly, the Tax Transparency section included in the abovementioned chapter on responsible management covers the key areas and elements of governance in tax matters that ensure compliance with legislation in this field.

Neither Elecnor, S.A. nor any of its subsidiaries have been convicted in a final judgment in 2023 for any offence relating to tax evasion or human rights. Similarly, neither Elecnor, S.A. nor any of its subsidiaries or its management team have been convicted by a final judgment in matters of corruption, bribery or infringement of laws related to free competition. **GRI 2-27**

Estimation of the indicators for eligible and environmentally sustainable activities: Turnover, capital expenditure (CapEx) and operating expenses (OpEx)

Having catalogued the Elecnor Group's activities as eligible and ineligible and assessed compliance with the technical selection criteria for the projects and activities identified as eligible, the indicators (KPIs) required by the abovementioned regulations have been calculated using the following methodology.

In order to calculate them, and pursuant to the applicable regulations, the scope of the Elecnor Group's companies and organisations that comprise its consolidation scope for in order to prepare the Consolidated Annual Accounts was considered. This includes all those consolidated using the full or proportionate consolidation method, and therefore does not include the figures relating to other organisations over which the Elecnor Group exercises joint control or significant influence, which are included in the Annual Accounts using the equity method. As a consequence, the figures relating to the Celeo subgroup have not been considered when calculating these indicators, even though its activities, which mainly comprise the development, third-party financing, construction and operation and management of electricity transmission lines and photovoltaic and solar thermal farms, are considered eligible and potentially sustainable activities.

Also, as a result of the search for an investor to acquire a controlling stake in the Enerfín Subgroup during the current year, which culminated in the signing in November of an agreement for the sale and purchase of all the shares of this subgroup to the Norwegian company Statkraft European Wind and Solar Holding AS, all the income and expenses for 2023 relating to the Enerfín Subgroup were recognised under "Discontinued operations" in the Elecnor Group's consolidated income statement. Furthermore, from the date on which it was considered that the conditions for transferring the net assets of this subgroup to "Non-current assets held for sale" were met (31 August 2023), all of its assets and liabilities were recognised under this heading in the consolidated statement of financial position.

Proportion of turnover from products or services related to environmentally sustainable economic activities

The works systems of the various subsidiaries and organisations comprising the Elecnor Group integrate all the information related to the economic figures of the works in progress (chiefly turnover, expected margin at the end of the works and allocated costs). The sales (production) recorded in these systems (using the percentage of completion or degree of progress method, as stipulated in the applicable accounting regulations) and which are included in the Group's accounting systems represent practically all of the organisation's turnover.

Each of the works registered in the system is associated with an activity code, which helps in the process of identifying and aggregating the production associated with environmentally sustainable activities.

Taking this into account, the Elecnor Group has calculated the turnover indicator for 2023 that derives from eligible and environmentally sustainable activities by dividing the aggregate turnover of the activities and projects deemed to meet the criteria for eligibility and alignment with environmental objectives (technical selection criteria), respectively, by the Elecnor Group's "Net turnover" figure shown in the Consolidated Annual Accounts for 2023 prepared by the Board of Directors on 28 February 2024 – Euros 3,792,906 thousand. From this calculation, the following results have been obtained:

a. Proportion of turnover corresponding to eligible activities: 67.76%.

b. Proportion of turnover corresponding to environmentally sustainable activities or projects (based on total consolidated turnover): 54.57%.

As mentioned above, the calculation of these percentages does not take into account the turnover for 2023 corresponding to the Enerfín Subgroup, which amounted to Euros 193,814 thousand and is entirely associated with economic activities that are considered environmentally sustainable, specifically the operation of electricity generation facilities using renewable energy sources, mainly wind power.

Appendix I of this Report contains in-depth information on the Elecnor Group's turnover related to environmentally sustainable activities.

Proportion of capital expenditure (CapEx) related to assets or processes associated with sustainable environmental economic activities

The nature of the Elecnor Group's main capital expenditure, without taking into account investments made through its subgroup Celeo (mainly electricity transmission lines and facilities generating photovoltaic and solar thermal energy) is as follows:

a. Wind power generation facilities and rights of use over associated assets.

b. Machinery, hand and machine tools, transport equipment and other assets necessary for the rendering of services and execution of works and projects, in addition to rights of use over assets of this nature (hereinafter, *assets for the execution of projects*).

c. Other supporting property, plant and equipment not directly related to business activities, such as computer systems or furniture and fixtures.

These assets are not individually assigned to any of the activities established in the internal activity coding system or to the different works in progress, as they, and in particular the assets for the execution of projects, are used in a cross-cutting manner in various works and even in different activities. The cost of the use and utilisation of these assets, materialised through their systematic depreciation and amortisation and other costs directly related to them, is allocated to the various projects through the corresponding *equipment utilisation reports and vehicle utilisation reports* (cost allocation rates of equipment per day of use), which are completed monthly by the operators.

In such circumstances, the Elecnor Group deems the best approximation of the extent to which its investments in this type of asset are related to sustainable activities is the abovementioned allocation of the consumption of the assets (depreciation and other costs related to their use and utilisation) to the various projects and works. This means, with the due precautions, that the percentage of these costs associated with eligible activities is represented by the indicator relating to turnover estimated in the above section. Therefore, in order to avoid duplication when calculating the various indicators, as laid down in the regulations in force, investments in assets for the execution of projects have not been included as part of the numerator for the purposes of calculating this indicator, even though, as previously stated, a very significant part of them is consumed in projects related to eligible and environmentally sustainable activities.

Among the strategic objectives of the Elecnor Group in the field of climate change, the renewal of the fleet for more efficient vehicles and the development of projects by country for the switch to more sustainable fuels are prominent.

Furthermore, investments in wind power generating facilities and associated rights of use, which are incurred in their entirety by the Enerfín subgroup, have been categorised as related to sustainable activities.

Taking this into account, the Elecnor Group has calculated the indicator for capital expenditure (CapEx) for 2023 associated with eligible and environmentally sustainable activities. To do so, it takes the amount corresponding to the capital expenditure made in 2023 by the Enerfín Subgroup (investments in electricity generating facilities from renewable energy sources (wind and solar) and associated use rights) until the date on which, as mentioned above, all of its assets and liabilities have been transferred to the "Non-current assets held for sale" heading of the consolidated statement of financial position, —calculated as the sum of the consolidated "Additions" for the year under "Intangible Assets – Other Intangible Assets", "Right-of-use assets" and "Property, Plant and Equipment" of the Enerfín Subgroup that form part of the consolidated Elecnor Group, which amounted to Euros 155,639 thousand— and divides it by the sum of the "Additions" for the year under "Intangible Assets – Other Intangible Assets", "Right-of-use assets" and "Property, Plant and Equipment" of the Elecnor Group included in the related explanatory notes to the consolidated Annual Accounts for 2023 prepared by the Board of Directors on 28 February 2024 – Euros 251,510 thousand. From this calculation, the following results have been obtained:

a. Proportion of capital expenditure (CapEx) corresponding to eligible activities: 61.88%.

b. Proportion of capital expenditure (CapEx) corresponding to environmentally sustainable activities or projects (based on the amount of total consolidated CapEx): 61.88%.

Appendix I of this Report contains in-depth information on the Elecnor Group's capital expenditure (CapEx) related to assets or processes associated with environmentally sustainable activities.

Proportion of operating expenses (OpEx) related to assets or processes associated with sustainable environmental economic activities

The regulations on taxonomy establish that in order to calculate this indicator, only the percentage of certain operating costs that are related to assets or processes associated with eligible activities should be considered as a percentage of the total operating costs. Specifically, and as a basis of calculation of the indicator, only the costs of research and development, building renovation, leases, maintenance and repair and other direct costs related to the day-to-day operation of fixed assets (exclusively property, plant and equipment) necessary for their ongoing and correct functioning must be taken into account. The Elecnor Group recognises these costs under "Research and development expenses", "Leases" and "Repair and maintenance", as identified in the related note to its Annual Accounts, under "Other operating expenses" in the income statement.

As stated in the above section, the subsidiaries and organisations included in the consolidation scope of the Elecnor Group do not generally own fixed assets other than assets required for the execution of projects, wind power generating facilities and other support assets not directly related to business activities.

As regards the assets necessary for the execution of projects, and as previously stated in relation to the depreciation thereof, the various related operating costs are allocated to the projects through the corresponding *equipment utilisation reports* and *vehicle utilisation reports*. For this reason, and once again, the Elecnor Group deems the best measure to establish how the operating expenses referred to in this section are associated with sustainable activities to be through this allocation, which is already represented by the indicator corresponding to turnover.

Furthermore, all of the operating expenses of this nature incurred by the Enerfín subgroup are directly related to the wind power generation facilities it owns. However, as mentioned above, all the income and expenses for 2023 relating to the Enerfín Subgroup were recognised under "Discontinued operations" in the Elecnor Group's consolidated income statement and, therefore, "R&D&I expenses", "Leases" and "Repair and maintenance" in the consolidated income statement do not include any amount in relation to the expenses incurred by the Enerfín Subgroup in this connection.

Appendix I of this Report contains in-depth information on the Elecnor Group's operating expenses (OpEx) related to assets or processes associated with environmentally sustainable activities.

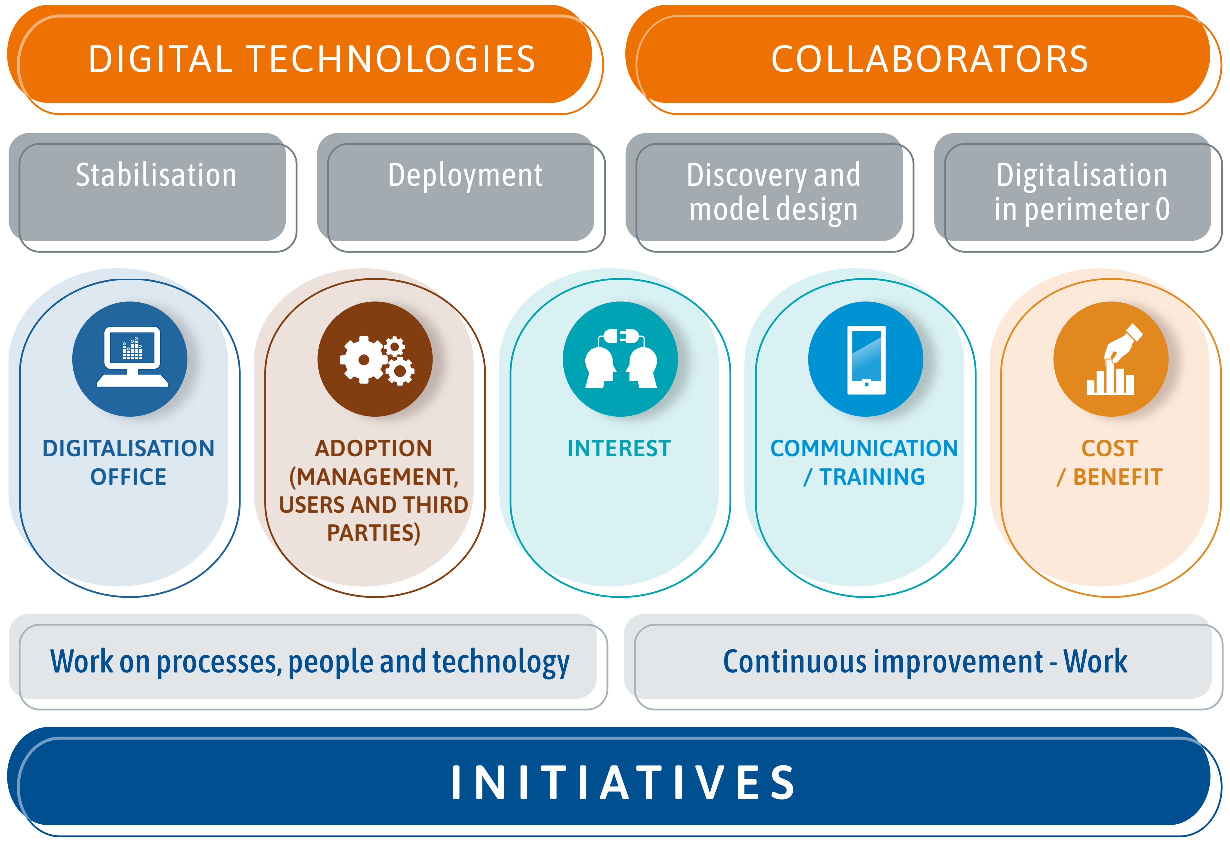
15.8 Technology and innovation

The digital transformation in the Elecnor Group: processes, technology and people

GRI 3-3

The strategic project on Digital Transformation addresses the design, digitalisation and deployment of an innovative management model seeking to improve processes, operational efficiency, cultural change and competitiveness.

Along these lines, the Elecnor Group has developed a transversal technological innovation process for management that is now in a mature phase.



The now-consolidated Digitalisation Office is the driving force behind this innovation and is in charge of providing it with a structure, method and a governance model that is responsible for fulfilling the goals set and measuring progress using the Digital Transformation index, achieving 97.1% in 2023.

This new index unifies the previous Digital Development and Implementation indices.

Through various initiatives, the Digitalisation Office coordinates the progress of innovation in processes, technologies and people. Each initiative involves the required number of people within the organisation to reach a decision on which process to implement and the most suitable IT medium.

The decisions adopted are assessed by the Digital Transformation Committee, which includes representation from all areas of the company and contributes a transversal business approach. During 2023, the Committee met 11 times, during which the most relevant developments and issues of the year were analysed and highlighted.

ACHIEVEMENTS 2023

During 2023, progress was made along two main lines: the Transformation Plan, with 25 initiatives, and cultural change through the promotion of digital skills. The main milestones are set out below:

- Improving operational efficiency, reducing costs and increasing revenues through process automation and the implementation of digital tools that increase efficiency in various areas, reducing production times, optimising the supply chain by simplifying administrative processes, among others.
- Improving the customer experience by facilitating interaction with customers through online platforms, mobile applications and more efficient customer service systems, providing a more satisfying and personalised experience.
- Data-driven decision-making by providing access to large volumes of data. The ability to collect, analyse and act on this data has significantly improved strategic and operational decision-making.
- Greater flexibility and agility to adapt to market changes and customer demands. The implementation of technologies allows for greater flexibility in the way tasks are performed responding to changing needs.
- Cultural change and internal training, fostering collaboration, innovation and continuous training of staff to adapt to new technologies and ways of working.
- Improved safety. With the adoption of appropriate digital solutions, the security of systems and data has been strengthened, with increased protection against cyber threats and associated risks.

OFFICE AND GOOGLE SESSIONS

Office	25 Sessions	1,698 Chat members	1,000 Attendees
Google	12 Sessions	273 Chat members	420 Attendees

HIGHLIGHTS OF DIGITAL TRANSFORMATION TRAINING

Office	Training of **16** applications for implementation	**48** demos and trainings	**+3,000** trained employees

Information security GRI 3-3

The Elecnor Group includes the information security aspect in its Integrated Management System, as well as in the Integrated Policy. Furthermore, in 2023, the Information Security Management System certification was renewed pursuant to the ISO 27001 standard. Through this system, security measures are conveyed in order to reduce the possibility of threats materialising and to ensure that the security incidents detected are resolved as soon as possible to prevent them from affecting the information processed or the services provided by the Elecnor Group.

Of note in this context is the business continuity plan, which lays down the action guidelines to guarantee the continuity of all Elecnor's systems, processes and services developed at all its sites. To this end, a series of action plans are drawn up to resolve contingencies that may affect the availability of the business.

Cybersecurity in the Elecnor Group is based on a zero trust policy. It is a relevant area for the company due to, on the one hand, the increase in attacks on companies in the most digitalised economies, and on the other, the greater need for connectivity in companies.

In 2023, the Elecnor Group has undertaken the following projects:

- Implementation of the International Cybersecurity Plan.
- Awareness and training to the workforce, crucial to maintain a high degree of protection against external threats. Both workforce awareness campaigns and specialised training for specific users requiring more in-depth knowledge are conducted, such as:
  - Gamification campaign on the Digflix platform, in which 1,530 employees participated.
  - Cyber awareness campaign to the Brazil office, with a participation rate of 76%.
  - Specific GDPR awareness campaign for Human Resources staff.
  - Security pills via email to all employees of the organisation (+23,000 employees)
- Phishing simulation. A phishing campaign was carried out by sending it to 20,476 users.
- Projects designed to guarantee security in facilities and plants.
- Conducting internal and external audits, obtaining ISO/IEC 27001:2013 certification.
- Active workstation protection with the deployment of a new RBS solution.

Innovation and new business opportunities

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.

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 total investment figure for 2022 for all the Group's R&D&I projects is included, and amounted to Euros 23.3 million. In addition, a total of 4.5 million in allowances, grants and deductions were received.

The Group's main strategic lines of RDI target the following areas of activity:

Infrastructure

- Railway
- Electricity transmission/distribution
- Gas transmission/distribution
- Roads
- Construction and building solutions

Energy

- Renewable/conventional generation
- Substations
- Energy storage systems
- Hybrid fossil fuel + solar PV systems
- Biomass
- Construction solutions
- Improvements in efficiency, O&M and management of generation plants

Facilities

- Electrical installations
- Energy services
- Safety
- Buildings and large facilities (ports, airports, industry, hospitals, etc.)
- Construction solutions
- *Smart Cities*

Environment

- Management and treatment of waste and waste-to-energy
- Carbon capture systems (CCS)
- Soil decontamination
- Improvements in efficiency, O&M and management of plants

Water

- Systems for desalinating sea water and brackish water
- Waste water treatment systems
- Drinking water purification systems
- Water transport and distribution networks
- Improvements in efficiency, O&M and management of plants and water networks

Singular projects

- Development of projects in which innovation provides a significant qualitative leap

The Elecnor Group works to encourage the necessary climate in which innovative ideas are generated by creating committees of experts by activity, holding creativity workshops or specific monographs. Some of the year's achievements are set out below:

ACHIEVEMENTS 2023

- Maintenance of UNE 166002 certification for RDI Management Systems of Elecnor and Audeca.
- 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.
- Obtaining tax deductions for R&D&I.
- 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.
- Grant from the Provincial Council of Vizcaya for the monographic workshop on collaborative innovation with start-ups.
- 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 a project that consist of a 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.

INNOVATION PROJECTS

During the year, the Elecnor Group was involved in numerous innovation projects which, on several occasions, it performs in collaboration with various universities and technological centres and institutes, such as Railway Innovation Hub, Carlos III University, Madrid's Polytechnic University, University of Leon, CENES in France, UKSA in the United Kingdom, POLSA in Poland, CENER (National Renewable Energy Centre); the company Tekniker or aerospace agencies such as Spain's Institute of Aerospace Technology (INTA) and Tecnalia, among others.

Highlighted projects

Development of energy efficiency projects in technical rooms and data centres

The enthalpy or direct freecooling system consists of the cooling of technical rooms by supplying cold air from the outside to the inside of the room, through forced ventilation, using sensors, ducts and regulators, to achieve the appropriate volume intake of outside air to meet the cooling requirements of the technical room.

The aim is to save electricity consumption through proper control of the air-conditioning system, reducing the operating hours of the machines and thus extending their service life.

Integration of circular economy criteria

The goal of Enerfín, the Group's renewable subsidiary, is to develop and work on these strategies applicable to wind blades, considering aspects such as the composition of the materials, applicable legislation, the principal technologies and applications for the reuse and recycling in the wind farms that the company plans to repower in the short term. Work has been conducted along the following lines:

- Support and participation in advanced circular economy strategies linked to the destination of uninstalled wind turbines.
- Participation in the Ain Circular Platform project driven by the Industrial Association of Navarre, the aim of which is to identify opportunities for transformation within the framework of the circular economy, analysing options for new approaches and developments within value chains.
- Participation in the launch of the Renercycle business project, which will work on three possible lines of business linked to the circular economy in wind farms: dismantling and industrial reconditioning of the primary components of wind turbines, recovery of certain raw materials and recycling of materials composed of glass fibres and non-reusable resins.

Digital transformation of the remote site business

The main objective of the project is to focus on the management and optimisation of operator routes. To achieve this, a centralised remote management platform using advanced geolocation and data analysis technologies will be implemented.

This platform will enable efficient route allocation for operators, improving logistics and reducing travel times. In addition, artificial intelligence tools will be integrated to anticipate and address potential obstacles on routes, thereby improving operational efficiency and optimising resources.

Expected benefits include improved efficiency of operations at remote sites, reduced operational costs associated with journeys, and increased satisfaction of both operators and end-users by ensuring more efficient and timely service delivery.

Design and development of a monitoring and control system for electric vehicle charging stations

The Elecnor Group has developed a SCADA system for charging electric vehicles, facilitating the deployment of the infrastructure needed to monitor charging, detect faults and control the power supply in these charging systems. In general terms, the project includes the following actions:

> Collection of information from the facilities where the system is to be developed.

> Requirements engineering for design and implementation.

> Design and development of the electric charging monitoring and control system.

Thus, the aim of the project is to develop a system that integrates the information of the different elements that make up the electric vehicle charging subsystem for public transport, promoting the use of less polluting vehicle fleets, reducing dependence on fossil fuels and the emission of greenhouse gases.

New catenary and electrification system for the railway sector in the Baltic countries (Elecatenar)

This project is part of the railway sector, a booming industry in terms of innovative development and, more specifically, in the field of energy supply for railway lines, which require increasingly sophisticated infrastructures and power systems capable of meeting the energy demand for a continuous service.

The main objective of the project is the electrification of a 350 km long line (160 km/h) by means of static converters (SFC) for the operation of parallel and synchronised substations, i.e., not including neutral zones.

Continued on next page

This need is mainly located in a specific technological context, which corresponds to the scarce development of this type of systems in the Baltic countries, as well as the existing limitations of the geographical area itself, which require a high degree of specification at infrastructure level, due to the particular climatology with characteristics of cold, ice and wind that pose a major engineering challenge.

The proposed solution constitutes a unique solution that combines a new concept of electrification by means of static converters for the operation of parallel and synchronised substations, the specific infrastructure designs necessary to meet both the climatological and orographic requirements of the area and the requirements associated with the set of converters, and the definition of a specific power subsystem for SFC that allows power supply from the electricity grid.

Design and development of a new hardware for the installation of power lines using drones

The project aims to improve and optimise the power line construction process in order to ensure a more efficient, safe and sustainable infrastructure. Currently, the construction of power lines is a complex and costly process, with risks associated with worker safety and possible interruptions to the power supply.

The main focus of the project is to use innovative technologies and advanced construction methods to speed up the power line installation process. Solutions such as the use of drones for inspection and mapping of installation areas, the implementation of prefabricated construction techniques to reduce assembly times and the use of more efficient and resistant materials are being explored.

In addition, the aim is to integrate monitoring and control systems into the power lines, enabling more efficient management of the grid and early detection of possible faults or breakdowns. This helps to minimise incident response times and improve the quality of the electricity service.

i-Signal

Audeca, the Group's subsidiary specialising in the comprehensive maintenance of road infrastructures and environmental conservation, has developed an innovative prototype of mobile signage, with which it has automated the tasks of marking and signposting road works. This signage work was carried out by operators who had to park their vans and walk along the hard shoulder, with the risk to their personal safety and to road safety.

The new autonomous mobile sign will travel in the maintenance van. Its operation has been based on commands launched from the user interface in the hands of the operator. The sensors installed and the communication systems designed and implemented in the sign also allow the operator to be kept informed in real time of the situation, both of the sign itself and of its surroundings.

Alhambra

Deimos has developed Alhambra, a traveller services software platform designed to meet the demand for up-to-date information required by today's permanently connected society, boosting the use of public transport by rail and improving the traveller's perception of the quality offered, image and credibility.

In 2023, a new product was added to the Alhambra platform: Alhambra DS, a digital signage system that consists of content library management, template management, scheduling and campaign management, panel management, alarm management, etc.

In addition, new functionalities have been added to Alhambra ISS-PIS, such as management of the catalogue of messages for public address systems and monitors with the possibility of classification with labels, improved announcement modes (incident and emergency), TAP mode, among others.

Maritime Surveillance and Control System (MSCS)

Maritime control and surveillance system. It is a SW C2 Command and Control Platform developed entirely at Deimos Space which forms the core of the maritime solutions.

The MSCS tool has a flexible design based on open, modular and scalable architecture (OSA), and makes extensive use of COTS elements.

Furthermore, this control system is applicable to both civilian and military operations.

GISAL

SmartCity platform that allows the monitoring and control of the public lighting infrastructure, detecting possible deviations in consumption or breakdowns at an operational level and allowing the preparation of consumption and savings reports.

GISAL makes it easier for public lighting managers to create geo-referenced inventories and carry out preventive and corrective maintenance of public lighting infrastructure.

The solution is offered in two modalities: remote management at the head of the electric panel (control panel) and point-to-point remote management, with the capacity to integrate with commercial platforms such as Citytouch, Cimelux, Arelsa, etc.

In 2023, major upgrades were made to the system, focusing on the front-end, and significant improvements to the application were implemented, such as the introduction of new APIs. In the mobile application, improvements were made to the user experience.

All these initiatives have contributed to strengthening the continuity and competitiveness of the system, being a reference in public lighting maintenance systems.

INNOVA 2023 CALLS FOR PROPOSALS

The Elecnor Group, through its Innova programme for funding RDI projects proposed, aims to align RDI with the development of new business for the Group, to boost competitiveness, achieve early identification of RDI projects and enhance internal collaboration.

All Elecnor Group organisations and subsidiaries can apply for funding for their R&D&I projects..

Main indicators:

- **Number of proposals submitted:** 3
- **Number of projects approved:** 1 and 1 in request for additional information by the R&D&I committee to the persons responsible for the proposal.

Innova 2023 featured projects

Data collection system for a platform to optimise infrastructure processes through predictive modelling and energy recovery solutions (POPIN)

The POPIN project proposes working towards the recovery of residual energy in sports centres, for which a robust, modular, compact and configurable substation for heat recovery will be developed for different types of sports centres. The substation will integrate all available low-thermal waste energy streams (swimming pool water renewal, grey water, condensing energy from chillers, etc.) to be used as energy source for the heat pumps in charge of thermal production.

Compared to existing ad hoc solutions, the substation will be an industrialised and easily integrated solution with optimised control that will simultaneously meet the requirements of energy efficiency and process optimisation in sports centres.

In addition, as an extension of the substation, a heat pump solution will be developed, adapted to the use of light bulbs at temperatures above the current limits (20°C) as a source of energy, in order to increase their performance.

POPIN solutions will contribute to the reduction of external energy dependence and the decarbonisation of the building stock. They will also help achieve the targets for reducing energy consumption in buildings, in line with the European directive.

INNOVATING THROUGH STARTUPS

Collaboration with startups enables the Elecnor Group to access greater knowledge, develop innovative solutions and create new business opportunities that may contribute added value to customers.

Elecnor has collaborated with Multiverse Computing as part of the public-private initiative BIND 4.0, which promotes open innovation to foster interaction between disruptive startups and companies.

The startup provided a quantum random password generator that can be accessed through a real-time, on-demand API. The use of quantum technologies for the generation of random passwords brings an improvement in cyber security through the use of quantum mechanical properties.

In addition, we have participated in the following projects with startups:

- Development of R&D&I tests in road maintenance in the Community of Madrid, together with the company Asimob Artificial Intelligence and IoT for monitoring roads, signposting/marking and potholes. The software allows vertical signs, automatic inventory updating through image recognition, verification of the correct visibility of each and every sign, automatic detection through sensors and geolocation, among others.

  During 2023, the project has continued to progress until the module for monitoring road markings and safety barriers has been fully developed. The results of the collaboration agreement were presented at the 32nd Madrid Road Week, organised by the Spanish Road Association (AEC) and promoted by the Community of Madrid.

- Presentys. Using VR (virtual reality) technology for the acquisition of a standard transformer station simulator.

- Datatons. The goal is to apply an advanced data analytics and artificial intelligence tool for graphic evidence to the Elecnor Group's three health and safety tools: PRP, SegurT and Notific@.

Membership of RDI associations and platforms

GRI 2-28

- Platinum member of the Efficient Energy Cluster of Catalonia.

- Member of the Interior Air Quality Cluster (IAQ), an association of businesses that cooperate and share synergies with the main goal of leading future decisions on how to improve interior air quality in buildings and infrastructure.

- Member of the UNE-CTN140/SC7 subcommittee whose main objective is the adaptation of Eurocode EC-07 at national level.

- Member of the CTN133/SC1 - Infrastructures committee as a stakeholder for the preparation of the specification of GRP fibreglass reinforced polyester poles for telecommunications lines.

- Member of Asociación Nacional de Derivados del Cemento Andece.

- Member of Asociación Española de Fabricantes de Bienes de Equipo Eléctrico de Alta y Media Tensión (Afbel), and member of the board of directors and chairman of the new technologies committee.

- Members of the R&D committees of Spain's Association of Technological Aeronautics, Space and Defence Companies (Tedae), the European Association of Remote Sensing Companies, the European Association of Space Companies Eurospace and the Open Geospatial Consortium. Elecnor Deimos chairs the R&D committee of the space sector.

- Elecnor Deimos is a member of the Spanish Aerospace Platform, which comprises all the players in this sector, including companies, public and private research centres and universities, and submits the proposed strategic RDI agenda to administrations.

- Enerfín is a member and actively participates in various working groups in Aepibal, Batteries, Cells and Energy Storage Business Association; AIN, Navarre Industry Association; AEE, Spanish Wind Energy Association and REOLTEC, Innovation Platform within the Spanish Wind Energy Association.

  In the Galician Hydrogen Association (AgH2), established this year for the development and promotion of hydrogen projects, Enerfín is one of the original members of the association and is involved in the technology and market task forces and in the preparation of the draft of the action measures of the hydrogen industry sectorial agenda.

- Galician Wind Energy Association (EGA).

- Association of Wind Energy Developers of Castilla y León (Apecyl).

- Enercluster (Wind Cluster of Navarre)

- Enertic.Platmform

Participation in forums and congresses

- Attendance at the Open Innovation Conference at IESE, a meeting between experts and leaders in innovation.

- Rail Live Congress, an event that brings together all those involved in the railway value chain.

- South Summit Brazil and Madrid, a collaborative space for key players in driving business progress and growth.

- Participation at the seventh edition of the BIND 4.0 programme.

- Participation at the International Euro-Latin American and Caribbean Congress, whose main objective is to investigate and analyse the synergies between Latin America and the Caribbean and the European Union for the creation of a Euro-Latin American cultural space.

- Attendance at DCD Connect Madrid, one of the main forums for the main players in the world of data centres.

- First action of the Public Innovation Procurement Programme of the General Directorate of Roads, the Preliminary Market Consultation, providing innovative solutions to several challenges proposed by MITMA, such as Technologies and Artificial Intelligence for the inspection of road assets, advanced management of Road Safety or the proposal of protection measures for vulnerable users.

- Audeca participated in the 32nd Madrid Road Week, organised by the Spanish Road Association (AEC) and promoted by the Community of Madrid, as sponsors, where the results of the collaboration with Asimob for the automation of road inspections with artificial vision were presented.

- Technical seminar on "Installation and removal of construction site signage", where the Elecnor Group's experience in special cases such as autonomous luminous signage, a new form of traffic management that is safer for workers, was conveyed.

15.9 Responsible management

Corporate governance

GRI 3-3

The Elecnor Group meets the requirements established in Spanish Companies Act and is guided by the recommendations in the Code of Good Governance of Listed Companies issued by the National Securities Market Commission ("Code of Good Governance")[6].

CORPORATE STRUCTURE

Elecnor, S.A. is the Group's head listed company and the main business subsidiaries Elecnor Servicios y Proyectos, S.A.U. and Enerfín Sociedad de Energía, S.L.U., as well as the partner company Celeo Concesiones e Inversiones, S.L., report to it.

The Board of Directors of the Company informed the Market, by means of an Inside Information communication dated 17 November 2023, of the signing of the agreement for the sale of 100% of the share capital of Enerfín Sociedad de Energía, S.L.U. ("Enerfín"), with Statkraft European Wind and Solar Holding AS

(6) This information is available under the Corporate Governance section and in the Annual Corporate Governance Report (ACGR) of the Shareholders and Investors section of the Elecnor Group corporate website.

(a company belonging to the Statkraft Group), for the acquisition of the entire shareholding of Enerfín which, upon completion of the sale and purchase, will enable it to acquire the status of sole shareholder of Enerfín.

For these purposes, as Enerfín is an essential asset for the purposes of article 160.f of the Revised Text of the Spanish Companies Act, on 24 January 2024 the Extraordinary General Shareholders' Meeting approved the aforementioned transaction, with 99.9997% of the share capital present and represented at the Meeting voting in favour.

OWNERSHIP STRUCTURE

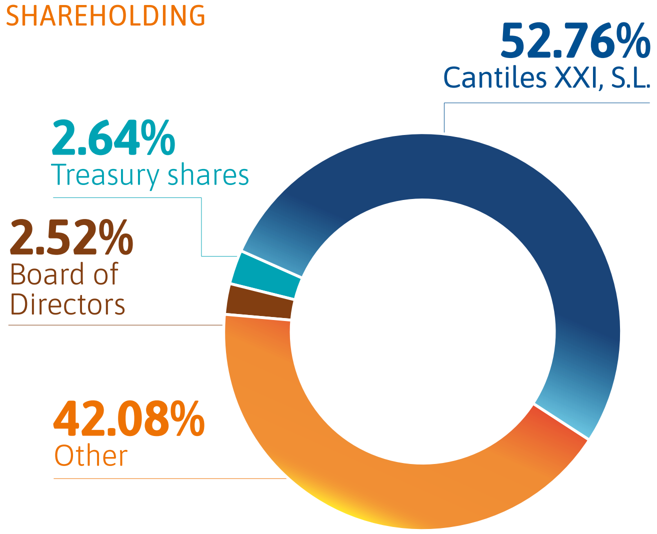
The company Cantiles XXI, S.L., comprising various family groups, holds a 52.76% interest in Elecnor, S.A., which gives it control of the company within the meaning of article 42 of the Code of Commerce.

The heading "Other" in the chart includes shareholders with a non-material shareholding (less than 3%).

GOVERNANCE STRUCTURE

The governing bodies of the Parent (Elecnor, S.A.) are its General Shareholders' Meeting and the Board of Directors. The Board of Directors has established within its structure the Executive

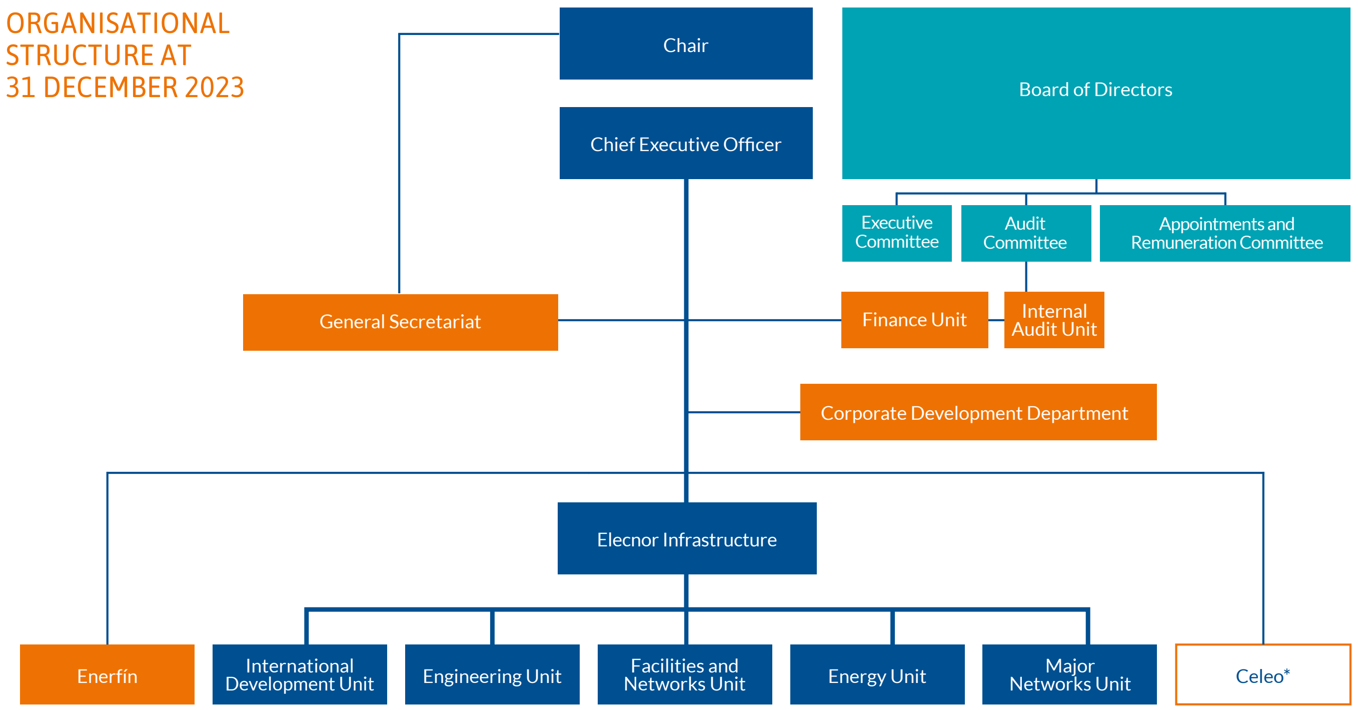
SHAREHOLDING



Committee, Audit Committee and Appointments, Remuneration and Sustainability Committee.

For the second consecutive year, the Ordinary annual General Shareholders' Meeting for 2023 was held, on second call, in "hybrid" format, i.e., with both physical and online attendance of shareholders and their proxies, with 82.53% attendance of the share capital.

ORGANISATIONAL STRUCTURE AT 31 DECEMBER 2023



(*) Company co-managed by the Elecnor Group (51%) and APG (49%).

BOARD OF DIRECTORS

GRI 2-9, GRI 2-10, GRI 2-11

14 Directors

3 Female Directors

9 Propietary Directors

4 Independent Directors

1 Executive Directors

14 Meetings
Board of Directors
99% attendance

Director name	Position on the Board	Category	Date last appointed
Jaime Real de Asúa Arteche	President (non-executive)	Proprietary	18/05/2022
Ignacio Prado Rey-Baltar	Vice-Chair	Proprietary	18/05/2022
Rafael Martín de Bustamante Vega	Director and Chief Executive Officer	Executive	23/06/2021
Cristóbal González de Aguilar Alonso-Urquijo*	Deputy-Secretary	Proprietary	17/05/2023
Miguel Cervera Earle	Member	Proprietary	18/05/2022
Isabel Dutilh Carvajal*	Member	Independent	17/05/2023
Joaquín Gómez de Olea y Mendaro	Member	Proprietary	20/05/2020
Irene Hernández Álvarez	Member	Independent	18/05/2022
Juan Landecho Sarabia	Member	Proprietary	18/05/2022
Santiago León Domecq	Member	Proprietary	23/06/2021
Miguel Morenés Giles	Member	Proprietary	18/05/2022
Francisca Ortega Hernández-Agero	Member	Independent	18/05/2022
Rafael Prado Aranguren	Member	Proprietary	18/05/2022
Emilio Ybarra Aznar*	Member	Independent	17/05/2023
Pedro Enrile Mora-Figueroa	Secretary non-director		24/06/2020

(*) Reappointed for a further four years by resolution of the Ordinary General Shareholders' Meeting of 17 May 2023.

BOARD OF DIRECTORS' COMMITTEES

GRI 2-9, GRI 2-12

Executive Committee

The core functions of the Executive Committee are to prepare information on the issues to be addressed by the Board of Directors and the drafting of proposed resolutions; monitoring the implementation of the Elecnor Group's policies; and monitoring of the business of the company and its Group, which comprises confidential information due to its competitive sensitivity, which must be treated with the utmost safeguards on confidentiality. All of the foregoing is pursuant to the rules of operation of this Committee, as set forth in the deed of incorporation of the same.

During 2023, the Executive Committee maintained its composition since the Board of Directors of the Company, at its meeting held after the Ordinary Annual General Shareholders' Meeting of 17 May 2023, agreed to re-appoint Cristóbal González de Aguilar Alonso-Urquijo as member of the Executive Committee for a period of four years.

Name	Position	Category
Jaime Real de Asúa Arteche	President	Proprietary
Joaquín Gómez de Olea Mendaro	Member	Proprietary
Cristóbal González de Aguilar Alonso-Urquijo*	Member	Proprietary
Rafael Martín de Bustamante Vega	Member	Executive
Miguel Morenés Giles	Member	Proprietary
Ignacio Prado Rey-Baltar	Member	Proprietary
Pedro Enrile Mora-Figueroa	Non-Director Secretary	

(*) Re-appoint on 17/05/2023.

Executive Committee	Número	% total
Executive directors	1	16.7%
Proprietary directors	5	83.3%
Committee meetings	**20**	

The Executive Committee met 20 times in 2023, with all members attending all meetings.

Key Group matters were discussed at these meetings, such as the principal investment and divestment operations, the progress of the subsidiaries' businesses, the 2023-2025 Strategic Plan and actions regarding sustainability and climate change, among others.

Comprehensive information on the composition and actions of the Executive Committee in 2023 can be found in both the Executive Committee's Annual Report and the Annual Corporate Governance Report. Both documents are available in the "Shareholders and Investors" section of the Group's corporate website.

Audit Committee GRI 2-16, GRI 2-27

The Audit Committee provides support to the Board in the supervision of financial and non-financial reporting, in internal control and internal and external auditing, risk management and control, compliance with the Company's corporate governance rules and internal codes of conduct, and it reports, among other matters, on related-party transactions.

During 2023, the composition of the Audit Committee did not change in terms of members, but has changed in terms of positions. In this regard, the Board of Directors of the Company, at its meeting held after the Ordinary Annual General Shareholders' Meeting of 17 May 2023, agreed, on the one hand, to re-appoint Isabel Dutilh Carvajal as a member of said Committee for a period of four years, and, on the other hand, to appoint Francisca Ortega Hernández-Agero as Chair of the Committee for a period of four years.

In accordance with the above, as of 17 May 2023, the composition of the Audit Committee is as follows:

Name	Position	Category
Francisca Ortega Hernández-Agero**	President	Independent
Miguel Morenés Giles	Secretary	Proprietary
Isabel Dutilh Carvajal*	Member	Independent
Ignacio Prado Rey-Baltar	Member	Proprietary
Irene Hernández Álvarez	Member	Independent

(*) Re-appointed on 17/05/2023.

(**) Appointed on 17/05/2023 as Chair to replace Irene Hernández Álvarez, as the maximum term of four years legally and statutorily established for performing the duties of Chair has expired, who now holds the position of Member.

Audit Committee	Number	% of total
Independent directors	3	60%
Proprietary directors	2	40%
Female directors	3	60%
Committee meetings	**12**	

The Committee met 12 times in 2023, with an attendance rate of 100%. Additionally, when deemed appropriate, the Committee has requested that various persons from the company or its Group or external professionals attend meetings, depending on the matters to be discussed, in all cases at the invitation of the Chair of the Committee and to only address those items on the agenda in relation to which they have been summoned.

The Audit Committee has put into practice each of the functions attributed to it by article 5 of its Regulations in 2023, by means of the following main actions:

- Supervision and evaluation of the process of drafting and preparation of financial and non-financial information and of the main risks that may affect the completeness and accuracy of this information and review of the information to be published in the markets.
- Supervision of internal audit and internal control.
- Supervision and evaluation of the risk management system, both financial and non-financial.
- Supervision and evaluation of the external auditor's performance and independence, and submission to the Board of its fee proposal.
- Supervision of the Compliance System and the activities of the Compliance Committee.
- Supervision of compliance with the company's corporate governance rules and internal codes of conduct.
- Supervision of the actions carried out in application of the internal procedure on related-party transactions.
- Review of the main economic conditions and accounting impacts of the sale of the Enerfín group.
- Information to the General Shareholders' Meeting on matters within its competence.

Comprehensive information on the composition and actions of the Audit Committee in 2023 can be found in both the Audit Committee's Annual Report and the Annual Corporate Governance Report. Both documents are available in the "Shareholders and Investors" section of the Group's corporate website.

Appointments, Remuneration and Sustainability Committee

This Committee is in charge, among other functions, of assessing the competencies, know-how and experience necessary in the Board. Additionally, it proposes and reviews the Remuneration Policy for Directors and Management, and reviews the corporate governance system and sustainability of the Company.

The Appointments, Remuneration and Sustainability Committee agreed in 2023 to re-appoint two of its members, Isabel Dutilh Carvajal and Emilio Ybarra Aznar, (the latter being its Chair), thus its composition has not changed during the year, and remains as follows:

Name	Position	Category
Emilio Ybarra Aznar*	President	Independent
Jaime Real de Asúa Arteche	Secretary	Proprietary
Miguel Cervera Earle	Member	Proprietary
Isabel Dutilh Carvajal*	Member	Independent

(*) Re-appointed on 17/05/2023.

Appointments, Remuneration and Sustainability Committee	Number	% of total
Proprietary directors	2	50%
Independent directors	2	50%
Female directors	1	25%
Committee meetings	**11**	

The Committee met 11 times in 2023, with all members attending all meetings, and with one of the meetings having been held by circular resolution and without meeting. Additionally, when deemed appropriate, the Committee has requested the presence of the Chief Executive Officer and other members of the management team, in all cases at the invitation of the Chair of the Committee and to only address those items on the agenda in relation to which they have been summoned. In particular, the Director of Corporate Development, the Director of Human Resources, the Coordinator of the Sustainability Committee, and the Secretary General and Secretary of the Board have participated in some of the Committee's meetings. Similarly, when deemed appropriate, external advisors or suppliers have participated in connection with certain particularly complex matters within the remit of the Appointments, Remuneration and Sustainability Committee.

The Appointments, Remuneration and Sustainability Committee has implemented each of the duties assigned to it in 2023, inter alia:

- The composition of the Board of Directors and its Committees, having reviewed the category of each of the Directors, concluding that the current categories remain fully in line with their circumstances.
- The selection of Directors and members of the management team, by carrying out a prior analysis of needs of the Board of Directors including competencies, know-how and experience required, all of which was taken into account when compiling proposals and reports submitted to the Board concerning the re-appointment of Directors. Furthermore, in relation to the members of the management team, the Committee has approved a proposal for the appointment of the new Deputy Director of Finance and Internal Audit of the Elecnor Group; and has issued a favourable report on the proposal for the appointment of a Director representing the Company on the Board of Directors of Celeo Concesiones e Inversiones, S.L.
- The positions on the Board and the Committee, having approved the re-appointment of Emilio Ybarra Aznar as Chair of the Committee. Likewise, the Succession Plan for the Chairman of the Board of Directors and the Chief Executive Officer has been updated, and the Succession Plan for the management team has also been reviewed.
- Remuneration of Directors and members of the management team, proposing fixed and variable annual remuneration for the Executive Director and the long-term incentive system associated with the 2023-2025 Strategic Plan. It also prepared the Annual Report on Directors' Remuneration for 2022, which the Board of Directors submitted to the Ordinary Annual General Shareholders' Meeting for a consultative vote and which was approved by a large majority at the meeting held on 17 May 2023, analysed the degree of compliance with the 2020-2022 Strategic Plan for the purpose of calculating the incentive derived therefrom and its distribution by groups of participants as well as the corresponding individual allocation, and analysed various aspects related to the remuneration of employees and members of the management team.
- The review of corporate governance and sustainability; accordingly, it has overseen the actions of the Sustainability Committee analysing the degree of compliance with the Strategic Sustainability Plan 2020-2022 and has favourably reported to the Board of Directors on the new Strategic Sustainability Plan 2023-2025, and has issued a report in connection with the functions of supervising compliance with the Corporate Policies within its remit and reviewing the Corporate Governance system.

Comprehensive information on the composition and actions of the Appointments, Remuneration and Sustainability Committee in 2023 can be found in both the Committee's Annual Report and the Annual Corporate Governance Report. Both documents are available in the "Shareholders and Investors" section of the Group's corporate website.

DIVERSITY OF THE BOARD OF DIRECTORS AND DIRECTOR SELECTION

The Elecnor Group's "Policy for the Selection of Directors and for Board Diversity" accessible on the Group's website, outlining all the measures adopted in relation to the selection of Directors, diversity policy in relation to gender, age, experience, etc., as well as the procedures for said selection so as to foster a diversity of experience, know-how, competencies and gender and so as to ensure that, in general, they do not entail implicit biases that might imply any kind of discrimination.

This Policy was amended in December 2020 in order to adapt it to the reform of the Code of Good Governance approved in June 2020 by the CNMV, and is regularly reviewed by the Appointments, Remuneration and Sustainability Committee in order to make progress in improving this aspect.

The Policy is governed by the following guiding principles:

- Adequate composition of the Board of Directors, for which purpose the Director selection processes must be grounded on a prior analysis of the competencies required by the Board.
- Fostering diversity in the Board and its Committees, among other aspects, in relation to know-how, experience, age and gender.
- Non-discrimination and equal treatment, whether on the grounds of race, gender, age, disability or any other reason.
- Transparency in selecting candidates for Directors, with the Board of Directors being obliged to provide all significant information in this regard, duly documenting the selection processes and including the main conclusions in the reports and proposals by competent bodies that must be made available to shareholders at their General Meeting.
- Compliance with applicable regulations and the principles of good corporate governance.

The bodies in charge of ensuring the diversity of the Board of Directors and its Committees as well as of the processes of selection of members of the Board will be the Board of Directors and the Appointments, Remuneration and Sustainability Committee, without prejudice to the appointment powers of the General Meeting of Shareholders.

Similarly, the Company has had since February 2018 an Equality Plan, which was updated in January 2022, applicable not only to the Board of Directors but also to the management team and all Group staff, which lays down specific actions to be performed for persons holding positions of responsibility in each of the aforementioned fields of work.

This Equality Plan is one of the main tools used by the Appointments, Remuneration and Sustainability Committee to foster inclusion and diversity among the Group's employees, including its executives.

With regard to the 15 recommendation of the Code of Good Governance of ensuring that the number of female directors represents at least 40% of members of the Board of Directors, the company intends to continue fostering an increased presence of female directors on the Board so as to fulfil the said Recommendation without affecting the normal functioning of the Board and the suitability of its members as a whole to discharge their duties.

REMUNERATION POLICY

GRI 2-19, GRI 2-20

On 18 May 2022, Elecnor's General Shareholders' Meeting, at the proposal of the Board of Directors and the company's Appointments, Remuneration and Sustainability Committee, approved the new Directors' Remuneration Policy for the remainder of 2022 after its approval and for 2023, 2024 and 2025, with 96.79% of the share capital present and represented voting in favour.

The current Policy, which continues the previous Remuneration Policy, seeks to ensure that the remuneration system for all Directors —for the performance of both non-executive and executive duties— falls within the framework of the new statutory remuneration system (article 12 of the Bylaws) also approved by the General Shareholders' Meeting held on 18 May 2022, and encourages the attraction, retention and development of the best talent, contributing to the business strategy and to the long-term interests and sustainability of the company.

In that regard, the Policy is governed by the following guiding principles:

a. **Moderation:** remuneration should be reasonable, in keeping with trends and benchmarks in similar companies, and in reasonable proportion to the company's situation and the economic situation at any given time, taking into consideration, in the case of remuneration linked to the company's earnings, any qualifications that may be included in the external auditor's report and reduce those earnings.

b. **Proportionality:** Directors' remuneration will be reasonably proportionate to the size of the company, its financial position at any given time and the performance of consolidated profits, as well as to market standards of comparable companies.

c. **Suitability:** Directors' remuneration will be sufficient to attract and retain Directors with the desired profile and to reward the dedication, qualifications and responsibility demanded by the position, but not so high as to compromise the independence of judgement of non-executive Directors.

d. **Profitability and sustainability:** the remuneration of the Chief Executive Officer will incentivise performance and professional performance and reward long-term value creation, ensuring alignment with the interests of the company and its shareholders.

e. **Transparency:** the Policy will be designed, approved and implemented in a manner that ensures adequate transparency. Specifically, the company will make available to shareholders when the General Meeting is called, the reasoned proposal regarding this Policy and the specific Report of the Appointments, Remuneration and Sustainability Committee. Comprehensive information on the preparation, approval or, where applicable, amendment and implementation of the Policy will be included both in the notes to its Annual Accounts and in the company's Annual Report on Directors' Remuneration.

f. **Protection of shareholders' interests:** the current Policy seeks to set up a system of Directors' remuneration that protects shareholders' interests in the short, medium and long term.

Total remuneration accrued both in the company and in Group companies, by the Board of Directors in 2023 amounted to Euros 5,404.6 thousand (Euros 4,809.8 thousand in 2022), including remuneration deriving from their executive functions (Chief Executive Officer) and their non-executive functions.

The table below shows a breakdown of this amount, in thousands of Euros, on an individual basis for each member of Elecnor, S.A.'s Board of Directors. This breakdown is also available in the Annual Report on Remuneration to the Directors of the company for 2023, published by the CNMV and on the Group's corporate website.

	Remuneration accrued within the Company					Remuneration accrued within Group companies					
Director name	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Total in 2023	Total cash remuneration	Gross profit on vested shares or financial instruments	Remuneration from savings schemes	Other items of remuneration	Group total in 2023	Company + Group total in 2023
Jaime Real de Asúa Arteche PROPRIETARY	494.5				494.5	20.0				20.0	514.5
Ignacio Prado Rey-Balta PROPRIETARY	227.0				227.0	20.0				20.0	247.0
Rafael Martín de Bustamante Vega / EXECUTIVE	2,362.5			6.7	2,369.2	20.0				20.0	2,389.2
Joaquín Gómez de Olea y Mendaro / PROPRIETARY	207.0				207.0	20.0				20.0	227.0
Cristóbal González de Aguilar Alonso-Urquijo / PROPRIETARY	207.0				207.0	20.0				20.0	227.0
Miguel Cervera Earle PROPRIETARY	194.5				194.5	20.0				20.0	214.5
Isabel Dutilh Carvajal INDEPENDENT	202.0				202.0						202.0
Irene Hernández Álvarez INDEPENDENT	186.5				186.5						186.5
Juan Landecho Sarabia PROPRIETARY	164.5				164.5	20.0				20.0	184.5
Santiago León Domecq PROPRIETARY	174.0				174.0	20.0				20.0	194.0
Miguel Morenés Giles PROPRIETARY	227.0				227.0	20.0				20.0	247.0
Francisca Ortega Hernández-Agero INDEPENDENT	187.4				187.4						187.4
Rafael Prado Aranguren PROPRIETARY	164.5				164.5	20.0				20.0	184.5
Emilio Ybarra Aznar INDEPENDENT	199.5				199.5						199.5
Total	5,197.9			6.7	5,204.6	200.0				200.0	5,404.6

Figures in thousands of Euros.

BOARD OF DIRECTORS' EVALUATION

GRI 2-18

The company's Board of Directors evaluates annually, by means of various questionnaires to be completed by all of its members, its own activity and that of its Committees, as well as the activity and actions of its Chair, Secretary and Chief Executive Officer, pinpointing the strengths and areas for improvement and applying the adequate corrective measures.

The results of these evaluations are reviewed by the Board and the Committees (each with their own results) and, additionally, the Appointments, Remuneration and Sustainability Committee reviews the results of the evaluation of the Board, the Chair, the Chief Executive Officer and the Secretary.

The abovementioned questionnaires include the assessment of areas such as preparation, dynamics and culture of the meetings, monitoring of the matters discussed (among others, strategic issues, ESG, etc.), composition of the Board and its Committees, training of its members, communication between governing bodies, the performance of the duties of the Chair, Secretary and Chief Executive Officer, etc.

Pursuant to recommendation 36 of the Code of Good Governance, it is worth noting that for the 2021 assessment conducted in 2022, the external consultant Russell Reynolds was hired to review and update the assessment system.

The annual assessment for 2022, carried out by the members of the Board of Directors during 2023, has been conducted internally, without the assistance of an external consultant, but using the questionnaires reviewed and used by Russell Reynolds during the previous financial year, and has resulted in the development of a proposed Action Plan for 2023, highlighting the following aspects:

- Regular market and competitor information analysis.
- Make progress with the Board's capability matrix and awareness of the risk map, improving the monitoring of key risks (KPIs).
- Further debate on the Group's medium and long-term strategy.
- Assessment of the adequacy of the composition of the Board and its Committees, taking into account the recommendations of the Code of Good Governance and future regulations on parity.
- Continuous improvement in the provision of information to be discussed at meetings of the Board and its Committees.

The Company is also strengthening the necessary coordination between the different Board Committees.

PROGRESS ON THE PRINCIPLES OF GOOD GOVERNANCE

The endeavour and constant will of the Elecnor Group is to advance and improve in compliance with the recommendations of the Good Governance Code. Thus, it is reported that the degree of compliance at 31 December 2023 with the recommendations of the aforementioned Code was 95%, maintaining the level of 2022.

Since 2021, the Elecnor Group has had an Equity Story as a tool for transparency and market positioning, which provides a summary of its value project and future investment proposal. This document is periodically updated and is published both at the CNMV and on the corporate website.

In December 2023, the Board of Directors of the Company approved the amendment of the Policy on communication of information, contacts and engagement with shareholders, institutional investors, asset managers, proxy advisers and other stakeholders, in order to adapt it to the new Code of Good Practices for institutional investors, asset managers and proxy advisers in relation to their duties in respect of vested assets or services provided, approved in February 2023 by the CNMV.

Risk management

GRI 205-1, GRI 2-13

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.

The Group continually manages and prevents these risks, reducing to acceptable levels the probability of their materialising and mitigating their potential impact, where applicable, on business volume, profitability and efficiency, reputation and sustainability.

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.

The Elecnor Group's Risk Management System is therefore designed as an integrated, structured and dynamic system, the core elements of which are as follows:

- Identifying risks on an ongoing basis, and assessing and prioritising them in terms of impact and likelihood of occurrence.
- Assessing and implementing the most appropriate strategies for managing the major risks identified on the basis of their risk tolerance levels.
- Identifying and implementing the management and control mechanisms and tools of the main risks and conducting ongoing assessment on their efficacy.
- Continuous improvement of risk management by means of the development and implementation of initiatives and projects aimed at enhancing management mechanisms and tools.
- Permanent supervision and monitoring of the System.

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 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.

To ensure better identification and management of the risks identified, the Risk Map is structured into five broad categories:

- **Governance risks.** They primarily relate to risks associated with the organisation's governance structure and method (structure and composition of the governing body, risk management, social responsibility and sustainability strategy and management of stakeholders' expectations and reputation).
- **Strategic, planning and economic environment risks.** Those linked to the main strategic variables and decisions, with the manner in which the strategy is executed and with movements or changes in the economic environment that might have a material impact on the organisation's activities and compliance with its goals. These notably include risks related to management and attention to changing customer needs and satisfaction, strategy and management related to business partners, changes in the market, industry and competition, laws and regulations, the political or social (geopolitical) situation, changes in exchange rates and interest rates, and climate change.
- **Operating risks.** This chapter covers risks related to the way in which the organisation conducts its activity and administers its resources in accordance with the established processes and procedures. These include, inter alia, risks relating to the management of projects, management and maintenance of assets, supply chain, commercial management, financing, credit, liquidity, financial and budget planning, legal aspects, human resources, information systems.
- **Reporting risks.** Risks relating to information at both internal and external level, including risks ranging from the capture and processing of information to the preparation of reports and distribution thereof to designated recipients, whether Director's reports or mandatory reports (Annual Accounts, reports and tax filings, etc.). The risks included in this chapter notably include those related to the process of preparing the financial and non-financial information to be disclosed to the markets.
- **Compliance risks.** These risks are relating to the mechanisms in place to ensure compliance with laws and regulations and with the organisation's policies and procedures, emphasising areas such as the promotion and consolidation of the culture of compliance, management of risks of this kind, communications or incident management. The key risks managed within the framework of the Compliance System include those relating to corruption, money laundering and the financing of terrorism, competition law, taxation, the environment and human, social and labour rights.

Within the framework of the ongoing review process of the risks to which the Group is exposed, this year the Group stepped up its assessment in terms of impact and probability of certain risks, such as those related to sustainability, physical climate risks, geopolitics, instability and legal insecurity and human resources management, among others.

Using the Corporate Risk Map as a basis and integrated as part of the Risk Management System, the Elecnor Group has designed and implemented various management and control systems that provide a more precise identification of the risks associated with certain specific areas of management and an appropriate deployment, monitoring and improvement of the measures established to adequately prevent, detect and mitigate them. Among these systems, during the year the Group continued to make progress in systematising and improving the management of the risks associated with the process of preparing non-financial information.

Similarly, and as part of its Integrated Management System, the Elecnor Group has devised a system, fully aligned with the methodology described for the development, updating and management of the Risk Map, which makes it possible to identify and manage the main risks related to certain processes by means of a periodic review and the establishment and monitoring of action plans. This system complements the initiatives and actions carried out based on the abovementioned corporate Risk Map.

The key areas of management that are covered by these specific management and control systems include project management, compliance, taxation, environmental and health and safety management, preparation of financial and non-financial information and information systems.

The management and control mechanisms and tools identified and implemented for appropriate risk management are integrated in the organisation's various processes so as to operate continuously in the daily course of business, without prejudice to other standalone initiatives and actions that may be determined for each individual case, and share a series of characteristics that define the way in which the Elecnor Group manages, operates and controls its activities:

- Continuous monitoring of risks and operations by the governing body and senior management.
- Organisational structure and allocation of roles and responsibilities in a clear and precise manner and disseminated throughout the organisation.
- Segregation of duties.
- Well-defined power structure in line with the functions assigned to the different organisational levels.
- Development and dissemination of policies and procedures.
- Continuous monitoring and control of operations by the departments comprising the internal audit and control function.

The Elecnor Group's Board of Directors, as part of its general supervisory function, reviews at its monthly meetings the evolution of the Group's main economic figures, the general market situation, and the Group's business position and strategy in order to identify risks in the economic and business environment and adjust its strategic orientation in each case.

Ethical management and regulatory compliance

GRI 3-3, GRI 2-23, GRI 2-24

The Elecnor Group's responsible management and ethical, honest and transparent conduct with stakeholders is underpinned by a firm commitment, solid corporate values and the implementation of robust ethical management and regulatory compliance systems. At present, the Company has the necessary tools to ensure compliance with legislation in force and responsible management in its relations with shareholders, employees, customers, suppliers, competitors and social representatives.

Our mission

We generate change and well-being by deploying infrastructure, energy and services to territories all over the world in order to develop their potential.

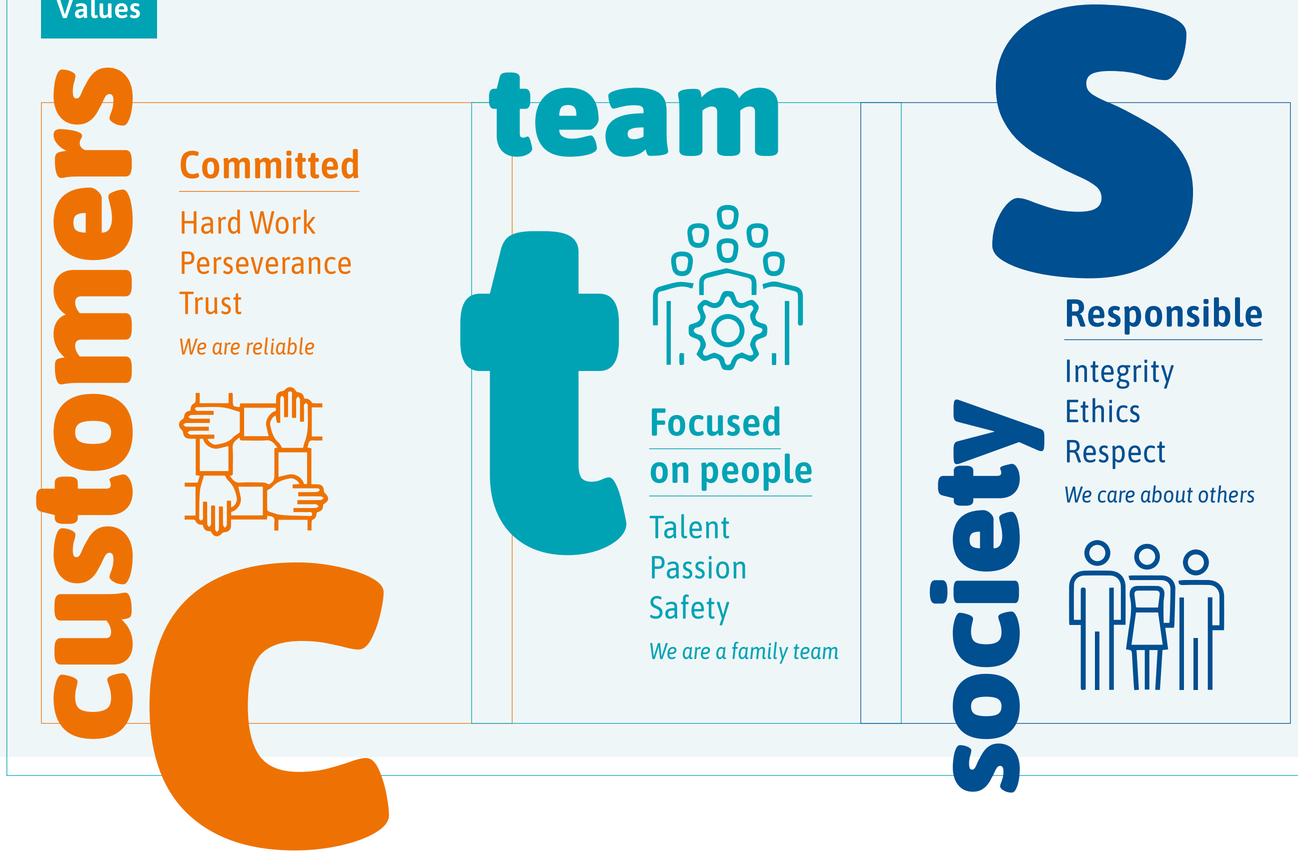
We place engineering and technology at the service of people.

Vision

A global enterprise whose purpose is developed through a people-centric business model and that believes in generating shared value and sustainability.

Efficiency, diversification and robustness are our levers for growth and expansion

Values



From its beginnings more than 65 years ago, the Elecnor Group has remained unwaveringly committed to implementing the highest ethical standards in the course of its activities, a commitment that is the embodiment of its business culture and philosophy and the abovementioned solid values upon which its way of conducting business and relating to the environment is based. This has earned it a national and international prestige that allows it to develop projects around the world for public and private customers of the highest level.

This success would not be possible without an absolute commitment at all levels to the highest ethical and compliance standards and best practices in corporate governance, which is a strategic priority and for which the Group makes every effort and dedicates all available resources. The international environment in which it operates, the standards demanded by its related parties and its obligations as a listed entity require it to renew this commitment on an ongoing basis.

The Elecnor Group's Code of Ethics and Conduct is the cornerstone of its ethical and compliance culture and is designed to serve as a guide for the personal and professional behaviour of everyone belonging to the organisation, as well as the rest of persons and companies collaborating and having relations with the Group in the course of its activities.

This commitment to ethical behaviour and doing the right thing is not optional. No specific business circumstance may ever justify acting unlawfully or behaving in a manner that is contrary to its ethical values and standards. Everyone at the Elecnor Group must accept and foster the values and principles laid out in this Ethical Code. The Elecnor Group takes a zero tolerance approach to malpractice in connection with ethics and integrity.

COMPLIANCE SYSTEM

GRI 2-16, GRI 205-1, GRI 205-3, GRI 407-1, GRI 408-1, GRI 409-1

With a view to preventing and adequately managing the compliance-associated risks, the Elecnor Group has a fully operational Compliance System that is designed and operates according to the best national and international practices and is applicable to all the Group's subsidiaries and employees. The company also trusts that all its business partners will act to uphold its principles and values, which are mainly set out in the Code of Ethics and Conduct and in the Group's Compliance Policy, both of which can be found on the organisation's different websites, as well as on the corporate intranet "Buenos Días".

The Compliance System is certified according to the UNE-ISO 37001 anti-bribery management system standard and the UNE 19601 criminal compliance management system standard.

Certification to UNE-ISO 37001 anti-bribery management system standard

This is the most updated and stringent international standard on anti-bribery management systems and the adoption of compliance protocols in general.

iuriscert COMPLIANCE ISO 37001 AENOR conform

Certification to UNE 19601 criminal compliance management system standard

A national standard based on the requirements of UNE-ISO 37001. This standard establishes the requirements to implement, maintain and continuously improve the criminal compliance management system in order to prevent crimes being committed inside the organisation and to reduce criminal risk by fostering a culture of ethical behaviour and compliance.

iuriscert COMPLIANCE PENAL UNE 19601 AENOR conform

THE MAIN ELEMENTS OF THE COMPLIANCE SYSTEM

The main policies and documents in relation to the Compliance System are available on the Group's various websites and on the "Buenos días" corporate intranet.

The Compliance System of the Elecnor Group is based on and structured using the appropriate identification of compliance risks and the controls established or necessary to ensure their correct management.

To identify these risks, the Group first analyses situations in which legal entities may be criminally liable for certain offences committed by their employees or by certain related parties, pursuant to the provisions of the Spanish Criminal Code in force and equivalent local regulations.

Similarly, for each of these situations, the main areas in which the organisation may be exposed to them are identified, with the Group conducting impact and probability analyses in order to establish the degree of criticality associated with each of these areas of exposure, which facilitates the appropriate design of the corresponding procedures and controls and the effective allocation of resources for their management. In that regard, and in relation to corruption-related risks, for instance, special importance is given to tender processes, to those related to managing claims or collection procedures (for instance, with customers), and those related to administrative procedures or claims before public entities or the courts, in addition to others, whether these processes are undertaken exclusively by the Group's own employees or with the support of third parties.

With regard to human rights, the Group places special emphasis on working conditions, both for Group employees and subcontracted workers who carry out work on the various projects under way. And with regard to competition law enforcement, efforts are concentrated on monitoring and supervising public tender processes, relations and agreements with competitors and participation in business associations.

The following table includes the main risks associated with these offences potentially imputable to legal persons and that could potentially affect the Group:

Type of risk	Impact
Foreign citizens and human trafficking	Imposition of forced labour or services, slavery or similar practices and helping persons to remain unlawfully.
Bribery and corruption	Inducement to lack of impartiality or obtaining undue benefits by delivering or promising gifts, favours, etc.
Moral integrity and sexual harassment	Inflicting degrading treatment or repeatedly engaging in hostile or humiliating acts amounting to gross harassment and soliciting favours of a sexual nature by bringing about an objectively and seriously intimidating, hostile or humiliating situation.
Natural resources and environment	Failure to comply with laws, legal provisions or regulations.
Taxation authorities and Social Security	Evading taxes or Social Security contributions (including false accounting) and improperly obtaining grants, aid or funds.
Money laundering	Using, performing transactions with or concealing the unlawful origin of goods obtained through criminal activity.
Financing of terrorism	Performing activities with goods or securities in the knowledge that they will be used in terrorist activities.
Market and consumer fraud	Incurring in antitrust practices, deceiving in order to make a profit, changing prices, disseminating, revealing or passing on trade secrets and using insider information.
Industrial and intellectual property	Profit from goods protected by industrial and/or intellectual property rights without the rights holder's consent.
Discovery and disclosure of secrets	Discovering secrets or breaching privacy or using private information without permission.
IT damage	Erasing or damaging computer data or hampering the operation of systems.
Illegal financing of political parties	Performing donations or making contributions to political parties or similar organisations in breach of the law.

Due to the very nature of these risks, inasmuch as they imply a potential criminal liability, their possible impacts would be both short- and long-term, so the Elecnor Group lays particular emphasis on preventive management in this regard.

With a view to reducing the Group's exposure to such risks and areas to an acceptable level, the Elecnor Group has specific controls, such as the publication and dissemination of the Code of Ethics and Conduct and Compliance, Anti-Corruption Policy and Anti-Trust Policy; specific compliance training; the Ethics Channel; establishing procedures for procurement and compliance risk management in the supply chain, payment management, comprehensive management of major projects, setting up temporary business associations/consortia/ joint ventures, etc.; compulsory models for contracts with subcontractors and collaboration agreements for joint bidding; centralised management and control of powers of attorney; various corporate policies; structured and standardised recruitment and selection process; a supplier evaluation system, etc.

All these procedures and controls can be classified as financial and non-financial. The latter includes certain due diligence procedures, both in relation to Group employees and third parties.

With regard to employees, the main due diligence measures planned involve the design of the personnel recruitment process and compliance training and awareness-raising activities. Similarly, the Elecnor Group has a well-defined structure of powers and responsibilities.

With regard to the third parties with which the Group has relations (business partners), the corresponding due diligence measures are devised according to the assessment of the risk associated with each of them. Thus, at present, the main due diligence measures with third parties are intended for possible partners with whom collaboration agreements, temporary business associations or joint ventures are signed, for consultants of a commercial nature, business development and for subcontractors. In any case, all third parties that interact with the Elecnor Group must expressly confirm in writing their knowledge of the content of the Elecnor Group's Code of Ethics and Conduct for Suppliers, Subcontractors and Collaborators and their commitment to complying with it. This Code of Ethics and Conduct for Suppliers therefore constitutes an essential Elecnor Group tool to encourage its suppliers, subcontractors and collaborators to conduct their professional pursuits in accordance with only the best business practices and the highest ethical standards.

As regards the first two groups mentioned in the above paragraph, the Elecnor Group has specific procedures for requesting the contracting or agreement, due diligence, approval and contracting or signing the agreement. The main characteristics of such procedures are as follows: making a centralised request for contracting or agreement through the legal counsel; obtaining compliance reports on the third party through specialised external databases; collection and analysis of specific compliance questionnaires; obtaining express statements from the third party with regard to its adherence to the Elecnor Group's Code of Ethics and Conduct for Suppliers and to the highest ethical standards; having models of contracts and agreements with specific clauses on integrity and regulatory compliance; gaining approval for the contract or agreement at the highest level following a report prepared by legal counsel; and restrictive powers of attorney for signing the corresponding contracts or agreements.

As regards subcontractors, the Elecnor Group has a specific contracting, control and monitoring procedure, the main characteristics of which are as follows: centralised request for the preparation of contracts through the respective management areas of the various business units; models of contracts and agreements with specific clauses on integrity and regulatory compliance; restrictive powers of attorney for signing the corresponding contracts; and centralised control, validation and monitoring of the necessary documentation to be provided by subcontractors.

With respect to other suppliers, the Elecnor Group's General Procurement Conditions and the General Terms and Conditions of Business, which must be signed by all suppliers, include a specific clause on integrity and compliance, which is frequently reviewed and updated.

Similarly, and whenever circumstances may determine the existence of a higher than normal risk in relation to the supply chain, Elecnor assesses on a case-by-case basis the advisability of bolstering these procedures for suppliers and subcontractors. It does so by requesting, in these cases, that they fill in specific questionnaires on compliance, and analysing, through specialised platforms or other public sources, their profile in matters related to integrity and regulatory compliance.

The Compliance System of the Elecnor Group is subject to an ongoing improvement process to guarantee the adequate management of the risks identified in terms of prevention and detection, correction and monitoring, which, among other matters, encompasses the implementation and/or review and ongoing improvement of its procedures and controls. The Elecnor Group uses certain indicators (KPIs) to conduct better monitoring on the correct operation and performance of its Compliance System. The key indicators are concentrated on aspects such as training or awareness-raising, the scope of the review of procedures and controls, the activity of the Ethics Channel and the management of compliance risk associated with third parties. The Group also uses certain indicators with respect to the main compliance risks identified.

The Compliance Committee, which functionally reports to the Audit Committee, is entrusted with the duties of continuously improve and ensuring the correct operation of the Compliance Management System, through its appropriate supervision, monitoring and control. The Committee is headed by the Elecnor Group's Chief Compliance Officer and currently comprises him and nine other members representing the fields of general services, human resources and the Group's various business divisions, primarily through the corresponding legal counsel areas. In 2023, the Compliance Committee held 5 meetings.

The main actions that guarantee the ongoing improvement and correct operation of the Compliance System are as follows

- Establishing on an annual basis and conducting ongoing monitoring on compliance goals, which are reported to and approved by the Audit Committee.
- Regularly reporting to the Audit Committee on any aspect or matter related to compliance (ongoing projects, initiatives, etc.).
- Designing, developing and deploying the annual compliance and awareness training plan.
- Operating the ethics channel and regularly reporting to the Audit Committee regarding the communications received and, where applicable, the investigations in progress and the conclusions reached.
- Conducting an ongoing review and audit of identified key controls related to compliance risks.
- Two annual external audits of the Compliance System conducted by two different audit/consultancy firms.

The Compliance Committee compiles an Annual Report describing the main actions conducted during the year in the spheres of prevention and monitoring of and response to compliance risks, which is submitted to the Audit Committee and the Management to help them in their duties of supervision of the System.

GRI 2-26 The Elecnor Group believes that, in order for a solid corporate culture of integrity and compliance to exist and be present in the daily decision-making process, it is essential to create an environment and conditions in which all people feel motivated and confident to share their opinions, doubts or concerns regarding any situation they may encounter or witness in the context of their relationship with the Elecnor Group.

In order to facilitate this consultation and communication process, the Elecnor Group has set up an integrity and regulatory compliance Internal Reporting System (as part of the Group's Compliance System), which is designed and operates in accordance with the principles of action and commitments assumed by the Elecnor Group, set out in the Policy of the Elecnor Group's *Integrity and Regulatory Compliance Internal Reporting System.*

Without prejudice to other mechanisms and communication channels that may be used by interested parties for the same purpose, since 2011 the Elecnor Group's Ethics Channel has been the main confidential communication channel through which its professionals and/or third parties with a legitimate interest may, in good faith, communicate and report any irregular behaviour or conduct contrary to applicable legislation or to the provisions established in its Code of Conduct and Ethics, the regulations on which it is based and the policies and procedures that implement it, as well as express any doubts in this regard or propose improvements to the existing internal control systems. All Elecnor Group professionals are obliged to immediately report any irregular practice or unlawful or unethical conduct of which they become apprised or which they witness. Access to this channel can be obtained through the following email address codigoetico@elecnor.com or from apartado de correos (P.O. Box) no. 77-48008 (Bilbao, Vizcaya - Spain) (FAO: "Ethics Channel").

In 2023, no complaints were received through the Ethics Channel or other available channels in terms of human rights violations, in particular, violations of freedom of association and the right to collective bargaining, forced or compulsory labour, child labour, discrimination or violation of indigenous rights. Likewise, neither have been any complaints received through the Ethics Channel in connection with corruption, bribery or money laundering.

The six complaints received in the year through the Ethics Channel refer mainly to labour-related issues, and were handled by the relevant persons belonging to the Compliance Committee. At the time of completing this Report, there were no complaints pending resolution.

Actions in 2023

- Renewal for a further 3 years (new effective date until April 2026) of the certificates issued by AENOR attesting compliance of the Elecnor Group's Compliance System with the requirements of the UNE-ISO 37001 "Anti-bribery management systems" and UNE 19601 "Criminal compliance management systems" standards.
- Continuing the process of rolling out improvements in compliance risk management and due diligence procedures in relation to third parties (mainly business partners, suppliers and subcontractors), notably including:
  - Launch and deployment of the digital platform for the application and authorisation of Temporary Business Associations, Consortia and Joint Ventures (eUTEs), which

has made it possible to integrate the tools and procedures established for the analysis of business partners from a regulatory compliance and integrity perspective as an essential part of the process.

- Incorporation of a new business information solution for companies that improves the analysis capabilities of third parties and, in particular, of related persons (group of companies, shareholders, directors, key staff, etc.).

- Progressive consolidation and enhancement of capabilities for proper analysis of third-party compliance risk (extension of the use of the specialised third-party compliance risk profile reporting solution and improvement of the analysis and reporting structure).

- Requesting and obtaining (since January 2022) from suppliers and subcontractors registered on the Group's procurement platform their express acceptance of and compliance with the Elecnor Group's Code of Ethics and Conduct for Suppliers, Subcontractors and Collaborators. By year-end 2023, more than 19,300 suppliers had expressed their acceptance and adherence to it.

• Adaptation of the Elecnor Group's Integrity and Regulatory Compliance Internal Reporting System *("Ethics Channel")* to the requirements of Law 2/2023 on Whistleblower Protection (transposition of the EU *"Whistleblowing Directive")*, and in particular:

- Review of the principles of action and commitments that govern and inspire the operation of the system and development, approval and dissemination of the Policy of the Elecnor Group's Integrity and Regulatory Compliance Internal Reporting System.

- Review of the system for managing communications received through the Elecnor Group's Ethics Channel and development, approval and dissemination of the Procedure for managing communications received through the Elecnor Group's Ethics Channel.

- Appointment by the governing body of the person responsible for the Elecnor Group's Integrity and Regulatory Compliance Internal Reporting System.

- Redesign of the corporate website to improve visibility and facilitate access to the Ethics Channel.

• Compliance Training: **GRI 205-2**

The Elecnor Group allocates significant investment to raising awareness and training its staff in connection with compliance issues. Below are details of the number of employees who were part of the Group's workforce and who have received this kind of training in the last 3 years (since the end of 2020), broken down by professional category and geographical area:

2023

Geographic area	Management No. employees	Management %	Management Hours	Executive No. employees	Executive %	Executive Hours	Technician No. employees	Technician %	Technician Hours
Spain	4	1	8	60	0.94	120	334	0.89	668
Europe	0	0	0	1	0.01	2	9	0.03	18
America	0	0	0	3	0.05	6	16	0.04	32
Africa	0	0	0	0	0	0	16	0.04	32
Asia	0	0	0	0	0	0	0	0	0
Oceania	0	0	0	0	0	0	1	0	2
Total (*) (**)	**4**	**1**	**8**	**64**	**1**	**128**	**376**	**1**	**752**

(*) Compliance training is intended for Structure staff. Works staff, given their lower exposure to compliance risk, are not included in these specific training plans.

(**) Includes a total of 385 employees in 2023 (287 in 2022 and 264 in 2021), mainly included in geographical area "Spain" and professional category "Technician") who have joined the Elecnor Group in each one of these years and who have received specific training on compliance as part of the on boarding phase training.

2022

Geographic area	Management No. employees	Management %	Management Hours	Executive No. employees	Executive %	Executive Hours	Technician No. employees	Technician %	Technician Hours
Spain	7	0.87	11	201	0.97	260	299	0.96	574
Europe	0	0	0	2	0.01	3	2	0.01	4
America	1	0.13	1	2	0.01	3	2	0.01	4
Africa	0	0	0	2	0.01	3	7	0.02	14
Asia	0	0	0	1	0	1	0	0	0
Oceania	0	0	0	0	0	0	0	0	0
Total (*) (**)	**8**	**1**	**12**	**208**	**1**	**270**	**310**	**1**	**596**

2021

Geographic area	Management No. employees	Management %	Management Hours	Executive No. employees	Executive %	Executive Hours	Technician No. employees	Technician %	Technician Hours
Spain	126	96%	158	108	89%	154	224	93%	446
Europe	2	2%	3	3	2%	5	5	2%	10
America	1	1%	1	6	5%	8	2	1%	4
Africa	1	1%	1	1	1%	1	8	3%	16
Asia	0	0%	0	2	2%	3	0	0%	0
Oceania	0	0%	0	1	1%	1	2	1%	4
Total (*) (**)	**130**	**100%**	**163**	**121**	**100%**	**173**	**241**	**100%**	**480**

(*) Compliance training is intended for Structure staff. Works staff, given their lower exposure to compliance risk, are not included in these specific training plans.

(**) Includes a total of 385 employees in 2023 (287 in 2022 and 264 in 2021), mainly included in geographical area "Spain" and professional category "Technician") who have joined the Elecnor Group in each one of these years and who have received specific training on compliance as part of the on boarding phase training.

During 2023, in addition to other initiatives developed by the Group's various organisations and subsidiaries, the following training activities were carried out:

i. A total of 59 Elecnor Group professionals (mainly legal counsel, administration, purchasing and people involved in the application and authorisation process for Temporary Business Associations, Consortia and Joint Ventures) have received specific training on the analysis and management of third-party compliance risks.

ii. Furthermore, a total of 385 new employees have completed during the "onboarding phase" specific training in compliance through the corresponding digital platform, training which is compulsory for Structure staff joining any of the organisations domiciled in Spain. This training develops the main concepts of compliance, the risks in this area to which the organisation may be exposed, including risks such as corruption, competition and human rights, among others, and the main elements that make up the Elecnor Group's Compliance System.

Additionally, during 2021 and 2022, around 465 professionals, working both in Spain and in foreign organisations, received specific training in antitrust matters. For the preparation and delivery of these training sessions, the company partnered with a specialised firm (Deloitte).

Likewise, with regard to on-boarding training, in 2021-2022, a total of around 550 new employees in the organisations domiciled in Spain completed the compliance training module specifically designed for this phase of the integration process in the Elecnor Group.

The members of the Board of Directors receive regular training in various areas of their responsibility. With regard to compliance, and without prejudice to any specific training sessions that may be held, in 2023 "compliance pills" were shared at 4 of its meetings on various compliance issues (corruption, politically exposed persons (PEPs), etc.).
GRI 2-17

- Launching and completion of the initial phase of the campaign to confirm commitment/adherence to the Group's principles and values (Code of Ethics and Conduct and related policies) by Structure staff both national and international. In January 2023, the Group's Chief Executive Officer launched the corresponding communication to the target group of this campaign and almost 3,600 members of the organisation formally renewed during the year their commitment to carry out their responsibilities in accordance with the highest ethical and compliance standards. The Group plans campaigns of this nature in a multi-annual frequency with the scope it deems appropriate at any given time to enhance the commitment of its employees to ethics, integrity and compliance.

- Designing, developing and publishing both on the Group's website and corporate intranet *("Buenos Días")* interactive infographics that summarises the core areas of the Elecnor Group's Compliance System *("Compliance at a glance")* to help and support the Group's dissemination and promotion of its principles and values and the main elements of the abovementioned system to both its staff and third parties.

- Launch of the project for the design of a long-term compliance training plan and for the development of dynamic and interactive training materials to facilitate the process of understanding and assimilation of the main risks and behavioural guidelines to be considered in this area.

- In line with its commitment to continuous improvement and alignment with best practices in compliance and risk prevention in the field of competition law, an assessment was carried out, with the assistance of a specialised firm (Deloitte), of the design, deployment and implementation of the different processes, procedures and specific controls for the prevention and detection of competition risks currently in operation, identifying new opportunities for improvement that are being implemented. Deloitte's expertise has also been used to improve and update knowledge of the latest trends, standards and requirements for competition compliance systems.

- Reviewing and strengthening the procedure for participation in associations.

- Diagnosis, with the support of a specialised firm, regarding the Elecnor Group's degree of exposure to risks related to the field of international sanctions and export controls and improvement of existing procedures for their proper identification and management.

- Continuous improvement of the large projects integrated management procedure (opportunity, bid and contract), aimed at improving the system, risk assessment (including compliance risk) and coordination between departments as soon as a major project opportunity arises and until the relevant contract is signed.

- Continuing the consolidation and improvement of the Compliance System at the various subsidiaries and organisations belonging to the Group, in accordance with the Compliance System Rollout Plan.

- Executing the *IE-Elecnor* work plan Observatory on Sustainable Compliance Cultures, by the Elecnor Foundation, notably featuring:

  - Publication and presentation of the study on "Compliance and sustainability practice and policies in Latin America - case studies from Brazil, Chile and Mexico".

  - Recording and broadcasting of new videopodcasts ("Compliance Matters: We care about sustainable future") with various personalities from the business, academic and legal worlds, etc. in order to discuss various aspects related to business ethics, compliance and sustainability, culture in organisations, etc. Three videopodcasts have been released throughout 2023.

  - Continuous improvement of the content of the Observatory's website (articles written by compliance experts, compliance pills...)

GOALS IN 2024

In 2024, the work of the Elecnor Group will be continued in relation to the following goals in terms of compliance, among others:

> Finalising the roll-out process in different organisations of the enhancements developed and implemented in 2022 and 2023 in relation to compliance risk analysis and third-party due diligence procedures.

> Development and deployment of the long-term compliance training plan and design, development and implementation of the training initiatives planned for 2024 (development of new training materials and implementation of at least one training campaign).

> Review and update of the compliance training module in the "on-boarding" phase and of the systematic monitoring of its effective operation.

> Improving the systematic approach to the design, development and implementation of awareness-raising initiatives in the field of compliance.

> Development, implementation and deployment of the improvement opportunities identified in 2023 in relation to the processes, procedures and controls in place for risk management in the area of competition law and international sanctions and export controls.

> Analysis and adaptation of the antitrust compliance system to the requirements of the UNE 19603 *Compliance management systems in free-competition matters* published at the end of 2023.

> Improving the system for managing risks related to the defence and protection of human rights.

> Continuation of the consolidation and improvement of the Group's Compliance System at the various subsidiaries in accordance with the *"Compliance System Rollout Plan"*.

> Development and implementation of the scheduled activities of the *IE-Elecnor Observatory on Sustainable Compliance Cultures.*

The Elecnor Group has partnered various sector associations in order to continue driving the sectors of activity in which it operates. In accordance with its Compliance System, it does not make financial contributions that are unlawful or aimed at obtaining special treatment. In 2022 and 2023, the Group tightened its controls in relation to its participation in industry associations with a view to preventing and reducing related risks in the field of competition law, such as mainly accepting or implementing recommendations or collective decisions that could limit competition or exchanging commercially sensitive information. GRI 2-28

COMMITTED TO FIGHTING CORRUPTION, BRIBERY AND MONEY LAUNDERING

GRI 205-1

The Elecnor Group's Compliance System is its main tool to combat corruption, bribery and money laundering. The effectiveness of the system has led to the company being certified in accordance with the UNE-ISO 37001 and UNE 19601 standards, as mentioned above.

Pursuant to the principles and values in force since its incorporation in 1958, the Elecnor Group is firmly committed to ensuring strict compliance with anti-bribery and anti-corruption regulations, and one of its priorities is to develop a solid corporate culture of regulatory compliance that permeates the daily decision-making processes by its Directors, executives and employees, as well as any other natural or legal persons acting on behalf of the Elecnor Group in law or in fact, enabling them, within the scope of their respective functions and responsibilities, to detect and prevent practices that might constitute acts of corruption or bribery.

The Elecnor Group implements the principle of zero tolerance to practices that contravene any provisions concerning ethics and integrity, and in particular concerning bribery and corruption, and expects its professionals and third parties with whom it has dealings to always act and behave in a manner consistent with the principles and values established in its Code of Ethics and Conduct, in its Compliance Policy and, specifically, in the Group's Anti-Corruption Policy.

Under no circumstances shall the employees of the Elecnor Group and its partners resort to unethical practices that could be construed as being conducive to a lack of impartiality, transparency and integrity in the decisions of any third party with whom they have dealings, whether they belong to the public sector (authorities, civil servants or persons involved in the performance of public duties) or the private sector.

The Elecnor Group, as established in its Anti-Corruption Policy, adopts a position of strict political neutrality and does not make donations to any political parties, political candidates, federations, coalitions, voter groups or foundations that serve as a vehicle for political contributions. **GRI 415-1**

In particular, the Elecnor Group strictly prohibits:

- Offering, promising or granting, directly or indirectly, bribes to any third party, whether in the public or private sector.
- Offering, promising or granting, directly or indirectly, facilitation payments to commence or facilitate administrative processes or procedures.
- Offering, promising or granting, directly or indirectly, gifts, presents or courtesies to any third party who breaches the provisions of the "Elecnor Group's *Policy on Gifts, Presents and Courtesies*".
- Offering, promising or performing, directly or indirectly and on behalf of the Elecnor Group, contributions for political purposes.
- Using sponsorships or donations as a means of obtaining favourable treatment.
- Requesting, accepting or receiving any kind of unwarranted benefit or advantage with a view to unduly favouring a third party in the acquisition or sale of products, contracting of services and any other commercial or business dealings.
- Establishing business relationships with third parties without complying with the duty of minimum due diligence in getting to know them.

In order to promote respect for these guiding principles by its employees and partners, the Elecnor Group is firmly committed to:

- Acting and requiring others to act at all times in accordance with the provisions of the applicable legislation on combating bribery and corruption, its Anti-Corruption Policy and the rest of regulations, policies and complementary internal procedures, applying, where necessary, the applicable disciplinary framework, in accordance with labour regulations and collective bargaining agreements in force, in the event of non-compliance in this sphere.
- Disseminating the organisation's commitment to strict compliance with legislation, in particular in combating bribery and corruption, among both its employees and its partners.
- Disseminating among its employees, by means of suitable communication and training programmes, the importance of discharging their duties and responsibilities in accordance with the highest ethical standards and in strict compliance with the law.
- Providing Elecnor Group employees the necessary knowledge and tools to detect, prevent and properly manage any situations that may lead to a breach of the law or that may contravene the principles and values of the Elecnor Group and the Anti-Corruption Policy.
- Encouraging and requiring its partners to have the utmost respect for the principles and values of the Elecnor Group.
- Making available to its employees proper communication channels to enable them to convey any queries they may have in connection with the Anti-Corruption Policy and to fulfil their duty to report and inform of any irregular conduct of which they are aware or which they suspect.

In that regard, and among the dynamics and practices established to foster and disseminate this commitment among employees, it is worth noting that the meetings of the Board of Directors, Executive Committee, Management Committee and other major committees have included a specific item on the agenda on compliance issues since the end of 2018, according to a pre-established schedule.

With regard to money laundering, the corresponding associated risks are identified among those monitored by the Elecnor Group's Compliance System, as stated above. In that regard, the Elecnor Group's Code of Ethics and Conduct expressly states that *"The Elecnor Group is firmly committed to the prevention of money laundering. Under no circumstances will we engage in activities aimed at affording the appearance of legitimacy or legality to property or assets obtained through criminal actions"*.

In the same manner, the Compliance Policy states that *"...under no circumstances shall the Elecnor Group's staff or the related persons acquire, own, use, convert or transfer goods if it is known that they arise from crime, irrespective of whether the criminal activity was carried out on national territory or abroad. Likewise, the performance of any act to hide or conceal its illegal origin, or to help someone who has participated in such breach by avoiding the legal consequences of his actions, is expressly prohibited. Elecnor Group's staff shall therefore be extremely cautious and diligent in their transactions with third party suppliers of goods and services, to assure that they do not arise from a criminal activity."*

The Elecnor Group has procedures and controls in place to prevent and manage these risks, which are subject to ongoing review and improvement to ensure that they operate correctly. As part of these procedures, the Group identifies those situations and transactions from which a higher exposure to corruption risks may arise and applies enhanced due diligence measures in such cases.

No incidents of corruption or money laundering have been identified in 2023. In any case, and following its due diligence procedures with respect to third parties, the Group assesses —should potential indications of malpractice by third parties be identified— whether or not it is appropriate to start or continue the corresponding business relationship, taking the appropriate measures.

COMMITTED TO UPHOLDING COMPETITION LAW

GRI 415-1, GRI 206-1

The Elecnor Group seeks to compete effectively in all the countries in which it operates, within the legal framework and without the risk of violating competition law.

Under no circumstances shall the Elecnor Group and/or its employees undertake any isolated or concerted initiative that violates antitrust law, a principle that is also applicable to any natural or legal person with whom the Group establishes a business relationship. In particular, and as established in its Antitrust Policy, the Elecnor Group strictly prohibits:

- Entering into agreements or engaging in concerted or consciously parallel practices between competitors which, by their object or effect, may restrict competition between economic operators (e.g., fixing prices or other trading conditions, sharing markets or customers, limiting or controlling production, etc.).
- Anti-competitive public or private bid rigging, whether through unjustified joint ventures or subcontracting, making offers of cover, accompaniment, courtesy, etc., or any other means.
- Accepting or implementing collective recommendations or decisions issued or adopted by associations that could restrict competition between economic operators.
- Exchanging commercially sensitive information with competitors or third parties, including individual and disaggregated data on strategic variables such as current or future prices, discounts, quantities or present and future sales volumes.
- Carrying out actions that could constitute abuse of a dominant position by means, among others, of setting unfair or discriminatory prices or commercial conditions, or unwarranted refusal or restriction of supply.
- Engaging in acts of unfair competition which, due to affecting the public interest, could potentially affect the general interest (for example, acts of fraud and deliberate misleading, aggressive practices, selling at a loss, breach of secrecy, unlawful advertising, etc.).

In order to promote respect for these principles of action by its employees and business partners, the Elecnor Group is firmly committed to disseminating its commitments and requirements in this area, to training and to establishing appropriate communication channels with its employees and other interested third parties.

Likewise, and particularly with regard to this area, the Elecnor Group is committed to ensuring the utmost diligence in the context of public procurement, avoiding any type of irregularity that could be interpreted by the competent authorities as a manipulation of the procedure and to collaborating with official bodies, such as the Spanish National Commission on Markets and Competition (CNMC) and other competition authorities.

In order to prevent, detect and adequately manage any risk relating to competition to which the organisation might be exposed, the Elecnor Group has set up an antitrust compliance system (integrated in the Group's overall Compliance System), fully effective and subject to a continuous review and improvement process to ensure its proper operability and its alignment with the best practices in the matter.

Human Rights

GRI 3-3, GRI 407-1, GRI 408-1, GRI 409-1, GRI 411-1

Since it commenced its activities, the Elecnor Group has been fully committed to supporting, respecting and safeguarding human rights in all spheres of action, based on its ethical principles and its corporate social responsibility.

As outlined in its Human Rights Policy, all the Group's companies are unwaveringly committed to compliance with and defence of human rights in developing their activities in all of the countries where they operate. Moreover, this Policy extends to all the Company's stakeholders with a view to sharing and requiring the same exacting level of commitment in its relationships with them.

This Policy is fully aligned with the Group's Sustainability Policy and its Code of Ethics and Conduct, as well as with the UN Universal Declaration of Human Rights, the principles of the UN Global Compact and the Sustainable Development Goals, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises.

In the context of its ongoing management of the risks to which it is exposed, the Elecnor Group identifies the main fields in which human rights risks may materialise with a view to establishing the appropriate measures to prevent possible human rights violations and to mitigate any impact that may arise in this regard. As a result of this analysis, the Group attaches particular attention and focuses its efforts on fostering and defending non-discrimination and equal opportunities regardless of people's characteristics, the abolition of forced labour and child labour, health and safety, respect for the rights of local communities, with special care for the most vulnerable groups, such as ethnic minorities and indigenous populations, and the recognition and defence of the freedom of assembly and association of its workers.

In particular, and as regards the above-mentioned local communities, the Group has a *Local Community Relations Policy* that outlines its commitment to fostering a culture of respect, generating relationships of trust and furthering the generation of value by promoting specific initiatives and establishing an ongoing dialogue with these communities in the countries and environments in which it conducts its business. In that regard, a special effort is made to identify the communities impacted by the projects; to assess the environmental, social and economic factors that may result from their activity and have an effect on these communities; to engage in dialogue, inform and encourage the participation of the communities in the various stages of the projects through different consultation processes; to respect the values, traditions and cultures of the local communities; and to responsibly manage the positive and negative impacts that may materialise.

The Group manages the abovementioned human rights risks through various initiatives and procedures integrated into its operations and activities. These mechanisms notably include its labour procedures, the primary goals of which are to ensure a fluid and honest dialogue with its employees, to guarantee fair working conditions in line with applicable legislation, and to ensure non-discrimination and equal opportunities; the procedures and controls in place in the field of health and safety based on the principle of zero accidents; the identification and registration of its workers and of the people who work on its projects through the corresponding subcontractors, as well as their ongoing and appropriate training; and dialogue with local communities, the implementation of initiatives to protect them from the effects that may arise from the projects and to improve their situation.

Furthermore, as regards third parties that collaborate with the organisation in carrying out its activities, the Elecnor Group sets up various due diligence measures, already mentioned above, the primary goals of which include acquiring adequate knowledge of the performance of its business partners in terms of human rights and fostering respect for them throughout the entire supply chain.

In particular, the Code of Ethics for Suppliers, Subcontractors and Collaborators states, among other matters, that the Group's business partners must maintain working practices and conditions with their employees that are respectful of the relevant national and international regulations and acknowledge their workers' freedom of assembly and association and right to collective bargaining, as well as reject forced labour in all its forms, any manifestation of abuse of authority and the use of child labour.

No situations have been identified in 2023 in which these rights have been deemed to have been violated or compromised.

Although, as mentioned throughout this section, the Elecnor Group adequately manages risks related to human rights, during 2024, as part of the continuous improvement of its processes and procedures, it plans to carry out a more systematic analysis of these in order to identify potential improvements to these procedures in accordance with best practices in this area.

Furthermore, as a Signatory of the United Nations Global Compact, the Group has undertaken to incorporate the 10 principles in relation to human rights, labour, environment and anti-corruption into its corporate strategy, and to promote the Sustainable Development Goals (SDGs).

The companies co-owned by the Elecnor Group, Celeo Redes in Chile and Brazil, have also subscribed to the Global Compact.

Fiscal transparency

GRI 207-1, GRI 207-2, GRI 207-3

The Elecnor Group has a governance framework for tax matters in order to ensure that the Group's actions and operations are governed by clear principles, values and standards, to enable any employee, person or entity having a relationship with the Group, when appropriate, and the Board itself to adopt suitable decisions so as to comply with tax legislation. This framework is fully aligned with the principles and criteria on which the Group's Risk Management and Control System is based.

Accordingly, the Elecnor Group's Tax Policy reflects the Group's fiscal strategy and its commitment to the application of best tax practices, which is available on the Group's corporate website. The strategy consists of ensuring compliance with applicable tax regulations and seeking to properly coordinate the fiscal practices followed by Group companies, for the corporate interest and in support of a long-term business strategy that avoids tax risks and inefficiencies in executing business decisions.

The Group's tax strategy is based on the following principles:

1. Fulfilling their tax obligations with the utmost diligence in the various countries and territories in which the Group operates.
2. Submitting all the Group's tax filings in a timely manner, including those that do not involve tax payments.
3. Paying in a proper and timely manner all taxes payable in accordance with the applicable laws.
4. Making tax decisions on the basis of a reasonable interpretation of the regulations, refraining from taking material tax risks, without relinquishing legitimate tax efficiency to maximise the Group's value for shareholders.
5. Paying particular attention, when applying tax law, to the interpretation thereof emanating from the courts in relation to each of the operations or matters that have a tax impact.
6. Preventing and minimising, to the extent possible, the tax risks associated with the Group's strategic operations and decisions.
7. Defining and implementing frameworks for the supervision, review and control of the tax function.
8. Informing the governing bodies in regard to the main tax implications of the operations or matters submitted for their approval, when they constitute a significant factor in determining their intentions.
9. Fostering an open relationship with the tax authorities based on respect for the law, loyalty, trust, professionalism, collaboration, reciprocity and good faith, without prejudice to any legitimate disputes that, upholding the above principles and in defence of the corporate interest, may emerge with said authorities in connection with the interpretation of the regulations.

The Elecnor Group's Tax Policy is available on the corporate website and intranet.

The Elecnor Group publishes its tax information in an exercise of reporting transparency. The taxes paid by the Group in the countries and territories where it operates constitute one of its main contributions to society.

GRI 207-4 In 2023, the Elecnor Group has submitted the 2022 Country by Country Report, which can be found in Appendix I hereto. The full list of Elecnor Group companies and their main activities is published annually in Appendix I of the Consolidated Annual Accounts.

PROFIT BEFORE TAX BY COUNTRY

Figures thousands of Euros	2022	2023		
Country		Continuing operations	Discontinued operations	Total
Abu Dhabi		351		351
Germany	-26	178		178
Angola	10,701	6,158		6,158
Algeria	-75	-133		-133
Argentina	1,629	1,659		1,659
Australia	-7,119	-66,719	-2,830	-69,549
Belgium	-3,655	-28		-28
Bolivia	147	501		501
Brazil	75,280	22,606	35,429	58,035
Cameroon	-5,623	-2,822		-2,822
Canada	6,229		10,253	10,253
Chile	14,023	11,881	-1,070	10,811
Colombia	-21	-1,733	-807	-2,540
Ivory Coast	2,630	773		773
Denmark		556		556
Ecuador	-2,072	583		583
El Salvador	165	-100		-100
Spain	7,659	73,290	31,306	104,596
United States	11,996	21845	-2,351	19,494
Philippines	-31	-275		-275
Finland	1,011	588		588
Ghana	-2,006	1,693		1,693
Guinea	-124	-301		-301
Honduras	1,763	7,693		7,693
Italy	2,263	10,218	-1	10,217
Jordan	-691	102		102
Kuwait	-25	-12		-12
Lithuania	7,211	12,036		12,036
Morocco	-1,616	15,148		15,148
Mauritania	-600	98		98
Mexico	9,860	-32,090	-550	-32,640
Mozambique	-1,345	-673		-673
Norway	4,800	3,589		3,589
New Zealand		103		103
Oman	2,743	753		753
Panama	5,102	5,721		5,721
Peru	16,164	213		213
Portugal	683	3,346		3,346
United Kingdor	5,871	5,035		5,035
Dominican Republic	3,952	-5,069		-5,069
Romania	79	90		90
Senegal	-1,496	-408		-408
South Africa	60			
Uruguay	536	2,761		2,761
Venezuela	-40	-129		-129
Zambia	-79	-1,315		-1,315
Total	**165,913**	**97,761**	**69,379**	**167,140**

For figures for 2023, see Note 7 of the Notes to the Consolidated Annual Accounts attached to this Directors' Report.

PAYMENT OF INCOME TAX

Figures thousands of Euros	2022	2023		
Country		Continuing operations	Discontinued operations	Total
Angola	4,257	1,197		1,197
Argentina	113	25		25
Australia	4,685	2,359		2,359
Belgium	29			
Bolivia		24		24
Brazil	16,408	5,741	9,941	15,682
Cameroon	200	1,153		1,153
Canada	92		138	138
Chile	-696	2,088		2,088
Colombia	515	755		755
Ecuador	397	654		654
El Salvador	29			
Spain	8,378	16,034	3,538	19,572
United States	1,564	7,607		7,607
Finland	51	44		44
Ghana	1	30		30
Guinea	5	95		95
Honduras	38	88		88
Italy	322	1,401		1,401
Jordan	5			
Kuwait	46	16		16
Lithuania	127	374		374
Mauritania	315	23		23
Mexico	3	8,410		8,410
Mozambique	5	25		25
Norway	-1,053	2,403		2,403
Panama		30		30
Peru		-233		-233
Portugal	662	683		683
United Kingdom	687	917		917
Dominican Republic	18	793		793
Romania	10	10		10
Senegal		2		2
Uruguay	107	499		499
Venezuela		1		1
Total	**37,320**	**53,280**	**13,617**	**66,897**

For figures for 2023, see Note 7 of the Notes to the Consolidated Annual Accounts attached to this Directors' Report.

The Elecnor Group has made its best estimate of the breakdown of results by country, as well as the payments made in income tax by country, based on the data available at the time of preparing these Annual Accounts. For this breakdown by country, the same criteria were used as those applied to preparing the Consolidated Annual Accounts, likewise breaking down harmonisations and removals as required for the presentation of the Consolidated Income Statement.

Estimated corporate income tax payments in countries in which the Group operates, correspond mainly to the final settlement of taxes accrued in 2022, and to payments on account of taxes accrued in 2023 which will be settled in 2024.

Public grants received GRI 201-4

In 2023, the Elecnor Group received public grants amounting to Euros 4,117 thousand, compared with Euros 3,613 thousand in the previous year, as detailed below.

Figures in thousands of Euros Country	2022	2023
Spain	2,531	2,878
Canada	130	–
Italy	99	60
United Kingdom	99	245
Portugal	744	924
Romania	10	10
Total	**3,613**	**4,117**

15.10 Social impact GRI 3-3

Through its various initiatives, the Elecnor Group has a direct impact on employment, progress and social welfare. It also acts as a driving force for development in the countries in which it operates, while contributing to resolving specific major global challenges reflected in the 2030 Agenda, such as the fight to combat climate change, the reduction of the energy gap and secure access to essential resources such as energy and drinking water, among others.

Furthermore, the Elecnor Group generates value and distributes it among its main stakeholders as a result of its sustained growth.

The Group's social commitment is chiefly coordinated though the Elecnor Foundation with social infrastructure projects in the places most in need and through a commitment to the training, research and employability of young people.

Moreover, by means of the main Group companies, numerous social and/or environmental programmes are implemented with local communities in the various countries in which they operate.

Value generation

DIRECT FINANCIAL VALUE GENERATED AND DISTRIBUTED

GRI 2-28, GRI 201-1

The information concerning the creation and distribution of the financial value shows how the Elecnor Group continues to generate wealth for its stakeholders.

In thousands of Euros País	2022	2023
Direct economic value generated	**3,714,068**	**4,168,359**
Revenue[1]	3,714,068	4,168,359
Distributed financial value	**3,573,529**	**4,032,505**
Operating costs[2]	2,454,755	2,802,106
Personnel expenses[3]	984,095	1,059,903
Payments to capital suppliers[4]	96,580	103,048
Tax contribution[5]	37,320	66,897
Investment in the community[6]	779	551
Retained financial value	**140,539**	**135,854**

Source. Figures from the income statement in the Consolidated Annual Accounts for 2023, except for dividend payments and income tax payments shown in the statement of cash flows included in the Consolidated Annual Accounts.

For 2023 data, see Note 7 of the Notes to the Consolidated Annual Accounts.

1 Includes: Amount of turnover + change in inventories + self-constructed assets + other operating income + finance income.
2 Includes: Materials consumed + external services + taxes + other management expenses.
3 Includes: Personnel expenses.
4 Includes: Finance expenses + dividend payments (statement of cash flows).
5 Includes: Income tax payments (from the statement of cash flows).
6 Includes: Contributions to the Elecnor Foundation and to various non-profit organisations, associations and foundations.

Job creation

With a team of more than 22,000 people in over 40 countries, people are the main asset for the Elecnor Group, being crucial to the optimum execution of its activities.

At the end of 2023, the Group's workforce had increased by 215 people (up 1% on the previous year).

Workforce	2022	2023	Changes
Domestic	11,210	11,746	5%
International	11,138	10,817	-3%
Total	**22,348**	**22,563**	**1%**

The Elecnor Group contributes to the employment, development and well-being of local communities by means of direct job creation by hiring local employees and suppliers.

LOCAL EMPLOYMENT

	2022		2023	
Location	Employees	Local	Employees	Local
Spain	10,425	93%	10,914	93%
Europe	1,140	78%	1,340	77%
America	6,694	98%	5,988	91%
Africa	2,259	94%	1,572	92%
Asia	93	45%	12	36%
Oceania	203	86%	715	96%
Total	**20,814**	**93 %**	**20,541**	**91%**

PROCUREMENTS FROM LOCAL SUPPLIERS GRI 204-1

on the ongoing optimisation of the supply chain. In this sense, and whenever possible, priority is given to contracting local suppliers from the countries where the projects are carried out in order to promote the economy of these countries.

Below is the percentage of the volume of purchases made from local suppliers:

	2022	2023
Spain	92%	86%
Brazil	100%	100%
Chile	74%	75%
United States	100%	100%
Mexico	83%	100%
United Kingdom	79%	85%
Other	77%	80%
Total	**89%**	**86%**

PROFITABILITY FOR SHAREHOLDERS

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.

The Company has been able to consistently create value for its shareholders in the last few years. In 2023, the dividend yield has been increased compared to the previous year. The dividend yield is calculated on the closing share price of the previous year.

Stock market indicators	2022	2023
Closing share price (€)	€10.60	€19.55
Dividend yield	3.50%	4.10%

In 2023, two dividends were paid to shareholders: a supplementary dividend against 2022 profit in a gross amount of Euros 0.36053065 per share (Euros 0.37040598 including the pro-rata distribution of treasury shares); and an interim dividend against 2023 profit in a gross amount of Euros 0.06572862 per share (Euros 0.06751654 including the pro-rata distribution of treasury shares)

Elecnor Group social action

GRI 203-1, GRI 203-2, GRI 413-1

The Elecnor Foundation is the main vehicle through which the Group carries out its social action.

In 2023, the Elecnor Group donated a total of Euros 534,089 to various associations, foundations and non-profit entities to support a range of social causes (Euros 779,126 in 2022). Of that amount, the Elecnor Group contributed Euros 400,000 to Elecnor Foundation.

ELECNOR FOUNDATION. GENERATORS OF CHANGE AND WELL-BEING

Since its launch, the Foundation's mission has been closely linked to the Elecnor Group's own activities, with the aim of helping to improve people's living standards and powering the economic and social progress of the communities in which Elecnor has a stable presence.

Throughout its history spanning more than 60 years, the Elecnor Group has built a corporate culture based on conducting its activity in a responsible and committed manner, voluntarily incorporating social and environmental criteria into business practice.

With the Elecnor Foundation, the company took another step forward in this strategy, expanding the scope of its commitment to the environments in which it operates and to key aspects of today's society, such as training and research. In that regard, the work of the Foundation is strongly tied to the Elecnor Group's own activity, with the priority areas of action being countries in which the company is present and projects related to its lines of business.

Since its creation in 2008, the Elecnor Foundation's mission has been to contribute to the progress of society through the implementation of projects that help improve people's living conditions and the conservation of the environment with strong values for all its actions, focused on:

- The design and construction of water and energy infrastructures in those communities that need them most, always respecting the environment and focusing on innovation and sustainability.
- Supporting training and research to nurture the professional projection of young people, stimulating relations between business, public institutions and the educational sector.

It is worth highlighting that, since its creation, the Elecnor Foundation has signed numerous collaboration agreements with NGOs, universities and training centres, private companies and public bodies, with a view to combining efforts, know-how and experience to achieve the best results and to progress in meeting the SDGs.

As such, the Foundation has been present in Spain, Honduras, the Dominican Republic, Chile, Uruguay, Peru, Nicaragua, Mexico, Brazil, Cameroon, Ghana, Angola, Senegal and the Democratic Republic of Congo.

Since it was first set up, the Elecnor Group has donated funds amounting to Euros 8.3 million. Moreover, the Foundation has obtained other funds totalling Euros 5.9 million. Accordingly, the Elecnor Foundation has led projects worth a total of Euros 14.2 million.

In 2023, the Foundation invested Euros 1.4 million in the various projects (622,195 in 2022).

Social infrastructure projects

In 2023, the Elecnor Foundation has focused on the following projects:

> ***Health Energy*, Senegal**

The Elecnor Foundation, in conjunction with the NGO Manos Unidas, has implemented this project at the Saint Jean de Dieu Hospital, located in Thiès (Senegal), with the aim of introducing a more efficient energy consumption system that allows for cost savings and, in turn, makes it possible to acquire new machinery for the detection and treatment of diseases.

This hospital is recognised for its universality, caring for all patients free of charge and without discrimination, fostering respect and equality. Nevertheless, the obsolescence of its electrical installations entails a high risk of power supply disruption, which hampers the work of the doctors and nurses and puts the lives of their patients at risk, while at the same time generating high maintenance costs.

Continued on next page

This project, launched in January 2023, consisted of a 250 kilowatt PV solar installation that will reduce the hospital's monthly electricity bill with panels fixed to the hospital's roof that provide between 40% and 50% of the hospital's monthly electricity consumption. Equipped with a remote management system that allows the level of electricity consumption and the quota of each service to be displayed in real time, it will enable savings to be made that will then be redirected to other investments.

During construction, the hospital's maintenance team has been trained to be able to maintain and operate the PV system in the best possible conditions and to obtain the highest possible yield from the panels.

> H_2OMe, Brazil. Water, electricity, health and education for the Quilombola community

The Quilombola community is made up of 290 people who live in the municipality of Óbidos, in the Brazilian state of Pará. Its public school, which caters for 95 children, has to collect water by hand from an Amazon tributary and has serious power supply problems.

H_2OMe Muratubinha, launched in June 2023, is an innovative project that provides a change in the quality of life of families in the Muratubinha community. Its main objectives are to provide access to renewable energy, to drinking water, to offer a medical post to families, as well as to build a social space for the development of various educational and audiovisual activities.

> Sunpower health, Mozambique. Access to photovoltaic energy at El Carmelo hospital

The Elecnor Foundation, together with the Daughters of Charity of San Vicente de Paul, is going to develop this project, co-financed with the NGO Manos Unidas, whose objective is to improve health care in the provinces of Gaza and Inhambane, as well as to guarantee the economic sustainability of the Carmel Hospital in Chokwe by installing photovoltaic energy.

The Carmel Hospital was established as a tuberculosis treatment centre and is now a centre of reference for the whole country. Malnutrition, malaria, AIDS and tuberculosis, along with chronic diseases such as diabetes, are the daily struggles faced by the centre's doctors. Today they treat 8,900 people with various diseases, another 3,000 people with chronic diseases and 1,700 people with tuberculosis.

The expected results of the photovoltaic installation on the hospital and laboratory roofs are a reduction in energy consumption, which will reduce dependence on the unstable electricity grid, savings in costs associated with grid consumption (estimated savings of 68%), improved energy efficiency and a reduction in carbon emissions.

Training and research projects

In the field of training and research, the Elecnor Foundation has developed the following initiatives:

> IE-Elecnor Observatory on sustainable compliance cultures

This Observatory was created at the end of 2019 by the Elecnor Foundation and the Instituto de Empresa Foundation. Its aim is to foster the culture of compliance and sustainability with a special focus on small and medium-sized enterprises.

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This year, the following actions were performed:

- Continuation of "Compliance Matters", a video podcast channel to deliver a 360-degree view of the world of compliance, featuring leading professionals. This channel is available on digital audio platforms.
- Publishing articles and compliance information shorts on the Observatory's website.
- Publication and presentation of the "Compliance and Sustainability in Latin America" report, which highlights the high level of compliance with compliance and sustainability regulations in leading companies in Brazil, Chile and Mexico.
- Organisation of the event "AI in business: opportunities and ethical challenges".

> Corporate Leadership in Entrepreneurship and Innovation, Deusto Business School Spain

The Elecnor Foundation has a collaboration agreement with Deusto Business School and Icade Business School to develop this programme, which includes the most innovative entrepreneurial initiatives of major corporations explained by the executives who have led them.

This year, the graduation of the 2022/2023 graduating classes of the Executive Education Programme took place, including two people from Elecnor, and was sponsored by the CEO of the Elecnor Group.

> Improving in Emotional Prevention

This educational project on emotional risk prevention is undertaken through the digital environment and classroom activities. Growing in Emotional Prevention is intended for 3rd, 4th and 5th year Primary School pupils and their teachers.

By December 2023, some 40,100 children in the Community of Madrid, Castile-La Mancha, Extremadura and the Autonomous Community of Navarre will have benefited from this educational project.

- Raising awareness among pupils and the education community regarding the importance of educational orientation and the prevention of emotional risks in all the areas and facets of the life, so that they can integrate these lessons into their daily routines and future careers.
- Providing educational resources to teachers and students in order to work on the importance of emotional risk prevention in students' most everyday contexts: home, outside and school.
- Fostering emotional risk prevention in the family context by families being involved and participating in students' educational and training process.

> Specialist course in medium- and low-voltage electrical installations. Vocational training at Colegio Salesianos Deusto.

The eleventh edition of this course has been organised this year, lasting 131 hours.

It is worth noting that the facilities where are trained are also used for the training and recycling of Elecnor workers.

> Ingenia store - Polytechnic University of Madrid. Spain

Collaboration between the Elecnor Foundation and the Foundation for the Promotion of Industrial Innovation to support research into electrical systems based on "ingenia-store" renewable energies.

Within the collaboration between the Elecnor Foundation and the Electrical Engineering Area of the ETSII-UPM in relation to the subject "Engineering an electrical system", it was agreed to carry out a three-year project that aims to incorporate the study of storage systems with lithium batteries linked to the production of electrical energy with renewable sources into the development of this subject.

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> Advanced qualification in renewable energies. Dual vocational training

This initiative is intended to train students as professionals specialised in Elecnor's own activities, so that they can become site managers in the future. The aim of this vocational training is to provide students with knowledge through apprenticeships both at school and in companies.

In 2023, three students completed their studies and internships at the Astexol solar thermal power plant and various substations. Two of them have been hired at Elecnor's Southern Branch.

> Master's thesis grants. Valencia's Polytechnic University (UPV).

The Elecnor Foundation, as part of its collaboration with the UPV spanning more than 30 years, has awarded three scholarships, acknowledging the talent of students who have developed their work in various areas of knowledge linked to the Elecnor Group's activities.

> Agrovoltaic Chair ETSIAMN, Polytechnic University of Valencia

The Agricultural Engineering and Natural Environment Faculty (ETSIAMN) of Valencia's Polytechnic University together with the Department of Agriculture, Rural Development, Climate Emergency and Ecological Transition are the two institutions that have promoted the creation of an Agrovoltaic Chair.

The main objective of the Chair is to promote research, development and implementation of agrovoltaic systems. These systems combine PV solar energy production with agricultural activity, allowing dual use of the land and maximising its productivity.

Some of the specific objectives of the Chair are:

- Research and develop technologies and methodologies for the implementation of efficient and sustainable agrovoltaic systems.
- Promote the education and training of professionals in agrovoltaics.
- Promote the transfer of knowledge and technology between academia, the business sector and farmers.
- Conduct economic, social and environmental feasibility studies and analyses of agrovoltaic systems.
- Collaborate with other national and international institutions and organisations on agrovoltaic related projects.

The Elecnor Foundation participates together with Emin Energy, engineering and consultancy firm; Vaos Sistemas, company specialising in the automation of irrigation systems; Comunidad de Regantes de Lliria; Gestión y Administración Técnica Agraria S.L., an agricultural consultancy; and GSFI Energía, a solar panel installer.

> Collaboration agreement between the Elecnor Foundation and the Integra Foundation

The Elecnor Foundation signed a framework collaboration agreement with the Integra Foundation to improve the conditions and means used in its new classrooms to optimise and strengthen the training they provide to vulnerable groups.

Corporate volunteering projects

In 2023, it was approved that employees in the country where social infrastructure projects are carried out will be the protagonists of Elecnor's corporate volunteering projects. This new approach is therefore underway in Brazil with the H2OMe project, so that volunteers in Brazil can directly contribute to the success and sustainability of the project and to the well-being of the local communities.

Volunteers will support the following initiatives:

- Twinning with the Quilombola community with the aim of promoting cooperation.
- Technical supervision with H2OMe operators for preventive maintenance.
- Providing children with school materials.
- Sponsoring children's school education and, where appropriate, higher education.
- Help with equipment to improve the functioning of the health post.
- Hold face-to-face training for children once a year.

OTHER SOCIAL PROJECTS

The Elecnor Group has a clear commitment to the communities where it operates, and programmes to foster social, environmental and economic development in the surrounding communities have become especially significant.

Below are some of the initiatives launched by Elecnor and the companies Enerfín and Celeo.

Angola

Elecnor has carried out many actions in the country, some of which are mentioned below:

- Donation of various goods to the community of Bandeira and Sociedade (Zavula)-Ndalatando

During the works carried out on the Zavula transmission line, the precariousness of some members of the Sociedade and Bandeira communities was noticed, so a campaign was conducted to collect various perishable and non-perishable goods to help some of these families, focusing especially on the elderly and children.

In addition to the donations collected, some PPE was also donated, in total 64 pairs of safety boots and 27 rain boots were donated.

- Donation of computers and monitors to IMNE-Marista

The equipment is available to students throughout their academic career in the school library, providing them with the necessary support for their education.

- Delivery of medical equipment donated by Elecnor to improve the health services of the Namibe Ngola Kimbanda Provincial Hospital

Donation of useful materials to improve the hospital's healthcare services, creating a very positive impact on the community that the hospital serves.

Brazil

Elecnor do Brasil has initiated a series of projects aimed at improving the quality of life of the inhabitants in the areas where it operates, highlighting its commitment in this area.

- Oficina dos Sonhos - Edição 3

The "Workshop of Dreams" ("Taller de los Sueños") project aims to promote ideal, innovative and creative conditions for visual arts and design for young people over 18 from low-income families in new Brazilian cities.

- Computing for seniors

Collaborate with the enhancement and strengthening of links with the elderly in vulnerable situations, through specific workshops such as basic introduction to computers in the city of Pirapora MG.

The aim of this project is work with social media or social networks through basic computing providing general learning and the use of smartphones and other technological devices.

- Garboggini Action

Action to collect food for the local community in need where our projects are located and for the Yanomami indigenous people

- Warm clothing campaign

Aimed at the arrival of winter in Brazil, the campaign is based on the collection of warm clothing donated by employees, and for every 10 items of warm clothing collected, Elecnor do Brasil buys a blanket.

- Delivery of wheelchairs and bath chairs to the Arinos Rotary Club

Delivery of a total of 10 wheelchairs and 10 shower chairs to the Rotary Club of the municipality of Arinos. The main objective of the Arinos Rotary Club is to benefit the local population, both urban and rural, by providing this equipment through loan agreements.

The Group's renewable power subsidiary, Enerfín, approved by the Brazilian government and in compliance with tax incentive legislation, contributes to social development, culture and sport.

Through its subsidiary Ventos do Sul, it has approved several social projects in 2023 related to the promotion of sports, culture, prevention and health protection for children and the elderly.

Celeo has continued to develop various initiatives in order to contribute to the quality of life and the development of local human capital through a range of social projects, including the following:

- Project Quipá - cultivating knowledge. This is a youth education project aimed at young quilombolas in São João de Piauí.
- Green Ecoe Project ("Ecoe verde"). Project whose objective is to ensure the organisation and participation of the Esmeralda Community Space by the residents of the neighbourhood, guaranteeing the maintenance of the garden and the cultural activities carried out on the CANTE grounds, promoting environmental education and sustainable habits that preserve the environment.
- Restore Caatinga ("Restaura Catinga") Project (2022-2024). Developed together with the Caatinga Association, Vbio, Universidade Federal do Rio Grande do Norte, FIEC, Prefeitura de Carteus and PPPN Neném Barrios. The project promotes the restoration of 20 hectares of forest in a semi-arid region, as well as the dissemination of sustainable technologies adapted to the biome, research incentives, community development through the training of self-employed rural workers, such as the 40 rural communities living around the region, among other benefits.
- Green Initiative Project. It aims to protect the remnants of indigenous vegetation and improve the quality and quantity of surface and groundwater in the Itirapina region.

Canada

Enerfín has collaborated financially with different social, sporting and cultural initiatives in the municipalities included in its areas of action.

Chile

Celeo's social projects are mainly geared towards environmental education. As part of the School Networks Programme ("Programa de Redes Escolares"), initiatives with environmental content are developed in rural schools. Each school has a programme adapted to its reality and needs.

In addition, Celeo Chile has developed various social investment actions in Rincón de Pataguas and in the municipality of Colbún, such as the donation of a generator set that provides back-up power for the permanent provision of rural drinking water, the delivery of equipment to the Colbún firefighters under a permanent partnership with the institution, the equipment of the headquarters of the Senior Adult Club to improve its facilities and a welding course.

Colombia

As part of the social management plan of the Portón del Sol project, Elecnor has donated usable wood material such as pallets and boards to the Santa Helena community to improve their rural areas and residences.

Enerfín has carried out different activities:

- Donations of material to equip the educational centres of the communities, improving the conditions and facilities of the Purnio educational centre, which is attended by more than 100 students.
- Donation of material to equip the Purnio social centre, which has 200 members.
- Training for the communities of Purnio and Santa Helena for small entrepreneurs, co-financed by SENA - Servicio Nacional de Aprendizaje, in which 30 people participated.
- Conducting training in recruitment management for a total of 33 municipal officials in La Dorada.
- Donation for the celebration of the children's festival, where a total of 250 children participated, and co-financed by the National Infrastructure Agency (ANI).

Spain

Elecnor's different organisations have participated in many social actions in collaboration with different local associations, such as food, clothing and toy collection campaigns, among others.

Celeo España has collaborated financially with the ECODES foundation in the "Not a home without power" project which aims to help vulnerable families in the field of energy poverty. Also, with the Padre Piquer Foundation in the financing of school and meal grants for the most disadvantaged pupils at its headquarters in Madrid.

Dialogue with local communities

GRI 2-25 GRI 3-3, GRI 203-2, GRI 413-2

Communication, ongoing dialogue and proper management of impact on local communities are essential to maintain social legitimacy and ensure the success of the Group's projects.

In the context of the Environmental Assessment Studies of the projects, there are stakeholder outreach processes, the goal of which is to outline the main characteristics of projects, their design and planning to communities that might be affected. Queries are also fielded and their comments taken on board so as to minimise the projects' impact on their territory.

Brazil

In Brazil, citizen participation is a cornerstone of the environmental licensing process, through which project-affected parties have the chance to be heard, either in public hearings or in technical briefings. Celeo has a stakeholder engagement process called the Integra Project. This voluntary project is chiefly geared towards:

- Minimising risks.
- Fostering stakeholder awareness of environmental conservation, burning and forest fires.
- Training the Operation and Maintenance teams in approaching and communicating with local stakeholders.
- Increasing transparency.
- Understanding stakeholder concerns and interests and bringing them into its processes and activities.
- Enhancing the way it communicates and interacts with stakeholders.

The main channels of communication are open meetings with the local community, landowners and other people affected by the projects.

Canada

Within the framework of the Citadelle wind project, which Enerfín is developing in the province of Quebec, a preliminary agreement has been reached with the local communities for them to have a significant shareholding. This agreement also includes a minority holding of the Aboriginal community present in the region.

In addition, open house sessions have been held in the main affected municipalities and a website has been set up so that citizens can keep up to date with the progress of the project and raise their concerns or send their comments. A communication plan, approved by local bodies, has also been drawn up to ensure public information and participation as the project progresses.

In 2023, Enerfín has also completed the environmental impact assessment of two solar generation projects in Alberta, starting the public consultation process.

Chile

Within the framework of the Los Lagos del Sur project, Enerfín has initiated the Permanent Community Engagement Plan with local communities and indigenous populations. During this process, all 20 local communities and indigenous peoples' groups within the project's area of influence have been contacted.

In addition, meetings were held with two of the three municipalities where the Project is being developed, addressing the progress and schedule of the processing for obtaining the environmental permit and the presentation, analysis and agreement of the voluntary environmental commitments, as well as the compensation measures included in the environmental impact study.

In order to strengthen communication, a new information bulletin has been sent to all the communities on the progress of the project and the compensation measures and voluntary environmental commitments acquired.

Also noteworthy are the donations for the carrying out of local activities and traditional festivals to communities in the areas of influence.

In Chile, Celeo has a Community Engagement Strategy, which shows how to approach communities, carry out diagnoses and needs assessments, and manage social actions. In 2023, such a relations strategy has been implemented in the CASTE and MATE projects.

Thus, Celeo has held a number of meetings with the authorities of the municipality of Cauquenes on MATE. And in CASTE it has developed a community engagement plan, activating permanent communication channels, as well as meetings where projects are explained and doubts are resolved in the community. In addition, the first working group was set up with the residents of Lomas de Manso (SE Nueva Melipilla).

Colombia

The recently initiated Portón del Sol Solar Park Project has an employment committee made up of the neighbourhood councils of the project's area of influence and the municipality of La Dorada (Caldas). To date, 1,200 jobs have been created, 75% of which are for people in the communities of Purnio and Santa Helena, in the project's area of influence, and in the municipality of La Dorada.

Likewise, open and permanent communication is maintained with the community and the different actors through a point of attention and a system of attention and response to pleas, complaints, claims and requests.

Meetings have also been held with the communities in the areas of influence of the El Espino, El Roble and La Cayena projects.

United States

As part of the development of the Mantle Rock Solar project (Kentucky), two meetings were held with the local population to inform them about the project and its potential benefits for the community.

RESPECT FOR INDIGENOUS COMMUNITIES

GRI 2-25

The Elecnor Group occasionally executes projects close to indigenous communities or areas with other social minorities. In these cases the social and/or environmental impacts on the affected areas are analysed and, where necessary, measures are implemented to mitigate them.

Canada

In 2023, Enerfín carried out several actions with indigenous communities. On the one hand, for the Citadelle project, an agreement has been reached with the aboriginal nation present in the study area, which includes carrying out a specific study of ancestral uses of the territory and possible impacts of the project on them, with the aim of implementing the necessary measures to avoid or minimise them at an early stage of development.

On the other hand, as part of the Winnifred project, the Pikanii Nation has conducted a field investigation of the route of the wind farm's interconnection line. Enerfín accompanied the nation's representatives during the visit.

Chile

The environmental impact study of the Los Lagos del Sur wind farm, submitted to the Environmental Assessment Service by Enerfín, includes anthropological studies which confirm the detection of indigenous communities and human groups of interest in the project's area of influence and the degree of impact of the project on them. Additionally, the impact study includes a series of mitigation measures for communities that have a declared material impact and voluntary environmental and social commitments for those with non-material impacts.

In early 2023, the Indigenous Consultation Process was initiated for three potentially affected communities during the construction and operation phase of the Los Lagos project. As part of this process, led by the Environmental Assessment Service, the proposed compensatory measures have been explained, modified and adapted in consensus with t hese communities.

In parallel to the Indigenous Consultation process and within the framework of the relationship with the indigenous communities, meetings have been held to explain the progress of the project.

Colombia

The Enerfín's projects located in Colombia are developed under a policy of dialogue and respect for the customs and traditions of the neighbouring indigenous communities. Thus, in 2023, more than 20 prior consultation meetings were held for the El Espino and El Roble projects, as well as several participation and agreement meetings for the environmental licensing of the Trupillo project with the 14 indigenous communities that live in its area of influence. At the same time, permanent communication channels have been maintained with the communities in the area of influence of the Brisas wind farm.

Brazil

IN the context of its environmental legislation, Celeo Brazil conducted Indigenous Component Studies (ICS) or Quilombola Component Studies (QCS), to gauge the specific impacts of the project on these communities. Subsequently, control and mitigation measures are conducted for each impact identified in a Basic Indigenous Environmental Plan (BIEP) or Quilombola (BQEP).

Throughout the year, Celeo Brazil monitored the studies and plans awaiting assessment and approval by the relevant bodies (PBAI CAIUA, BQEP IMTE, BIEP JTE JAURÚ, ICS and ENTE).

In 2023, several initiatives were carried out with indigenous communities, most notably a Cultural Strengthening Support Programme within the framework of the PBAI CAIUÁ. It consists of the preparation of 17 architectural projects for the construction of Multipurpose Spaces, distributed in the indigenous territories. The building materials for the prayer houses are being donated to the indigenous lands, as agreed at the meeting to present the work plan. In addition, within the framework of ENTE, a community kitchen was built in the indigenous territory, strengthening the relationship with the community and facilitating line maintenance activities in the stretch of territory occupied by them.

Mexico

Enerfín holds regular meetings with the indigenous consultation agreement follow-up committees in the communities located within the area of influence of the Panabá-Sucilá Wind Power Complex project in the state of Yucatán. Several meetings have been held throughout the year, reporting on the progress of the project and responding to questions raised by the committees.

Enerfín has continued to finance workshops in the indigenous communities located within the area of influence of the Panabá-Sucilá Wind Power Complex project in the state of Yucatán, with the aim of developing skills to generate alternative income and diversify their livelihoods. Throughout the year, hammock weaving and textile painting workshops were given to 40 and 25 women, respectively.

Elecnor, committed to the SDGs

The goal of the Elecnor Group is to ensure that its actions, together with those of the Foundation, are in keeping with the challenges presented by the 2030 Agenda Sustainable Development Goals.

Because of the nature of its activity, the Elecnor Group is a key player in society's development and progress. Its infrastructure, renewable energy, water and environmental projects contribute solutions to some of the current and future challenges such as climate change, the reduction of inequalities, and the energy gap, among others.

CONTRIBUTION TO SDGS DERIVING FROM THE MAIN BUSINESSES

CONTRIBUTION TO THE SDGS DERIVING FROM THE ELECNOR FOUNDATION'S SOCIAL ACTION

SDGs	Some projects and initiatives by the Elecnor Group and Elecnor Foundation
1 NO POVERTY	**Enerfín** Social projects **Celeo** Social projects **Elecnor Foundation** Social infrastructure projects
2 ZERO HUNGER	**Celeo** Social projects
3 GOOD HEALTH AND WELL-BEING	**Elecnor Group** Safety Excellence project ISO 45001 certification Awareness campaigns Health and safety training plan **Elecnor Foundation** Social infrastructure projects
4 QUALITY EDUCATION	**Elecnor Group** Collaboration with universities and vocational training centres **Enerfín** Training programmes in various projects **Celeo** Social initiatives **Elecnor Foundation** Education projects
5 GENDER EQUALITY	**Elecnor Group** Equality plan CEO Diversity Initiative
6 CLEAN WATER AND SANITATION	**Elecnor Group** Services specialising in water infrastructure **Audeca** Water and waste water treatment projects Hidroambiente Water treatment solutions **Elecnor Foundation** Social infrastructure projects
7 AFFORDABLE AND CLEAN ENERGY	**Elecnor Group** Renewable energy generation projects Promotion of renewable energy Energy efficiency projects and initiatives **Atersa** Development, production and distribution of solar photovoltaic products **Enerfín** Wind farms **Celeo** Energy transportation projects Solar PV farms Solar thermal plants **Elecnor Foundation** Social infrastructure projects
8 DECENT WORK AND ECONOMIC GROWTH	**Elecnor Group** Creation and promotion of local employment Hiring local suppliers Signatories of the UN Global Compact **Elecnor Foundation** Training and research projects
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Elecnor Group** Infrastructure development Initiatives involving start-ups Digital Transformation Plan Innova calls for proposals Innovation projects
10 REDUCTION IN INEQUALITIES	**Elecnor Group** Equality plan **Enerfín** Social projects **Celeo** Energy transportation projects Social projects **Elecnor Foundation** Social infrastructure projects Training and research projects
11 SUSTAINABLE CITIES AND COMMUNITIES	**Elecnor Group** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects
12 RESPONSIBLE PRODUCTION AND CONSUMPTION	**Elecnor Group** Energy efficiency projects Smart Cities Projects Managing street lighting **Audeca** Urban waste collection projects **Enerfín** Wind farms **Celeo** Energy transportation projects Solar PV farms
13 CLIMATE ACTION	**Elecnor Group** Renewable energy projects: wind, solar PV, solar thermal hydroelectric and biomass Climate change strategy Analysis of climate change risks and opportunities Calculation and verification of the carbon footprint Emission reduction plan
14 LIFE BELOW WATER	**Audeca** Water and waste water treatment projects Projects to preserve natural spaces **Hidroambiente** Water treatment solutions
15 LIFE IN LAND ECOSYSTEMS	**Elecnor Group** Initiatives to foster biodiversity **Audeca** Projects to preserve natural spaces **Enerfín** Plan to monitor bird life in wind projects **Celeo** Environmental initiatives
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Elecnor Group** Certification to UNE-ISO 37001 anti-bribery management system standard Certification to UNE 19601 criminal compliance management system standard Compliance Training **Elecnor Foundation** The IE-Elecnor Observatory on Sustainable Compliance Cultures
17 PARTNERSHIPS FOR THE GOALS	**Elecnor Group** Partnerships and collaborations with entities and associations Participation in forums **Elecnor Foundation** Partnerships and collaborations with entities and associations

Other channels for engagement with society

PARTICIPATION IN ASSOCIATIONS

GRI 2-28

The Elecnor Group is actively involved in flagship associations in the industries and countries where it operates. There follows a list of the most important of these for the Group:

Spain

- AAEF Asociación Andaluza de Empresas Forestales
- ACEX, Asociación de Empresas de Conservación y Explotación de Infraestructura
- ADEMI, Asociación de Empresas de Ingeniería, Montajes, Mantenimientos y Servicios Industriales
- AEDYR, Asociación de Desalación y Reutilización del Agua
- AEE, Asociación Empresarial Eólica
- AeH2, Asociación Española del Hidrógeno
- AESPLA, Asociación Española de Servicios de Prevención Laboral
- AEPIBAL, Asociación Empresarial de Pilas, Baterías y Almacenamiento Energético
- AIN, Asociación de Industria de Navarra
- AgH, Asociación Gallega del Hidrógeno
- ANCI Asociación Nacional de Constructores Independientes
- ANESE, Asociación Nacional de Empresas de Servicios Energéticos
- APECYL, Asociación de Promotores de Energía Eólica de Castilla y León
- APIEM, Asociación Profesional de Instaladores Eléctricos y de Telecomunicaciones de Madrid
- APPA Renovables - Asociación de Empresas de Energías Renovables
- ARPHO Asociación de Reparación, refuerzo y Protección del Hormigón
- ASAGUA, Asociación Española de Empresas de Tecnologías del Agua
- ASEJA Asociación de Empresas de Gestión de Infraestructura Verde
- ASERPYMA Asociación de Empresas Restauradoras del Paisaje y Medio Ambiente
- Asociación de Acción Ferroviaria
- ATC, Asociación Técnica de Carreteras
- CEOE, Confederación Española de Organizaciones Empresariales
- CONFEMETAL, Confederación Española de Organizaciones Empresariales del Metal
- Enercluster, Cluster Eólico de Navarra
- EGA, Asociación Eólica de Galicia
- FEMEVAL, Federación Metalúrgica Valenciana
- PROTERMOSOLAR
- Sedigás, Asociación Técnica Española de la Industria del Gas
- SEPREM, Spanish Association of Dams and Reservoirs
- UNEF, Unión Española Fotovoltaica

Brazil

- ABEEOLICA Associação Brasileira de Energia Eólica
- ABRACEEL Associação Brasileira de Comercializadores de Energia
- ABRATE, Associação Brasileira das Empresas de Transmissão de Energia Eléctrica
- ABSOLAR, Associação Brasileira de Energia Solar Fotovoltaica
- ABRAMAN, Associação de Manutenção e Gestão de Ativos
- Associação Comercial de Osório
- AUI Cutural Produção Cultural e Artes Cenicas EIRELI
- Spanish Chamber of Commerce in Brazil
- CIGRE, Comité Nacional Brasileiro de Produção e Transmissão de Energia Eléctrica
- ICRIO - Instituto Compliance Rio
- IDEC, Instituto Para o Desenvolvimento do Esporte e da Cultura
- CERNE, Centro de Estratégias em Recursos Naturais e Energia
- FIERGS, Federação das Indústrias do Estado do Rio Grande do Sul

Canada

- CCIBF Chamber of Commerce and Industry of the Bois-Francs Region
- AQPER Quebec Association for the Production of Renewable Energy
- CANREA Canadian Renewable Energy Association
- Spain-Canada Chamber of Commerce

Chile

- Asociación Gremial de Transmisoras de Chile
- Asociación Chilena de Energías
- CIGRE, Consejo Internacional de Grandes Sistemas Eléctricos
- Asociación Avanza de Inclusión Socio - Laboral

Colombia

- ACOLGEN, Asociación Colombiana de Generadores de Energía Eléctrica
- Asociación de Hidrógeno
- Spanish Chamber of Commerce in Colombia. Comité de Infraestructura y Energías Renovables

United States

- ACP, American Clean Power
- WRISE, Women of Renewable Industries and Sustainable Energy Asociación
- NAEMA, North American Energy Markets Association

Mexico

- Cámara nacional Manufacturas Eléctricas
- Spanish Chamber of Commerce
- AMDEE, Asociación Mexicana de Energía Eólica
- APER, Agrupación Peninsular de Energías Renovables

Portugal

- AECOPS, Associação Emp. Construção Obras Publicas e Serviços
- APIEE, Associação Portuguesa Ind. Eng. Energética

PARTICIPATION IN FORUMS

Throughout 2023, the Elecnor Group took part in various forums and events related to its fields of activity. Some of the most noteworthy ones are listed below:

- 1st Self-consumption Forum ("Foro de Autoconsumo") held by the newspaper El Economista, where the Elecnor Group analysed the keys to the launch and the trajectory of this renewable energy model in the company.
- Building The Future Together business meeting, in Angola. The Chairman of the Elecnor Group, Jaime Real de Asúa, accompanied the King and Queen of Spain on their state trip to the African country and took part in several business meetings on behalf of the Group as one of the main organisations in the region.
- Co-responsible Conference. Leadership and innovation, keys to ESG and responsible communication. Over 45,000 online viewers attended the Co-responsible Conference to present the 2023 Yearbook.
- Sustainable Encounters Forum ("Foro Encuentros Sostenibles"), organised by Twenergy, in Madrid. The aim was to discuss and share experiences and know-how among the different foundations currently active in the field of sustainability and environment. Among them was the Elecnor Foundation.
- 2nd Edition of the Canal CEO Dux Awards. Rafael Martín de Bustamante, CEO of the Elecnor Group, participated in these awards, which seek to give visibility to those people and initiatives that promote the creation of more humane and sustainable companies
- "Energy efficiency and investment in housing" ("Eficiencia energética e inversión en vivienda "), organised by Cinco Días and BBVA. Elecnor spoke about the keys to saving and increasing the energy value of homes.
- Spain-Denmark Business Summit. The meeting was held in Copenhagen, where Jaime Real de Asúa, Chairman of the Elecnor Group, accompanied the Spanish Royal Family on their state trip to Denmark to strengthen business relations between the two countries. Elecnor is building the underwater tunnel that will link Denmark with Germany, one of the largest projects in Europe.
- A round table discussion on Energy Renovation, organised by the newspaper La Razón, with six experts in different fields related to the sector, including Elecnor.
- MedCap Forum. This forum, organised by the BME Group, gave the Group the opportunity to share the company's strategy and future with investors and analysts.

Similarly, the Group's various subsidiaries have been present at forums in their sectors of activity. Some of the most relevant ones are set out below:

Africa

Enerfín was present at the regular meetings organised by the African Task Force of GWEC, as well as at the 2nd Annual Electricity Wheeling Conference, Cape Town.

Brazil

Enerfín participated in the following events:

- Congress on "Hidrogênio Verde - um novo camino para o Rio Grande do Sul" promoted by the Government of the State of Rio Grande do Sul, with Enerfín participating as a speaker.

- ESG Business Meeting, promoted by ABEEOLICA
- Brazil Wind Power - Wind power generation business congress promoted by ABEEOLICA.
- ENASE - National Meeting of the Electricity Sector.
- INTERSOLAR - Solar power generation trade fair promoted by ABSOLAR.
- Annual conference of the strategic plan of the Associação Brasileira dos Comercializadores de Energia - Abraceel.

Canada

Enerfín participated in the Electricity Transformation Canada congress held in Calgary.

Colombia

Enerfín stood out with its participation at:

- 6th Latam Renewables Meeting and Trade Fair ("Encuentro y Feria Renovables Latam") organised by Ser Colombia, Barranquilla.
- 15th Annual Energy Congress ("Congreso Anual de Energía") organised by Acolgen, Bogotá.
- Latam Future Energy, Bogotá.
- H2 Tour Colombia, Barranquilla.
- 28th MEM Energy Congress ("Congreso de Energía MEM"), Barranquilla.
- Colombia Investment Summit 2023, Bogotá.
- Working group with Ser Colombia (Asociación Energías Renovables) and companies affiliated to the association, to propose improvements in grid connection processes.
- Working group of the energy sector with the National Environmental Licensing Authority on climate change, to learn about the sector's obligations and experiences in climate change mitigation and adaptation.
- Capacity-building workshop on the preparation of environmental studies in the energy sector, organised by the National Environmental Licensing Authority in conjunction with the Mining and Energy Planning Unit.
- Participation in the Wholesale Energy Market Congress ("Congreso de Mercado de Energía Mayorista"), Barranquilla.

Spain

In Spain, it is worth highlighting Enerfín's participation in the following events:

- Spanish Wind Energy Congress ("Congreso Eólico Español") 2023 of the AEE, Spanish Wind Energy Association.
- III International Congress of the Industry for Energy Transition in Navarre, CITE23.
- GE Vernova wind industry meeting.
- Vestas Wind Forum Spain.

The subsidiary Audeca took part in the following initiatives:

- Tecma 2023 and Trafic 2023 environmental conferences.
- 32nd Madrid Road Week ("Semana de la Carretera de Madrid"), organised by the Spanish Road Association (AEC) and promoted by the Autonomous Community of Madrid.
- IX Encontros da Enxeñería de Camiños, Canais e Portos de Galicia.

Finally, Atersa was present at the Gebera 2023 trade fair in Madrid and at the European PV SEC trade fair in Munich.

United States

Enerfín was present at:

- Infocast Finance and Investment Conference.
- ACP Siting and Environmental Conference.
- CleanPower 2023.
- Texas Clean Energy Conference.
- RE+ 2023.
- REM 2023.

Mexico

Enerfín participated in the WindPower Mexico 2023 Event.

RECOGNITION

- Aster Prize, awarded by ESIC Business&Marketing School.
- Planning Leader Award for the Vilnius Klaipeda project in Lithuania, a key project for the development of the railway sector in this country as it is one of the main passenger and freight transport routes in the Baltic countries.
- Prevention and Health Recognition from Orange Salud Laboral.
- DUX Canal Ceo Awards.
- Anese (Asociación Nacional de Empresas de Servicios Energéticos) award to Elecnor in recognition of its loyalty and in gratitude for its support to the institution.
- Financial Times recognises Elecnor as one of the Climate Leaders of the year.
- The work of Renecycle (a company in which Enerfín participates) in circular economy has been awarded by the Periódico de la Energía as the Best Net Zero Initiative at national level. Enerfín participates in Renecycle as a partner with other developers and industrial companies to develop industrial and technological solutions to boost the circular economy in the renewable energy sector.
- Celeo Chile and Celeo Brazil are ranked first in the GRESB ranking of power transmission companies in the Americas.

Appendix I

Supplementary information

OUR PEOPLE, OUR BEST ASSET

GRI 2-1, GRI 2-7

Workforce data (year-end)

Countries in which the Elecnor Group operates:

Geographical area and country	2022	2023	Changes
Spain	**11,210**	**11,746**	**5%**
Europe	**1,461**	**1,743**	**19%**
Germany	1	5	400%
Finland	2	2	0%
The Netherlands	1	2	100%
Italy	805	901	12%
Lithuania	82	215	162%
Norway	25	10	-60%
Portugal	280	331	18%
United Kingdom	243	253	4%
Romania	22	24	9%
North America	**805**	**870**	**8%**
Canada	7	9	29%
United States	798	861	8%
Latin America	**6,026**	**5,711**	**-5%**
Argentina	114	124	9%
Brazil	4,766	3,368	-29%
Chile	453	804	77%
Colombia	31	46	48%
Ecuador	3	2	-33%
El Salvador	1	1	0%
Honduras	51	101	98%
Mexico	97	294	203%
Panama	62	344	455%
Paraguay	1	0	-100%
Peru	49	47	-4%
Dominican Republic	162	379	134%
Uruguay	220	190	-14%
Venezuela	16	11	-31%

Geographical area and country	2022	2023	Changes
Africa	**2.403**	**1.717**	**-29%**
Angola	1,335	871	-35%
Algeria	1	1	0%
Cameroon	610	510	-16%
Ivory Coast	30	31	3%
Ghana	177	40	-77%
Guinea Conakry	0	1	-
Mauritania	4	4	0%
Mozambique	225	229	2%
Senegal	13	20	54%
Zambia	8	10	25%
Asia	**207**	**33**	**-84%**
Philippines	0	1	-
India	1	1	0%
Jordan	3	3	0%
Oman	203	28	-86%
Oceania	**236**	**743**	**215%**
Australia	236	743	215%
Total	**22,348**	**22,563**	**1%**

	2002			2003		
Professional category	Male	Female	Total	Male	Female	Total
Structure	**4,547**	**2,025**	**6,572**	**4,751**	**2,193**	**6,944**
Management	143	18	161	141	19	160
Executive	1,184	225	1,409	1,270	261	1,531
Technician	3,220	1,782	5,002	3,340	1,913	5,253
Works	**14,900**	**876**	**15,776**	**14,828**	**791**	**15,619**
Basic	14,900	876	15,776	14,828	791	15,619
Total	**19,447**	**2,901**	**22,348**	**19,579**	**2,984**	**22,563**

The professional category of Management includes the Chief Executive Officer.
The Basic professional category comprises mainly men because it corresponds to Works staff.

By age

	2002			2003		
Structure	Male	Female	Total	Male	Female	Total
>50	696	181	**877**	812	226	**1,038**
From 30 to 50	2,868	1,269	**4,137**	2,922	1,366	**4,288**
<30	983	575	**1,558**	1,017	601	**1,618**
Total	**4,547**	**2,025**	**6,572**	**4,751**	**2,193**	**6,944**

	2002			2003		
Works	Male	Female	Total	Male	Female	Total
>50	2,951	85	**3,036**	3,213	95	**3,308**
From 30 to 50	9,138	515	**9,653**	9,049	451	**9,500**
<30	2,811	276	**3,087**	2,566	245	**2,811**
Total	**14,900**	**876**	**15,776**	**14,828**	**791**	**15,619**

Breakdown of information by contract type

By age	2022	2023	Changes
Open-ended	**17,447**	**17,821**	**2%**
>50	3,287	3,597	9%
From 30 to 50	10,704	10,745	0%
<30	3,456	3,479	1%
Temporary	**4,901**	**4,742**	**-3%**
>50	626	749	20%
From 30 to 50	3,086	3,043	-1%
<30	1,189	950	-20%
Total	**22,348**	**22,563**	**1%**

Average by age	2022	2023	Changes
Open-ended	**16,708**	**17,953**	**7%**
>50	3,264	3,653	12%
From 30 to 50	10,346	10,918	6%
<30	3,098	3,382	9%
Temporary	**6,252**	**5,025**	**-20%**
>50	786	742	-6%
From 30 to 50	3,984	3,236	-19%
<30	1,482	1,047	-29%
Total	**22,960**	**22,978**	**0%**

By geographical area	2022	2023	Changes
Open-ended	**17,447**	**17,821**	**2%**
Spain	9,642	10,745	11%
Europe	1,022	1,267	24%
North America	307	196	-36%
Latin America	5,791	5,060	-13%
Africa	555	371	-33%
Asia	6	5	-17%
Oceania	124	177	43%
Temporary	**4,901**	**4,742**	**-3%**
Spain	1,568	1,001	-36%
Europe	439	476	8%
North America	498	674	35%
Latin America	235	651	177%
Africa	1,848	1,346	-27%
Asia	201	28	-86%
Oceania	112	566	405%
Total	**22,348**	**22,563**	**1%**

By professional category	2022	2023	Changes
Open-ended	**17,447**	**17,821**	**2%**
Management	161	160	-1%
Executive	1,222	1,353	11%
Technician	4,213	4,450	6%
Basic	11,851	11,858	0%
Temporary	**4,901**	**4,742**	**-3%**
Management	0	0	
Executive	187	178	-5%
Technician	789	803	2%
Basic	3,925	3,761	-4%
Total	**22,348**	**22,563**	**1%**

Average by professional category	2022	2023	Changes
Open-ended	**16,708**	**17,953**	**7%**
Management	161	161	0%
Executive	1,210	1,332	10%
Technician	3,724	4,383	18%
Basic	11,613	12,077	4%
Temporary	**6,252**	**5,025**	**-20%**
Management	0	0	-
Executive	186	181	-3%
Technician	1,137	803	-29%
Basic	4,929	4,041	-18%
Total	**22,960**	**22,978**	**0%**

By gender

Structure staff	2022	2023	Changes
Open-ended	**5,596**	**5,963**	**7%**
Male	3,830	4,036	5%
Female	1,766	1,927	9%
Temporary	**976**	**981**	**1%**
Male	717	715	0%
Female	259	266	3%
Total	**6,572**	**6,944**	**6%**

Works staff	2022	2023	Changes
Open-ended	**11,851**	**11,858**	**0%**
Male	11,213	11,261	0%
Female	638	597	-6%
Temporal	**3,925**	**3,761**	**-4%**
Male	3,687	3,567	-3%
Female	238	194	-18%
Total	**15,776**	**15,619**	**-1%**

Average by gender

Structure staff	2022	2023	Changes
Open-ended	**5,095**	**5,876**	**15%**
Male	3,484	3,978	14%
Female	1,611	1,898	18%
Temporary	**1,323**	**984**	**-26%**
Male	975	726	-26%
Female	348	258	-26%
Total	**6,418**	**6,860**	**7%**

Works staff	2022	2023	Changes
Open-ended	**11,613**	**12,077**	**4%**
Male	11,075	11,464	4%
Female	538	613	14%
Temporary	**4,929**	**4,041**	**-18%**
Male	4,664	3,832	-18%
Female	265	209	-21%
Total	**16,542**	**16,118**	**-3%**

* In Spain, the category of permanent seasonal employment contracts is included in the category of open-ended contracts.

Breakdown of information by employment type

By age	2022	2023	Changes
Full-time	**22,163**	**22,302**	**1 %**
>50	3,802	4,209	11%
From 30 to 50	13,744	13,713	0%
<30	4,617	4,380	-5%
Part-time	**185**	**261**	**41%**
>50	111	137	23%
From 30 to 50	46	75	63%
<30	28	49	75%
Total	**22,348**	**22,563**	**1%**

Average by age	2022	2023	Changes
Full-time	**22,759**	**22,765**	**0%**
>50	3,926	4,275	9%
From 30 to 50	14,282	14,097	-1%
<30	4,551	4,393	-3%
Part-time	**201**	**213**	**6%**
>50	124	120	-3%
From 30 to 50	48	57	19%
<30	29	36	24%
Total	**22,960**	**22,978**	**0%**

By geographical area	2022	2023	Changes
Full-time	**22,163**	**22,302**	**1%**
Spain	11,058	11,576	5%
Europe	1,441	1,714	19%
North America	799	832	4%
Latin America	6,023	5,695	-5%
Africa	2,403	1,717	-29%
Asia	207	33	-84%
Oceania	232	735	217%
Part-time	**185**	**261**	**41%**
Spain	152	170	12%
Europe	20	29	45%
North America	6	38	533%
Latin America	3	16	433%
Oceania	4	8	100%
Total	**22,348**	**22,563**	**1%**

By professional category	2022	2023	Changes
Full-time	**22,163**	**22,302**	**1%**
Management	161	159	-1%
Executive	1,397	1,502	8%
Technician	4,923	5,156	5%
Basic	15,682	15,485	-1%
Part-time	**185**	**261**	**41%**
Management	0	1	-
Executive	12	29	142%
Technician	79	97	23%
Basic	94	134	43%
Total	**22,348**	**22,563**	**1%**

Average by professional category	2022	2023	Changes
Full-time	**22,759**	**22,765**	**0%**
Management	160	160	0%
Executive	1,381	1,496	8%
Technician	4,779	5,104	7%
Basic	16,439	16,005	3%
Part-time	**201**	**213**	**6%**
Management	0	1	-
Executive	15	17	13%
Technician	82	82	0%
Basic	104	113	9%
Total	**22,960**	**22,978**	**0%**

By gender

Structure staff	2022	2023	Changes
Full-time	**6,481**	**6,817**	**5%**
Male	4,494	4,673	4%
Female	1,987	2,144	8%
Part-time	**91**	**127**	**40%**
Male	53	78	47%
Female	38	49	29%
Total	**6,572**	**6,944**	**6%**

Works staff	2022	2023	Changes
Full-time	**15,682**	**15,485**	**-1%**
Male	14,818	14,710	-1%
Female	864	775	-10%
Part-time	**94**	**134**	**43%**
Male	82	118	44%
Female	12	16	33%
Total	**15,776**	**15,619**	**-1%**

Average by gender

Structure staff	2022	2023	Changes
Full-time	**6,321**	**6,760**	**7%**
Male	4,404	4,645	5%
Female	1,917	2,115	10%
Part-time	**97**	**100**	**3%**
Male	55	59	7%
Female	42	41	-2%
Total	**6,418**	**6,860**	**7%**

Works staff	2022	2023	Changes
Full-time	**16,438**	**16,005**	**-3%**
Male	15,646	15,197	-3%
Female	792	808	2%
Part-time	**104**	**113**	**9%**
Male	93	99	6%
Female	11	14	27%
Total	**16,542**	**16,118**	**-3%**

Workforce turnover [7] GRI 401-1

By age range, gender and geographical area

Location	Departures	Average employment	% Turnover	% Turnover	Change in Turnover 2023 vs. 2022
Spain	**1,978**	**11,528**	**17%**	**21%**	**-4%**
Male	1,780	10,019	18 %	22%	-4%
More than 50 years	406	2,705	15%	18 %	-3%
30 to 50	1,017	6,139	17%	21%	-4%
Under 30	357	1,175	30%	37%	-7%
Female	198	1,509	13%	17%	-4%
More than 50 years	19	206	9%	14%	-5%
30 to 50	124	993	12%	14%	-2%
Under 30	55	310	18%	30%	-12%
Europe	**453**	**1,651**	**27%**	**35%**	**-8%**
Male	410	1,454	28%	36%	-8%
More than 50 years	74	333	22%	33%	-11%
30 to 50	220	779	28%	35%	-7%
Under 30	116	342	34%	41%	-7%
Female	43	197	22%	26%	-4%
More than 50 years	1	16	6%	13%	-7%
30 to 50	23	103	22%	30%	-8%
Under 30	19	78	24%	25 %	-1%

Continued on next page

(7) Turnover is determined as total departures (sum of voluntary redundancies, leaves of absence, retirements, deaths, dismissals, end-of-contract and other kinds of departure)/average employment * 100

Location	Average Departures	employment	% Turnover	% Turnover	Change in Turnover 2023 vs. 2022
North America	**334**	**830**	**40%**	**38%**	**2%**
Male	318	766	42 %	38%	4%
More than 50 years	51	185	28%	34%	-6%
30 to 50	175	442	40%	37%	3%
Under 30	92	139	66%	49%	17%
Female	16	64	25%	36 %	-11%
More than 50 years	0	12	0%	60%	-60%
30 to 50	10	39	26%	24%	2%
Under 30	6	13	46%	50%	-4%
Latin America	**7,152**	**6,279**	**114%**	**105%**	**9%**
Male	6,439	5,488	117%	111%	6%
More than 50 years	590	645	91%	90%	1%
30 to 50	3,725	3,365	111 %	106%	5%
Under 30	2,124	1,478	144%	128%	16%
Female	713	791	90%	59%	31%
More than 50 years	31	48	65%	32%	33%
30 to 50	393	439	90%	63%	27%
Under 30	289	304	95%	56%	39%
Asia	**186**	**96**	**194%**	**31%**	**163%**
Male	181	90	201%	31%	170%
More than 50 years	24	9	267%	32%	235%
30 to 50	116	60	193%	30%	163%
Under 30	41	21	195%	33%	162%
Female	5	6	83%	22%	61%
More than 50 years	0	0	0%	0%	0%
30 to 50	3	5	60%	17%	43%
Under 30	2	1	200%	33%	167%
Africa	**1,439**	**2,124**	**68%**	**42%**	**26%**
Male	1,277	1,809	71%	44%	27%
More than 50 years	53	92	58%	28%	30%
30 to 50	811	1,310	62%	41%	21%
Under 30	413	407	101%	54%	47%
Female	162	315	51%	28%	23%
More than 50 years	6	12	50%	0%	50%
30 to 50	81	219	37%	24%	13%
Under 30	75	84	89%	41%	48%
Oceania	**186**	**470**	**40%**	**42%**	**-2%**
Male	151	372	41 %	39%	2%
More than 50 years	60	112	54 %	38%	16%
30 to 50	73	204	36%	43%	-7%
Under 30	18	56	32%	33%	-1%
Female	35	98	36%	49%	-13%
More than 50 years	6	21	29%	88%	-59%
30 to 50	25	56	45%	20%	25%
Under 30	4	21	19%	111%	-92%
Total	**11,728**	**22,978**	**51 %**	**50 %**	**1%**

By geographical area, gender and type of employee

2022	Structure		Location	Works	
	Men	Women		Men	Women
	15 %	17 %	Spain	24 %	22 %
	26 %	25 %	Europe	40 %	34 %
	23 %	28 %	North America	45 %	67 %
	43 %	50 %	Latin America	122 %	70 %
	31 %	28 %	Africa	46 %	28 %
	22 %	22 %	Asia	37 %	0 %
	36 %	40 %	Oceania	54 %	150 %
	23 %	26 %	Total	61 %	43 %

2023	Structure		Location	Works	
	Men	Women		Men	Women
	13 %	12 %	Spain	20 %	22 %
	23 %	21 %	Europe	30 %	24 %
	15 %	26 %	North America	55 %	21 %
	41 %	48 %	Latin America	132 %	144 %
	41 %	29 %	Africa	75 %	64 %
	107 %	83 %	Asia	260 %	– %
	33 %	29 %	Oceania	52 %	133 %
	22 %	22 %	Total	62 %	85 %

New hirings GRI 401-1

By gender and geographical area

Structure staff Location	2022	2023	Changes
Spain	**704**	**735**	**4%**
Male	482	497	3%
Female	222	238	7%
Europe	**177**	**156**	**-12%**
Male	117	106	-9%
Female	60	50	-17%
North America	**78**	**64**	**-18%**
Male	61	52	-15%
Female	17	12	-29%
Latin America	**695**	**473**	**-32%**
Male	444	308	-31%
Female	251	165	-34%
Africa	**101**	**87**	**-14%**
Male	68	65	-4%
Female	33	22	-33%
Asia	**42**	**1**	**-98%**
Male	38	1	-97%
Female	4	0	-100%
Oceania	**133**	**297**	**123%**
Male	106	197	86%
Female	27	100	270%
Total	**1,930**	**1,813**	**-6%**

Personal de Obra Location	2022	2023	Changes
Spain	**1,673**	**1,581**	**-5%**
Male	1,632	1,536	-6%
Female	41	45	10%
Europe	**541**	**632**	**17%**
Male	505	593	17%
Female	36	39	8%
North America	**310**	**394**	**27%**
Male	300	391	30%
Female	10	3	-70%
Latin America	**6,969**	**6,494**	**-7%**
Male	6,543	6,014	-8%
Female	426	480	13%
Africa	**891**	**699**	**-22%**
Male	795	655	-18%
Female	96	44	-54%
Asia	**43**	**21**	**-51%**
Male	43	21	-51%
Female	0	0	0%
Oceania	**55**	**367**	**567%**
Male	47	355	655%
Female	8	12	50%
Total	**10,482**	**10,188**	**-3%**

Location	2022	2023	Average employment 2023	New hiring rate 2023
Spain	**2,377**	**2,316**	**11,528**	**20%**
Male	2,114	2,033	10,019	20%
Female	263	283	1,509	19%
Europe	**718**	**788**	**1,651**	**48%**
Male	622	699	1,454	48%
Female	96	89	197	45%
North America	**388**	**458**	**830**	**55%**
Male	361	443	766	58%
Female	27	15	64	23%
Latin America	**7,664**	**6,967**	**6,279**	**111%**
Male	6,987	6,322	5,488	115%
Female	677	645	791	82%
Africa	**992**	**786**	**2,124**	**37%**
Male	863	720	1,809	40%
Female	129	66	315	21%
Asia	**85**	**22**	**96**	**23%**
Male	81	22	90	24%
Female	4	0	6	0%
Oceania	**188**	**664**	**470**	**141%**
Male	153	552	372	148%
Female	35	112	98	114%
Total	**12,412**	**12,001**	**22,978**	**52%**

By gender and age range

Structure staff Age	2022	2023	Changes
>50	**142**	**174**	**23%**
Male	128	141	10%
Female	14	33	136%
From 30 to 50	**1,029**	**949**	**-8%**
Male	717	639	-11%
Female	312	310	-1%
<30	**759**	**690**	**-9%**
Male	471	446	-5%
Female	288	244	-15%
Total	**1,930**	**1,813**	**-6%**

Works staff Age	2022	2023	Changes
>50	**975**	**1,081**	**11%**
Male	935	1,040	11%
Female	40	41	3%
From 30 to 50	**5,827**	**5,759**	**-1%**
Male	5,519	5,451	-1%
Female	308	308	0%
<30	**3,680**	**3,348**	**-9%**
Male	3,411	3,074	-10%
Female	269	274	2%
Total	**10,482**	**10,188**	**-3%**

Age	2022	2023	Average employment 2023	New hiring rate 2023
>50	**1,117**	**1,255**	**4,396**	**29%**
Male	1,063	1,181	4,081	29%
Female	54	74	315	23%
From 30 to 50	**6,856**	**6,708**	**14,153**	**47%**
Male	6,236	6,090	12,299	50%
Female	620	618	1,854	33%
<30	**4,439**	**4,038**	**4,429**	**91%**
Male	3,882	3,520	3,618	97%
Female	557	518	811	64%
Total	**12,412**	**12,001**	**22,978**	**52%**

Dismissals

This term refers to the non-voluntary termination of the employment contract due to application of the disciplinary code governing the employee, regardless of whether it is declared proper or whether the company acknowledges that the dismissal is improper when so declared by a court.

The figures below include information from Spain, Angola, Argentine, Brazil, Cameroon, Chile, Ivory Coast, Ghana, Italy, Mexico, Mozambique, Panama, Peru and Uruguay.

By gender and professional category

	2002			2003			
Category	Male	Female	Total	Male	Female	Total	Changes
Structure	**62**	**31**	**93**	**116**	**62**	**178**	**91%**
Management	0	1	1	0	0	0	-100%
Executive	7	3	10	17	1	18	80%
Technician	55	27	82	99	61	160	95%
Works	**986**	**44**	**1,030**	**1,257**	**77**	**1,334**	**30%**
Basic	986	44	1,030	1,257	77	1,334	30%
Total	**1,048**	**75**	**1,123**	**1,373**	**139**	**1,512**	**35%**

By gender and age

Structure staff	2002			2003			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	8	2	**10**	14	6	**20**	10%
From 30 to 50	40	16	**56**	71	38	**109**	95%
<30	14	13	**27**	31	18	**49**	81%
Total	**62**	**31**	**93**	**116**	**62**	**178**	**91%**

Works staff	2002			2003			
Age	Male	Female	Total	Male	Female	Total	Changes
>50	105	5	110	158	4	162	47%
From 30 to 50	591	26	617	743	41	784	27%
<30	290	13	303	356	32	388	28%
Total	**986**	**44**	**1,030**	**1,257**	**77**	**1,334**	**30%**

Remunerations Policy

As mentioned in the Chapter on Our people, our best asset, the Elecnor Group's Remuneration Policy respects the criteria of objectivity, fairness and non-discrimination, rewarding and recognising merit.

The theoretical fixed average remuneration by gender, age and professional category is detailed below:

2022	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	138,963	116,834	56,950	57,408	33,724	30,547	24,342	24,309
From 30 to 50	101,773	98,391	49,849	49,758	33,626	29,203	22,718	22,740
<30	-	-	40,233	44,219	29,605	28,572	20,584	21,336
Europe (Italy, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	88,764	-	45,236	32,787	25,636	19,618
From 30 to 50	-	-	44,136	41,153	36,926	31,750	26,564	26,122
<30	-	-	24,352	22,925	27,703	24,618	22,533	19,618
North America (United States and Canada)								
>50	208,696	-	133,694	89,694	129,734	60,793	100,610	73,491
From 30 to 50	199,225	*	125,200	88,631	73,182	57,504	98,737	71,264
<30	-	-	87,061	67,995	63,839	51,182	81,644	49,849
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)								
>50	-	-	63,844	34,577	31,599	22,888	10,817	10,588
From 30 to 50	-	-	47,088	44,468	20,940	14,982	8,647	5,656
<30	-	-	-	*	9,743	8,283	5,569	4,935
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)								
>50	-	-	48,798	-	31,476	16,824	7,765	2,833
From 30 to 50	-	-	40,051	28,574	17,130	10,166	5,865	2,491
<30	-	-	13,028	-	4,843	5,450	2,637	2,120
Asia (Jordan and Oman)								
>50	-	-	-	-	48,833	-	35,869	-
From 30 to 50	-	-	64,888	*	32,940	23,602	18,240	14,634
<30	-	-	-	-	21,121	14,449	15,434	-
Oceania (Australia)								
>50	-	-	204,697	-	105,801	70,767	99,966	-
From 30 to 50	-	-	105,883	-	89,972	58,169	79,606	79,618
<30	-	-	-	-	61,348	46,406	67,978	-

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

2023	Structure						Works	
	Management		Executive		Technician		Basic	
Age	Male	Female	Male	Female	Male	Female	Male	Female
Spain								
>50	138,652	130,953	59,483	57,258	35,729	31,705	25,514	25,994
From 30 to 50	114,447	102,996	52,242	52,005	35,439	30,439	23,912	23,276
<30	-	-	37,794	39,333	31,429	30,543	21,708	21,132
Europe (Germany, Finland, The Netherlands, Italy, Lithuania, Norway, Portugal, United Kingdom and Romania)								
>50	-	-	106,092	-	45,618	29,047	27,175	*
From 30 to 50	-	-	56,811	50,868	41,651	32,493	27,748	26,044
<30	-	-	-	-	33,027	29,496	24,739	22,894
North America (United States and Canada)								
>50	205,261	*	129,886	91,795	126,688	57,730	100,435	77,723
From 30 to 50	200,030	-	126,127	89,222	110,581	57,770	98,691	84,288
<30	-	-	76,135	81,233	66,142	63,803	86,832	74,096
Latin America (Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, Dominican Republic and Uruguay)								
>50	-	-	69,839	48,597	37,777	21,039	13,107	10,201
From 30 to 50	-	-	50,491	45,598	26,049	17,292	11,073	6,917
<30	-	-	-	*	13,107	10,555	7,799	6,310
Africa (Angola, Algeria, Cameroon, Ivory Coast, Ghana, Mauritania, Mozambique, Senegal and Zambia)								
>50	-	-	40,596	-	38,295	10,521	6,720	2,356
From 30 to 50	-	-	36,663	35,879	18,483	6,697	5,991	3,081
<30	-	-	*	-	4,233	7,444	3,174	2,239
Asia (Jordan and Oman)								
>50	-	-	-	-	-	-	13,850	-
From 30 to 50	-	-	94,068		37,935	33,247	21,013	-
<30	-	-	-	-	18,434	*	11,039	-
Oceania (Australia)								
>50	-	-	146,398	*	101,366	62,716	59,338	58,483
From 30 to 50	-	-	130,334	115,922	85,603	63,786	55,221	55,418
<30	-	-	-	-	61,633	56,370	50,293	55,386

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

Fixed average remuneration by geographical area, gender and type of employee

2022	Structure		Works	
	Male	Female	Male	Female
Spain	42,034	33,092	23,001	22,932
Europe (Italy, Norway, Portugal, United Kingdom and Romania)	35,923	28,893	25,465	22,870
North America (United States and Canada)	125,918	73,073	94,736	64,621
Latin America (Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Honduras, Mexico, Panama, Peru, Dominican Republic and Uruguay)	23,599	13,900	7,917	5,701
Africa (Angola, Algeria, Cameroon, Ghana, Mauritania and Senegal)	17,637	9,458	5,088	2,383
Asia (Jordan and Oman)	35,479	20,170	19,737	
Oceania (Australia)	92,021	58,315	82,069	79,618

(*) This information is not shown in the interest of protecting the data of the persons represented, since there is only one employee in that professional category.

2023	Structure		Works	
	Male	Female	Male	Female
Spain	44,105	34,754	24,174	23,561
Europe (Germany, Finland, The Netherlands, Italy, Lithuania, Norway, Portugal, United Kingdom and Romania)	42,470	31,790	26,890	24,142
North America (United States and Canada)	124,243	75,354	96,377	79,718
Latin America (Argentina, Brazil, Chile, Colombia, Ecuador, El Salvador, Honduras, Mexico, Panama, Paraguay, Peru, Dominican Republic and Uruguay)	28,975	16,955	10,383	6,961
Africa (Angola, Algeria, Cameroon, Ivory Coast, Ghana, Mauritania, Mozambique, Senegal and Zambia)	17,788	9,234	5,420	2,875
Asia (Jordan and Oman)	45,261	29,213	17,852	
Oceania (Australia)	91,053	64,079	55,679	56,434

Ratio of total annual compensation GRI 2-21

The annual remuneration ratio of the organisation's highest paid person to the median annual remuneration of all employees (excluding the highest paid person) is 26.4 (27.8 in 2022). Only the fixed remuneration of the Chief Executive Officer for his executive duties has been taken into account in this ratio. The Elecnor Group is working on its reporting systems in order to be able to report the total compensation ratio with all variable items in 2025..

WE LOOK AFTER OUR PEOPLE

Employee accident rate

2023	No. of recordable work-related injuries			No. of injuries due to work-related accidents with major consequences[1]			Hours worked		
Location with serious con	quences l								
Spain	**54**	**0**	**54**	**2**	**0**	**2**	**20,162,632**	**3,079,595**	**23,242,227**
Europe	11	0	11	0	0	0	3,142,903	383,716	3,526,619
North America	0	0	0	0	0	0	1,561,753	126,274	1,688,027
Latin America	19	1	20	0	0	0	14,826,088	2,052,311	16,878,399
Africa	3	1	4	0	0	0	4,352,370	651,252	5,003,622
Asia	0	0	0	0	0	0	271,242	13,101	284,343
Oceania	0	0	0	0	0	0	518,027	222,012	740,039
Total international	**33**	**2**	**35**	**0**	**0**	**0**	**24,672,383**	**3,448,666**	**28,121,049**
Total	**87**	**2**	**89**	**2**	**0**	**2**	**44,835,015**	**6,528,261**	**51,363,276**

(1) Injury due to workplace accident leading to death or so severe that the employee cannot recover or fully recover their state of health as it was prior to the accident, or is not expected to fully recover their state of health as it was prior to the accident within a period of 6 months.
Only including accidents involving more than one day's leave, not counting those on way to or from work.

2022	No. of work-related injuries			No. of workplace accidents with serious consequences[1]			Hours worked		
Location	Men	Women	Total	Men	Women	Total	Men	Women	Total
Spain	**58**	**0**	**58**	**1**	**0**	**1**	**19,200,469**	**2,894,432**	**22,094,901**
Europe	8	0	8	0	0	0	2,335,312	472,874	2,808,186
North America	2	0	2	0	0	0	1,520,278	136,515	1,656,793
Latin America	14	0	14	2	0	2	16,988,232	1,697,463	18,685,695
Africa	8	0	8	0	0	0	4,940,318	730,714	5,671,032
Asia	0	0	0	0	0	0	682,933	19,390	702,323
Oceania	0	0	0	0	0	0	453,644	69,580	523,224
Total international	**32**	**0**	**32**	**2**	**0**	**2**	**26,920,717**	**3,126,536**	**30,047,253**
Total	**90**	**0**	**90**	**3**	**0**	**3**	**46,121,186**	**6,020,968**	**52,142,154**

(1) Injury due to workplace accident leading to death or so severe that the employee cannot recover or fully recover their state of health as it was prior to the accident, or is not expected to fully recover their state of health as it was prior to the accident within a period of 6 months.
Only including accidents involving more than one day's leave, not counting those on way to or from work.

Accident rate at subcontractors

2023	No. of work-related injuries			Hours worked		
Geographic area	Men	Women	Total	Men	Women	Total
Spain	**38**	**0**	**38**	**10,759,546**	**0**	**10,759,546**
Europe	4	0	4	821,915	0	821,915
North America	0	0	0	4,446	0	4,446
Latin America	9	0	9	5,112,837	0	5,112,837
Africa	1	0	1	2,338,001	0	2,338,001
Asia	0	0	0	435,004	0	435,004
Oceania	0	0	0	680,236	0	680,236
Total international	**14**	**0**	**14**	**9,392,439**	**0**	**9,392,439**
Total	**52**	**0**	**52**	**20,151,985**	**0**	**20,151,985**

Of the total number of accidents, five were recorded as work-related accidents with major consequences.
Only including accidents involving more than one day's leave, not counting those on way to or from work.

2022	No. of injuries due to workplace accidents			Hours worked		
Geographic area	Men	Women	Total	Men	Women	Total
Spain	**50**	**0**	**50**	**12,223,641**	**0**	**12,223,641**
Europe	1	0	1	125,385	0	125,385
North America	0	0	0	4,205	0	4,205
Latin America	2	0	2	5,327,394	0	5,327,394
Africa	7	0	7	3,587,178	0	3,587,178
Asia	0	0	0	1,435,823	0	1,435,823
Oceania	0	0	0	1,012,755	0	1,012,755
Total international	**10**	**0**	**10**	**11,492,740**	**0**	**11,492,740**
Total	**60**	**0**	**60**	**23,716,381**	**0**	**23,716,381**

Employee occupational illnesses

2023 Geographic area	No. of work-related illnesses and diseases Men	Women	Total	Hours worked Men	Women	Total
Spain	**4**	**0**	**4**	**20,162,632**	**3,079,595**	**23,242,227**
Europe	0	0	0	3,142,903	383,716	3,526,619
North America	0	0	0	1,561,753	126,274	1,688,027
Latin America	0	0	0	14,826,088	2,052,311	16,878,399
Africa	0	0	0	4,352,370	651,252	5,003,622
Asia	0	0	0	271,242	13,101	284,343
Oceania	0	0	0	518,027	222,012	740,039
Total international	**0**	**0**	**0**	**24,672,383**	**3,448,666**	**28,121,049**
Total	**4**	**0**	**4**	**44,835,015**	**6,528,261**	**51,363,276**

2022 Geographic area	No. of occupational medical conditions Men	Women	Total	Hours worked Men	Women	Total
Spain	**2**	**0**	**2**	**19,200,469**	**2,894,432**	**22,094,901**
Europe	0	0	0	2,335,312	472,874	2,808,186
North America	0	0	0	1,520,278	136,515	1,656,793
Latin America	0	0	0	16,988,232	1,697,463	18,685,695
Africa	0	0	0	4,940,318	730,714	5,671,032
Asia	0	0	0	682,933	19,390	702,323
Oceania	0	0	0	453,644	69,580	523,224
Total international	**0**	**0**	**0**	**26,920,717**	**3,126,536**	**30,047,253**
Total	**2**	**0**	**2**	**46,121,186**	**6,020,968**	**52,142,154**

MANAGEMENT OF BIODIVERSITY AND PROTECTION OF THE NATURAL ENVIRONMENT

GRI 304-1

Projects located in or near protected and high-value areas

Country	Project /Activity	Proximity to protected areas or zones of great value for Biodiversity Type and name of protected area affected	Location with respect to the protected area (within the area, adjacent to the area or with plots in the protected area)	Area /Length affected
Australia	New England Solar Farm	PCT 510 - Blakely's Red Gum - Yellow Box grassy woodland	Adjacent	N/A
Brazil	PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas	Áreas Prioritárias para a Conservação da Biodiversidade: Várzeas do Médio Amazonas, Rio Amazonas, Várzea Médio Amazonas e Cachoeira do Aruã	Adjacent	N/A
Brazil	Boa Sorte solar PV plant	Permanent Preservation Area (APP), Legal Reserve area and São Marcos river basin	Inside	900 ha
Colombia	Portón del Sol	Regional Integrated Management Districts	Inside	200 ha
Spain	Ribera de Navarra Wind Farm	Habitats of Community interest Aicaena (Areas of Interest for the conservation of steppe birds in Navarre)	Adjacent	N/A
Spain	Aerosur wind farm	"La Janda" lagoon, African-European migratory flyway (Strait of Gibraltar)/ Important Bird and Biodiversity Area (IBA).	Adjacent	N/A
Spain	SIGMA solar PV plant. ARCO 1-5 FARMS	The nearest protected natural areas are the ZEC Río Guadalete, the Medina Sidonia IBA and the La Sauna periurban park.	Adjacent	N/A
Spain	400 kV Segura - Centurión transmission line	ZEC Río Ardila Alto	Part-time	5 km
Spain (Audeca)	Forestry work in the region of Padoluengo	ZEC ES4120092 Sierra de la Demanda; ZEPA ES4120012 Sierra de la Demanda; ZEC ES4120075 Riberas del Río Tirón	Inside	326 ha
Spain (Audeca)	Forestry work in the region of Sierra de Ávila	LIC & REN, Sierra Paramera and Serrota (ES4110034) (Sotalbo Monte 47)	Inside	27,2 ha
Spain (Audeca)	Forestry work in Las Hurdes	ES4320011 ZEC Las Hurdes; ES0000355 ZEPA Hurdes; ES4320047 ZEC Sierras de Risco Viejo	Inside	81 ha
Spain (Audeca)	Emergency in Las Hurdes and Gata after the forest fire	ES0000370 ZEPA Sierra de Gata and Valle de las Pilas; ES4320037 ZEP Sierra de Gata	Inside	953 ha

Projects including monitoring of species appearing on the International Union for Conservation of Nature (IUCN) Red List

GRI 304-4

Country	Project	Classification according to IUCN CR*	EN*	VU*	NT*	LC*	Other
Australia	New England Solar Farm			1		6	
Brazil	Boa Sorte solar PV plant			1	2	1	1
Brazil	PATE- LT230 kV Oriximiná-Juruti-Parintins e Subestações Associadas		1	12	3	2	
Cameroon	Yaoundé Lake					3	
Chile	New 2x220 Nueva Alto Melipilla - Nueva Casablanca - La Pólvora - Agua Santa line	1	4	5	1	2	
Colombia	Portón del Sol					74	
Spain	Santos de la Piedra Wind Farm		1			4	
Spain	Aerosur wind farm		1	1		1	
Spain	SIGMA solar PV plant. ARCO 1-5 FARMS					2	
Spain	400 kV Segura - Centurión transmission line					1	
Spain	Emergency in Las Hurdes and Gata after the forest fire				1		
Panama	230 kV Sabanitas Substation - Panamá III Substation transmission line					1	
	Total	**1**	**7**	**20**	**7**	**97**	**1**

(*) **CR:** Critically endangered
(*) **EN:** Endangered
(*) **VU:** Vulnerable
(*) **NT:** Near threatened
(*) **LC:** Least concern

EUROPEAN TAXONOMY OF ENVIRONMENTALLY SUSTAINABLE ECONOMIC ACTIVITIES

In 2020, the European Parliament and the Council of the European Union adopted Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investments, amending Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (RSFDR) (hereinafter referred to as the *Taxonomy Regulation (TR)).*

The requirements on how and to what extent the activities of companies are associated with economic activities that are deemed environmentally sustainable are specified in Article 8 of the TR which, in its first two paragraphs, states:

1. Any company required to disclose non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU will include in its consolidated non-financial statement information on how and to what extent the activities of the company are associated with economic activities that are deemed to be environmentally sustainable in accordance with Articles 3 and 9 of this Regulation.

2. In particular, non-financial companies will disclose the following information

   a. The proportion of their turnover that comes from products or services related to economic activities that are deemed environmentally sustainable pursuant to Articles 3 and 9.

   a. The proportion of its capital expenditure and the proportion of its operating expenses related to assets or processes associated with economic activities that are deemed environmentally sustainable pursuant to Articles 3 and 9.

Furthermore, five delegated regulations have been published to implement the TR:

- Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (referred to as the *1st Delegated Act).*

- Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by specifying the content and presentation of information to be disclosed by undertakings subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (referred to as the *2nd Delegated Act).*

- Commission Delegated Regulation (EU) 2022/1214 of 9 March 2022 amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards public disclosure of specific information on these economic activities. Specifically, this Delegated Regulation includes technical selection criteria that enable some activities in the fossil gas and nuclear energy sectors to be deemed environmentally sustainable activities (the *3rd Delegated Act).*

- Commission Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending Regulation (EU) 2021/2139 by establishing the additional technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives (referred to as the *4th Delegated Act).*

- Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023, supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to the prevention and control of pollution, or to the protection and recovery of biodiversity and ecosystems, and to determine whether such economic activity does not cause significant harm to any of the other environmental objectives, and amending Commission Delegated Regulation (EU) 2021/2178 as regards disclosure of specific public information on these economic activities *(5th Delegated Act).*

In this way, the European Taxonomy is set up as a classification system for environmentally sustainable economic activities to assist in informing investors —under a single, official criterion— about which investments are sustainable.

Eligible and ineligible activities

The following tables contain a list of the activities and sub-activities that the Elecnor Group has deemed eligible and ineligible pursuant to the regulations:

Activity	Sub-activities	NACE Code	Taxonomy: Taxonomy Activity	Taxonomy: Activity Description	Taxonomy: Activity Goal and Type
Electricity	Distribution and transmission networks, substations, transformer stations and live working	3512: Electricity transmission 3513: Electricity distribution	4.9. Transmission and distribution of electricity	Construction and operation of: transmission systems that transport electricity on the very high voltage and high voltage interconnected system; and distribution systems that transport electricity on high, medium and low voltage distribution systems	Mitigation (enabling activity)
Energy efficiency	Street lighting	3312: Machinery repair	7.3. Installation, maintenance and repair of energy-efficient equipment	Individual renovation measures comprising installation, maintenance or repair of energy-efficient equipment	Mitigation (enabling activity)

Continued on next page

			Taxonomy		
Activity	**Sub-activities**	**NACE Code**	**Taxonomy Activity**	**Activity Description**	**Activity Goal and Type**
Power generation	Wind farms, solar photovoltaic, power generation and self-consumption plants	3511: Wind, hydroelectric and other electricity production 4321: Electrical installations 2711: Manufacture of electric motors, generators and transformers	4.1. Generation of electricity using solar photovoltaic technology 4.3. Electricity generation from wind energy 4.5. Electricity generation from hydropower 4.8. Electricity generation from bio-energy 4.10. Electricity storage 7.6. Installation, maintenance and repair of renewable energy technologies	Construction and operation of solar photovoltaic (PV), concentrating solar-power, wind, hydro or biomass-only, biogas or bioliquid electricity generation facilities, installation, maintenance and repair of renewable energy technologies, in situ, and manufacturing of renewable energy technologies	4.1, 4.3 and 7.6 Mitigation (direct contribution activity) 4.5, 4.8 and 4.10 Mitigation (enabling activity)
Railways	Catenary, traction substations, signalling and interlocking, and communications	4212: Construction of aboveground and underground railway lines 4321: Electrical installations	6.14. Rail transport infrastructure	Construction, modernisation, operation and maintenance of aboveground and underground railways, bridges and tunnels, stations, terminals, railway service facilities, safety and traffic management systems, including the rendering of architectural, engineering, draughting, building inspection, surveying and mapping services, in addition to services performing physical, chemical and other analytical testing of all types of materials and product	Mitigation (enabling activity)
Maintenance	Urban services	3811: Non-hazardous waste collection	5.5. Collection and transport of non-hazardous waste in source-segregated fractions	Separate collection and transport of non-hazardous waste in individual or mixed fractions to prepare it for reuse or recycling	Mitigation (direct contribution activity)
Facilities	Electricity and instrumentation, air-conditioning, HVAC, PCI and plumbing and comprehensive installations	4120: Construction of buildings 4321: Electrical installations 4322: Plumbing, heating and air-conditioning systems installations 4531: Electrical installations	7.1. Construction of new buildings 7.2. Renovation of existing buildings	Construction of complete residential or non-residential buildings Construction and civil engineering works or preparation of such works	7.1. Mitigation (direct contribution activity) 7.2. Mitigation (transition activity)

Continued on next page

			Taxonomy		
Activity	**Sub-activities**	**NACE Code**	**Taxonomy Activity**	**Activity Description**	**Activity Goal and Type**
Construction	Non-residential buildings	4120: Construction of buildings	7.1. Construction of new buildings 7.2. Renovation of existing buildings	Construction of complete residential or non-residential buildings Construction and civil engineering works or preparation of such works	7.1. Mitigation (direct contribution activity) 7.2. Mitigation (transition activity)
Environment and Water	Waterworks, distribution networks and water treatment plants and environmental works	4291: Water works 4299: Construction of other civil engineering projects n.e.c.	5.1. Construction, expansion and operation of water catchment, purification and distribution systems	Construction, expansion and operation of water collection, purification and distribution systems and centralised waste-water systems, including collection (sewerage) and treatment and their renewal	Mitigation (direct contribution activity)

Furthermore, the following activities of the Elecnor Group are not described in the delegated acts implementing the TR and have therefore been catalogued as ineligible activities:

Activity	Sub-activities	NACE Code
Power generation	Combined cycle thermal power plants and on-line sales of PV solar equipment	3516: Production of conventional thermal electricity 2711: Manufacture of electric motors, generators and transformers
Oil & Gas	Distribution and transmission, infrastructure operations (domestic grid), domestic services and miscellaneous facilities of gas and oil	3522: Distribution of gaseous fuels through pipelines 3523: Trade in gas by pipeline. 4950: Pipeline transport 0610: Extraction of crude oil
Telecommunications and systems	Network creation, customer registration, internal plant and equipment, network engineering and maintenance, projects and maintenance of communications, security and automation and control systems, special and unique installations, product engineering and development, smart cities (systems)	2630: Telecommunications equipment manufacturing 4222: Construction of electrical grids and telecommunications networks. 6110: Cable telecommunications 6120: Wireless telecommunications. 6130: Satellite telecommunications. 6190: Other telecommunications activities 8020: Security systems services
Maintenance	Comprehensive maintenance of buildings, electrical and instrumentation, air conditioning, HVAC, plumbing, mechanical, industrial maintenance and maintenance of transport infrastructure and green areas	3314: Repair of electrical equipment. 3320: Installation of industrial machinery and equipment. 4211: Construction of roads and motorways 4213: Construction of bridges and tunnels 4322: Plumbing, heating and air-conditioning systems installations 8130: Landscaping activities. 9104: Activities of botanical gardens, zoos and nature reserves
Facilities	Interior design	7410: Specialised design activities
Construction	Posts and pre-fabricated in glass reinforced polyester	4211: Construction of roads and motorways. 4213: Construction of bridges and tunnels. 4299: Construction of other civil engineering projects n.e.c. 2361: Manufacture of concrete elements for construction purposes
Environment and Water	Waste disposal plants, waterworks and water distribution systemsa	4299: Construction of other civil engineering projects n.e.c. 4291: Waterworks. 4221: Construction of fluid power networks
Space	Space	6190: Other telecommunications activities. 8030: Research activities

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-DISCLOSURE-ALIGNED ECONOMIC ACTIVITIES FOR THE YEAR 2023

Financial year 2023	Year			Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	Codes	Turnover (€ thousand)	Proportion of turnover, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of taxonomy-aligned turnover (A.1.) or taxonomy-eligible turnover (A.2.), 2022	Category of enabling activity	Category of transition activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Generation of electricity using solar photovoltaic technology	CCM 4.1	378,191	9.97%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	13.64%		
Electricity generation from wind energy	CCM 4.3	275,532	7.26%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	10.46%		
Transmission and distribution of electricity	CCM 4.9	1,113,571	29.36%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	26.30%	F	
Electricity storage	CCM 4.10	23,352	0.62%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.00%	F	
Collection and transport of non-hazardous waste in source-segregated fractions	CCM 5.5	3,230	0.09%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.08%		
Rail transport infrastructure	CCM 6.14	218,068	5.75%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	2.56%	F	
Construction of new buildings	CCM 7.1	1,307	0.03%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.06%		
Renovation of existing buildings	CCM 7.2	48,863	1.29%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.36%		T
Installation, maintenance and repair of energy-efficient equipment	CCM 7.3	2,014	0.05%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	1.81%	F	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	5,520	0.15%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.07%	F	
Turnover from environmentally sustainable activities (taxonomy-aligned) (A.1)		**2,069,648**	**54.57%**	**54.57%**	**0%**	**0%**	**0%**	**0%**	**0%**	**S**	**S**	**S**	**S**	**S**	**S**	**S**	**55.34%**		
Of which: facilitators		1,362,525	35.92%	35.92%	0%	0%	0%	0%	0%	S	S	S	S	S	S	S	30.74%	F	
Of which: transitional		48,863	1.29%	1.29%						S	S	S	S	S	S	S	0.36%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
Generation of electricity using solar photovoltaic technology	CCM 4.1	7,927	0.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.76%		
Electricity generation from wind energy	CCM 4.3	8,103	0.21%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.05%		
Electricity generation from hydropower	CCM 4.5	26,932	0.71%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.75%		
Electricity generation from bio-energy	CCM 4.8	0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.35%		
Transmission and distribution of electricity	CCM 4.9	417,847	11.02%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9.29%		
Construction, expansion and operation of water catchment, purification and distribution systems	CCM 5.1	12,692	0.33%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.93%		
Rail transport infrastructure	CCM 6.14	7,235	0.19%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.09%		
Construction of new buildings	CCM 7.1	10,353	0.27%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.37%		
Renovation of existing buildings	CCM 7.2	9,338	0.25%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.78%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.00%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.00%		
Turnover from taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		**500,427**	**13.19%**	**13.19%**	**0%**	**0%**	**0%**	**0%**	**0%**								**14.37%**		
A. Turnover from taxonomy-eligible activities (A.1+A.2)		**2,570,075**	**67.76%**	**67.76%**	**0%**	**0%**	**0%**	**0%**	**0%**								**69.71**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover from taxonomy non-eligible activities (B)		**1,222,831**	**32.24%**														**30.29%**		
TOTAL		**3,792,906**	**100%**														**100.00%**		

Continued on next page: "Proportion of turnover/total turnover"

	Proportion of turnover/total turnover: that are taxonomy-aligned by objective	Proportion of turnover/total turnover: that are taxonomy-eligible by objective
CCM	54.57%	67.76%
CCA	0.00%	0.00%
WTR	0.00%	0.00%

	Proportion of turnover/total turnover: that are taxonomy-aligned by objective	Proportion of turnover/total turnover: that are taxonomy-eligible by objective
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-DISCLOSURE-ALIGNED ECONOMIC ACTIVITIES FOR THE YEAR 2023

Financial year 2023	Year			Substantial contribution criteria						Do No Significant Harm (DNSH) criteria										
Economic activities	Codes	CapEx (€ thousand)	Proportion of CapEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of taxonomy-aligned CapEx (A.1.) or taxonomy-eligible according CapEx (A.2.), 2022	Category of enabling activity	Category of transition activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation from wind energy	CCM 4.3	80,094	31.85%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	42.77%		
Generation of electricity using solar photovoltaic technology	CCM 4.1	75,545	30.04%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	0.00%		
CapEx from environmentally sustainable activities (taxonomy-aligned) (A.1)		**155,639**	**61.88%**	**61.88%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**S**	**S**	**S**	**S**	**S**	**S**	**S**	**42.77%**		
Of which: facilitators		0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	S	S	S	S	S	S	S	0.00%	F	
Of which: transitional		0	0.00%	0.00%						S	S	S	S	S	S	S	0.00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
CapEx from taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		**0**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
A. CapEx from taxonomy-eligible activities (A.1+A.2)		**155,639**	**61.88%**	**61.88%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**42.77%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
CapEx from taxonomy non-eligible activities (B)		**95,871**	**38.12%**														**57.23%**		
TOTAL		**251,510**	**100.00%**														**100.00%**		

	Proportion of CapEx/Total CapEx: that are taxonomy-aligned by objective	Proportion of CapEx/Total CapEx: that are taxonomy-eligible by objective
CCM	61.88%	61.88%
CCA	0.00%	0.00%
WTR	0.00%	0.00%

	Proportion of CapEx/Total CapEx: that are taxonomy-aligned by objective	Proportion of CapEx/Total CapEx: that are taxonomy-eligible by objective
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-DISCLOSURE-ALIGNED ECONOMIC ACTIVITIES FOR THE YEAR 2023

Financial year 2023	Year			Substantial contribution criteria						Do No Significant Harm (DNSH) criteria									
Economic activities	Codes	OpEx (€ thousand)	Proportion of OpEx, 2023	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum guarantees	Proportion of taxonomy-aligned OpEx (A.1.) or taxonomy-eligible OpEx (A.2.), 2022	Category of enabling activity	Category of transition activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation from wind energy	CCM 4.3	0	0.00%	S	N/EL	N/EL	N/EL	N/EL	N/EL	S	S	S	S	S	S	S	4.02%		
OpEx from environmentally sustainable activities (taxonomy-aligned) (A.1)				%	%	%	%	%	%	**S**	**S**	**S**	**S**	**S**	**S**	**S**	**104.02%**		
Of which: facilitators		0	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	S	S	S	S	S	S	S	0.00%	F	
Of which: transitional		0	0.00%	0.00%						S	S	S	S	S	S	S	0.00%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities)																			
OpEx from taxonomy-eligible but not environmentally sustainable activities (taxonomy non-aligned activities) (A.2)		**0**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
A. OpEx from taxonomy-eligible activities (A.1+A.2)		**0**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**104.02%**		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx from taxonomy non-eligible activities (B)		**194,105**	**100.00%**														**95.98%**		
TOTAL		**194,105**	**100.00%**																

	Proportion of CapEx/Total CapEx	
	that are taxonomy-aligned by objective	that are taxonomy-eligible by objective
CCM	0.00%	0.00%
CCA	0.00%	0.00%
WTR	0.00%	0.00%
CE	0.00%	0.00%
PPC	0.00%	0.00%
BIO	0.00%	0.00%

NUCLEAR AND FOSSIL ENERGY-RELATED ACTIVITIES

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas ralated activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

FISCAL TRANSPARENCY

Country by Country Report 2023 GRI 207-4

Tax jurisdiction	Number of employees	Income from sales to third parties	Income from intra-group transactions with other tax jurisdictions	Profit or loss before taxes*	Tangible assets other than cash and cash equivalents	Income tax paid	Income tax accrued**	Difference between accrued tax and that resulting from applying the tax rate to the accounting profit/loss
GERMANY	0.50	-	-	-479,247.08	-	-	-	4
ANGOLA	1,335.00	65,361,061.04	6,940,714.21	2,510,360.27	9,533,651.13	4,256,915.65	-109,547.82	8, 11
ALGERIA	2.00	10,554,883.22	-	-3,486,301.79	-	23,098.52	-1,178,026.29	8, 11
ARGENTINA	114.00	9,433,775.19	-	1,628,371.61	824,722.51	113,345.20	35,644.86	5, 6, 8
AUSTRALIA	229.00	342,777,059.69	699,983.93	-7,603,076.66	10,053,157.92	4,685,486.33	-2,049,831.02	6, 11
BELGIUM	6.67	6,099,593.51	-	179,643.23	533.59	28,592.30	32,828.87	12
BOLIVIA	-	5,813.43	-	-384,151.89	6,486.36	-	-	4, 9
BRAZIL	4,765.00	472,668,108.41	144,678,013.95	87,737,406.28	380,137,066.76	16,407,894.39	16,545,311.73	10, 11
CAMEROON	603.00	23,155,361.25	62,821.88	-4,733,299.17	3,253,393.72	199,963.37	6,624,305.51	6
CANADA	6.00	34,826,098.58	7,189,785.55	10,812,794.43	138,842,823.86	91,980.89	1,402,488.10	5, 6, 11
CHILE	453.00	39,643,782.50	56,215,683.47	9,635,397.12	4,610,187.09	-695,930.62	1,600,609.27	5, 11
COLOMBIA	31.00	19,936,859.73	2,197.30	-606,020.34	9,406,115.22	514,899.28	-	4, 5, 6, 7, 11
IVORY COST	31.66	4,774,567.83	-	-1,855,717.18	-	-	-	4
DOMINICAN REPUBLIC	170.50	22,642,079.24	1,072,297.60	4,401,560.84	2,905,716.12	26,579.05	722,379.28	1, 5, 6, 11, 12
ECUADOR	3.00	26,005,625.48	2,430,344.91	-4,242,090.50	84,518,761.75	397,276.53	-1,051,419.18	5, 11
USA	796.00	322,490,262.92	398,419.29	20,230,180.59	17,576,730.56	1,563,799.08	3,213,652.72	11, 12
EL SALVADOR	15.92	681,479.25	818,956.79	-452,430.32	4,495.10	11,060.90	6,163.75	12
UNITED ARAB EMIRATES	-	-	-	-	1,223.06	-	-	N/A
SPAIN	11,197.00	1,769,024,465.94	185,859,928.08	381,165,273.56	287,643,597.29	8,378,249.94	32,344,670.94	5, 6, 7, 11
PHILIPPINES		-	-	-31,056.41				4
FINLAND	15.00	5,772,027.23	1,024,306.94	-288,340.82	0.02	50,879.33	77,895.74	4, 6
GAMBIA	1.00	217,190.00	-	120,920.00		-	-	3
GHANA	177.00	4,058,067.06	2,568,524.61	-357,054.09	979,639.50	1,124.97	29,658.45	4, 6
GUINEA	4.00	6,339,521.81	1,375,910.00	-638,080.24	367,897.51	5,432.95	5,432.95	1, 3, 11
GUINEA-BISSAU	1.00	508,960.00	-	37,860.00	-	-	-	3
HAITI	3.00	222,114.29	-	-3,449,049.35	21,275.30	107,134.05	-	4, 9
HONDURAS	51.00	6,647,076.74	1,929,983.50	477,021.20	360,629.30	37,661.00	187,199.57	3, 6
ENGLAND	243.00	27,519,729.83	9,574,617.04	5,887,048.67	500,200.06	687,226.06	1,141,796.71	5, 6, 7, 11
ITALY	785.00	67,359,607.65	36,394,391.96	3,746,581.29	17,151,833.35	322,163.00	356,760.99	1, 5, 6, 7, 11
JORDAN	3.00	-476,058.84	-	-1,151,673.27	-	5,164.47	5,164.47	4, 5, 6, 11, 13
KUWAIT	-	499,539.97	-	5,895.09	-	45,741.15	41,714.76	4, 5, 11
LIBERIA	-	-4,237.00	-	457,396.50	-	-	-	3
LITHUANIA	82.00	2,176.13	57,178,912,80	2,206,000.85	22,550,218.19	126,899.17	326,416.53	6, 12
MOROCCO	-	6,349.30	-	-300,065.17	-	-	-181,257.22	1, 4, 12
MAURITANIA	4.00	835,370.22	244,000.00	-870,476.05	674,423.50	314,708.45	326,961.50	1, 4
MEXICO	68.00	12,954,626.37	1,114,750.95	5,405,986.96	775,874.60	2,862.37	1,541,951.44	4, 11
MOZAMBIQUE	226.00	14,485,986.51	36,354.01	-3,697,562.38	3,163,464.72	5,221.67	16,143.79	1, 4, 6
NORWAY	73.50	21,932,095.24	12,758,430.55	1,619,066.22	217,469.05	-1,053,075.84	-184,234.93	6, 12
OMAN	202.00	74,640,582.47	21,334,300.79	865,070.81	26,164,092.52	96,795.00	125,343.00	4, 7, 11
PANAMA	79.00	26,055,169.18	9,176,424.49	5,413,352.43	2,029,154.00	-	38,088.48	1, 4, 11
PARAGUAY	1.00	-	-	-109,480.98	-	-	-	4
PERU	49.00	3,942,877.50	-	14,242,426.23	305,996.62	-	-53.31	7, 11
PORTUGAL	277.00	34,525,090.49	2,081,614.95	589,019.03	1,250,158.37	661,630.63	375,086.46	4, 6, 7, 11, 12
ROMANIA		640,826.40	741,310.65	79,757.54	6,418.55	10,088.79	11,474.11	5, 6
SENEGAL	13.00	1,542,711.91	300,291.65	-1,495,942.68	73,502.44			12
SOUTH AFRICA		-	-	-				4
URUGUAY	220.00	16,689,515.24	-	535,550.38	912,971.16	107,160.86	-19,177.65	1, 8
VENEZUELA	16.00	17,755.07	-	-84,121.06	293,369.30	-	-	4, 11
ZAMBIA	8.00	2,668,848.70	-	-21,083.86	870,284.74	-	-	4
Overall total	**22,360.75**	**3,499,684,396.65**	**564,203,271.86**	**523,653,619.85**	**1,027,987,534.84**	**37,538,028.89**	**62,361,596.56**	

Points i and ii: The full list of Elecnor companies and their main activities is published annually in Appendices I of the Consolidated Annual Accounts.

(*) Explanatory notes about the differences between effective tax rates and nominal rates::

1. Application of minimum tax
2. Special scheme that defers the tax payment
3. Projects that are exempt from the profits tax
4. A country that did not have any activity, or losses were generated, and therefore no tax payable was generated
5. Negative tax adjustment (non-taxable income)
6. Positive tax adjustment (non-deductible expenses) and inflationary adjustment
7. Application of tax credits
8. Application of deferred taxes
9. Tax year different from the calendar year
10. Presumed profit
11. The group of companies of the same fiscal jurisdiction with before-tax losses reduces the estimate of accrued corporations tax
12. Adjustments due to accounting integration
13. Prior years' tax from inspection

Appendix II

Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
General information			
A brief overview of the business model including the business environment, organisation and structure	Material	43-44	GRI 2-6 (2021)
Markets where it operates	Material	3, 45	GRI 2-1 (2021) GRI 2-6 (2021)
The organisation's goals and strategies	Material	43-44	GRI 2-6 (2021)
The main factors and trends potentially affecting future performance	Material	24, 35-37	GRI 3-3 (2021)
Reporting framework used	Material	30	GRI 1 (2021)
Principle of Materiality	Material	35-40	GRI 3-1 (2021)
Environmental issues			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	77-101	GRI 3-3 (2021)
Detailed general information			
Detailed information concerning current and foreseeable effects of the Company's activities on the environment and, where applicable, health and safety	Material	91-92	GRI 3-3 (2021)
Procedures for environmental assessment or certification	Material	91	GRI 3-3 (2021)
Resources allocated to preventing environmental risks	Material	91	GRI 3-3 (2021)
Application of the precautionary principle	Material	72-73, 92	GRI 3-3 (2021)
Amount of provisions and guarantees for environmental risks	Material	92	GRI 3-3 (2021)
Pollution			
Measures to prevent, reduce or remedy severe environmental emissions; taking into account any kind of atmospheric pollution specific to an activity, including noise and light pollution.	Not material	Not material	
Circular economy and waste prevention and management			
Prevention, recycling, re-use, other methods of waste recovery and elimination	Material	96-98	GRI 306-1 (2020) GRI 306-2 (2020) GRI 306-3 (2020) GRI 306-4 (2020) GRI 306-5 (2020)
Actions for combating food wastage	Not material	Not material	
Sustainable use of resources			
Water consumption and water supply in accordance with local constraints	Material	95-96	GRI 303-5 (2018)
Consumption of raw materials and measures implemented to boost efficiency in their usage	Not material	96	
Direct and indirect energy consumption	Material	92-93	GRI 302-1
Measures taken to boost energy efficiency	Material	93	GRI 3-3 (2021)
Renewable energy use	Material	94	GRI 302-1

Continued on next page

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Climate change			
Greenhouse gas emissions generated as a result of the Company's activities, including the use of the goods and services it produces	Material	88-90	GRI 305-1 GRI 305-2 GRI 305-3 GRI 305-4
Measures implemented to adapt to the consequences of climate change	Material	77-87	GRI 3-3 (2021) GRI 201-2
Targets established voluntarily in the medium and long term to reduce greenhouse gas emissions and the measures implemented for that purpose	Material	77-87	GRI 305-5
Safeguarding biodiversity			
Measures implemented to preserve or restore biodiversity	Material	98-101	GRI 304-3
Impacts of the activities or operations on protected areas	Material	98-101	GRI 304-2
Social matters and issues concerning staff			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	44-62, 62-72 179-199	GRI 3-3 (2021)
Employment			
Total number of employees and breakdown by country, gender, age and professional category	Material	44-47, 179-180	GRI 2-7 (2021)
Total number and distribution of contract modalities and annual average numbers of open-ended, temporary and part-time contracts by gender, age and professional category	Material	181-185	GRI 2-7 (2021)
Number of layoffs by gender, age and professional category	Material	47, 192	GRI 3-3 (2021) GRI 401-1
Average remuneration and evolution thereof by gender, age and professional category or equal value	Material	54-55-193-194	GRI 3-3 (2021)
Wage gap, remuneration of equal jobs or company average	Material	55	GRI 3-3 (2021) GRI 405-2
Average remuneration of directors and executives, including variable remuneration, per diem expenses, termination benefits, payments to long-term benefit schemes and any other items, broken down by gender	Material	54-55, 130-132	GRI 2-19 (2021) GRI 3-3 (2021) GRI 405-2
Policies to facilitate disconnection from work	Material	56-57	GRI 3-3 (2021)
Number of disabled employees	Material	59-60	GRI 3-3 (2021)
Organisation of work			
Organisation of work time	Material	56	GRI 3-3 (2021)
Number of hours of absenteeism	Material	47	GRI 3-3 (2021)
Measures aimed at facilitating work-life balance and fostering a mutually responsible approach thereto by both parents	Material	56-57	GRI 3-3 (2021)

Continued on next page

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Health and Safety			
Occupational Health and Safety conditions	Material	62-72	GRI 403-1 (2018) GRI 403-2 (2018) GRI 403-3 (2018) GRI 403-4 (2018) GRI 403-5 (2018) GRI 403-6 (2018) GRI 403-7 (2018) GRI 403-8 (2018)
Workplace accidents, in particular their frequency and severity, as well as occupational; illnesses; broken down by gender	Material	67-71	GRI 403-9 (2018) GRI 403-10 (2018)
Social relations			
Organisation of social dialogue, including procedures to inform and consult employees and to negotiate with them	Material	61-62	GRI 3-3 (2021)
Percentage of employees covered by collective bargaining agreements by country	Material	61	GRI 2-30 (2021)
Balance of collective bargaining agreements, especially in connection with occupational health and safety	Material	65	GRI 403-4 (2018)
Mechanisms and procedures that the company has in place to encourage workers' involvement in the management of the company, in terms of information, consultation and participation	Material	62	GRI 3-3 (2021)
Training			
Training policies implemented	Material	49-41	GRI 3-3 (2021)
Total number of training hours by professional category	Material	51-54	GRI 404-1
Universal access			
Universal access for disabled people	Material	60	GRI 3-3 (2021)
Equality			
Measures implemented to promote equal treatment and equal opportunities for women and men	Material	57-58	GRI 3-3 (2021)
Equality plans, measures adopted to promote employment, protocols against sexual harassment and gender-based harassment	Material	57	GRI 3-3 (2021)
Policy against any kind of discrimination and, in the event, for managing diversity	Material	57	GRI 3-3 (2021)
Respect for Human Rights			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities	Material	151-152	GRI 3-3 (2021)
Application of due diligence procedures			
Application of due diligence procedures in connection with human rights and the prevention of risks of human rights breaches and, where applicable, measures to mitigate, manage and remedy potential abuse	Material	151-152	GRI 2-23 (2021) GRI 2-26 (2021)
Complaints regarding human rights breaches	Material	57, 143	GRI 3-3 (2021)
Measures implemented for the promotion and compliance with the provisions of ILO fundamental conventions relating to respect for freedom of association and the right to collective bargaining; elimination of discrimination in the workplace and occupation; elimination of forced or compulsory labour; effective abolition of child labour	Material	151-152	GRI 3-3 (2021)

Continued on next page

Information required by Law 11/2018	Materiality	Page or section of the report responding to the requirement under Law 11/2018	Reporting criterion: GRI (2016 version unless otherwise stated)
Combating bribery and corruption			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	138-143, 148-150	GRI 3-3 (2021)
Measures implemented to prevent bribery and corruption	Material	138-143, 148-150	GRI 3-3 (2021) GRI 2-23 (2021) GRI 205-3
Anti-money laundering measures	Material	138-143, 148-150	GRI 3-3 (2021) GRI 2-23 (2021) GRI 205-3
Contributions to foundations and non-profit organisations	Material	148, 160	GRI 2-28 (2021) GRI 201-1
Company information			
Management approach: description and results of policies concerning these issues and the main risks relating thereto in connection with the Group's activities.	Material	157-178	GRI 3-3 (2021)
The company's commitment to sustainable development			
Impact of the business on society, with regard to jobs and local development	Material	158-170	GRI 3-3 (2021) GRI 203-2 GRI 204-1
The impact of the business on local communities and territory	Material	35-37, 158-170	GRI 2-29 (2021) GRI 203-2
Relations with the stakeholders in local communities and modalities of dialogue with them	Material	5-37, 41-43, 169-170	GRI 2-29 (2021)
Association or sponsorship actions	Material	121, 158, 174-175	GRI 2-28 (2021) GRI 3-3 (2021) GRI 201-1
Subcontracting and suppliers			
Inclusion in procurements policy of social issues, equality and environmental considerations	Material	75-76	GRI 3-3 (2021)
Consideration, in relations with suppliers and subcontractors, of their social and environmental responsibility	Material	75-76	GRI 2-6 (2021) GRI 308-1
Supervisory system and audits, and findings thereof	Material	75-76	GRI 2-6 (2021)
Consumers			
Measures to ensure consumer health and safety	Material	72-74	GRI 3-3 (2021)
Complaints systems, complaints received and resolution thereof	Material	74	GRI 3-3 (2021)
Tax information			
Profits obtained by country	Material	154-155	GRI 207-1 (2019) GRI 207-2 (2019) GRI 207-3 (2019)
Income tax paid	Material	156	GRI 207-1 (2019) GRI 207-2 (2019) GRI 207-3 (2019)
Public grants received	Material	157	GRI 201-4
EU Regulation (2020/852) - Taxonomy			
Regulation requirement	Material	101-110, 203-210	Elecnor Group's own methodology prepared based on article 8 of the European Taxonomy

Appendix III

GRI Content index

Statement of use	Elecnor has reported in accordance with the GRI Standards for the period from 1 January to 31 December 2023
GRI 1 Used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Not applicable

GRI standard	Disclosure	Page of the report featuring response	Omissions
GRI 1: 2021 background			
GRI 2: General disclosures 2021			
2-1	Organizational details	30, 179-180 Arturo Soria, 343 28033- Madrid Spain	
2-2	Entities included in the organization's sustainability reporting	30 Appendix I to the Annual Accounts of Elecnor, S.A. and Subsidiaries	
2-3	Reporting period, frequency and contact point	Year 2023 Annual submission Contact address **elecnor@elecnor.com**	
2-4	Restatements of information	There have not been any significant changes	
2-5	External assurance	225-227	
2-6	Activities, value chain and other business relationships	43-44, 75-76	
2-7	Employees	45-47, 179-180 Elecnor has no employees for non-guaranteed hours Workforce data reported Head Count criteria	
2-8	Workers who are not employees	47	Information not available or incomplete from 2-8 a.i and a.ii. The information about the total number of non-employee workers managed by the Elecnor Group is not available in the company systems with the required breakdown. The Elecnor Group is working on improving its systems to be able to report this information in 2027.
2-9	Governance structure and composition	124-125 **IAGC** C.1.3.	
2-10	Nomination and selection of the highest governance body	124 **IAGC** C.1.16.	
2-11	Chair of the highest governance body	124-125	
2-12	Role of the highest governance body in overseeing the management of impacts	125-129 **IAGC** C.2.1	
2-13	Delegation of responsibility for managing impacts	31, 134 **IAGC** C1.3, C.2.1	
2-14	Role of the highest governance body in sustainability reporting	31-32	
2-15	Conflicts of interest	**IAGC** D6	
2-16	Communication of critical concerns	31-32, 126-127, 138-143	
2-17	Collective knowledge of the highest governance body	146 **IAGC** C1.3	
2-18	Evaluation of the performance of the highest governance body	133 **IAGC** C.1.17	
2-19	Remuneration policies	54-55, 130-132 **Remuneration Policy 2022-2025**	
2-20	Process to determine remuneration	130-131 **Remuneration Policy 2022-2025** Remuneration consultants are not involved in the process of determining remuneration	
2-21	Annual total compensation ratio	196	Information not available or incomplete. Section a. For this ratio, only the fixed remuneration has been considered, concerning the chief executive officer's compensation relating to the fixed remuneration for their executive duties. The Elecnor Group is working on improving its systems to be able report the total compensation ratio including all the variable concepts in 2025. The information in section b has not been reported as it is dependent on the information in section a.
2-22	Statement on sustainable development strategy	3-4	
2-23	Policy commitments	30, 72-73, 91-92, 136-143	
2-24	Embedding policy commitments	30, 72-73, 91-92, 136-143	
2-25	Processes to remediate negative impacts	41-43, 57, 73-74, 98-101, 167-169	
2-26	Mechanisms for seeking advice and raising concerns	142-143	
2-27	Compliance with laws and regulations	107, 126-128	
2-28	Membership associations	121, 148, 158, 174-175	
2-29	Approach to stakeholder engagement	35-37, 41-43	
2-30	Collective bargaining agreements	61-62	
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	35-37	
3-2	List of material topics	35-37	

Continued on next page

THEMATIC CONTENT

GRI standard	Training	Page of the report featuring response	Omissions
Management of skilled people			
3-3 Material topics 2021			
3-3	**Management of the material topics**	47-54	
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	47, 186-192	
401-3	Parental leave	57-58	

Continued on next page

GRI standard	Training	Page of the report featuring response	Omissions
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	53	
404-2	Programs for upgrading employee skills and transition assistance programs	49-51 Note. At present, the Elecnor Group does not have any transition assistance programmes in place to facilitate employability	
404-3	Percentage of employees receiving regular performance and career development reviews	54	
Occupational health and safety			
3-3 Material topics 2021			
3-3	**Management of the material topics**	38, 63-72	
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	62-63	
403-2	Hazard identification, risk assessment and incident investigation	63-64	
403-3	Occupational health services	63-64, 66-67	
403-4	Worker participation, consultation and communication on occupational health and safety	65	
403-5	Worker training on occupational health and safety	65-66	
403-6	Promotion of worker health	66-67	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to business relationships	63-64, 69-70	
403-8	Workers covered by an occupational health and safety management system	63-64, 65, 69-70	
403-9	Work-related injuries	67-70	
403-10	Work-related ill health	67-72	
Ethics and Compliance			
3-3 Material topics 2021			
3-3	**Management of the material topics**	38,136-151, 153-157	
GRI 201: Economic performance 2016			
201-4	Financial assistance received from government	157	
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	134-136, 138-143, 148-150	
205-2	Communication and training about anti-corruption policies and procedures	144-146	
205-3	Confirmed incidents of corruption and actions taken	138-143	
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	150-151 Note 18. Annual Accounts of Elecnor, S.A. and Subsidiaries	
GRI 207: Tax 2019			
207-1	Approach to tax	153-157	
207-2	Tax governance, control, and risk management	153-157	
207-3	Stakeholder engagement and management of concerns related to tax	153-157	
207-4	Country-by-country reporting	154-155, 211	
GRI 415: Public policy 2016			
415-1	Political conbtributions	148, 150-151	

Continued on next page

GRI standard	Training	Page of the report featuring response	Omissions
Resource efficiency			
3-3 Material topics 2021			
3-3	**Management of the material topics**	38, 91-98	
GRI 302: Energy 2016			
302-1	Energy consumption within the organization	92-93	
302-2	Energy consumption outside the organization	90	
302-3	Energy intensity	92	
302-4	Reduction of energy consumption	86-87	
302-5	Reductions of energy requirements of products and services	90-91, 93	
GRI 303: Water and Effluents 2018			
303-1	Interaction with water as a shared resource	95	
303-3	Water withdrawal	95	
303-5	Water consumption	95	
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	96	
306-2	Management of significant waste-related impacts	96, 98	
306-3	Waste generated	96	
306-4	Waste diverted from disposal	97	
306-5	Waste directed to disposal	97	
Biodiversity			
3-3 Material topics 2021			
3-3	**Management of the material topics**	38, 98-101	
GRI 304: Biodiversity 2016			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	98-101 200-201	
304-2	Significant impacts of activities, products and services on biodiversity	98-101	
304-3	Habitats protected or restored	98-101	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	202	
Climate change			
3-3 Material topics 2021			
3-3	**Management of the material topics**	38, 77-91	
GRI 201: Economic performance 2016			
201-2	Financial implications and other risks and opportunities due to climate change	79-86	Information not available or incomplete in section 201-2 a.iii and a.v as the data from the year 2023 are not available. The financial implications of the risk or the opportunity, as well as the costs associated with the measures will be calculated in financial year 2024
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	88-90	
305-2	Energy indirect (Scope 2) GHG emissions	88-89	
305-3	Other indirect (Scope 3) GHG emissions	88-90	
305-4	GHG emissions intensity	89	
305-5	Reduction of GHG emissions	86-87	

Continued on next page

GRI standard	Training	Page of the report featuring response	Omissions
Dialogue with local communities			
3-3 Material topics 2021			
3-3	**Management of the material topics**	38, 167-170	
GRI 203: Indirect economic impacts 2016			
203-2	Significant indirect economic impacts	160-162, 167-169	
GRI 413: Local communities 2016			
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Appendix IV

Table of contents according to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)

The contents of this report are in line with the recommendations of the TCFD. The location of the contents suggested by the initiative can be viewed in this table of contents:

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 verification report

To the shareholders of Elecnor, S.A.:

Pursuant to article 49 of the Code of Commerce, we have verified, with the scope of a limited assurance engagement, the consolidated Non-Financial Information Statement ("NFIS") for the year ended 31 December 2023 of Elecnor, S.A. (Parent company) and subsidiaries (hereinafter Elecnor or the Group) included in the Elecnor Group's consolidated Directors' report.

The content of the NFIS includes information additional to that required by current mercantile legislation in relation to non-financial information, which has not been covered by our verification work. In this respect, our work was limited solely to verifying the information identified in the sections 'Appendix II: Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity' and 'Appendix III: GRI Content index' included in the accompanying NFIS.

Responsibility of the directors of the Parent company

The preparation of the NFIS included in Elecnor Group's directors' report and the content thereof, are the responsibility of the directors of Elecnor, S.A. The NFIS has been drawn up in accordance with the provisions of current mercantile legislation and in accordance with the criteria of the *Sustainability Reporting Standards* of the *Global Reporting Initiative* ("GRI Standards") as per the details provided for each matter in the sections 'Appendix II: Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity' and 'Appendix III: GRI Content index' of the aforementioned Statement.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFIS to be free of material misstatement due to fraud or error.

The directors of Elecnor, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFIS is obtained.

Our independence and quality management

We have complied with the independence requirements and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code of Ethics) which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

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The engagement team consisted of professionals specialising in Non-financial Information reviews, specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in a limited assurance independent report based on the work we have performed. We carried out our work in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and in the Guidelines for verification engagements of the Statement of Non-Financial Information issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in nature and timing of execution, and are less extensive, than those carried out in a reasonable assurance engagement and accordingly, the assurance provided is also lower.

Our work consisted of posing questions to management as well as to the various units of Elecnor or the Group that were involved in the preparation of the NFIS, of the review of the processes for compiling and validating the information presented in the NFIS, and in the application of certain analytical procedures and review procedures on a sample basis, as described below:

- Meetings with the Elecnor, S.A. personnel to understand the business model, policies and management approaches applied, principal risks relating to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the content of the NFIS for the year 2023, based on the materiality analysis carried out by Elecnor, S.A. and described in section 'Elecnor Group material topics', taking into account the content required by current mercantile legislation.
- Analysis of the procedures used to compile and validate the information presented in the NFIS for the year 2023.
- Review of information relating to risks, policies and management approaches applied in relation to material matters presented in the NFIS for the year 2023.
- Verification, by means of sample testing, of the information relating to the content of the NFIS for the year 2023 and that it was adequately compiled using data provided by the sources of the information.
- Obtaining a management representation letter from the directors and management.

Conclusion

Based on the procedures performed in our verification and the evidence we have obtained, nothing has come to our attention that causes us to believe that the NFIS of Elecnor, S.A., for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the provisions of current mercantile legislation and in accordance with the criteria of GRI as per the details provided for each matter in the sections 'Appendix II: Index of content required by Law 11/2018, of 28 December, concerning non-financial information and diversity' and 'Appendix III: GRI Content index' of the aforementioned Statement.

Emphasis of matter

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 relating to the establishment of a framework to facilitate sustainable investments, as well as the Delegated Acts promulgated in accordance with the provisions of the aforementioned Regulation, establish the obligation to disclose information on the manner and extent to which the company's activities are associated with eligible economic activities in relation to the environmental objectives of sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems (the rest of the environmental objectives), and with respect to certain new activities included in the objectives of mitigation and adaptation to climate change, for the first time for the 2023 financial year, in addition to the information referring to eligible and aligned activities already required in the 2022 financial year in relation to the objectives of climate change mitigation and climate change adaptation. Consequently, comparative information on eligibility in relation to the rest of the environmental objectives indicated above or on new activities included in the objectives of climate change mitigation and climate change adaptation, has not been included in the accompanying NFIS. Furthermore, to the extent that the information relating to the 2022 financial year was not required with the same level of detail as in the 2023 financial year, the information disclosed in the accompanying NFIS is not strictly comparable either. In addition, it should be noted that Elecnor, S.A.'s directors have incorporated information on the criteria that, in their opinion, allow for improved compliance with the aforementioned obligations and which have been defined in the sections 'European taxonomy of environmentally sustainable economic activities' of the accompanying NFIS. Our conclusion has not been modified in relation to this matter.

Use and distribution

This report has been drawn up in response to the requirement established in current Spanish mercantile legislation and therefore may not be suitable for other purposes and jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Original in Spanish signed by
Sergio Mateos Orcajo

28 February 2024

ECONOMIC PROFILE OF ELECNOR, S.A. 2023

Elecnor, S.A.

Balance sheet at 31 December 2023 (Thousands of Euros)

ASSETS	Note	2023	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 y 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 Administrations, other	16	3,606	7,943
Short-term investments in Group companies and associates	10.2 y 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.

EQUITY AND LIABILITIES	Note	2023	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 Administrations, 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.

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 y 13	1,071	(5)
Depreciation/Amortisation	7 y 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 income		**(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 any further information or queries

Arturo Soria, 343
28033 Madrid. Spain
elecnor@elecnor.com
+34 91 417 99 00
www.grupoelecnor.com

group
elecnor

www.grupoelecnor.com