Business performance
9M2023

1. FCC GROUP – EXECUTIVE SUMMARY

KEY FIGURES

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Revenue	6,660.2	5,542.1	20.2%
Gross operating profit (EBITDA)	1,131.3	940.2	20.3%
EBITDA margin	17.0%	17.0%	*0.0 p.p*
Income attributable to the parent company	401.4	358.3	12.0%
	Sept. 23	**Dec. 22**	**Chg. (%)**
Equity	5,387.4	4,939.0	9.1%
Net financial debt	3,816.1	3,192.7	19.5%
Backlog	42,162.6	40,273.8	4.7%

- During the third quarter of 2023, the revenue recognised by the FCC Group increased by 20.2% to €6,660.2 million attributable to the sustained organic double-digit growth in activity in most business areas, with Construction worth particular mention, which saw a 50.2% increase.
- Gross operating profit (Ebitda) increased during the period to €1,131.3 million, up by 20.3%, on account of the increase in revenue, with the biggest increase coming from the Cement and Construction areas, on account of the significant increase in their activity. The positive impact of the moderation in energy costs is also worth mention, particular noteworthy in Cement, has been offset by the lower recovery of provisions in the Water area and the planned shutdowns in the Environment area. All in all, the Group's gross operating margin stood at 17%, identical to the figure achieved the previous year.
- In turn, attributable net profit increased by 12.0% to €401.4 million. Tempered growth with respect to the growth seen in operations can be explained by a contribution of just €9.1 million by Financial Results, with the most important change seen in the variation of the exchange rate registered during the period compared to the substantial contribution of €81.1 million in the same period last year.
- Net financial debt on 30 September stood at €3,816.1 million, up by 19.5% compared to December 2022, largely attributable to the application of working capital and the undertaking of certain projects by Construction, combined with the value of investments contracted, especially in the Environment and Water areas, in several contracts entered into the previous year.
- Equity grew by 9.1% to €5,387.4 million, due to the increase in the Group's consolidated result to €498.1 million, of which €96.7 million corresponded to minority shareholders, mainly located in the Environment and Water areas and to a lesser extent in Real Estate.
- The FCC Group's revenue portfolio at the end of the first nine months grew by 4.7%, to €42,162.6 million, compared to the end of last year. The growth achieved so far in 2023 is worth particular note, considering the significant increase in contracting over the past year. This increase can be traced to integral cycle contracts in the Water Area and in Environment.
- Finally, it should be noted that last August, FCC S.A. requested authorisation from the CNMV for a takeover bid by means of a capital reduction through the acquisition of a maximum of 32,027,600 own shares, representing 7.01% of its capital stock. On 19 July, the AGM agreed, with a vote in favour of 93.58% of the capital in attendance, on the reduction of capital, as well as the determination of the main terms and conditions of the Bid. On 25th October the CNMV authorised the operation and the period of acceptance commenced on 30th October.

2. FCC GROUP – KEY FIGURES BY AREA

(million euros)

Area	Sept. 23	Sept. 22	Chg. (%)	% of 23 total	% of 22 total
REVENUE BY BUSINESS AREA					
Environment	2,857.8	2,692.4	6.1%	42.9%	48.6%
Water	1,098.2	970.3	13.2%	16.5%	17.5%
Construction	2,047.0	1,362.6	50.2%	30.7%	24.6%
Cement	471.1	377.3	24.9%	7.1%	6.8%
Real Estate	188.4	157.0	20.0%	2.8%	2.8%
Corporate serv. and others	(2.3)	(17.5)	-86.8%	0.0%	-0.3%
Total	**6,660.2**	**5,542.1**	**20.2%**	**100.0%**	**100.0%**
REVENUE BY GEOGRAPHICAL AREA					
Spain	3,514.3	3,080.3	14.1%	52.8%	55.6%
America	987.4	515.7	91.5%	14.8%	9.3%
United Kingdom	831.0	768.3	8.2%	12.5%	13.9%
Rest of Europe	750.5	625.5	20.0%	11.3%	11.3%
Czech Republic	307.6	293.6	4.8%	4.6%	5.3%
Middle East, Africa and Others	269.4	258.7	4.1%	4.0%	4.7%
Total	**6,660.2**	**5,542.1**	**20.2%**	**100.0%**	**100.0%**
EBITDA*					
Environment	450.6	428.1	5.3%	39.8%	45.5%
Water	271.3	263.0	3.2%	24.0%	28.0%
Construction	122.9	86.5	42.1%	10.9%	9.2%
Cement	112.9	22.1	N/A	10.0%	2.4%
Real Estate	101.9	92.2	10.5%	9.0%	9.8%
Corporate serv. and others	71.7	48.3	48.5%	6.3%	5.1%
Total	**1,131.3**	**940.2**	**20.3%**	**100.0%**	**100.0%**

Area	Sept. 23	Dec. 22	Chg. (%)	% of 23 total	% of 22 total
NET FINANCIAL DEBT*					
Corporate					
With recourse	(464.0)	(840.1)	-44.8%	-12.2%	-26.3%
Without recourse	91.0	87.1	4.5%	2.4%	2.7%
Operating					
Environment	1,482.3	1,227.6	20.7%	38.8%	38.5%
Water	1,688.7	1,642.8	2.8%	44.3%	51.5%
Cement	148.1	157.6	-6.0%	3.9%	4.9%
Real Estate	870.0	917.7	-5.2%	22.8%	28.7%
Total	**3,816.1**	**3,192.7**	**19.5%**	**100.0%**	**100.0%**
BACKLOG*					
Environment	13,556.4	13,255.5	2.3%	32.2%	32.9%
Water	22,248.7	20,312.7	9.5%	52.8%	50.4%
Construction	6,232.2	6,586.0	-5.4%	14.8%	16.4%
Real Estate	125.3	119.6	4.8%	0.3%	0.3%
Total	**42,162.6**	**40,273.8**	**4.7%**	**100.0%**	**100.0%**

** See page 13 for a definition of the calculation in accordance with ESMA Guidelines (2015/1415en).*

3. PERFORMANCE BY BUSINESS AREA

3.1. Environment

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Turnover	2,857.8	2,692.4	6.1%
EBITDA	450.6	428.1	5.3%
EBITDA Margin	15.8%	15.9%	*-0.1 p.p*

Revenues in the Environment area increased by 6.1% to €2,857.8 million, due to the entry into operation and renewal of contracts for street collection and cleaning in Spain and the US, and also due to increased treatment and recovery activity, largely in the US, and the UK.

Breakdown of revenue by geographical area

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Spain	1,540.6	1,456.4	5.8%
United Kingdom	587.9	593.3	-0.9%
Central Europe	450.5	449.9	0.1%
United States and other	278.8	192.8	44.6%
Total	**2,857.8**	**2,692.4**	**6.1%**

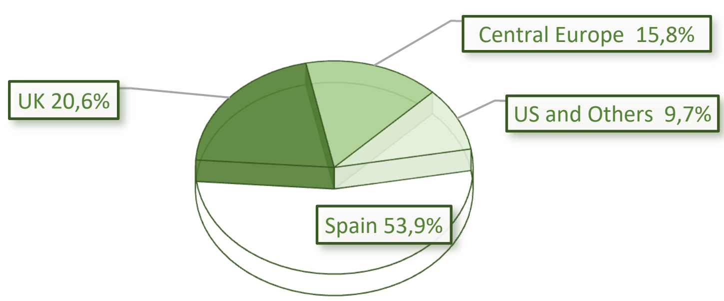
By geographical area, revenue increased in Spain by 5.8% compared to the third quarter of last year to €1,540.6 million, attributable to the strong performance seen in the waste collection and street cleaning activities as well as waste treatment activity. Other services booked similar figures as those seen during the previous period.

In the United Kingdom, revenues fell by 0.9% to €587.9 million on account of the reduction in the collection of the landfill tax, which could not be offset by the increase in the contribution made by energy-from-waste plants.

In central Europe, income remained practically unchanged, coming to €450.5 million, on account of the reduced contribution of the Czech Republic caused by lower sales prices of the by-products generated, offset by the strong performance in Austria. The other countries did not experience any appreciable changes.

Lastly, revenue in the United States and other markets was up by an impressive 44,6% to 278.8 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 profit (EBITDA) grew by 5.3% to €450.6 million, on account of the performance reflected under revenue, moderated by a combination of factors: the increase in fuel costs during the period compared to last year, the planned shutdown of an end-to-end recovery plant in Austria, and, finally, the decrease in the price of by-products recovered as part of the waste treatment and recycling process. As a result, the operating margin stood at 15.8%, similar to the operating margin recorded last year.

Breakdown of backlog by geographical area

(million euros)	**Sept. 23**	**Dec. 22**	**Chg. (%)**
Spain	8,533.3	8,224.1	3.8%
International	5,023.1	5,031.4	-0.2%
Total	**13,556.4**	**13,255.5**	**2.3%**

At month-end September, the backlog amounted to €13,556.4 million, 2.3% up on December 2022. In Spain, it increased by 3.8% to €8,533.3 million, on account of the increase in contracting, offsetting the slight decrease in the international area.

Operational and contracting milestones

- In the USA, the renewal of the municipal solid waste collection contract in the western area of Polk County (Florida) is worth particular mention. This represents turnover of up to €140 million over a five-year period and three possible one-year extensions. This contract combines with the important ongoing work for the expansion and modernisation of our first MBT plant in Sacramento (California), which will serve almost 1 million residents.

- In terms of activity in Spain, last September, Valencia City Council once again entrusted its contract for street cleaning, collection and transportation of urban waste in the northern area of the city to FCC Medio Ambiente for a fifteen-year period, generating a revenue backlog of €486.5 million.

- In relation to climate action, the completion of a solar power plant on land owned by FCC Environment, a subsidiary of FCC Medio Ambiente, in Winterton (United Kingdom), is worth particular mention. The project has been undertaken by Infinis, a leader in the generation of energy with low carbon emissions from captured methane in the United Kingdom; the firm collaborates in developing a significant backlog of renewable energy projects in various Group locations in the British market. The Millerhill recovery plant in Scotland has also started supplying the first community hot water network in Midlothian, reducing CO2 emissions by up to 90% compared to the individual supply used to date.

- In September, FCC Medio Ambiente updated its Green Financing Framework to reflect its continued commitment to sustainability, based on its 2050 Sustainability Strategy. DNV has been entrusted with its verification, issuing a favourable independent opinion. The Framework follows the Green Lending and Bond Principles defined by ICMA and LMA, as it includes both types of financing products. One new development in the update of the framework is the reference made to the EU Taxonomy, with a view to establishing a relationship between projects financed under this new version of the Framework and the sustainable activities defined in the EU taxonomy.

- On the reporting date, we are waiting for the usual conditions precedent to be satisfied to proceed with the conclusion of the agreement reached on 1 June with the Canadian pension fund CPP Investment for the sale of a minority stake of the 24.99% of the parent company of the Environment area, for the sum of €965 million. The entry of the new shareholder will enhance the position and strategic development of the Area, its activities and geographical areas.

3.2. Water

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Turnover	1,098.2	970.3	13.2%
EBITDA	271.3	263.0	3.2%
EBITDA Margin	24.7%	27.1%	*-2.4 p.p*

As at September, revenues had increased by 13.2% year on year, coming in at €1,098.2 million, 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 experienced growth, supported by works for the most part associated with operating concessions in Spain and Italy.

Breakdown of revenue by geographical area			
(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Spain	685.1	639.2	7.2%
Central and Eastern Europe	175.3	137.2	27.8%
Middle East, Africa and Other	98.2	98.1	0.1%
Rest of Europe (France, Portugal and Italy)	79.6	64.1	24.2%
Latin America	60.0	31.7	89.3%
Total	**1,098.2**	**970.3**	**13.2%**

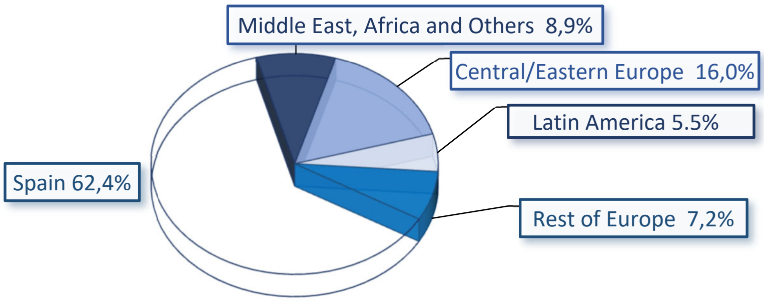
By geographical area, revenues in Spain increased by 7.2%, to €685.1 million, mainly attributable to Concessions activity, as a result of the significant growth of m3 billed in the non-domestic market and, to a lesser extent, in the domestic market. as well as a rate increase. Technology and Networks activity also performed positively on account of the performance of works as part of investment plans associated with concession agreements.

Central and Eastern Europe saw notable growth of 27.8% to €175.3 million, mainly attributable to the increase in activity of Concessions and Services in its two main jurisdictions, Czechia and Georgia, accompanied by the positive performance of the exchange rate for both the Czech crown (+3.3% in the period) and the Georgian lari (12.4%). Elsewhere in Europe, revenues also increased notably, by 24.2% to €79.6 million, 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 remained practically unchanged, standing at €98.2 million. Saudi Arabia saw an increase in activity, with two regional ("cluster") contracts launched last year, as well as the increase in the contribution made by the Mostaganem concession in Algeria. 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 89.3% to €60 million, on account of the increased contribution of the different end-to-end cycle concessions in Colombia.

Breakdown of revenue by geographical area



In turn, gross operating income (EBITDA) grew at a more moderate pace, up by 3.2% to €271.3 million. This can be attributed to the combination of new contracting in the international area, offset by the effect of the accounting of the reversal of two provisions over the past year: one during the first quarter, for €11.1 million linked to the resolution and conclusion of litigation in Spain, and the other, during the third quarter, for €10.5 million, following the dismissal of an appeal in Caltanissetta, Italy. As a result, the operating margin stood at 24.7%.

Breakdown of backlog by geographical area

(million euros)	**Sept. 23**	**Dec. 22**	**Chg. (%)**
Spain	6,931.3	7,049.2	-1.7%
International	15,317.4	13,263.5	15.5%
Total	**22,248.7**	**20,312.7**	**9.5%**

The backlog at the end of September stood at €22,248.7 million, 9.5% up on December 2022. Internationally, it grew by an impressive 15.5% thanks to contracts in Georgia, Saudi Arabia and Colombia, offset by the decrease in Spain.

Operational and contracting milestones

- In Colombia, Aqualia has taken over the supply and provision of sewerage services of Riohacha, capital of the department of La Guajira. The contract to provide services to a population of 196,000 inhabitants over a 30-year period is the Group's largest concession in Colombia and has generated a backlog of €292.75 million.

- SEFO, Aqualia's French subsidiary that operates in the regions of Île de France and Brittany, recently won a new contract in the Dreux area, in the department of Eure et Loir (Central-Loire Valley Region), to manage wastewater from 41 of the total 81 municipalities in the territory. The contract involves the provision of services to 75,000 inhabitants and includes the management of 4 treatment plants, 561 kilometres of networks and 149 pumping stations over a period of more than 6 years. These new awards take the number of inhabitants receiving our services across 138 municipalities in France to approximately 900,000.

- In terms of innovation, last September, the new Innovation Centre for the Integrated Water Cycle was opened, located at the Salamanca WWTP managed by Aqualia. The facilities aim to develop innovative solutions that address the challenges of an integral sustainable water cycle (quality of drinking water and management of decarbonised wastewater, allowing it to be fully recovered). Other national and international projects include renewable hydrogen, biomethane and other bio-products (bioplastics, fertilisers, etc.) from industry biowaste, in cooperation with prestigious universities, research and technology centres.

3.3. Construction

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Turnover	2,047.0	1,362.6	50.2%
EBITDA	122.9	86.5	42.1%
EBITDA Margin	*6.0%*	*6.3%*	*-0.3 p.p*

The area's revenue grew by an impressive 50.2% to €2.047 million, attributable to the launch of new projects awarded last year, in particular international projects, combined with the strong pace of work in relation to the activities and projects being developed in all the main geographical areas where the Area operates.

Breakdown of revenue by geographical area

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Spain	818.4	622.5	31.5%
America	634.8	292.8	116.8%
Rest of Europe	473.4	335.9	40.9%
Middle East, Africa, Australia and Others	120.4	111.4	8.1%
Total	**2,047.0**	**1,362.6**	**50.2%**

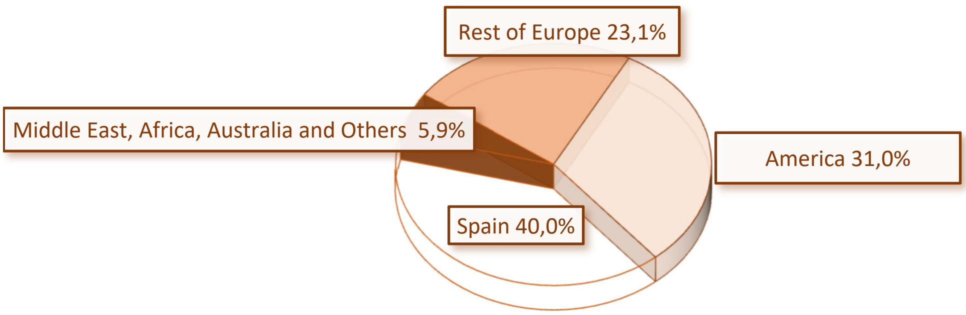
By geographical area, turnover in Spain increased by 31.5%, to €818.4 million, with good progress being made in all ongoing works and the start-up of new projects, mostly in the public sector.

In America, turnover grew to €634.8 million, 116.8%, 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. Sustained progress of other works, including the Lima Metro (Peru) and other works in Colombia and Chile also contributed to this.

Likewise, in the Rest of Europe and other markets, revenue grew by 40.9% year-on-year, coming to €473.4 million, mainly on account of the progress made with the A-465 motorway in the United Kingdom and A-9 motorway in the Netherlands, which comfortably offset the end of other works, such as the Haren prison in Belgium.

There was an 8.1% increase in revenue in this area in the Middle East, Africa, Australia, and Others to €120.4 million, following the increased contribution of works in Saudi Arabia which offset the completion of the railways completed in the capital of Qatar last year. In turn, the new design contract for a bridge in Melbourne (Australia) made a positive contribution.

Breakdown of revenue by geographical area



Gross operating income reflected the increase in income, standing at €122.9 million, up by 42.1% compared to the same period in 2022. This performance was similar to the performance of revenue, mainly associated with the better-than-expected performance in certain international projects, such as the Mayan Train in Mexico. The operating margin has remained during the year, at 6.0%, similar to the margin recorded in the first nine months of last year.

Breakdown of backlog by geographical area

(million euros)	**Sept. 23**	**Dec. 22**	**Chg. (%)**
Spain	2,350.8	1,817.3	29.4%
International	3,881.4	4,768.7	-18.6%
Total	**6,232.2**	**6,586.0**	**-5.4%**

In turn, the revenue backlog at the end of September stood at €6,232.2 million, 5.4% down on the end of 2022. The International area accounted for a reduction of 18.6%, following the significant increase in contracting carried over from last year. In Spain, there was a sustained recovery, with the 29.4% increase mainly attributable to the award of new works, including the construction of the new ONCE headquarters and the award of the construction of solar facilities to FCC Industrial in Guillena, Seville.

Operational and contracting milestones

- FCC Industrial, a specialist subsidiary of the construction parent company, has been awarded a contract by TotalEnergies to build solar facilities in Guillena (Spain), with a total capacity of 263 MW and an investment of more than €200 million. FCC Industrial has also 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. This project will see the construction of the second liquefied natural gas regasification plant in Germany. The new emissions-free storage and regasification terminal will be located in the river port of Stade.
- In Spain, the joint venture in which FCC Construction holds a stake has been provisionally awarded the works for the undergrounding of the R2 (Cercanías) line in Montcada i Reixac (Barcelona) and the construction of a new station in this municipality for €540.4 million. Other contracts secured will also see the company tasked with the construction of the new headquarters of the ONCE group, located north of Madrid for a budget of €100.6 million, with a delivery period spanning 30 months. Along these lines, worth particular mention is the award of the construction of 64 homes in Tres Cantos (Madrid) for the combined sum of €18 million, as well as the remodelling works and road access improvements to the Madrid Metropolitan Stadium for the sum of €20.3 million.
- In terms of sustainability, last June, FCC Construcción presented its 2023-2026 strategy for combatting climate change, incorporating three strategic lines with quantifiable actions and objectives for its mitigation and adaptation: the first strategic line establishes actions to reduce GHG emissions (scope 1 and 2) by 35% in 2030 and achieve neutrality in 2050. The second strategic line seeks to improve construction processes to generate infrastructure that is more resilient to climate change. Finally, the third line, Governance, aims to improve the decision-making process by continuously monitoring new policies and initiatives related to the climate, as well as the risks and opportunities they may present.

3.4. Cement

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Turnover	471.1	377.3	24.9%
EBITDA	112.9	22.1	N/A
EBITDA Margin	*24.0%*	*5.9%*	*18.1 p.p*

Revenues from the area grew by 24.9% to €471.1 million compared to September 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

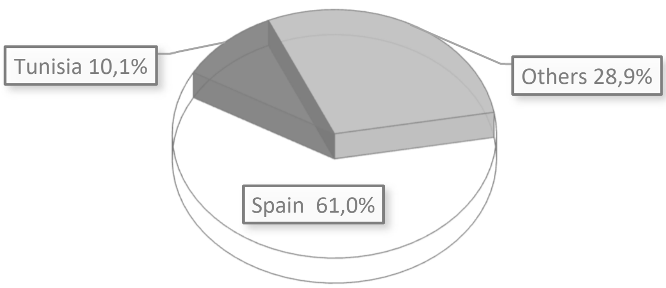
(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Spain	287.4	230.1	24.9%
Tunisia	47.4	43.9	7.9%
Miscellaneous (exports)	136.3	103.3	31.9%
Total	**471.1**	**377.3**	**24.9%**

By geographical areas, turnover in Spain increased by 24.9% to €287.4 million, 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 7.9% to €47.4 million, on account, as is the case in Spain, to the increase in prices that offset the decrease in volumes.

In turn, revenue from exports grew by 31.9%, coming to €136.3 million, 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



There was a significant increase in gross operating profit, coming to €112.9 million compared to €22.1 million during the same period last year. This increase can be attributed both to the increase in sales and to the significant drop in the average electricity price in Spain, allowing for the operating margin to remain similar to previous quarters and in cumulative terms, stand at 24% during this period of the year.

Operational and contracting milestones

- In the field of innovation, CPV performs a variety of projects at its production centres, such as its centre in Seville, with the installation of an expert control system for the optimisation of the processes performed by its crude oil and cement mills and grill-type coolers. The project aims to investigate energy efficiency in more depth and receives funds managed by IDEA in Spain and the EU's ERDF. The same project is also being applied at another plant owned by the CPV Group (Monjos, Barcelona).
- Another sustainable production project worth mention (Alcalá de Guadaira - Seville) has been listed by the European Commission as one of the best available techniques for manufacturing cement. The project at this facility pursues advances in industrial symbiosis and the reduction of greenhouse gases by using different types of non-hazardous waste as fuel. The project is awaiting receipt of its Integrated Environmental Authorisation. In the future, the fuel that it will use will be non-hazardous waste, which will first be subject to specific treatment by authorised managers and, on account of its high calorific value and characteristics as regards its composition and granulometry, will allow the fossil fuels currently used to be partially replaced.
- The Area's objectives to reduce its carbon footprint to achieve climate neutrality in 2050 involves the process of progressively replacing fossil fuels with alternatives (tyres, meat meal, sludge, pomace, as well as other vegetable biomasses, avoiding them being sent to landfills). In parallel, waste is separated and reused as a secondary raw material, as is the case of ash and construction waste, thus avoiding the extraction of mineral resources.

3.5. Real Estate

(million euros)	**Sept. 23**	**Sept. 22**	**Chg. (%)**
Turnover	188.4	157.0	20.0%
EBITDA	101.9	92.2	10.5%
EBITDA Margin	*54.1%*	*58.7%*	*-4.7 p.p*

Revenues from the area came to €188.4 million during the first nine months of 2023, up by 20% 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 €101.9 million, up by 30% on account of the substantial increase in property sales, which more than offsets the practical absence of land sales during the period, compared to the €35 million registered the previous year. Equity stood at €86.7 million, up by 8.9%. At the end of the period, the occupancy rate came in at over 90%.

EBITDA grew by 10.5% to €101.9 million, with a contribution margin of 54.1%. The margin booked by the area reflects the dominant contribution of Equity activity, which contributed 77% of the total during the period.

Operational and contracting milestones

- During the first nine months of the year, the pre-marketing phase of several residential developments in Valencia (Realia), Las Palmas (Realia) and Málaga (FCyC) began.
- In March, the second phase of Bôrea Portablanca in Arroyo Fresno, Mirasierra (Madrid) was delivered, consisting of 73 flats.
- During this period, the Work Completion Certificate was received for the new development of Realia Parque del Ensanche II (80 homes in Alcalá de Henares), the deeds for which will start to be drawn up in October.

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 portfolio for our Environment, Water, Construction and Real Estate areas as the business in these areas is based on long to medium-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.

In the Real Estate area, the portfolio 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.

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 GAV corresponds to the market value of the real estate assets as determined by independent experts and the occupancy rate corresponds to the occupied surface area of the portfolio of rental property assets divided by the surface area of the portfolio.

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.

4. DISCLAIMER

The interim financial information contained in this document was obtained from the consolidated interim financial statements as at 30 September 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.

This document does not constitute an offering or an invitation to acquire or subscribe shares in accordance with Act 24/1988, of 28 July, on the Securities Market, Royal Decree-Act 5/2005, of 11 March, and/or Royal Decree 1310/2005, of 4 November, and their implementing regulations. In addition, this document is neither an offer to buy nor a solicitation to purchase, sell or exchange shares, nor is it a request for any kind of vote or approval in any other jurisdiction.

Neither this document nor any part of it is contractually binding and may not be used or construed as constituting a contract or any other type of commitment.

5. CONTACT DETAILS

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