FCC has entered into an agreement today with CPP Investments to sell 24.99% of the share capital of its subsidiary FCC Servicios Medio Ambiente Holding, S.A.U.

1H2023 Earnings Report

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1. SIGNIFICANT EVENTS

FCC approves the sale of 24.99% of FCC Servicios Medio Ambiente Holding for the sum of 965 million euros

On 1 June, the parent company of the FCC Group reached an agreement with the Canadian pension fund, CPP Investment, for the sale of a minority interest of 24.99% in the parent company of the environment area for the sum of 965 million euros. The entry of the new shareholder will enhance the position and strategic development of the subsidiary, its areas and geographical areas of activity. The closing of the operation is subject to the usual conditions precedent.

FCC Medio Ambiente strengthens its presence in the waste treatment sector with new activities and geographies

FCC Medio Ambiente, through its US subsidiary, has started work on the expansion and modernisation of its first recycling plant in California (Placer County). This development will see more than 120 million dollars mobilised over a 20-year operating period. The complex will be one of the biggest of its kind, with a treatment capacity of 650,000 tonnes per year. FCC Medio Ambiente's parent company has also entered into a partnership with a variety of international groups linked to mobility, electricity generation and associated materials for the future development of a lithium-ion battery recycling plant on the Spanish mainland. To this end, the necessary technological partners will be identified with a view to exploiting the potential of this facility, which will be managed by FCC Ámbito, an environmental subsidiary specialising in industrial and commercial recycling.

FCC Aqualia expands its international activity and increases its total backlog during the period by 8.7%

The contracts secured includes one for the design, construction, rehabilitation and operation of hydraulic infrastructure in Riohacha-La Guajira in Colombia, with a backlog worth 292.7 million euros for a duration of 30 years, in addition to the other relevant contracts secured in France and Saudi Arabia.

Worth mention in Spain is the contract for the 20-year extension of the management of the end-to-end water cycle in Linares, with a backlog worth 87.9 million euros. Following the increase seen in new contracts in operation combined with the activity generated by owned assets, the backlog as a whole grew by 8.7% by the end of the six-month period, with the international backlog now accounting for 67.9% of the total for the area.

FCC Construcción secures an important industrial contract in Germany

FCC Industrial, a specialist subsidiary of the Group's construction area, has secured, as part of a consortium with other companies, the provisional award of the contract for the construction of a gas regasification terminal in Germany on behalf of Hanseatic Energy Hub (HAH), with a backlog of attributable income worth more than 270 million euros. This project will see the construction of the second liquefied natural gas (LNG) regasification plant in Germany. The new emissions-free storage and regasification terminal will be located in the river port of Stade, in the Hamburg region.

Other contracts secured will also see FCC Construcción tasked with the construction of the new headquarters of the ONCE group, located north of Madrid for a budget of 100.6 million euros, with a delivery period spanning 30 months. Along these lines, In Spain, worth particular mention is the award of the construction of 64 homes in Tres Cantos (Madrid) for the combined sum of 18 million euros, as well as the remodelling works and road access improvements to the Madrid Metropolitan Stadium for the sum of 20.3 million euros.

FCC announces a voluntary takeover bid for 7% of its share capital for subsequent redemption

On 28 June, the Board of Directors announced that an Extraordinary General Shareholders' Meeting would be called to discuss proposals including but not limited to the acquisition of treasury shares for their subsequent redemption, pursuant to the provisions of the applicable regulations, as part of a takeover bid to be made by the Company and addressed to FCC shareholders for a maximum of 32,027,600 treasury shares, representing approximately 7% of the company's share capital, at a price of 12.50 euros per share. The Extraordinary Shareholder's Meeting, held on 19 July, approved its submission.

2. EXECUTIVE SUMMARY

KEY FIGURES

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Revenue	4,319.8	3,584.4	20.5%
Gross Operating Profit (EBITDA)	733.4	603.2	21.6%
EBITDA Margin	17.0%	16.8%	*0.2 p.p*
Net Operating Profit (EBIT)	465.2	382.0	21.8%
EBIT Margin	*10.8%*	*10.7%*	*0.1 p.p*
Income attributable to the parent company	256.0	226.6	13.0%
	Jun. 23	**Dec. 22**	**Chg. (%)**
Equity	5,217.1	4,939.0	5.6%
Net financial debt	3,539.8	3,192.7	10.9%
Backlog	41,463.7	40,273.8	3.0%

During the first half of the year, the FCC Group saw an increase in its revenue to 4,319.8 million euros, 20.5% up on the same period in 2022. This growth was supported by the expansion seen in all business areas, similar to the figures posted for the first quarter of this year. The increase in the contribution made by activities related to the construction area (Cement and Construction) is worth particular mention, followed by the impressive increase in the Water area. As a whole, this performance does not reflect an appreciable impact made by the acquisitions or divestments undertaken in the entirety of the Group's consolidated perimeter.

Gross operating earnings (Ebitda) were up 21.6% to 733.4 million euros. This reflects a change that is very similar to the increase seen in revenue and a slight increase in operating profitability to 17%, compared to 16.8% during the same period the previous year. This can be explained by the general maintenance of margins in most areas of activity, combined with impressive progress in the Cement area, where the backdrop in relation to energy costs has been somewhat more benign, providing for the notable recovery of operating margins compared to the previous year. In turn, Ebit increased by 21.8% to 465.2 million euros, largely as a result of the aforementioned increase in Ebitda, together with a slight downward adjustment in the market value of a number of rental assets in the Real Estate area, offset by the positive earnings seen in the Cement are, thanks to the favourable resolution of a claim regarding the disposal of a number of assets.

Attributable net profit came to 256 million euros, 13% up year on year and in line with the increase posted in the first quarter of the year. This change includes the differential effect of the Other financial profit/(loss) heading, which made a contribution of 53.7 million euros during the first half of 2022, on account of the particularly positive exchange differences, compared to its slight negative contribution made in this first half of the year.

In turn, net financial debt ended the six-month period at 3,539.8 million euros, up by 10.9% compared to the end of 2022. This increase can be attributed to two factors. First of all, working capital, both on account of circumstantial factors, such as the strong progress made with projects, and the consumption of previous advances received, mainly in the Construction area. Secondly, the increase in investments associated with regulated activities related to the renewal and expansion of outstanding contracts in the Water and Environment areas.

By the end of the period, equity had posted an increase of 5.6% compared to year-end 2022, to 5,217.1 million euros, mainly attributable to the consolidated profit generated during the first half of the year.

The FCC Group's revenue backlog stood at 41,463.7 million euros as at 30 June 2023, up by 3% compared to the closing balance of the previous year, with a notable increase in the Water area.

3. SUMMARY BY BUSINESS AREA

(Millions of euros)

Area	Jun. 23	Jun. 22	Chg. (%)	% of 23 total	% of 22 total
REVENUE BY BUSINESS AREA					
Environment	1,883.9	1,757.0	7.2%	43.6%	49.0%
Water	706.7	614.4	15.0%	16.4%	17.1%
Construction	1,282.3	855.5	49.9%	29.7%	23.9%
Cement	320.7	247.1	29.8%	7.4%	6.9%
Real Estate	128.3	119.7	7.2%	3.0%	3.3%
Corporate serv. and others	(2.1)	(9.3)	-77.5%	0.0%	-0.3%
Total	**4,319.8**	**3,584.4**	**20.5%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	2,310.8	2,006.6	15.2%	53.5%	56.0%
United Kingdom	537.9	485.4	10.8%	12.5%	13.5%
Rest of Europe and Others	469.0	399.9	17.3%	10.9%	11.2%
Czech Republic	203.8	200.7	1.5%	4.7%	5.6%
America	627.8	324.8	93.3%	14.5%	9.1%
Middle East & Africa	170.5	167.0	2.1%	3.9%	4.7%
Total	**4,319.8**	**3,584.4**	**20.5%**	**100.0%**	**100.0%**
EBITDA*					
Environment	294.9	277.5	6.3%	40.2%	46.0%
Water	166.0	155.2	7.0%	22.6%	25.7%
Construction	76.9	56.1	37.0%	10.5%	9.3%
Cement	79.7	15.5	N/A	10.9%	2.6%
Real Estate	68.8	66.5	3.5%	9.4%	11.0%
Corporate serv. and others	47.1	32.4	45.7%	6.4%	5.4%
Total	**733.4**	**603.2**	**21.6%**	**100.0%**	**100.0%**
OPERATING PROFIT/(LOSS)					
Environment	148.4	145.6	1.9%	31.9%	38.1%
Water	86.1	81.4	5.8%	18.5%	21.3%
Construction	53.4	40.8	30.9%	11.5%	10.7%
Cement	86.7	(1.5)	N/A	18.6%	-0.4%
Real Estate	54.0	97.0	-44.3%	11.6%	25.4%
Corporate serv. and others	36.6	18.7	95.7%	7.9%	4.9%
Total	**465.2**	**382.0**	**21.8%**	**100.0%**	**100.0%**
	Jun. 23	**Dec. 22**	**Chg. (%)**	**% of 23 total**	**% of 22 total**
NET FINANCIAL DEBT*					
Corporate					
With recourse	(596.9)	(840.1)	-28.9%	-16.9%	-26.3%
Without recourse	88.7	87.1	1.8%	2.5%	2.7%
Areas					
Environment	1,386.9	1,227.6	13.0%	39.2%	38.5%
Water	1,703.9	1,642.8	3.7%	48.1%	51.5%
Cement	88.3	157.6	-44.0%	2.5%	4.9%
Real Estate	868.9	917.7	-5.3%	24.5%	28.7%
Total	**3,539.8**	**3,192.7**	**10.9%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,157.0	13,255.5	-0.7%	31.7%	32.9%
Water	22,080.6	20,312.7	8.7%	53.3%	50.4%
Construction	6,106.5	6,586.0	-7.3%	14.7%	16.4%
Real Estate	119.6	119.6	0.0%	0.3%	0.3%
Total	**41,463.7**	**40,273.8**	**3.0%**	**100.0%**	**100.0%**

** See page 30 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*
Corporate services and others includes Concession activity.

4. INCOME STATEMENT

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Revenue	**4,319.8**	**3,584.4**	**20.5%**
Gross Operating Profit (EBITDA)	**733.4**	**603.2**	**21.6%**
EBITDA Margin	***17.0%***	***16.8%***	***0.2 p.p***
Provision for amortisation of fixed and non-current assets	(282.8)	(245.8)	15.1%
Other operating income	14.6	24.6	-40.7%
Net Operating Profit (EBIT)	**465.2**	**382.0**	**21.8%**
EBIT margin	***10.8%***	***10.7%***	***0.1 p.p***
Financial income	(61.4)	(55.3)	11.0%
Other financial profit/(loss)	(1.4)	53.7	-102.6%
P/L of companies accounted for by the equity method	12.7	12.2	4.1%
Profit/(loss) before tax from continuing activities	**415.2**	**392.6**	5.8%
Company tax on profits	(98.9)	(89.3)	10.8%
Income from continuing operations	**316.2**	**303.3**	**4.3%**
Net Income	**316.2**	**303.3**	**4.3%**
Non-controlling interests	(60.3)	(76.7)	-21.4%
Income attributable to the parent company	**256.0**	**226.6**	**13.0%**

4.1 Net Revenue

Consolidated revenue grew to 4,319.8 million euros in the first half of the year, up 20.5% on the previous year. This shift reflects sustained growth throughout the period, with the increase in the contribution of the Construction and Cement areas worth particular mention, on account of the expansion of activity in all its areas of operation, largely on account of the increase in contracting volumes and sale prices, respectively. The Water and Environment areas also booked a more moderate increase, on account of the higher levels of activity linked to higher demand and new contracts executed.

The Environment area saw an increase of 7.2%, essentially thanks to the combination of the entry into service of new treatment and collection contracts in Spain and the USA.

Revenue in the Water area grew by 15%, attributable to multiple factors, including the contribution of the end-to-end cycle management operations acquired since 2022 in Colombia and Georgia, in addition to the operations in Saudi Arabia and the recovery of consumption and an increase in Technology and Networks activity, largely thanks to the work undertaken on operation contracts and end-to-end supply service.

In Construction, revenue increased by an impressive 49.9% compared to 2022, with a sustained increase since the start of the year and balanced across all geographies, with an established presence, in the case of Mexico, Spain, the United Kingdom and the Netherlands, which was reinforced by the start-up of contracts awarded in new jurisdictions, including the USA, Australia and Canada.

In the Cement area, revenues achieved impressive double-digit growth of 29.8%, attributable to the increase in local sales and sales for export, supported by better price conditions in general.

Finally, revenues in the Real Estate increased by 7.2% to 128.3 million euros, with an increase in property developments delivered and rental assets, partially offset by the absence of land sales.

Revenue breakdown by geographical area			
(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Spain	2,310.8	2,006.6	15.2%
United Kingdom	537.9	485.4	10.8%
Rest of Europe and Others	469.0	399.9	17.3%
Czech Republic	203.8	200.7	1.5%
America	627.8	324.8	93.3%
Middle East & Africa	170.5	167.0	2.1%
Total	**4,319.8**	**3,584.4**	**20.5%**

By geographical areas, *Spain* reduced its contribution, down to 53.5% of the Group's revenue as a whole, on account of the greater dynamism of other geographies, on 2,310.8 million euros, although this was up 15.2% year on year. With regards to the different areas of activity, the Environmental area's revenues rose by 6.4% due to the increase in all activities, in particular especially treatment, collection and street cleaning. The Water area's revenues rose by 9.6%, due to an increase in the non-domestic volumes in end-to-end cycle concessions in addition to operating activities and water network actions linked to concessions. The Construction area experienced growth of 35.9%, supported by the strong performance of ongoing projects, the start of new projects and price reviews. In the Cement area, revenue maintained its path of growth, 29.4%, during the period, with an increase attributable to higher sales prices. Real Estate activity, which is exclusive to Spain, has seen its income increase by 7.2% on account of these factors.

In the *United Kingdom*, there was growth in income generated of 10.8%, to 537.9 million euros, largely due to the increase in activity in the constructive development of transport infrastructure concession contracts combined with the increase in waste treatment and recovery plants in the Environment area, although tempered by the drop in the collection of the landfill tax (without no impact on Ebitda). In addition to the foregoing is the greater export shipments seen in the Cement area.

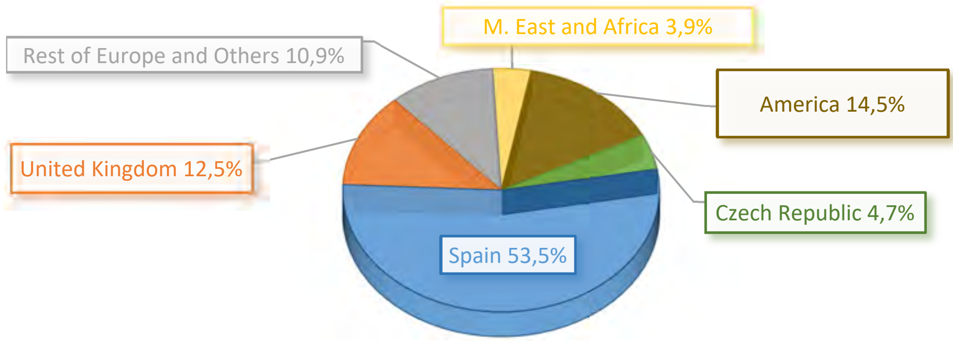
Czech Republic saw growth of 1.5%, to 203.8 million euros, with a greater contribution from the Water area on account of the rate review, enhanced by the positive impact of the Czech crown exchange rate (+4% in the period), which it was offset by a drop Environment activity linked to the drop in price of secondary raw materials.

Rest of Europe and Others, on 469 million euros, saw growth of 17.3%, largely due to higher revenues from Construction contracts in the Netherlands and Norway, combined with an increase in activity in the end-to-end water cycle in Georgia, France and Italy.

Revenue in *America*, increased significantly by 93.3%, to 627.8 million euros, largely attributable to the increase in the execution of civil works projects in the Construction area, especially in Mexico, as well as the continued expansion of Environment in the collection and treatment of municipal waste in the USA and new Construction contracts on which work has begun (USA and Canada) and new Water contracts in Colombia.

Finally, in the *Middle East and Africa*, activity rose by 2.1% to 170.5 million euros, largely thanks to the increase in Water activity in Saudi Arabia, combined with a moderate increase in Cement activity, offsetting the drop in activity in Construction.

% revenue by geographical area



4.2 Gross Operating Profit (EBITDA)

The Gross Operating Profit for the first half of the year amounted to 733.4 million euros, an increase of 21.6% compared to the previous year. This amount represents a margin of 17%, slightly up on the 16.8% booked in 2022. The increase seen is very similar to the increase in revenues; however, the increase in the Cement area is worth particular mention, among other factors, thanks to the relief produced by lower energy costs, in particular electricity prices, compared to historic maximums seen the previous year.

By business area, the most noteworthy developments have been:

The Environment area recorded 294.9 million euros, a 6.3% increase, in line with the revenues distributed across all activities of the value chain. The operating margin stood at 15.7%, similar to the 15.8% seen the previous year, although tempered by the planned shutdown of a treatment and recovery plant during the first quarter and the drop in the sale prices of by-products (both in Central Europe).

The Water area booked 166 million euros, up by 7% year on year, supported by the increase in contribution of concessions and services activity; this following the entry into Georgia and new contracts in Colombia, combined with the increase in non-domestic volume and rates in the main activity, which together offset the base effect of the reflection in accounts of the reversal of a provision the previous year. As a result, the margin stood at 23.5% compared to 25.3% during the same period of 2022.

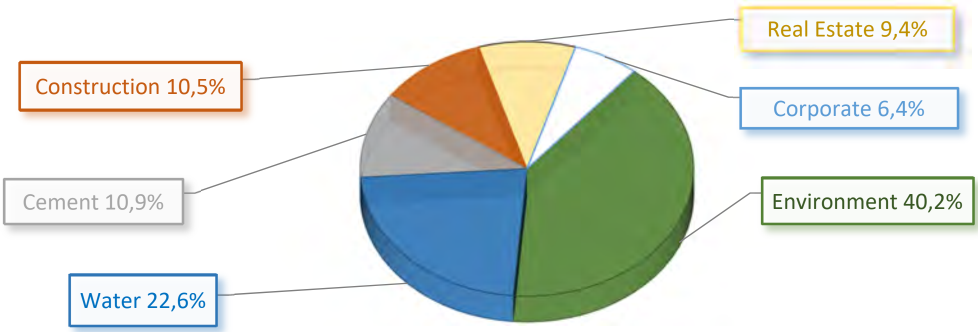
The Construction area recorded 76.9 million euros, up by 37% compared to 2022, improving the scheduling of ongoing projects and the start-up of other unforeseen projects. In turn, the operating margin stood at 6% compared to 6.6% the previous year.

In Cement, gross operating profit stood at 79.7 million euros, notably up compared to the 15.5 million euros seen the previous year. This increase can be explained by the combination of the substantial increase in revenues, supported by higher sales prices, together with a reduction in the cost of electricity, in particular in Spain. With this in mind, the margin during the period rose to 24.8% compared to 6.3% the previous year.

The Real Estate area booked an improvement of 3.5%, up to 68.8 million euros. This increase was lower than the increase in revenue given that the increase generated by rental assets and the increase in the delivery of property developments was offset by the absence of land sales during the period.

Finally, it is worth noting that Corporate Services and Others includes the Infrastructure Concessions, which reflects the entry into operation of line 1 of the Murcia Tramway; as a whole, this activity contributed 22.1 million euros during the first six months of the year, compared to 13.4 million euros in the previous year.

% EBITDA by Business Area



The performance of the utilities areas of Environment and Water maintained their high contribution to operating profit of 62.8% during the first half of the year. When adding in the recurring activity of real estate rental assets and transport concessions, this percentage contribution would increase to 73% of the total.

4.3 Net Operating Profit (EBIT)

Net operating profit amounted to 465.2 million euros, 21.8% more than in the previous year. This increase reflects, in addition to the changes in gross operating profit, other significant factors in Other Operating Income/(Losses): (i) the accounting impact of the review of the market value of rental assets in the Real Estate area, amounting to -14.8 million euros (compared to a positive impact of 29.7 million euros in 2022) and (ii) a positive contribution of 24.6 million euros in Cement following the favourable resolution of a dispute over the amount to be paid for the expropriation of land.

4.4 Earnings before Taxes (EBT) from continuing operations

The pre-tax profit from continuing activities booked came to 415.2 million euros, up by 5.8% compared to the 392.6 million euros seen in 2022. This can be attributed, practically in its entirety, to the strong performance of the operating activities being attenuated on the other side and the major contribution made by Other financial results compared to the same period the previous year.

Thus, the performance was as follows for the various components:

4.4.1 Financial income

The net financial result stood at -61.4 million euros, compared to -55.3 million euros the previous year, up by 11% and largely reflecting the impact of a higher average cost of financing, combined with an increase in the average volume of financial debt incurred during this period compared to the same period the previous year.

4.4.2 Other financial profit/(loss)

This heading includes the amount of -1.4 million euros during the first half of the year, compared to 53.7 million euros during the same period of 2022. The difference can mainly be attributed to the change in the exchange rate of certain currencies against the euro, which had an impact on Exchange differences of -2.2 million euros during the period, compared to the positive contribution of 49.9 million euros the previous year.

4.4.3 Profits/(losses) of companies accounted for by the equity method

The contribution of investee companies came in at 12.7 million euros, 4.1% up year on year; this contribution and growth in investees is mainly attributable to the Environment area, which was in turn mostly related to waste treatment and recovery plants. The remaining areas of activity did not experience any noteworthy changes in contribution during this period.

4.5 Income attributable to the parent company

The attributable net profit booked for the first half of the year came to 256 million euros, up by 13% year on year. This performance is supported, in addition to the comments made under pre-tax profit, by a reduction in the profit attributable to non-controlling shareholders, which came in at 60.3 million euros compared to 76.7 million euros the previous year, on account of the decrease seen in the Real Estate area.

4.6 Profit and loss statement figures on a pro rata basis

The most significant figures in the income statement, calculated on the basis of the percentage of effective shareholding in each of the subsidiaries, joint ventures and associates, are as follows.

	Jun. 23	Jun. 22	Chg. (%)
Revenue	**4,133.5**	**3,372.1**	**22.6%**
Gross Operating Profit (EBITDA)	**637.7**	**510.6**	**24.9%**
EBITDA Margin	*15.4%*	*15.1%*	*0.3 p.p*
Net Operating Profit (EBIT)	**407.8**	**305.1**	**33.7%**
EBIT margin	*9.9%*	*9.0%*	*0.9 p.p.*
Income attributable to the parent company	**256.0**	**226.6**	**13.0%**

5. BALANCE SHEET

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (€M)**
Intangible fixed and non-current assets	2,372.3	2,342.1	30.2
Property, plant and equipment	3,705.0	3,496.8	208.2
Real Estate investments	2,119.1	2,122.9	(3.8)
Investments accounted for using the equity method	535.5	502.6	32.9
Non-current financial assets	955.7	910.6	45.1
Deferred tax assets and other non-current assets	487.8	499.5	(11.7)
Non-current assets	**10,175.5**	**9,874.5**	**301.0**
Inventory	1,205.2	1,143.2	62.0
Trade and other receivables	2,969.1	2,468.0	501.1
Other current financial assets	251.7	221.3	30.4
Cash and cash equivalents	1,367.4	1,575.5	(208.1)
Current assets	**5,793.4**	**5,408.0**	**385.4**
TOTAL ASSETS	**15,968.9**	**15,282.5**	**686.4**
Equity attributable to shareholders of the parent company	3,644.3	3,387.9	256.4
Non-controlling interests	1,572.8	1,551.1	21.7
Equity	**5,217.1**	**4,939.0**	**278.1**
Subsidies	221.2	202.9	18.3
Non-current provisions	1,159.0	1,141.7	17.3
Long-term financial debt	3,780.5	3,860.7	(80.2)
Other non-current financial liabilities	444.4	410.6	33.8
Deferred tax liabilities and other non-current liabilities	443.2	430.7	12.5
Non-current liabilities	**6,048.3**	**6,046.6**	**1.7**
Current provisions	153.5	148.1	5.4
Short-term financial debt	1,368.4	1,121.8	246.6
Other current financial liabilities	256.8	211.3	45.5
Trade and other payables	2,924.8	2,815.7	109.1
Current liabilities	**4,703.5**	**4,296.9**	**406.6**
TOTAL LIABILITIES	**15,968.9**	**15,282.5**	**686.4**

5.1 Property, plant and equipment, intangible assets and real estate investments

Operating fixed assets increased to 8,196.4 million euros during the first six months of the year, 2.9% up on the end of the previous year, on account of the new assets incorporated into the Environment and Water area under Property, plant and equipment. Real-estate investments, adjusted for changes in their estimated market value, remain unchanged compared to the previous year.

5.2 Investments accounted for using the equity method

Investments accounted for using the equity method amounted to 535.5 million euros at the end of the six-month period, with the following breakdown of the most significant investments:

1) 232.4 million euros for the stake in companies in the Environment area (recycling and municipal services, mainly in Spain and the United Kingdom).
2) 125 million euros for the stake in transport and public infrastructure concessions, mainly in Spain, Peru and the United Kingdom.
3) 67.1 million euros for stakes held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa, Spain and Mexico).
4) 36.6 million euros from the subsidiaries of the parent company in the Cement area.
5) 39.4 million euros from investee companies in the Real Estate area.
6) 35 million euros in investees in the Construction area located abroad.

5.3 Non-current financial assets

The balance of 955.7 million euros at the end of the first six months of the year includes but is not limited to the investment in non-controlling shareholdings in companies, with the breakdown of the most relevant figures as follows:

1) 160.4 million euros in companies in the Real Estate area.
2) A total of 10.2 million euros for the shareholding held in companies in the Water area, largely concessionary companies that manage services abroad (North Africa).
3) 15.2 million euros in other holdings.

This heading also includes the collection rights from concession agreements, for the combined sum of 573 million euros, mainly from the Environment, Water and Transport Concessions areas, as well as financial credits granted to third parties, deposits and long-term bonds.

5.4 Cash and cash equivalents

The balance of the Cash and cash equivalents heading stood at 1,367.4 million euros at the end of June, 208.1 million euros less than the figure at the end of last year. This decrease can be attributed to the optimisation of available cash balances, once the most relevant refinancing and acquisitions planned during the preceding year were performed.

This balance is distributed in such a way that:

1) In the perimeter with recourse, cash and equivalents totalled 715.4 million euros.
2) In the perimeter without recourse, cash and equivalents amounted to 652.0 million euros.

5.5 Equity

Equity at the end of the period was 5,217.1 million euros, compared to 4.939 million euros at the end of 2022. This 5.6% increase was mainly due to the contribution of 316.2 million euros in net attributable profit in the period.

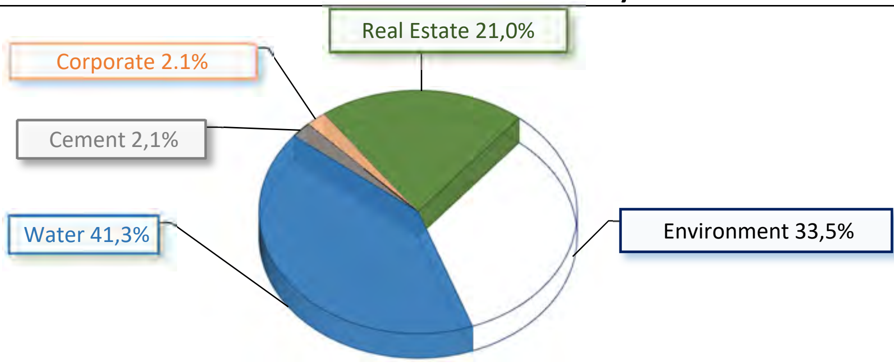
5.6 Financial debt

(Millions of euros)	Jun. 23	Dec. 22	Chg. (€M)
Bank borrowings	2,872.0	2,778.4	93.6
Debt instruments and other loans	2,119.6	2,040.8	78.8
Finance lease payables	19.8	24.9	(5.1)
Other financial liabilities	137.5	138.4	(0.9)
Gross Financial Debt	**5,148.9**	**4,982.5**	**166.4**
Treasury and other current financial assets	(1,609.1)	(1,789.8)	180.7
Net Financial Debt	**3,539.8**	**3,192.7**	**347.1**
Net financial debt with recourse	*(468.3)*	*(677.2)*	*208.9*
Net financial debt without recourse	*4,008.1*	*3,869.9*	*138.2*

By the end of the six-month period, the Group's gross financial debt had increased by 166.4 million euros, coming in at 5,148.9 million euros. 73.4% have a long-term maturity, for the sum of 3,780.5 million euros, divided between bank debt and capital market debt. Another 26.6% have a short-term maturity, the main balance of which corresponds to a bond of 600 million euros that is expected to be financed by the Environment area during the second half of the year. Furthermore, the remainder includes commercial paper issued on the Irish Stock Exchange by the parent company of the Group and the Environment area.

The balance of net financial debt increased by 10.9% compared to December last year, to 3,539.8 million euros. This increase can be attributed both to working capital, on account of circumstantial factors, such as the strong progress made with projects, and the consumption of previous advances received, mainly in the Construction area. It can also be attributed to the increase in investments associated with regulated activities related to the renewal and expansion of contracts, mainly in the Water and Environment areas.

Breakdown of Net Financial Debt without recourse by Business Area



Almost all of the net financial debt is without recourse and is mostly located in the Water Utilities and Environment areas and in the recurrent activity of rental property in Real Estate. As a result, the Group's parent company had a net cash position with recourse of 596.9 million euros at the end of June.

Net financial debt without recourse to the Group's parent company is structured as follows:

(i) The Water area accounts for an amount of 1,703.9 million euros, which mainly includes the financing of a long-term syndicated loan taken out in June 2022 and the financing of a corporate bond for its parent company for the sum of 649.5 million euros, maturing in June 2027; (ii) the Environment area accounts for 1,386.9 million euros, of which the majority corresponds to long-term bonds issued in 2019 by the parent company of the area, a further 100.6 million euros to activity in the United Kingdom, (iii) the Real Estate area has 868.9 million euros, concentrated mainly in its rental property activity; and (iv) the Cement area accounts for 88.3 million euros.

5.7 Other current and non-current financial liabilities

The epigraph of other current and non-current financial liabilities totals 701.2 million euros at the end of the six-month period. The balance mainly includes the item suppliers of fixed and non-current assets for operating leases, amounting to 436.1 million euros. It also includes other liabilities that are not financial liabilities, such as those associated with hedging derivatives, suppliers of fixed and non-current assets, guarantees and deposits received.

6. CASH FLOW

(Millions of Euros)	Jun. 23	Jun. 22	Chg. (%)
Gross Operating Profit (EBITDA)	**733.4**	**603.2**	**21.6%**
(Increase)/decrease in working capital	(519.6)	(154.1)	237.2%
Corporation tax (paid)/received	(50.6)	(14.6)	246.6%
Other operating cash flow	7.8	(27.2)	-128.7%
Operating cash flow	**171.0**	**407.3**	-58.0%
Investment payments	(449.2)	(543.2)	-17.3%
Divestment receipts	13.6	28.2	-51.8%
Other investment cash flows	50.8	37.2	36.6%
Investment cash flow	**(384.8)**	**(477.8)**	**-19.5%**
Interest paid	(83.5)	(66.9)	24.8%
(Payment)/receipt of financial liabilities	120.8	(239.9)	-150.4%
Other financing cash flow	(40.1)	(25.1)	59.8%
Financing cash flow	**(2.8)**	**(331.9)**	**-99.2%**
Exchange differences, change in consolidation scope, etc.	8.6	20.5	-58.0%
Increase/(decrease) in cash and cash equivalents	**(208.1)**	**(382.0)**	**-45.5%**

6.1 Operating cash flow

The operating cash flow generated during the first six-months of the year came to 171 million euros, 236.3 million euros down year on year, on account of the increase in the absorption of operating working capital, mainly in the Construction area in ongoing projects, which increased the application of funds to 519.6 million euros, compared to 154.1 million euros the previous year.

Corporate tax payments/(collections) include an outflow of 50.6 million euros compared to 14.6 million euros in 2022, as during the previous period, 39.2 million euros were collected with regard to the collection of instalments outstanding from 2020.

In turn, other operating cash flow includes an inflow of 7.8 million euros compared to an outflow 27.2 million euros the previous year, due to the increase in the collection of dividends, mainly in the Environment and Real Estate area.

6.2 Investment cash flow

The investment cash flow represents an application of 384.8 million euros compared to 477.8 million euros in the previous year. Payments for investments came to 449.2 million euros. The reduction seen compared to 2022 can be attributed to the reduction in acquisitions. Last year, in the Water area, GGU was acquired for the sum of 159 million euros and in the Real Estate area, 129.5 million euros were invested in the acquisition of a non-controlling shareholding in a listed company. In the opposite direction, the increase in start-up investments and planned investments in different Water and Environment contracts is worth particular mention. As a result, in terms of the latter, net payments for investments increased to 258.7 million euros during the first half of the year, compared to 142.8 million euros during the same period of the previous year.
During the first half of 2023, there were no significant divestments.

The breakdown of net investments by business area, excluding other cash flows from investment activities, in terms of payments and collections, is as follows:

(Millions of Euros)	**Jun. 23**	**Jun. 22**	**Chg. (€M)**
Environment	(258.7)	(142.8)	(115.9)
Water	(114.2)	(226.7)	112.5
Construction	(20.7)	(9.8)	(10.9)
Cement	(8.2)	(3.8)	(4.4)
Real Estate	(24.7)	(135.0)	110.3
Corporate serv., etc. & adjustments	(9.1)	3.1	(12.2)
Net investments *(Payments - Collections)*	**(435.6)**	**(515.0)**	**79.4**

In turn, Other investment flows increased to 50.8 million euros in the six-month period compared to 37.2 million euros the previous year, attributable to an increase in the collection of interest up to 18.6 million euros.

6.3 Financing cash flow

The financing cash flow reflects an application of 2.8 million euros compared to 331.9 million euros generated the previous year, on account of less intense refinancing activity during the first half of the year. The interest payment item shows an outflow of 83.5 million euros, mainly concentrated in the Water area and to a lesser extent, the Environment area.
Proceeds from/(payments on) financial liabilities reflects an inflow of 120.8 million euros compared to an outflow of 239.9 million the previous year, attributable to the refinancing process undertaken in the Water area during the first half of last year.

The figures reflected under Other financing flows include but are not limited to the investment in treasury stock and payment of dividends to non-controlling shareholders in the consolidated group for a combined amount of 40.1 million euros during the six-month period.

6.4 Change in cash and cash equivalents

As a result of the development of the different components of the cash flow, FCC Group's cash position ended the first half of the year down by 208.1 million euros, coming to a balance of 1,367.4 million euros.

7. ANALYSIS BY BUSINESS AREA

7.1. Environment

The Environment area contributed 40.2% of the Group's EBITDA in the first half of 2023. Around 79.4% of its activity focused on the provision of essential waste collection, treatment and disposal services, as well as street cleaning. The remaining 20.6% corresponded to other types of urban environmental activities, such as the conservation of green areas or sewage systems.

In Spain, it provides services in more than 3,700 municipalities and serves a population of more than 32 million inhabitants. It is worth mentioning the important weight of the urban waste management and street cleaning services. In the UK, it focuses on urban waste treatment, recovery and disposal activities and serves more than 16 million people. In Central Europe, mainly Austria and the Czech Republic, FCC is present across the entire waste management chain (collection, treatment and disposal). FCC's activity in the US involves both in the collection and comprehensive recovery of municipal waste, serving more than 11 million residents.

7.1.1. Earnings

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Turnover	1,883.9	1,757.0	7.2%
Waste collection and street cleaning	*939.5*	*841.4*	*11.7%*
Waste processing	*557.1*	*560.5*	*-0.6%*
Other services	*387.4*	*355.1*	*9.1%*
EBITDA	294.9	277.5	6.3%
EBITDA Margin	15.7%	15.8%	*-0.1 p.p*
EBIT	148.4	145.6	1.9%
EBIT margin	7.9%	8.3%	*-0.4 p.p*

Revenues in the Environment area were up 7.2% to reach 1,883.9 million euros in the first half of the year. Waste collection and street cleaning activity came in at 939.5 million euros, up by 11.7% following the entry into operation of new contracts, in particular in Spain and the USA. Waste treatment activity remained at levels that were practically the same as the previous year, on account of the drop in landfill tax. Other services and similar grew by 9.1% to 387.4 million euros.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Spain	1,013.9	953.1	6.4%
United Kingdom	388.9	383.6	1.4%
Central Europe	296.6	303.5	-2.3%
United States and other	184.5	116.8	58.0%
Total	**1,883.9**	**1,757.0**	**7.2%**

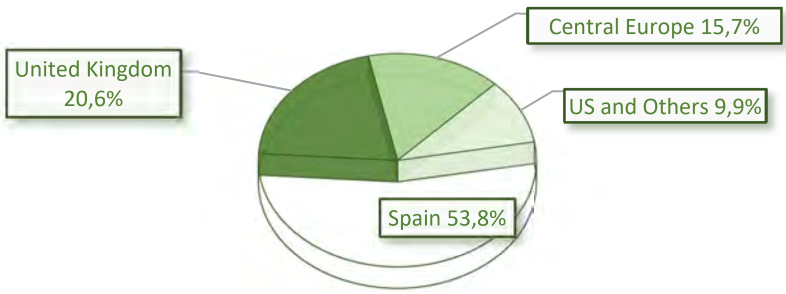
By geographical area, revenue increased in Spain by 6.4% compared to the first half of last year to 1,013.9 million euros, attributable to the strong performance seen in the waste collection and street cleaning activities as well as waste treatment activity. Other services booked similar figures as those seen during the previous six-month period.

In the United Kingdom, revenues increased by 1.4% to 388.9 million euros, mainly attributable to the increased contribution of recovery plants, largely offset by the drop in collection on account of the landfill tax. Adjusted for this component, with no impact on operating profit, revenues increased by 13.3% during the first half of the year.

In Central Europe, revenues fell by 2.3% to 296.6 million euros on account of the decrease in contribution from the Czech Republic, lower sale prices of the by-products generated and soil decontamination. The other activities and countries did not experience any appreciable changes.

Last but not least, revenue in the United States and other markets was up by an impressive 58% to 184.5 million euros, due to the contribution of the new contracts secured in collection and treatment activity, mainly in Florida, Texas and California.

Breakdown of revenue by geographical area



Gross operating income (EBITDA) increased by 6.3% to 294.9 million euros on account of the performance reflected under revenue, with the lower sale prices of certain by-products being offset by the increase in contribution of treatment and recovery plants (despite the effect of the planned shutdown of a plant in Austria during the first quarter of the year). With this in mind, the operating margin remained at similar levels to the previous year, at 15.7% of sales.

EBIT increased by 1.9% year-on-year to 148.4 million euros thanks to the performance of the different components mentioned in the EBITDA and an increase in the redemption costs of investments made in production assets.

Breakdown of backlog by geographical area

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (%)**
Spain	7,942.7	8,224.1	-3.4%
International	5,214.3	5,031.4	3.6%
Total	**13,157.0**	**13,255.5**	**-0.7%**

By the end of the first half of the year, the backlog had not suffered significant changes compared to last December, standing at 13,157 million euros. Internationally, it grew by 3.6% to 5,214.3 million euros, on account of the new contracts incorporated, both in the United Kingdom and in Central Europe, offsetting the 3.4% contraction seen in Spain, following the strong increase in renewals registered the previous year.

7.1.2. Financial Debt

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (€M)**
Net Financial Debt	1,386.9	1,227.6	159.3

Financial debt increased by 159.3 million euros compared to December 2022, up to 1,386.9 million euros, largely on account of an increase in investment activity in new contracts. The bulk corresponds to two green bonds for the combined sum of 1,100 million euros. The remainder corresponds to commercial paper and the financing of a project involving waste treatment and recycling plants, mainly in the United Kingdom.

7.2. Water

The Water area contributed 22.6% of FCC Group EBITDA in the period. 90.9% of its activity is focused on public service concession management related to the end-to-end water cycle (collection, treatment, storage and distribution) and the operation of different types of water infrastructures; the remaining 9.1% corresponds to Technology and Networks, which is responsible for the design, engineering and equipment of hydraulic infrastructures, related in the large part to the development of new concessions and ancillary works for operations.

In Spain, the area serves more than 13 million inhabitants. In Central and Eastern Europe, it is mainly present in the Czech Republic and Georgia, serving close to 3 million users across the two countries; in other EU countries, its presence in Italy, France and Portugal is worth particular mention. In Latin America, the Middle East, and Africa its activity centres on the design, equipping, and operation of hydraulic infrastructures and processing plants. Overall, the Water area provides supply and/or sanitation services to more than 30 million inhabitants.

7.2.1 Earnings

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Turnover	706.7	614.4	15.0%
Concessions and services	*642.1*	*564.1*	13.8%
Technology and networks	*64.6*	*50.3*	28.4%
EBITDA	166.0	155.2	7.0%
EBITDA Margin	23.5%	25.3%	*-1.8 p.p*
EBIT	86.1	81.4	5.8%
EBIT margin	12.2%	13.2%	*-1.1 p.p*

As at June, revenues had increased by 15% year on year, coming in at 706.7 million euros, mainly attributable to the increase in the activity of municipal concessions and end-to-end cycle management, on account of the increase in general rates combined with the increase in the contribution of new contracts in Colombia and Saudi Arabia. Technology and Networks activity grew by 28.4%, supported by works for the most part associated with operating concessions in Spain and Italy.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Spain	441.5	403.0	9.6%
Central and Eastern Europe	112.8	91.5	23.3%
Middle East, Africa and Other	65.1	58.7	10.9%
Rest of Europe (France, Portugal and Italy)	51.9	41.2	26.0%
Latin America	35.4	20.0	77.0%
Total	**706.7**	**614.4**	**15.0%**

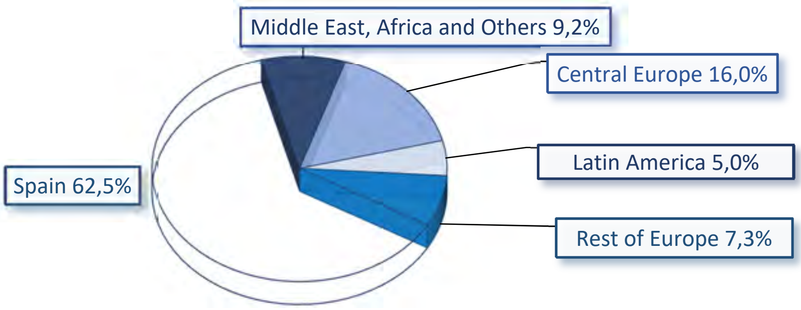
By geographical area, revenues in Spain increased by 9.6%, to 441.5 million euros, mainly attributable to Concessions activity, as a result of the significant growth of m3 billed in the non-domestic market and, to a lesser extent, in the domestic market. as well as a rate increase. Technology and Networks activity also performed positively on account of the performance of works as part of investment plans associated with concession agreements.

In Central and Eastern Europe, this grew by an outstanding 23.3% to 112.8 million euros. The most significant growth was seen in the two main jurisdictions of Concessions and Services activity, the Czech Republic and Georgia, in a balanced way in both countries. The Czech Republic experienced growth following the rate update in its end-to-end cycle activity and the favourable performance of the Czech koruna (+4% during the period). In Georgia, growth stood at 27.5%, with the increase in demand combining with the positive effect of the exchange rate (+19.6%). Elsewhere in Europe, revenues also increased notably, by 26% to 51.9 million euros, on account of the increase in concession activity due to the new contracts in force in France, accompanied by an increase in the volume of actions in the infrastructures of the end-to-end cycle concession in Italy.

In the Middle East, Africa and Others, turnover increased by 10.9% to 65.1 million euros, mainly on account of the increase in activity in Saudi Arabia, where the two regional contracts ("cluster") were launched during the past year. The contribution made by the Mostaganem concession in Algeria also increased. On the contrary, Technology and Networks activity dropped on account of the completion of the construction of the Abu Rawash project in Egypt and its entry into operation.

Finally, in Latin America turnover grew by an impressive 77% to 35.4 million euros, on account of the increased contribution of the different end-to-end cycle concessions in Colombia.

Breakdown of revenue by geographical area



Gross operating earnings (EBITDA) increased by 7% to 166 million euros. This improvement includes the increase in all the areas of operations described together with the base effect of the reflection in accounting of a reversal of a provision of 11.2 million euros made during the previous period linked to the resolution of a dispute in Spain. Adjusted for this effect, the 23.5% margin booked during the first half of the year would be similar to the margin booked last year.

Net operating profit (EBIT) increased by 5.8% compared to June the previous year, to 86.1 million euros, as a result of the aforementioned performance of gross operating profit combined with the effect of the increase in provisions made for amortisation, associated with the increase in the volume of assets owned and operated during the period.

Breakdown of backlog by geographical area

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (%)**
Spain	7,075.2	7,049.2	0.4%
International	15,005.4	13,263.5	13.1%
Total	**22,080.6**	**20,312.7**	**8.7%**

The backlog at the end of June stood at 22,080.6 million euros, 8.7% up on December 2022. Internationally, it grew by an impressive 13.1% thanks to contracts in Georgia, Saudi Arabia and Colombia. In Spain, it remained at practically the same level as seen the previous year.

7.2.2. Financial Debt

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (€M)**
Net Financial Debt	1,703.9	1,642.8	61.1

Net financial debt stood at 1,703.9 million euros at the end of June, up by 61.1 million euros compared to December 2022. This growth can largely be attributed to the increase in investments linked to the plans made in relation to end-to-end cycle concessions and the seasonal nature of working capital.

7.3. Construction

The Construction area contributed 10.5% of the FCC Group's EBITDA at the end of the business year. Its activity focuses on the design and construction of large civil, industrial and building works, with a selective presence in certain regions, currently around 15 countries. Special mention should go to participation in major works like railways, tunnels, motorways and football stadiums that constituted a major part of the activity.

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Turnover	1,282.3	855.5	49.9%
EBITDA	76.9	56.1	37.0%
EBITDA Margin	*6.0%*	*6.6%*	*-0.6 p.p*
EBIT	53.4	40.8	30.9%
EBIT margin	*4.2%*	*4.8%*	*-0.6 p.p*

Revenues from the area increased by an impressive 49.9% to 1,282.3 million euros attributable the continued good pace of ongoing projects combined with new projects secured during the past year, mainly in America and several European countries.

Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Spain	535.5	394.0	35.9%
Rest of Europe and Others	276.9	194.8	42.1%
America	396.9	189.6	109.3%
Middle East and Africa	73.0	77.1	-5.3%
Total	**1,282.3**	**855.5**	**49.9%**

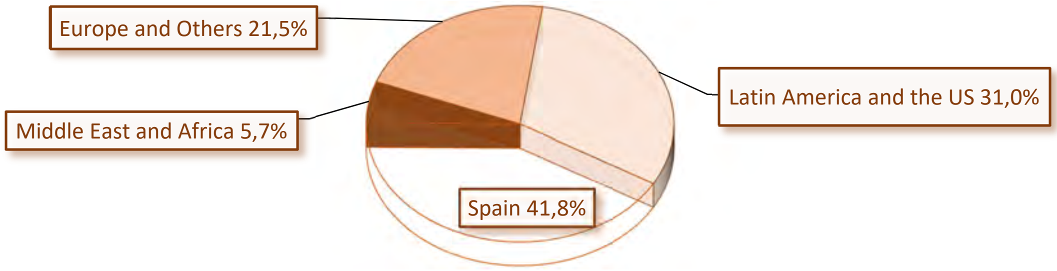
By geographical area, turnover in Spain increased by 35.9%, to 535.5 million euros, with good progress being made in all ongoing works and the start-up of new projects, mostly in the public sector.

Likewise, in the Rest of Europe and other markets, revenue grew by 42.1% year-on-year, coming to 276.9 million euros, mainly on account of the progress made with the A-9 motorway in the Netherlands and A-465 in Wales (United Kingdom), which comfortably offset the end of other works, such as the Haren prison in Belgium.

In America, turnover grew significantly to 396.9 million euros, largely on account of the increased contribution of the Mayan Train project in Mexico and the start of railway works in Toronto (Canada) and in the USA, combined with the strong progress of other works, including the Lima Metro and progress with other works in Colombia and Chile.

There was a drop in revenue in this area in the Middle East, which fell by 5.3% to 73 million euros, following the sustained contribution of works in Saudi Arabia which was unable to offset the completion of the railways completed in the capital of Qatar last year.

Breakdown of revenue by geographical area



Gross operating profit increased by 37% to €76.9 million compared to €56.1 million the previous year. This increase can be attributed to the income performance explained above, although there was a slowdown compared to last year's margin, which included certain adjustments in the degree of progress made and the different distribution of work in certain international projects. Thus, the operating margin for the period stood at 6%, similar to the margin booked for the first quarter of the year and in line with the budget forecast.

In turn, net operating profit stood at 53.4 million euros, 30.9% up on the previous year, reflecting the performance of gross operating profit explained earlier and the higher depreciation of machinery compared to the increase in activity.

Breakdown of backlog by geographical area

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (%)**
Spain	1,979.8	1,817.3	8.9%
International	4,126.7	4,768.7	-13.5%
Total	**6,106.5**	**6,586.0**	**-7.3%**

The revenue backlog at the end of June fell by 7.3%, to 6,106.5 million euros. Internationally, there was a reduction of 13.5%, following the significant increase in contracting seen last year. In turn, the recovery in Spain remained steady, up by 8.9%, mainly attributable to the award of new works, including the construction of the new ONCE headquarters.

Breakdown of the Backlog by Activity Segment

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (%)**
Civil engineering works	4,971.0	5,569.7	-10.7%
Building	514.9	503.9	2.2%
Industrial Projects	620.6	512.4	21.1%
Total	**6,106.5**	**6,586.0**	**-7.3%**

By activity type, civil engineering continues to dominate, accounting for 81.4% of the total, concentrated in large public contracts in certain selective markets in Europe, America and the Middle East.

7.4. Cement

The Cement area accounted for 10.9% of the FCC Group's EBITDA during the period. This activity was undertaken by the CPV Group, which focuses on manufacturing cement and by-products, with seven main production centres in Spain and 1 in Tunisia, in addition to a minority stake of 45% in Giant Cement, which owns a number of factories on the east coast of the USA.

7.4.1. Earnings

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Turnover	320.7	247.1	29.8%
Cement	*294.8*	*227.3*	*29.7%*
Other	*25.9*	*19.8*	*30.8%*
EBITDA	79.7	15.5	N/A
EBITDA Margin	*24.8%*	*6.3%*	*18.6 p.p*
EBIT	86.7	(1.5)	N/A
EBIT margin	*27.0%*	*-0.6%*	*27.6 p.p*

Revenues from the area grew by 29.8% to 320.7 million euros compared to June the previous year, following the increase in prices seen in both the Spanish and Tunisian markets, in addition to the increase in exports from Spain.

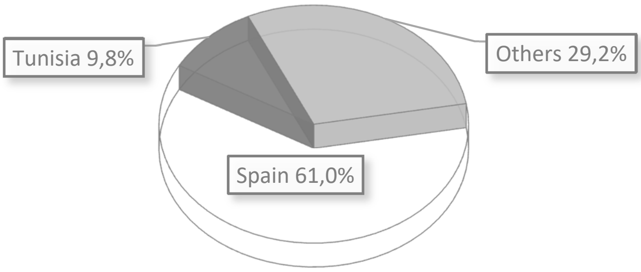
Breakdown of revenue by geographical area			
(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Spain	195.5	151.1	29.4%
Tunisia	31.6	27.4	15.2%
Miscellaneous (exports)	93.6	68.6	36.4%
Total	**320.7**	**247.1**	**29.8%**

By geographical areas, turnover in Spain increased by 29.4% to 195.5 million euros, on account of the aforementioned increase in prices combined with volumes that remained with no major change year on year.

In the local Tunisian market, turnover increased by 15.2% to 31.6 million euros, on account, as is the case in Spain, to the significant increase in prices that offset the decrease in volumes.

In turn, revenue from exports grew by 36.4%, coming to 93.6 million euros, on account of the increase in shipments from Spain to certain countries in Europe and America, combined with price increases, offsetting the reduction of shipments from Tunisia.

Breakdown of revenue by geographical area



In turn, there was a significant increase in gross operating profit, coming to 79.7 million euros compared to 15.5 million euros during the first half of the previous year. This increase can be attributed both to the increase in sales and the significant drop in electricity prices in Spain, resulting in the operating margin standing at 24.8%.

Net operating profit was 86.7 million euros compared to -1.5 million the previous year, due, on the one hand, to the performance of gross operating profit addressed above, combined with the positive contribution of 24.5 million euros following the resolution in our favour of an expropriation dispute.

7.4.2. Financial Debt

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (€M)**
Net financial debt	88.3	157.6	(69.3)

Net financial debt, in its entirety without recourse to the Group's parent company, decreased significantly by 69.3 million euros compared to December last year, standing at 88.3 million euros at the end of the first half of the year, following the cash generated by operating and investment operations during the period, making it possible to reduce both the balance of available and net debt at the end of the period.

7.5. Real Estate

The Real Estate area contributed 9.4% of the FCC Group's EBITDA during the first six months of the year. Its activity is centred in Spain and is structured in two main activities, with the first being the holding, development, and operation of all types of real estate on a rental basis (mainly offices, premises, and shopping centres). This is in addition to the development for sale of properties, which includes the urban management of its land portfolio, providing development management services for third parties.

7.5.1. Earnings

(Millions of euros)	**Jun. 23**	**Jun. 22**	**Chg. (%)**
Turnover	128.3	119.7	7.2%
Equity	*57.9*	*52.9*	*9.5%*
Development and land	*70.4*	*66.8*	*5.3%*
EBITDA	68.8	66.5	3.5%
EBITDA Margin	*53.6%*	*55.6%*	*-1.9 p.p*
EBIT	54.0	97.0	-44.3%
EBIT margin	*42.1%*	*81.0%*	*-38.9 p.p*

Revenues from the area came to 128.3 million euros during the first half of 2023, up by 7.2% year on year. This can be attributed both to the price reviews undertaken and the increase in rented area in rental property as well as the increase in the volume of deliveries made in terms of property development.

Residential Development activity booked income of 70.4 million euros, up by 5.3% on account of the substantial increase in property sales, largely offset by the absence of land sales during the period, compared to the 33 million euros registered the previous year.

Equity stood at 57.9 million euros, up by 9.5%. Its revenues are concentrated in the use of offices (comprising Jezzine's network of properties dedicated to the rental of bank branches), which accounted for almost 85% of the total, followed by rent generated by the operation of shopping centres. At the end of June, the rate exceeded 94%, supported by high occupancy levels in all uses, locations, and the very long-term contract held by the subsidiary Jezzine in relation to bank offices.

EBITDA increased by 3.5% to 68.8 million euros, with an operating margin of 53.6%, with the slight reduction reflecting the base effect of land sales during the previous period. The margin booked by the area reflects the dominant contribution of Equity activity, which contributed 76% of the total during the first six months of the year.

In turn, EBIT reflected both the effect of the aforementioned EBITDA performance, combined with the impact of reflecting the change in the fair market value of its rental assets at the end of the six-month period for a total amount of -14.7 million euros, compared to the positive amount of 29.7 million euros booked during the first half of 2022.

7.5.2. Financial Debt

(Millions of euros)	**Jun. 23**	**Dec. 22**	**Chg. (€M)**
Net financial debt	868.9	917.7	(48.8)

The financial debt balance at 30 June 2023 stood at 868.9 million euros, down by 48.8 million euros. Most of the debt in the area can be attributed to equity subsidiaries, without recourse to the parent company of the FCC Group, accounting for a combined amount of 740.3 million euros at year-end, with the remainder corresponding to various interests acquired in subsidiaries and investees.

8. SHARE INFORMATION

8.1. Stock market performance

	Jan. – Jun. 2023	Jan. – Jun. 2022
Closing price (€)	11.82	9.43
Change in the period	*34.00%*	*-11.84%*
High (€)	11.84	11.02*
Low (€)	8.66	9.02*
Average daily trading (no. of shares)	50,959	53,218
Average daily trading (million euros)	0.5	0.6
Capitalisation at end of period (million euros)	5,139	4,009
No. of shares circulating at 30 June	434,823,566	425,173,636

** 2022 Data adjusted for scrip dividend*

8.2. Dividends

The Company's Board of Directors, at its meeting held on 28 June 2023, agreed to implement the agreement on the distribution of the scrip dividend adopted for the sum of €0.50/share, at FCC's General Shareholders' Meeting on 14 June 2023, in item 7 of the Agenda, in compliance with the terms and conditions agreed at the General Shareholders' Meeting. Subsequently, at the end of the first six months of the year, in July, the holders of 99.18% of the free allocation rights chose to receive new shares, up on previous years. Therefore, the increase in paid-up capital stood at 22,697,739 shares.

8.3. Treasury stock

On 14 June 2023, the redemption of a maximum of 0.85% of the share capital was approved at the General Shareholders' Meeting, ratified by the Board of Directors on 15 June and registered in the Mercantile Registry of Barcelona on 27 June of 2023, with a total of 3,521,417 shares redeemed, taking the company's capital stock to 434,823,566 shares. As a result, the treasury stock position at 30 June 2023 amounted to 854,234 shares, equivalent to 0.19% of the capital stock.

On 28 June 2023, the Board of Directors also agreed to redeem the 854,234 treasury shares circulating on that date; this operation was reflected in the Mercantile Registry on 25 July, in such a way that the treasury stock position, on the reporting date, stood at 44,957 shares.

Following this redemption and the capital increase resulting from the "scrip dividend", FCC's share capital, at the reporting date, stood at 456,667,071 shares.

9. 2H2023 RISKS AND OUTLOOK

As a benchmark global group in the design, execution and management of infrastructures and services, FCC is subject to a variety of environmental and socio-political environments and regulatory frameworks. In this context, the FCC Group is exposed both to the risks inherent to its activities and to the risks related to global and local environmental, economic, social and geopolitical environments. However, the FCC Group operates in sectors classed as essential, with growing global needs, such as environmental services and water management, infrastructure and real estate, and has shown, in its more than 120 years of experience, that it is resilient enough to overcome complex circumstances like the ones we are seeing. The Group's resilience is based on solid foundations, a solid risk management framework, a commitment to good corporate governance and sustainability and financial prudence, as well as a focus on the challenges of the future.

Global risks and outlook

The global outlook anticipates a worsening of the economic situation during the second half of 2023. Based on the International Monetary Fund forecast released in April 2023, growth will slow from 3.4% in 2022 to 2.8% in 2023, before slowly increasing and stabilising at 3.0% in five years. This represents the lowest medium-term forecast in decades. Advanced economies are expected to experience a particularly significant slowdown in growth, from 2.7% in 2022 to 1.3% in 2023. This weak outlook can be attributed to the tight monetary policy stance taken to reduce inflation, the impact of the recent deterioration in financial conditions, the war in Ukraine and growing geo-economic fragmentation. Headline inflation is expected to drop from 8.7% in 2022 to 7.0% in 2023 on account of the decrease in commodity prices; however, core inflation is likely to decrease at a slower pace, against a backdrop of labour shortages in a variety of economies.

With vulnerabilities in the banking sector having come to the fore and fears of contagion in the financial system, including non-bank financial institutions, having increased, the spillover effects of monetary policy are now becoming visible. The tension in this sector could increase and contagion could spread, weakening the real economy as financing conditions deteriorate significantly. Against a backdrop of higher debt costs and lower growth, the sources of sovereign over-indebtedness could expand and become systemic. Debt sustainability in the medium term could require consolidation at times, as well as debt restructuring in certain cases, potentially leading to budgetary constraints when it comes to investments.

These circumstances could result in a reduction in demand and investment forecasts. In response to this economic backdrop, governments may see themselves forced to change fiscal policies, public-private collaboration models or infrastructure investments, potentially resulting in changes when it comes to business opportunities.

Moreover, the FCC Group must manage the risks and opportunities derived from a series of global trends, such as climate change, water stress, demographic pressure, the circular economy, the speed up of the digital transformation and the protection of diversity, which may affect its business model, but which also open up new development opportunities and the chance to contribute value, with the development of competitive and technologically advanced solutions, in line with the Sustainable Development Goals (SDGs) and the 2030 Agenda, channelled through the specialisation of its business areas in the field of design, execution and management of infrastructures and real-estate and services associated with the environment, water and mobility. In this connection, these Areas are participating in the EU's Next Generation funds programme.

Strategic risks and focus by business line

FCC Medioambiente, which has developed its 2050 Sustainability Strategy, reflects its staunch commitment to climate change, amongst other initiatives, through the issuance of green bonds to finance projects that have environmental benefits and place a focus on the switch in the sector towards a circular economy model, with progressively stricter regulations promoting the recovery of waste, as well as the reduction of greenhouse gas emissions. In terms of the performance of activity, the operation of new contracts such as the waste collection contract in the city of Palm Coast in Florida (USA) is worth particular mention.

In the Water Area, Aqualia assesses and controls environmental risks through the projects, initiatives and indicators that form part of its 2021-2023 Strategic Sustainability Plan. In turn, it continually invests in improving the distribution network with a view to minimising losses throughout the entire water cycle, promotes agreements with the value chain to reuse products and establishes public-private partnerships for the construction and renovation of appropriate infrastructures. This Area aims to maintain its competitive position in the end-to-end water cycle management markets in which it has a consolidated presence, including in Europe, and harness the opportunities that arise in this activity in other expanding markets in North Africa, Latin America and the Middle East.
FCC Construcción structures its strategy around maintaining its presence in countries and markets known for their stability, through demanding risk management, which must provide access to a selective portfolio of projects that ensure profitability and generate cash flow, with major infrastructure works in progress in Saudi Arabia, Mexico, the United Kingdom, Peru, Chile, Colombia, Norway, the Netherlands and Romania, to name just a few. It will also continue with the development and increase of its presence in the North American and Australian markets.

The Cement area is in the process of implementing initiatives such as process automation, data analysis to optimise performance or the Internet of Things to monitor and ensure product quality using sensors as well as progressively replacing fossil fuels with alternative fuels.

In turn, the Real Estate area, in the form of FCC Inmobiliaria and dedicated to the property business, with "prime" assets that offer major security when it comes to generating cash flows and the property development and land management business, maintains its commitment to improving architecture and urban design while confronted with climate change as well as the customer experience by applying innovative and efficient solutions.

Financial risks and outlook

The FCC Group's ability to obtain financing depends a variety of factors, some of which are beyond its control and could be affected by adverse factors including, but not limited to, the armed conflict in Ukraine, the prospect of a persistently high inflation and a backdrop of high interest rates, the vulnerabilities of the banking system, the accumulated increase in the costs of public debt, the availability of funds from financial institutions or the resulting economic situation in general. The FCC Group has continued to spare no efforts in the search for balanced sources of financing and undertake actions aimed at confronting these growing uncertainties from a position of stability and financial strength.

The FCC Group looks to the second half of 2023 with solid financial structures, with financing amounts, terms and costs that are appropriate to the nature of its different business areas. During this period, the departments responsible for each of the business units, in cooperation with the General Administration and Finance Division, will continue working on the management, assessment and mitigation of the different financial risks, on the management of decisions in relation to risk transfer mechanisms (insurance) and interest rate hedges and asset risk management.

Operational and compliance risks

The complexity and diversity of the projects in which the FCC Group participates requires a great effort in identifying and assessing operating risks from the study phase to completion, to enable contracts to be completed within the deadlines, scope and profitability targets. Among the potential operational risks that could affect the Group's operations during the second half of 2023 are:

- the termination or amendment of contracts and rescheduling of projects, requiring on-going monitoring of contractual contingencies, planning and operational budgets.
- changes in planned production costs, especially the costs of raw materials, materials, fuels and energy, subcontracted services and salaries and other employment costs. These circumstances could be compounded by the potential shortage of materials and operators as well as supply chain disruptions. The Group confronts these risks applying budgetary control measures and project planning policies.
- changes in the value of real estate investments, which the Group monitors by having independent experts perform periodic appraisals.
- cybersecurity attacks, with the FCC Group continuing to strengthen its protection and develop different action plans to protect the security of systems and assets.

- the FCC Group will continue to develop improvement plans and review its health and safety policies to guarantee the health and safety of people, allowing the group to monitor how FCC grows as a healthy company and applying a certified occupational hazard prevention system.

- the risks derived from quality assurance and ensuring respect for the environment of the activities and services they provide, for which FCC's Business Areas have certified quality assurance, environmental management systems, in accordance with international standards, and specifically, some of these are part of the EU's Eco-Management and Audit Scheme.

- vulnerability to natural disasters, during which, in addition to implementing different prevention methods, the FCC Group's policy sets to take out the necessary insurance policies to cover the possible risks to which the various elements of its property, plant and equipment and the activities carried out are subject.

Elsewhere, the FCC Group has developed its Compliance Model, structured around the Code of Ethics and Conduct, reflected in policies, procedures and internal controls, which are regularly reviewed and updated. The pillars of this Model are: transparent conduct, respect for the law and due diligence and accountability, and its purpose is to prevent and detect risks of non-compliance, including those linked to criminal offences, as well as minimising any potential negative impacts. Regarding other compliance risks, such as contractual disputes and a potential increase in litigation, a huge effort will continue to be made on monitoring and managing contracts and identifying legal risks.

Explanatory note

EBITDA

We define EBITDA as earnings from continuing operations before tax, earnings of companies accounted for using the equity method, financial result, depreciation and amortisation charges, impairment, gains or losses on disposals of non-current assets, grants, net changes in provisions and other non-recurring revenues and expenses.

BACKLOG

The FCC Group uses the backlog as an additional accounting measure in certain areas of our businesses. We calculate the backlog for our Environment, Water and Construction areas because these businesses are characterised by medium and long-term contracts. Because of its typically short-term purchase cycle, we do not calculate backlog for our Cement business area.

As at any given date, the backlog reflects pending production, that is, amounts under contracts or client orders, net of taxes on production, less any amounts under those contracts or orders that have already been recognised as revenue. We value pending production according to current prices as at the date of calculation. We include in backlog only amounts to which clients are obligated by a signed contract or firm order.

At the Environment division, we recognise the backlog for our waste management contracts only when the relevant contract grants us exclusivity in the geographical area where the plant, landfill or other facility is located.

In our Water business area, we calculate initial backlog on the basis of the same long-term volume estimates that serve as the basis for our contracts with clients and for the tariffs set in those contracts.

In our Construction business area, we recognise the backlog only when we have a signed contract with, or a firm order from, the end client.

Once we have included a contract in our backlog, the value of pending production under that contract remains in backlog until fulfilled or cancelled. However, we do adjust the values of orders in the backlog as needed to reflect any price or schedule changes that may be agreed with the client. For example, after the date of calculation, a price may increase or decrease as a result of changes in contractual production due to additional works to be performed. Due to a number of possible factors, we could fail to realise as revenue part or all of our calculated backlog with regard to a given contract or order. Our backlog is subject to adjustments and project cancellations and is, therefore, an uncertain indicator of future earnings.

In the Real Estate area, the backlog corresponds to the amount of the collection corresponding to the sales of properties pending formalisation at the end of the period in the Development activity. The GAV at the market value of the real estate assets as determined by independent experts and the occupancy rate at the occupied surface area of the portfolio of rental property assets divided by the portfolio's operating surface area.

NET FINANCIAL DEBT

Net financial debt is defined as total gross financial debt (current and non-current) less current financial assets, cash and other cash equivalents.

10. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 30 June 2023, prepared in accordance with the International Financial Reporting Standards (IFRS) that had been adopted by the European Union at the end of the period, in conformity with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002.

No liability whatsoever is assumed by the Company, its advisors or representatives, whether for negligence or otherwise, with respect to any loss or damage arising from any use whatsoever of this document or its contents.

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