Audit Report on Financial Statements
issued by an Independent Auditor

FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2024

Ernst & Young, S.L.
C/ Raimundo Fernández Villaverde, 65
28003 Madrid

Tel: 902 365 456
Fax: 915 727 238
ey.com

AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 15)

To the shareholders of FCC Servicios Medio Ambiente Holding, S.A.:

Opinion

We have audited the financial statements of FCC Servicios Medio Ambiente Holding, S.A. (the Company), which comprise the balance sheet as at December 31, 2024, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2024 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

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

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these risks.

Measurement of investments in group companies and associates

Description	As explained in Note 5 to the accompanying financial statements, at December 31, 2024, the Group recorded investments in group companies and associates and loans to group companies and associates amounting 1,106,289 thousand euros and 1,378,083 thousand euros, respectively, in "Non-current investments in group companies and associates," and, primarily, loans to group companies and associates amounting to 191,707 thousand euros in "Current investments in group companies and associates." Company management assesses, at least at the end of each reporting period, whether there are indications of impairment and writes down these investments whenever there is objective evidence that the carrying amount of the investment is no longer recoverable, recognizing an impairment loss for the difference between carrying amount and recoverable amount. Calculation of recoverable amount involves making significant estimates, including the use of judgments by management to determine the key underlying assumptions. Due to the significance of the amounts involved and the complexity inherent in determining the recoverable amount of the abovementioned investments, we determined this to be a key audit matter. The information related to the measurement standards and principal assumptions used to determine impairment losses on investments in group companies and associates is provided in Notes 4.a) to the accompanying financial statements.
Our response	Our audit procedures related to this matter included: ▶ Understanding the process designed by management to determine whether there are indications of impairment and to determine the recoverable amount of the investments in group companies and associates, assessing the design and implementation of the relevant controls in place in that process. ▶ Evaluating management's analysis of indications of impairment of investments in group companies and associates. ▶ Reviewing the model used by management to determine recoverable amount, focusing specifically on the model's mathematical consistency and the reasonableness of the projected cash flows and the discount and long-term growth rates. ▶ Reviewing the sensitivity analyses performed by management on the estimates made to determine recoverable amount, in the event of changes in the relevant assumptions made. ▶ Reviewing the disclosures made in the notes to the financial statements, assessing whether they are in conformity with the applicable financial reporting framework.

Other information: management report

Other information refers exclusively to the 2024 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. In conformity with prevailing audit regulations in Spain, our responsibility in terms of the management report is to assess and report on the consistency of the management report with the financial statements based on the knowledge of the entity obtained during the audit, and to assess and report on whether the content and presentation of the management report are in conformity with applicable regulations. If, based on the work carried out, we conclude that there are material misstatements, we are required to disclose them.

Based on the work performed, as described in the above paragraph, the information contained in the management report is consistent with that provided in the 2024 financial statements and its content and presentation are in conformity with applicable regulations.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the significant risks communicated with the Company's directors, we determine those that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

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

ERNST & YOUNG, S.L.

Jesús F. Pérez Molina

March 25, 2025

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 1 and 15). In the event of a discrepancy, the Spanish-language version prevails.

ANNUAL ACCOUNTS AND MANAGEMENT REPORT FOR

FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.

CORRESPONDING TO THE YEAR ENDED 31 DECEMBER 2024

BALANCE SHEET AT 2024 YEAR-END
(in thousands of euros)

A S S E T S	31/12/2024		31/12/2023	
NON-CURRENT ASSETS		**2,490,163**		**1,911,774**
Property, plant and equipment		**51**		**-**
Plant and other items of property, plant and equipment	51		-	
Long-term investments in Group and associated companies		**2,484,372**		**1,907,974**
Equity instruments (Note 5.a)	1,106,289		1,046,290	
Loans to companies (Note 5.a)	1,378,083		861,684	
Deferred tax assets (Note 9.a)		**5,740**		**3,800**
CURRENT ASSETS		**196,721**		**163,391**
Inventory		**61**		**2,282**
Advances to suppliers	61		1,141	
Trade and other receivables		**3,760**		**1,835**
Trade receivables for Group and associated companies' sales and service provisions	3,315		1,141	
Staff	3		-	
Receivables from the public administrations (Note 9.b)	442		694	
Short-term investments in Group and associated companies (Notes 5.b and 12.b)		**191,707**		**160,676**
Cash and cash equivalents		**1,193**		**880**
TOTAL ASSETS		**2,686,884**		**2,075,165**

Notes 1 to 15 and Annex I are an integral part of the financial statements and, together with these, make up the corresponding annual accounts for the 2024 business year.

EQUITY AND LIABILITIES	31/12/2024		31/12/2023	
EQUITY (Note 6)		**262,174**		**261,269**
Shareholders' equity		**262,174**		**261,269**
Capital		**10,000**		**10,000**
Issued capital	10,000		10,000	
Issue premium		**190,632**		**190,632**
Reserves		**60,637**		**50,293**
Profit and loss		**905**		**10,344**
NON-CURRENT LIABILITIES		**2,268,886**		**1,510,527**
Long-term debts (Note 7)		**1,844,031**		**1,096,115**
Bonds and other marketable securities	1,694,443		1,096,115	
Bank borrowings	149,588		-	
Long-term debts to Group and associated companies (Notes 5.c and 12.b)		**424,855**		**414,412**
CURRENT LIABILITIES		**155,824**		**303,369**
Short-term provisions		**120**		**120**
Short-term debts (Note 7)		**86,571**		**229,044**
Bonds and other marketable securities	86,171		229,044	
Bank borrowings	400		-	
Short-term debts to Group and associated companies (Notes 5.d and 12.b)		**67,215**		**73,278**
Trade and other payables		**1,918**		**927**
Suppliers	117		16	
Suppliers, Group and associated companies	423		-	
Various creditors	1,156		768	
Staff (remuneration payable)	81		-	
Other debts to public administrations (Note 9.a)	141		124	
Other payables	-		19	
TOTAL EQUITY AND LIABILITIES		**2,686,884**		**2,075,165**

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INCOME STATEMENTS CORRESPONDING TO THE BUSINESS YEAR ENDED 31 DECEMBER 2024

(in thousands of euros)

	31/12/2024	31/12/2023
CONTINUING OPERATIONS		
Net business turnover (Note 10.a)	**83,383**	**45,668**
Sales and service provisions	28,783	898
Income from shareholdings in Group and associated companies	13,419	11,812
Financial income from marketable securities and other financial instruments	41,181	32,958
Other operating income	**2,055**	**184**
Supplies	**(54)**	
Consumption of goods	**(15)**	
Consumption of raw materials and other consumables	**(9)**	
Subcontracted work	**(30)**	
Staff expenses	**(1,980)**	**(655)**
Wages, salaries and related items	(1,659)	(484)
Social security contributions	(201)	(51)
Provisions	(120)	(120)
Other operating expenses (Note 10.c)	**(32,780)**	**(1,166)**
Depreciation of fixed and non-current assets	**(3)**	
Depreciation of fixed and non-current assets; property, plant and equipment; and investment property	(3)	
OPERATING PROFIT/(LOSS)	**50,621**	**44,031**
Financial income	**7**	**4**
From marketable securities and other financial instruments of third parties	7	4
Finance expenses (Note 10.d)	**(71,829)**	**(38,580)**
Short-term debts to Group and associated companies	(12,441)	(11,047)
Third party debts	(59,388)	(27,533)
Exchange differences	**18,159**	**221**
Impairment and profits/(losses) on disposals of financial instruments		
FINANCIAL PROFIT/(LOSS)	**(53,663)**	**(38,355)**
PRE-TAX PROFIT/(LOSS)	**(3,042)**	**5,676**
CORPORATE INCOME TAX (Note 9.c)	**3,947**	**4,668**
PROFIT(/LOSS) FOR THE BUSINESS YEAR FROM CONTINUING OPERATIONS	**905**	**10,344**
PROFIT(/LOSS) FOR THE BUSINESS YEAR	**905**	**10,344**

Notes 1 to 15 and Annex I are an integral part of the financial statements and, together with these, make up the corresponding annual accounts for the 2024 business year.

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STATEMENT OF CHANGES IN EQUITY FOR THE BUSINESS YEAR ENDED 31 DECEMBER 2024

A) STATEMENT OF RECOGNISED INCOME AND EXPENSES

(in thousands of euros)

	31/12/2024	31/12/2023
Profit and loss statement	**905**	**10,344**
Income and expenses recognised directly in equity	-	-
Income and expenses recognised directly in equity	**-**	**-**
Write-offs to the income statement	-	-
Total write-offs to the income statement	**-**	**-**
TOTAL RECOGNISED INCOME AND EXPENSES	**905**	**10,344**

Notes 1 to 15 and Annex I are an integral part of the financial statements and, together with these, make up the corresponding annual accounts for the 2024 business year.

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B) STATEMENT OF CHANGES IN EQUITY (in thousands of euros)

	Capital stock (Note 6.a)	Share premium (Note 6.b)	Reserves (Note 6.c)	Profit/loss for the business year	Equity
Equity as at 31 December 2022	**10,000**	**190,632**	**39,356**	**10,937**	**250,925**
Total recognised income and expenses	**-**	**-**	**-**	**10,344**	**10,344**
Transactions with partners or owners	**-**	**-**	**-**	**-**	**-**
Other changes in equity	**-**	**-**	**10,937**	**(10,937)**	**-**
Distribution of profit/loss	-	-	10,937	(10,937)	-
Equity as at 31 December 2023	**10,000**	**190,632**	**50,293**	**10,344**	**261,925**
Total recognised income and expenses	**-**	**-**	**-**	**905**	**905**
Transactions with partners or owners	**-**	**-**	**-**	**-**	**-**
Other changes in equity	**-**	**-**	**10,937**	**(10,344)**	**-**
Distribution of profit/loss	-	-	10,344	(10,344)	-
Equity as at 31 December 2024	**10,000**	**190,632**	**60,637**	**905**	**262,174**

Notes 1 to 15 and Annex I are an integral part of the financial statements and, together with these, make up the corresponding annual accounts for the 2024 business year

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Company in Spain (see Notes 1 and 15). In the event of a discrepancy, the Spanish-language version prevails.

CASH FLOW STATEMENT FOR THE BUSINESS YEAR ENDED 31 DECEMBER 2024

(in thousands of euros)

	31/12/2024		31/12/2023	
Pre-tax profit(/loss) for the business year		(3,042)		5,676
Adjustments to profit/loss		(934)		(6,294)
Depreciation of fixed and non-current assets	3			
Change in provisions			120	
Financial income	(54,607)		(44,773)	
Financial expenses	71,829		38,580	
Exchange differences	(18,159)		(221)	
Changes in working capital		(3,187)		(1,638)
Inventory	(61)			
Trade and other receivables	(4,106)		(2,508)	
Trade and other payables	980		870	
Other cash flows from operating activities		(18,022)		(2,584)
Interest paid	(52,286)		(10,963)	
Interest and dividend collections	29,703		6,640	
Proceeds(/payments) for corporate income tax	4,561		1,739	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		**(25,185)**		**(4,840)**
Investment payments		(590,954)		(124,568)
Group and associated companies (Note 5)	(590,900)		(124,568)	
Property, plant and equipment	(54)			
TOTAL CASH FLOWS FROM INVESTMENT ACTIVITIES		**(590,954)**		**(124,568)**
Proceeds and payments from financial liabilities		615,661		128,841
Issue of:				
Bonds and other marketable securities	998,900		1,307,450	
Bank borrowings	249,550			
Debts to Group and associated companies	22,699		42,151	
Repayment and amortisation of:				
Bonds and other marketable securities	(549,425)		(1,220,760)	
Bank borrowings	(100,000)			
Debts to Group and associated companies	(6,063)			
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		**615,661**		**128,841**
Effect of exchange-rate changes		791		41
NET INCREASE/DECREASE IN CASH OR CASH EQUIVALENTS		**313**		**(526)**
Cash and cash equivalents at the start of the period		880		1,406
Cash and cash equivalents at the end of the period		1,193		880

Notes 1 to 15 and Annex I are an integral part of the financial statements and, together with these, make up the corresponding annual accounts for the 2024 business year.

NOTES TO THE FINANCIAL ACCOUNTS FOR THE BUSINESS YEAR ENDED 31 DECEMBER 2024

1. COMPANY ACTIVITY

FCC Servicios Medio Ambiente Holding, S.A. (hereinafter the Company) was incorporated in Madrid on July 10, 2008 under the name of Dédalo Patrimonial, S.L. On 20 May 2019, the agreement to change the company's name was put on public record; accordingly, it became known as FCC Servicios Medio Ambiente Holding, S.A. through a public deed executed on 18 July 2019. Fomento de Construcciones y Contratas, S.A. is the majority shareholder of FCC Servicios Medio Ambiente Holding, S.A. (Note 6).

FCC Servicios Medio Ambiente Holding, S.A. is the holding company of the FCC Servicios Group, which is made up of a wide array of national and foreign subsidiaries and partner companies, which develop several business activities related to the provision of solid waste collection and treatment services, public road and sewage network cleaning, industrial waste treatment, while also including the construction and operation of plants, and the energy recovery from waste.

The corporate purpose of the company, according to its statutes, is as follows:

- The direct or indirect service delivery for the collection, transport and disposal of chemical waste or pollutants, both solid and liquid, whatever their nature.
- Disposal of industrial waste, whatever its nature.
- Management, contracting, construction, maintenance and use of industrial waste regeneration facilities, neutralisation, transformation or elimination of industrial waste of any nature, and recovery of chemical waste or pollutants.
- The management, contracting, construction, maintenance or use of industrial waste landfills.
- The execution of all types of projects, studies and technical reports related to the regeneration, neutralisation, transformation or elimination of industrial waste as a whole and the recovery of chemical waste or pollutants of an industrial nature.
- To buy, sell or exchange, either in return for payment or free of charge, any raw material or industrial, intermediate or final product, as well as to provide services of any nature related to social activities.
- The use of any type of patents and licenses, both national and foreign, and the development of any kind of engineering processes or licences that are related to the regeneration, neutralisation, transformation or disposal of industrial waste in general and the recovery of chemical waste or pollutants.
- The purchase, subscription, possession, exchange and sale of Spanish and foreign transferable securities, on its own behalf and without brokerage activities. Exceptions are made to activities expressly reserved by law for Collective Investment institutions, as well as what is expressly reserved by the Market Law for Securities and Exchange Agencies and/or Companies.
- Steer and manage the Company's holdings in the capital stock of other companies, with the necessary organisation of human and material resources, and advise and participate in the direction, management and financing of the activities of its invested companies.

Its registered office is located at Calle Federico Salmón, 13, in Madrid.

The Company does not have contracts with its Shareholders other than those detailed in Note 12.

The Company is part of a higher group subject to the current Spanish laws, of which, in turn, Fomento de Construcciones y Contratas, S.A. is the parent, with registered address in Barcelona, Calle Balmes, 36. Grupo FCC Fomento de Construcciones y Contratas, S.A. (hereinafter "FCC Group") prepared its consolidated financial accounts for the 2023 business year, which were approved by the General Shareholders' Meeting of Fomento de Construcciones y Contratas S.A. held on 27 June 2024 and filed with the Barcelona Mercantile Registry.

Corporate reorganisation

At its meeting on 8 May 2019, the Ordinary General Shareholders' Meeting of the Group's Parent Company (Fomento de Construcciones y Contratas, S.A.), resolved to approve the allocation of core assets to a subsidiary company in the environmental services area (spinoff) and the corporate reorganisation within the FCC Servicios Group, for which FCC Medio Ambiente, S.A. is the Parent Company. FCC Group undertook this operation to streamline its organisational structure by organising the entire environmental services business line under an independent entity to optimise commercial, business and financial risk management through greater specialisation and a sharper individual focus.

On 22 November 2019, the capital increase at FCC Servicios Medio Ambiente Holding, S.A. was agreed, worth 9,939 thousand euros, together with a share premium of 190,362 thousand euros, through the partial compensation of due and claimable liquid loans that it held with its parent company, Fomento de Construcciones y Contratas, S.A. (Note 6).

During the 2023 business year, the parent company Fomento de Construcciones y Contratas, S.A. sold a 24.99% stake in the capital of FCC Servicios Medio Ambiente Holding, S.A. to the Canada Pension Plan Investment Board ("CPP Investments") through its subsidiary company, CPP Investment Board Europe S.àr.l,”).

2. BASIS FOR SUBMITTING THE ANNUAL ACCOUNTS

a) Financial reporting framework and fair presentation

The annual accounts have been drawn up in accordance with the financial reporting regulatory framework which applies to the Company, which is the framework set out in the Spanish National Chart of Accounts approved by Spanish Royal Decree 1514/2007 of 16 November, which, since it was published, has been amended several times, with the most recent occurring through Spanish Act 7/2024 of 20 December and its implementing regulations, in addition to other company law in force.

The accounting policies and standards contained in the regulatory amendments of Spanish Royal Decree 1159/2010 of 17 September, and sector plans, including Order EHA/3362/2010, enacting the accounting plan of public infrastructure concessionary companies, and all applicable obligatory standards, resolutions and recommendations of the Spanish Accounting and Audit Institute (ICAC) have also been included. Accordingly, these financial accounts present a fair view the company’s equity, financial position, profit(/loss) and cash flows in the corresponding business year.

In particular, it should be noted that as a result of the publication in 2009 by the ICAC of a consultation relating to the accounting recognition of income from holding companies, "Income from investments in Group and associated companies" and "Income from shareholdings" are recognised under "Net business turnover" in the accompanying income statement.

In these annual accounts, information or breakdowns have been omitted that do not require detail due to their qualitative importance and so have been considered non-material or to have no relative importance in accordance with the concept of materiality or relative importance defined in the conceptual framework of the PGC 2007.

These annual accounts, which have been drawn up by the Company's Directors, will be submitted for approval by the General Shareholders' Meeting, and it is estimated that they will be approved without any modification. Moreover, the annual financial accounts for the 2023 business year were approved by the General Shareholders' Meeting on 6 May 2024 and filed with the Madrid Mercantile Registry.

The financial accounts are expressed in thousands of euros.

b) Grouping of headings

Certain line items in the balance sheet, income statement, statement of changes in equity as well as the cash flow statement have been presented in a consolidated form for better understanding, although, to the extent that it is significant, the detailed information has been included in the corresponding notes to the financial accounts.

c) Going concern

As at 31 December 2024, the Company had a positive working capital of 40,897 thousand euros (negative working capital of 139,978 thousand euros as at 31 December 2023).

The Directors and Management of the Parent Company are constantly monitoring the development of the current situation and the effects it may have on the credit market, and believe that the situation as at 31 December 2024 ensures that the Group will be able to meet its current on-balance sheet obligations as at 31 December 2024 with solvency and ensure the continuity of its operations.

The financial accounts have been drawn up in accordance with the operational business principle as the Directors believe that there are no doubts about the capacity of the FCC Servicios Group, of which the Company is the parent, in terms of the credit ratings of the Parent Company with regard to the outstanding bond, ratified by Fitch in September 2024 as BBB, the recurring cash flow of the businesses in which the FCC Group operates, the financing facilities available and the capacity to renegotiate and obtain new financing facilities based on the long-term business plans and the quality of its assets, which will enable the FCC Group to meet its current liabilities.

d) Restatements

When preparing the attached annual accounts, no significant error has been detected that would have led to the restatement of the amounts included in the annual accounts for the 2023 business year.

e) Comparison of information

The information contained in these notes to the financial accounts for the 2024 business year is presented for the purposes of comparison with the information for the 2023 business year.

f) Non-mandatory accounting principles applied

No non-mandatory accounting policies have been applied. In addition, the directors have drawn up these financial accounts taking into account all the mandatory accounting policies and standards that have a material effect on these financial accounts. There is no mandatory principle that has ceased to apply.

g) Critical aspects of valuation and estimation of uncertainties

In preparing the annual accounts, estimates made by the Company's Directors have been used to value some of the assets, liabilities, income, expenses and commitments recorded therein. These estimates basically refer to:

- The evaluation of possible losses due to impairment of certain assets (see Note 4.a).
- The fair value of certain financial assets, including investments in Group companies (see Note 4.a).
- The recoverability of deferred tax assets (see Notes 4.c and 9).
- Tax results of the Company that will be declared to the Tax Authorities in the future that have served as the basis for recording the different balances related to IS in these annual accounts (see Notes 4.c and 9).
- An estimate of cash flow, credit and market risk. (see Note 8).

Although these estimates have been made on the basis of the best information available at year-end 2024, future events may make it necessary to change these estimates (upwards or downwards) in subsequent reporting periods. Any changes in accounting estimates are recognised prospectively.

h) Changes in accounting criteria

During the 2024 business year, there have been no significant changes in accounting criteria with respect to the criteria applied in the 2023 business year.

3. DISTRIBUTION OF PROFIT/LOSS

The proposed distribution of profits made by the Company's Directors and to be submitted for approval by the General Shareholders' Meeting is as follows (in thousands of euros):

Distribution basis:	
Profit for the business year	905
Distribution:	
Voluntary reserves	905
Total	**905**

The legal reserve has already been fully allocated, so the amount of profit for the business year will be allocated to the voluntary reserves.

4. ACCOUNTING AND MEASUREMENT RULES

The main recognition and measurement bases used by the Company when preparing the annual accounts for the 2024 business year, in accordance with the Spanish General Chart of Accounts, were as follows:

a) Financial instruments

a.1) Financial assets

Classification

The financial assets held by the Company are classified in the following categories:

- Financial assets at amortised cost. In general, the following fall into this category:
    - Trade receivables: financial assets originating from the sale of goods and the provision of services from the Company's ordinary business subject to deferred payment.
    - Non-trade receivables: financial assets which are not equity instruments or derivatives, and therefore have no commercial origin and whose proceeds are of a determined or determinable amount, which come from loan or credit operations granted by the Company

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

  However, loans for commercial operations maturing in no more than one year and that do not have an explicit contractual interest rate, as well as loans to personnel, dividends receivable and disbursements required on equity instruments, the amount of which is expected to be received in the short term, are measured at their nominal value when the effect of not updating the cash flows is not significant.

  For subsequent measurement, the amortised cost method is used. Accrued interest is recorded in the income statement (financial income), applying the effective interest rate method.

- Financial assets at cost: includes investments in Group companies, associates and jointly controlled entities. Group companies are considered to be those over which the company has control, while associated companies are companies over which the company exercises a significant influence. Jointly controlled companies include companies over which joint control is exercised with one or more partners through an agreement.

  The investments included in this category are initially measured at cost, which is equal to the fair value of the consideration given plus the transaction costs that are directly attributable to them.

  The subsequent measurement is also at cost less the accumulated amount of the valuation corrections for impairment. These adjustments are calculated as the difference between their carrying amount and the recoverable amount, understood as the greater of their fair value minus sale costs and the present value of the future cash flows resulting from the investment. Unless better evidence of the recoverable amount is available, the estimated loss for impairment is calculated based on the investee’s equity, consolidated where appropriate, corrected for any unrealised gains at the measurement date, including any goodwill.

At least at the end of each reporting period, the company books the related impairment loss allowances for financial assets that are not carried at fair value when there is objective evidence of impairment if this value is lower than its carrying amount, in which case, the impairment is recognised in the income statement. In particular, the company calculates impairment loss allowances for trade and other receivables by carrying out a case-by-case analysis of the insolvency risk of each receivable.

The Company derecognises financial assets when the rights to the cash flows from the financial asset expire or have been transferred and substantially all the risks and rewards of ownership have been transferred.

a.2) Financial liabilities

All financial liabilities held by the Company are classified in the category of financial liabilities at amortised cost.

Financial liabilities are the company's payables and accounts payable which have resulted from the purchase of goods and services as a result of the company's trade transactions, or payables and accounts payable which, without having a commercial origin, cannot be considered as financial instruments.

Financial liabilities classified in this category are initially measured at their fair value which, unless there is evidence to the contrary, is assumed to be the transaction price, which is equivalent to the fair value of the consideration given, adjusted by the transaction costs that are directly attributable.

Accounts payable are initially measured at the fair value of the consideration received. These financial liabilities are subsequently measured at amortised cost.

Financial expenses are recognised on an accrual basis in the income statement using the effective interest method and are added to the amount of the instrument to the extent that they are not settled in the year in which they arise.

Bank borrowings and other current and non-current financial liabilities maturing within no more than 12 months from the balance sheet date are classified as current liabilities and those maturing within more than 12 months as non-current liabilities.

The Company derecognises financial liabilities when the obligations giving rise to them are extinguished.

a.3) Equity instruments

An equity instrument represents a residual interest in the company's equity after deducting all of its liabilities from its assets, and the securities issued are recognised in equity at the amount received, after deducting the issue charges, net of taxes.

b) Foreign-currency transactions

The company's operating currency is the euro. Consequently, transactions in other currencies are considered to be denominated in foreign currency and are translated at the exchange rates prevailing on the transaction date.

At year-end, money market assets and liabilities denominated in foreign currencies are translated into euros at the closing exchange rate. Any gains or losses are recognised directly in profit or loss for the business year in which they arise.

Likewise, financial instruments in the equity of Group companies in foreign currency whose purchase was financed with loans in the same currency, have been converted at the exchange rate applicable at the year-end.

c) Corporate tax

The expense for corporate income tax is calculated on the basis of pre-tax profit/loss, increased or decreased, as appropriate, by the permanent differences between taxable profit(/loss) and accounting profit(/loss). The corresponding corporate tax rate based on the applicable legislation is applied to this adjusted accounting profit(/loss). The tax relief and tax credits earned in the year are deducted and the positive or negative differences between the estimated tax charge calculated for the prior business year's accounting close and the subsequent tax settlement at the payment date are added to or deducted from the resulting tax charge. Additionally, adjustments to deferred tax assets and liabilities due to changes in the prevailing tax rate are recognised as a corporate income tax expense.

The temporary differences between accounting profit(/loss) and tax profit(/loss) for corporate income tax purposes, together with the differences between the carrying amounts of assets and liabilities recognised in the balance sheet and their tax bases, give rise to deferred taxes that are recognised as non-current assets and liabilities. These amounts are measured at the tax rates that are expected to apply in the business years in which they will foreseeably be reversed, without performing financial discounting at any time.

The company capitalises deferred tax assets corresponding to temporary differences and tax losses pending offset, except in cases in which reasonable doubts exist regarding their future recovery or such recovery extends over a period exceeding ten years.

The Company is part of the 18/89 tax consolidation group headed by Fomento de Construcciones y Contratas, S.A. and is taxed, in relation to corporate income tax, in accordance with the Special Tax Consolidation Regime.

d) Income and expenses

Income and expenses are allocated on an accrual basis, i.e. when the actual flow of goods and services they represent takes place, regardless of when the resulting monetary or financial flow occurs. This income measured at the fair value of the consideration received, net of discounts and taxes. It should be noted that following the query published in 2009 by the Spanish Institute of Accounting and Auditing regarding the accounting recognition of income from holding companies, "Finance income from marketable securities and other financial instruments of Group and associated companies" is recognised under "Net business turnover" in the accompanying profit and loss statement.

Interest received on financial assets is recognised using the effective interest method and dividends when the shareholder's right to receive them is declared.

In keeping with the accounting principle of prudence, the company only recognises the profit made at year-end, whereas foreseeable contingencies and losses, including possible losses, are booked as soon as they become known, by posting the appropriate provisions.

e) Transactions between related parties

The Company carries out all transactions with related parties at arm’s length.

In general, transactions between Group companies are initially recognised at fair value. If the agreed price differs from its fair value, the difference is recorded on the basis of the economic reality of the transaction. The subsequent assessment is carried out in accordance with the provisions of the corresponding regulations.

Note 12 “Related party transactions and balances” to these notes to the financial accounts details the main transactions with the company's Sole Shareholder, its directors and senior executives, and between Group companies or entities.

f) Cash flow statement

The following terms are used in the cash flow statement:

- Cash flows: inflows and outflows of cash and cash equivalents.
- Cash flows from operating activities: payments and proceeds from the company’s principal revenue-producing activities and other activities that are not classified as investment or financing activities.
- Cash flows used in investment activities: payments and proceeds arising from acquisitions and disposals of non-current assets.
- Cash flows from financing activities: payments and proceeds from the placement and settlement of financial liabilities, equity instruments and dividends.

5. INVESTMENTS AND PAYABLES TO GROUP AND ASSOCIATED COMPANIES

a) Long-term investments in Group and associated companies

The detail of the long-term investments in group and associated companies as at 31 December 2024 and 2023 is as follows:

	Cost	Accumulated impairment	Total
2024			
Equity instruments in Group companies	1,106,289	-	1,106,289
Loans to Group companies	1,378,083	-	1,378,083
	2,484,372	**-**	**2,484,372**
2023			
Equity instruments in Group companies	1,046,290	-	1,046,290
Loans to Group companies	861,684	-	861,684
	1,907,974	**-**	**1,907,974**

The breakdown of the changes in these headings is as follows:

	Equity instruments of Group companies	Loans to Group companies	Impairment	Total
Balance as at 31.12.22	**1,046,180**	**794,971**	**—**	**1,841,151**
Receipts or endowments	110	66,713	—	66,823
Disposals and reversals	—	—	—	—
Exchange-Rate Changes and Others	—	—	—	—
Balance as at 31.12.23	**1,046,290**	**861,684**	**—**	**1,907,974**
Receipts or endowments	59,999	499,840	—	559,839
Disposals and reversals	—	(349)	—	(349)
Exchange-Rate Changes and Others	—	16,908	—	16,908
Balance as at 31.12.24	**1,106,289**	**1,378,083**	**—**	**2,484,372**

The main transactions in 2024 have been as follows:

- Capital increase of 9,999 thousand euros in FCC Environnement France with a share premium of 50,000 thousand euros

- With regard to the line of credit with FCC Medio Ambiente Reino Unido S.A.U, the collection rights are extended by 305,590 thousand euros to finance its projects.

- With regard to the line of credit with FCC Environmental Services (USA) LLC, the increases in collection rights to finance its projects amount to 188,447 thousand euros.

- Capitalisation of interest on collection rights with FCC Ámbito, S.A.U. for a total amount of 1,683 thousand euros and interest on collection rights with FCC Medio Ambiente S.A.U of 4,199 thousand euros.

- The change in the exchange rate is mainly attributable to the appreciation of the pound sterling and the dollar against the euro due to loans in pounds (6,758 thousand euros) and loans in dollars (10,151 thousand euros)

The main transactions in 2023 have been as follows:

- With regard to equity instruments, it is worth mentioning the company's capital increase of 100 thousand euros in FCC Medioambiente Internacional, S.L.U.

- Establishment of FCC Environnement France with a capital of 10 thousand euros

- With regard to the line of credit with FCC Medio Ambiente Reino Unido S.A.U, the collection rights are extended by 48,229 thousand euros to finance its projects.
- With regard to the line of credit with FCC Environmental Services (USA) LLC, expanded to 150 million dollars in 2022, the increases in collection rights to finance its projects amount to 8,581 thousand euros.

- Capitalisation of interest on collection rights with FCC Ámbito, S.A.U. for a total amount of 1,616 thousand euros and interest on collection rights with FCC Medio Ambiente S.A.U of 3,905 thousand euros

Among the disposals or reversals in 2024, there was a disposal of 349 thousand euros due to the repayment of funds on the loan with Internacional Services Inc., S.A.U.

The relevant data on the holdings in Group companies are included in Annex I.

Its value at the end of each business year is as follows, expressed in thousands of euros:

	2024	2023
FCC MEDIO AMBIENTE, S.A.U.	510,835	510,835
ASA GROUP	219,079	219,079
FCC AMBITO NACIONAL, S.A.U.	84,829	84,829
FCC ENVIRONMENTAL SERVICES (USA) LLC.	231,324	231,324
INTERNATIONAL SERVICES INC, S.A.U.	60	60
FCC MEDIO AMBIENTE REINO UNIDO	3	3
FCC MEDIOAMBIENTE INTERNACIONAL, S.L.U.	150	150
FCC ENVIRONNEMENT FRANCE	60,009	10
	1,106,289	**1,046,290**

Long-term loans to Group companies

The most significant balances at the end of the 2024 and 2023 business years are as follows:

	2024	2023
FCC MEDIO AMBIENTE REINO UNIDO	898,462	586,114
FCC MEDIO AMBIENTE, S.A.U.	156,683	152,564
FCC ÁMBITO, S.A.U.	63,162	61,479
INTERNATIONAL SERVICES INC, S.A.U.	12,751	13,100
FCC ENVIRONMENTAL SERVICES (USA) LLC	247,025	48,427
	1,378,083	**861,684**

The main characteristics of the credits indicated above are as follows:

	Maturity	Renewal	Interest rate
FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	2029		2.70%
FCC MEDIO AMBIENTE, S.A.U.	2029		2.70%
FCC ÁMBITO, S.A.U.	2029		2.70%
INTERNATIONAL SERVICES INC, S.A.U.	2029		2.70%
FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	2029		2.70%
FCC ENVIRONMENTAL SERVICES (USA) LLC.	2025	Automatic renewal for a 5-year period	6.00%

b) Short-term investments in Group and associated companies

This section includes mainly the loans and other non-trade credits granted to Group companies and associates, among others, in line with certain specific cash situations, as well as other temporary financial assets, measured at the lower of cost or market value, increased by interest earned at a market rate. It also includes the balances generated by tax effects with the subsidiaries in the tax consolidation group, worth 4,262 thousand euros at year-end 2024 (8,723 thousand euros in 2023).

On 30 December 2019, the company signed a cash pooling service agreement with FCC Medio Ambiente S.A.U. and FCC Ámbito S.A.U. as first-tier companies along with a series of wholly-owned subsidiaries. The agreement is open-ended and has an interest rate according to the current market conditions, with the initial interest being 2% per year in favour of the centralising company.

The balances for this item are as follows:

	2024	2023
FCC MEDIO AMBIENTE, S.A.U.	135,594	148,805
FCC MEDIOAMBIENTE INTERNACIONAL, S.L.U.	67	59
ASA GROUP	-	11,812
FCC ÁMBITO, S.A.U.	1,746	-
FCC MEDIO AMBIENTE REINO UNIDO	401	-
FCC ENVIRONNEMENT FRANCE	53,899	-
	191,707	**160,676**

c) Long-term payables to Group and associated companies

The detail of the long-term debts with Group and associated companies as at 31 December 2024 and 2023 is as follows:

	2024	2023
Financial debts to group companies	422,390	412,006
Interest on debts with group companies	2,465	2,406
Total	**424,855**	**414,412**

The most significant balances included in this heading are as follows:

	2024	2023
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	389,224	379,732
FCC MEDIO AMBIENTE, S.A.	35,631	34,680
	424,855	**414,412**

The movements in the 2024 business year correspond, mainly, to capitalisation of interest on subordinated loans with Fomento de Construcciones y Contratas S.A. for an amount of 9,492 thousand euros and capitalisation of interest on loans with FCC Medio Ambiente S.A.U. 951 thousand euros.

The movements in the 2023 business year correspond, mainly, to capitalisation of interest on subordinated loans with Fomento de Construcciones y Contratas S.A. for an amount of 9,263 thousand euros and capitalisation of interest on loans with FCC Medio Ambiente S.A.U. 923 thousand euros

d) Short-term debts to Group and associated companies

Debts to Group and associated companies include loans received by the Company that are repaid at market prices and debt for business transactions with these companies.

The most significant balances on the liabilities side of the accompanying balance sheet are as follows:

	2024	2023
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	9,569	25,237
FCC MA UK	3,841	3,865
INTERNATIONAL SERVICES	1,962	1,023
FCC ÁMBITO, S.A.U.	11,758	13,067
ASA GROUP	40,085	30,086
	67,215	**73,278**

Within the balance with Fomento de Construcciones y Contratas S.A., the balance of 2,380 thousand euros relates to the balances generated by the tax effect with the consolidated tax group (tax effect of 3,625 thousand euros in 2023). In addition, in 2024, 7,189 thousand euros remain in the current account balance (21,612 thousand euros in 2023), earning interest at the same rate as the Group's "Cash Pooling" accounts.

The balances of Internacional Services and FCC Ámbito are included in the cash pooling services contract that we discuss in this note, section b.
The balance with the ASA Group in 2024 consists of short-term loans within a Framework Agreement so that FCC Environment CEE Gmbh can place its cash surpluses in the Holding with an aggregate principal of 40,000 thousand euros, tied to the 3-month Euribor plus a spread of 0.45 and

accrued interest of 85 thousand euros.

The balance with the ASA Group in 2023 included five loans with FCC Environment CEE Gmbh with an aggregate principal of 30,000 thousand euros tied to the Euribor plus a spread and accrued interest of 86 thousand euros.

6. EQUITY

a) Capital

On 22 November 2019, the capital increase of 9,939 shares was agreed for a nominal amount of 1 thousand euros and an issue premium of 19.18 thousand euros through the partial compensation of due and claimable liquid loans that it held with its Parent company, Fomento de Construcciones y Contratas, S.A. The transaction therefore entailed a capital increase of 9,939 thousand euros and an increase in the issue premium of 190,632 thousand euros.

As a consequence of the foregoing, the capital of FCC Servicios Medio Ambiente Holding, S.A. is represented by 10,000 ordinary shares, represented through book entries with a nominal value of 1,000 euros each. All shares are fully subscribed and paid and carry the same rights.

During the 2023 business year, Fomento de Construcciones y Contratas, S.A. sold a 24.99% stake in the capital to CPP Investment Board Private Holding INC, owned by the Canada Pension Plan Investment Board ("CPP Investments"), leaving the shareholder structure distributed as follows:

Shareholder	No. of shares	% direct participation
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	7,501	75.01
CPP INVESTMENT BOARD PRIVATE HOLDINGS INC	2,499	24.99
	10,000	**100**

The table below shows the state of Shareholders' Equity of FCC Servicios Medio Ambiente Holding, S.A.:

	2024	2023
Capital	10,000	10,000
Issue premium	190,632	190,632
Legal reserve	2,000	2,000
Other reserves	58,637	48,293
Profit(/loss) for the business year	905	10,344
Total shareholders' equity	**262,174**	**261,269**

b) Issue premium

The Spanish Corporate Enterprises Act, as amended, expressly permits the use of the issue premium account balance to increase capital and does not establish any specific restrictions as to its use for other purposes.

c) Reserves

The breakdown for this heading for the 2024 and 2023 business years is as follows:

	2024	2023
Legal reserve	2,000	2,000
Other reserves	58,637	48,293
	60,637	**50,293**

In accordance with the Spanish Corporate Enterprises Act, as amended, 10% of the net profit for each business year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. The legal reserve cannot be distributed to the Sole Shareholder, except in the event of liquidation.

The legal reserve may be used to increase capital by an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

7. LONG-TERM AND SHORT-TERM DEBTS

The balance of the "Long-term debts" and "Short-term debts" headings as at the end of the 2024 and 2023 business years is as follows:

	Long-term	Short-term
2024		
Bonds and other marketable securities	1,694,443	86,171
Bank borrowings	149,588	400
	1,844,031	**86,571**
2023		
Bonds and other marketable securities	1,096,115	229,044
	1,096,115	**229,044**

Non-current and current bonds and loans

The breakdown of the issues of current bonds and loans is as follows:

On 4 December 2019, FCC Servicios Medioambiente Holding S.A.U., successfully completed two standard bond issues. One for a total of 600 million euros, paying an annual interest of 0.815% and maturing in 2023; and the second for a total of 500 million euros, paying an annual interest of 1.661% and maturing in 2026. The latter has the personal guarantee of FCC Medio Ambiente, S.A.U. and FCC Ámbito, S.A.U.

The bond amounting to 600 million euros maturing on 4 December 2023 was repaid on that date using the funds generated from the issuance of a new bond, also for the amount of 600 million euros, paying annual interest of 5.25% and maturing in October 2029.

Since their issue, these bonds have been admitted to trading in the unregulated market (Global Exchange Market) of the Irish Stock Exchange, with an investment grade rating from the Fitch rating agency. This rating was ratified on September 27, 2024, with a stable outlook (BBB), along with that of its issuer, the parent FCC Servicios Medio Ambiente Holding.

Both bonds have been issued under the classification of Green Bonds in accordance with the Green Bonds Principles (GBP), which are reviewed and certified annually by independent entities (SPOs).

On 8 October 2024, FCC Servicios Medioambiente Holding S.A.U. successfully completed the issue of a standard bond worth 600 million euros, with an annual return of 3.715% and a 2031 maturity.

The balance as at 31 December 2024 shown for this item amounts to 1,705,714 thousand euros (1,102,309 thousand euros in 2023), including 11,271 thousand euros for accrued and unpaid interest (6,194 thousand euros in 2023).

On 31 December 2024, the 2024 600 million euro bond was listed at 100.18%, the 2023 600 million euro bond was listed at 107.68% and the 2019 500 million euro bond was listed at 97.62%.

Likewise, in July 2020 and renewed annually, FCC Servicios Medioambiente Holding S.A.U. registered a promissory note programme - Euro Commercial Paper Programme (ECP) - on the Irish stock market (Euronext Dublin) in the amount of 400 million euros, which allows issuance with maturities of between 1 and 364 days from the date of issue, in order to meet the financial needs of the area.

On 31 December 2024, the outstanding amount was 74,900 thousand euros distributed with an average maturity of 3.2 months (222,850 thousand euros on 31 December 2023).

Two long-term bilateral loans were signed with BBVA and Caixabank in June 2024 for 150,000 thousand euros (75,000 for each one), both fully drawn at year-end. These loans are tied to the Euribor plus a spread of 1.08 points and mature in June 2027.

The breakdown of the “Long-term debts” for 2024 by contract maturity is as follows:

			Maturity			
	2026	**2027**	**2028**	**2029**	**2030 and beyond**	**Total**
Bonds and other marketable securities	500,000	-	-	600,000	600,000	1,700,000
Bank borrowings	-	150,000	-	-	-	150,000
	500,000	**150,000**	**-**	**600,000**	**600,000**	**1,850,000**

The breakdown of the “Long-term debts” for 2023 by contract maturity is as follows:

			Maturity			
	2025	**2026**	**2027**	**2028**	**2029 and beyond**	**Total**
Bonds and other marketable securities	-	500,000	-	-	600,000	1,100,000
	-	**500,000**	**-**	**-**	**600,000**	**1,100,000**

8. INFORMATION ON THE NATURE AND RISK OF FINANCIAL INSTRUMENTS

The Company's financial risk management is channelled through FCC Group's Finance Department, which has the necessary mechanisms in place to control exposure to changes in interest rates and exchange rates, as well as to credit and cash flow risks.

In view of the company's activities and the transactions through which it carries on its business, it is currently exposed to the following financial risks:

a) Capital risk

To manage capital, the main objective of the company and of FCC Group is to reinforce its financial-equity structure, in order to improve the balance between borrowed funds and shareholders' equity, and the Group endeavours to reduce the cost of capital and, in turn, to preserve its solvency status, in order to continue managing its activities and to maximise the Sole shareholder's value, not only at Group level, but also at the level of the parent company, FCC Servicios Medio Ambiente Holding, S.A. The fundamental basis that the Company considers as capital is found in the Equity of the Balance Sheet.

The bank balances are deposited in banks and financial institutions of recognised prestige and solvency. The loans to Group companies relate to the loans granted to FCC Group companies.

Given the sector in which they operate, the company and the Group are not subject to external capital requirements, although this does not prevent the frequent monitoring of equity to guarantee a financial structure based on compliance with the prevailing regulations of the countries in which it operates, also analysing the capital structure of each of the subsidiaries to enable an adequate distribution between debt and capital.

b) Exchange rate risk

This arises as a result of the different exchange rates used in investments and transactions with subsidiaries, associated companies and joint ventures, as well as with third parties, whose activities are conducted in a currency other than that of the company that prepares the annual accounts.

The Company's Directors believe that the impact of such risk will be insignificant.

c) Interest rate risk

The Company is exposed to the risk derived from variations in interest rates because the Company's financial policy aims to guarantee that its current financial assets and debt are partially linked to variable interest rates. The reference interest rate for the Company's debt with credit institutions contracted in euros is, fundamentally, the Euribor.

Any increase in interest rates could give rise to an increase in the Company's financing costs associated with its borrowings at variable interest rates, and could also increase the cost of refinancing the borrowings and the issue of new debt.

In order to be in the most appropriate position for the interests of the Company, an active policy is maintained in the management of interest rate risk, with constant monitoring of the market and assuming different positions depending mainly on the financed asset.

d) Solvency risk

In the 2024 business year, the Company changed its solvency compared to the previous business year due to the changes in its financial debt (see Notes 5 and 7), as shown in the table below:

	2024	2023
Financial debts to Group and associated companies	492,070	488,019
Bonds and other marketable securities and debts to credit institutions	1,930,602	1,325,159
Financial loans with Group and associated companies	(1,569,790)	(1,022,364)
Cash and cash equivalents	(1,193)	(880)
	851,689	**789,934**

e) Liquidity risk

This risk is caused by temporary mismatches between the resources created by the activity and the need for funds to meet the payment of debts, working capital, etc.

To adequately manage this risk, the Company performs exhaustive monitoring of the repayment dates of all credit facilities of each Group company, in order to conclude all renewals in the best market conditions sufficiently in advance, analysing the suitability of the funding and studying alternatives if the conditions are more favourable on a case-by-case basis.

As at 31 December 2024, the Company's working capital is 40,897 thousand euros. (as at 31 December 2023, it was negative of 139,978 thousand euros) (see Note 2.c).

f) Concentration risk

The risk arising from the concentration of lending transactions with common characteristics is distributed as follows:

- Financing sources: To diversify this risk, FCC Servicios Medio Ambiente Holding, S.A.U. diversifies its debt between debt with group and associated companies, and issued bonds and promissory notes.
- Markets/geography (domestic, foreign): The debt is mainly concentrated with Spanish group companies, but it also has debt in pounds for its operations with the Group's UK-based companies, in addition to the issuance of bonds in the Irish alternative market.

- Products: The Company is financed with two financial products: Loans to group companies and bond and promissory note issuance.

For liquidity, the Company holds current accounts in a cash pooling scheme with the parent company, ensuring a comfortable financial position against potential liquidity stress.

As a result of all of the above and taking into account the limited impact, the measures taken to guarantee the assets and the existing liquidity gaps, the Company has prepared the annual accounts under the going concern principle, as the continuity of the company is not in doubt.

9. DEFERRED TAXES AND TAX SITUATION

Pursuant to File 18/89, the Parent Company of the FCC Group is subject to the consolidated corporate income tax regime, which includes all the companies that meet the requirements set out in the applicable tax legislation and of which FCC Servicios Medio Ambiente Holding, S.A. forms part.

The estimates used to assess the recoverability of deferred tax assets are based on the estimate of future taxable income, based on the business year's consolidated accounting profit(/loss) before the estimated tax from continuing operations, to which the corresponding permanent and temporary differences that are expected to take place each business year have been adjusted. The provisions of the recently enacted Spanish Act 7/2024 of 20 December have been considered for the purposes of determining the projections of recoverability of tax loss carryforwards and other tax credits. This law reinstates those measures set out in Royal Decree-Law 3/2016 that were declared unconstitutional regarding the limitation on the offsetting of tax loss carryforwards and with the reversal of tax-deductible impairments prior to 2013. Considering this regulatory change and the profit projections made, it has been estimated that the tax group headed up by FCC, S.A. will be able to substantially absorb the tax loss carryforwards recognised in the balance sheet over an estimated period of 10 years.

The management of Fomento de Construcciones y Contratas, S.A., the parent of Tax Group 18/89, has assessed the recoverability of deferred tax assets by estimating future taxable income relating to the aforementioned Group, concluding that no doubts exist with respect to their recovery. The estimates used to assess the recoverability of deferred tax assets are based on the estimated future taxable income, based on the pre-tax consolidated accounting profit(/loss) for the business year from continuing activities, which has been estimated based on the Strategic Plan drawn up by the Group for the 2024-2026 period. Based on profit projections, it is estimated that there will be sufficient positive taxable income to totally absorb both the tax losses recognised in the balance sheet and the Tax Group's deferred tax assets.

The OECD has launched a project to establish a top-up tax to ensure a global minimum level of taxation for multinational groups (known as the “Pillar Two” project). The Pillar Two regulation has been adopted by the European Parliament through Council Directive 2022/2523 of 15 December 2022, which has been transposed in Spain through Spanish Act 7/2024 of 20 December. The Pillar Two regulations have been enacted in most of the jurisdictions in which the Group operates. The legislation will be effective for the Group’s annual periods beginning on or after 1 January 2024.

The Company is subject to the Top-Up Tax established by Spanish Act 7/2024, as the Group's consolidated revenues are above 750 million euros.

The Company's parent group has carried out the relevant assessment and is closely monitoring the various legislative changes within the OECD's Pillar Two framework, which has resulted in the Top-Up Tax being implemented in Spain, as more countries enact the model rules of this Pillar, in order to assess the potential future impact on its consolidated operating profit/(loss), financial position and cash flows.

a) Balances with public administrations and deferred taxes

The breakdown of the balances of the public administrations heading on the asset and liability sides of the balance sheet is as follows:

Debt balances:	2024		2023	
	Current	Non-current	Current	Non-current
Deferred tax assets	5,740	-	3,800	-
VAT refundable	442	-	692	-
Indirect taxes borne	-	-	2	-
	6,182	**-**	**4,494**	**-**

Payables:	2024		2023	
	Current	Non-current	Current	Non-current
Income tax payable to Public Treasury	124	-	112	-
Social Security bodies	17	-	10	-
Indirect taxes assigned	-	-	2	-
	141	**-**	**124**	**-**

Deferred tax assets come from tax credits resulting from tax loss carryforwards

b) Reconciliation of accounting profit(/loss) and taxable income

The reconciliation between accounting profit(/loss) and taxable income for corporate income tax purposes is as follows:

Pre-tax accounting profit(/loss) for the 2024 business year			(3,042)
	Additions	Reductions	
Permanent differences	-	(12,748)	(12,748)
Temporary differences treated as permanent	-	-	-
Adjusted accounting profit/(loss)	**-**	**(12,748)**	**(15,790)**
Temporary differences	-	-	-
-Arising in the business year	-	-	-
-Arising in prior business years	-	-	-
Taxable income (tax profit(/loss))	**-**	**(12,748)**	**(15,790)**

Pre-tax accounting profit(/loss) for the 2023 business year			5,676
	Additions	Reductions	
Permanent differences	-	(11,222)	(11,222)
Temporary differences treated as permanent	-	-	-
Adjusted accounting profit/(loss)	**-**	**(11,222)**	**(5,546)**
Temporary differences	-	-	-
-Arising in the business year	-	-	-
-Arising in prior business years	-	-	-
Taxable income (tax profit(/loss))	**-**	**(11,222)**	**(5,546)**

Permanent differences correspond to the deduction for dividends received.

According to Article 16.1 of the Corporate Tax Act, "net financial expenses will be deductible with a limit of 30% of the year's operating profit, in any case allowing the net financial expenses of the tax period to be deducted for a maximum amount of 1 million euros". Therefore, the non-deductible finance expenses for 2013 are treated as Temporary differences and those generated after 2014 are treated as Permanent differences.

c) Reconciliation of accounting profit(/loss) to the income tax expense.

The reconciliation of accounting profit(/loss) to the corporate income tax expense is as follows:

	2024	2023
Adjusted accounting profit/(loss)	(15,790)	(5,546)
Corporation tax payment (25%)	(3,947)	(1,387)
Other adjustments	-	(3,281)
Corporation tax expense	**(3,947)**	**(4,668)**

Other adjustments in 2023 reflect the activation of tax loss carryforwards for a total of 3,281 thousand euros that appeared in the following section of this note.

d) Tax loss carryforwards and unused tax credits

The Company files its taxes as part of Consolidated Group 18/89 (FCC Group). On the other hand, the Company only proceeds to activate the tax credit generated by tax losses to the extent that its recoverability is guaranteed.

The Company has activated the tax loss carryforwards as at 31 December 2024, which, calculated at the tax rate which applied on this date, amounts to an increase in the active tax credits worth 1,940 thousand euros (increase of 3,281 thousand euros in 2023).

e) Business years open for review and tax audits

The company is open to inspection of all applicable taxes for the business years for which the statute of limitations has not expired. Therefore, for corporate income tax purposes, the company is open to inspection for the last four years from the date on which the relevant tax return was successfully filed. However, this limitation period is extended from four to ten years in relation to the application of tax losses and/or tax credits. From the criteria that the tax authorities may adopt in interpreting the tax rules, the results of current inspections or those that may be carried out in the future for the business years open for inspection could give rise to contingent tax liabilities and the amount of which cannot be objectively measured at present. The Company's Directors estimate that the liabilities resulting from this situation would not significantly affect the Company's assets.

In order to comply with the legal requirements regarding transfer prices, the company has established the necessary procedures to justify them and there are thought to be no significant risks from which contingent liabilities may arise.

10. INCOME AND EXPENSES

a) Operating income

The net revenue includes trade receivables for providing management support services, the dividends received from shares in group companies, as well as the interest accrued from the financing facilities granted to investees (Note 5):

	2024	2023
Sales and service provisions	28,783	898
Income from shareholdings in Group and associated companies	13,419	11,812
Financial income from marketable securities and other financial instruments in Group and associated companies	41,181	32,958
Total	**83,383**	**45,668**

b) Staff

The "Staff expenses" heading is made up of the following items:

	2024	2023
Wages and salaries	1,659	484
Social security contributions	201	51
Provisions	120	120
Total	**1,980**	**655**

All services necessary for the proper functioning of the Company are carried out through subcontracting with companies of the FCC Group.

c) External services

The balance of the "External services" account in the income statement for the 2024 and 2023 business years is as follows:

	2024	2023
Leases and royalties	343	93
Independent professional services	3,901	829
Insurance premiums	2,197	130
Other services	26,339	114
Total	**32,780**	**1,166**

In 2024, "Other services" includes 25,775 thousand euros of management support services performed with one of its shareholders (see Note 12).

d) Financial expenses

The amount of financial expenses calculated by applying the effective interest rate method has been as follows:

	2024	2023
Financial expenses	71,829	38,580

The financial expenses correspond to the amounts accrued for Group financing purposes, for a total of 12,441 thousand euros (11,047 thousand euros in 2023), and the amounts accrued to externally finance the loans, bonds and promissory notes issued, for a total of 59,388 thousand euros (27,533 thousand euros in 2023) (Notes 5.c, 5.d and 7).

e) Exchange differences

The balance of the "Exchange differences" account in the income statement for the 2024 and 2023 business years is as follows:

	2024	2023
Exchange gains	18,637	1,702
Exchange losses	(479)	(1,481)
Total	**18,158**	**221**

The 2024 balance can be attributed to the appreciation of the pound sterling and dollar against the euro

11. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At the end of the 2024 and 2023 business years, there are no committed guarantees.

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

a) Related-party transactions

Details of transactions with related parties in the 2024 and 2023 business years are as follows:

	Other income (Note 10)	Other operating expenses (Note 10)	Financial income (Note 10)	Financial expenses (Note 10)
2024				
FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	-	-	23,761	-
FCC MEDIO AMBIENTE, S.A.U.	30,699	-	6,146	1,330
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	-	25,954	-	9,492
FCC AMBITO, S.A.U	-	-	1,734	136
FCC AUSTRIA ABFALL A.S.A. SERVICE AG	-	-	13,419	1,472
FCC ENVIRONMENTAL SERVICES LLC	-	-	7,490	-
FCC ENVIRONMENT FRANCE	-	-	1,696	-
Rest	135	370	354	11
Total	**30,834**	**26,324**	**54,600**	**12,441**

2023				
FCC MEDIO AMBIENTE REINO UNIDO, S.L.U.	-	-	15,539	-
FCC MEDIO AMBIENTE, S.A.U.	-	-	13,523	923
FOMENTO DE CONSTRUCCIONES Y CONTRATAS, S.A.	-	-	-	9,262
FCC ÁMBITO, S.A.U.	-	-	1,683	-
FCC AUSTRIA ABFALL A.S.A. SERVICE AG	-	-	11,812	854
FCC ENVIRONMENTAL SERVICES LLC	-	-	1,863	-
Rest	-	-	350	8
Total	**-**	**-**	**44,770**	**11,047**

b) Balances with related parties

The breakdown of the balances with related parties at year-end is as follows:

	Group Companies	Total
2024		
Short-term investments (Note 5)	191,707	191,707
Long-term investments (Note 5)	2,484,372	2,484,372
Short-term debts (Note 5.d)	67,215	67,215
Long-term debts (Note 5.c)	424,855	424,855
Trade receivables	3,315	3,315
2023		
Short-term investments (Note 5)	160,680	160,680
Long-term investments (Note 5)	1,907,974	1,907,974
Short-term debts (Note 5.d)	73,607	73,607
Long-term debts (Note 5.c)	414,412	414,412
Trade receivables	1,141	1,141

c) Remuneration to the Board of Directors and Senior Management

The Senior Management functions are performed by the employees of FCC, S.A. who are remunerated. Therefore, the premium for third-party liability insurance is recorded at FCC, S.A. and the cost is charged to the Company. The cost charged to the Company during the 2024 business year was 141 thousand euros.

During the 2024 business year, 311 thousand euros were accrued in allowances in favour of the Board of Directors. (82 thousand euros in 2023).

No obligations have been contracted regarding pensions and life insurance, nor are there advances in relation to them.

The Board of Directors is made up of six men and two women.

d) Duty of loyalty and conflict of interest situations

At the end of the 2024 business year, neither the members of the Company's Board of Directors nor those associated with them have revealed situations of direct or indirect conflict with the Company's interests, in accordance with the applicable regulations (Article 229 of the Spanish Corporate Enterprises Act), without prejudice to the Company's related-party transactions, as reflected in these notes to the financial accounts or, where applicable, the agreements related to remuneration issues or the appointment of positions.

e) Mechanisms established to detect, determine and resolve possible conflicts of interests between the parent and/or its Group and its directors, executives or shareholders.

The FCC Group, Parent of this company, and parent company of the FCC Services Group, has established accurate mechanisms to determine and resolve possible conflicts of interest between Group companies and their directors, executives and shareholders, as defined in article 20 and following articles of the Regulations of the Group's Board of Directors.

f) Transactions and agreements with Shareholders

During the 2024 and 2023 business years, certain transactions with the Shareholders related to financial transactions (Notes 1 and 5) and management support services took place, amounting to 25,954 euros in 2024 (Note 10). Also, the agreements in force as at the current date with the Shareholders have been explained in Note 5.

There have been no transactions with Shareholders other than the transactions outlined above.

13. OTHER INFORMATION

a) Staff

The average number of people employed by the Company in the 2024 and 2023 business years was as follows:

	2024	2023
Directors and managers	6	3
Qualified technicians and middle managers	1	-
Other	2	-
	9	**3**

During the 2024 and 2023 business years, the Company did not employ any people with a disability of 33% or higher.
The numbers of employees, directors and senior managers at the company as at 31 December 2024 and 2023, broken down by gender, were as follows:

	Men	Women	Total
2024			
Directors and managers	4	-	4
Qualified technicians and middle managers	4	2	6
	8	**2**	**10**
	Men	**Women**	**Total**
2023			
Directors and managers	3	2	5
Qualified technicians and middle managers	1	-	1
	4	**2**	**6**

Information on the average payment period to suppliers. Third additional provision. "Obligation to provide information" of Spanish Act 15/2010 of 5 July.

In relation to the Resolution of the Institute of Accounting and Auditing Accounts (ICAC) of 29 January 2016, issued in compliance with the Second Final Provision of Spanish Act 31/2014 of 3 December, and amending the Third Additional Provision of Spanish Act 15/2010 of 5 July, establishing measures to combat late payment in commercial transactions, the following table provides information on the average payment period to suppliers for commercial transactions accrued since the date of entry into force of Spanish Act 31/2014, i.e., 24 December 2014:

	2024	2023
	Days	**Days**
Average payment period to suppliers	34	53
Ratio of paid operations/transactions	32	32
Ratio of transactions pending payment	85	85
	Amount	**Amount**
Total payments made	38,753	1,087
Total payments pending	1,543	717
Total payments made in a period less than the maximum established in the late-payment regulations	37,367	968
Ratio %	**96%**	**89%**
Total number of invoices paid during the period	258	55
Number of invoices paid in a period less than the maximum established in the late-payment regulations	156	40
Ratio %	**60%**	**73%**

b) Remuneration to auditors

The fees accrued for the 2024 business year related to account auditing services provided to the Company by the main auditor, Ernst & Young S.L., for a total of 33 thousand euros (32 thousand euros in 2023).

14. EVENTS AFTER THE REPORTING PERIOD

As of the date that these financial accounts are drawn up, no matters of a nature that could modify them or be the subject of additional information to that included in them had been disclosed

15. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Company in Spain (see Note 2). Certain accounting practices applied by the Company that conform with that regulatory framework may not conform with others generally accepted accounting principles and rules.

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 15). In the event of a discrepancy, the Spanish-language version prevails.

ANNEX I

2024 BUSINESS YEAR	Carrying amount							2024 business year profit/loss	
Company	Assets	Impairment	Shareholding	Dividend collected	Capital	Reserves	Other equity line items	Operation	Continuing operations
FCC AMBITO, S.A.U. Federico Salmón, 13 - Madrid - Urban Sanitation -	84,829	-	100%	-	30,089	45,197	-	18,306	15,436
FCC ENVIRONMENTAL SERVICES LLC Texas (United States) - Urban Sanitation -	231,324	-	100%	-	260,026 (USD) (*)	(18,277) (USD) (*)	-	(3,618) (USD) (*)	(17,545) (USD) (*)
FCC ENVIRONNEMENT FRANCE 14 Rue du Pont Neuf - Paris (France) - Holding company -	60,009	-	100%	-	10,000	50,009	-	130	(1,566)
FCC MEDIO AMBIENTE, S.A.U. Federico Salmón, 13 - Madrid - Urban Sanitation -	510,835	-	100%	-	50,000	891,382	-	116,302	77,176
FCC MEDIO AMBIENTE REINO UNIDO, S.L.U. Avda. Camino de Santiago, 40 - Madrid - Holding company -	3	-	100%	-	3	97,912	-	67,092	42,411
FCC MEDIOAMBIENTE INTERNACIONAL, S.L.U. Avda. Camino de Santiago, 40 - Madrid - Urban Sanitation -	150	-	100%	-	150	(55)	-	(1)	(3)
FCC AUSTRIA ABFALL A.S.A. SERVICE AG Hans-Hruschka-Gasse, 9 - Himberg (Austria) - Urban Sanitation -	219,078	-	dir. 94.50% indt. 5.50%	13,419	5,000	42,435	-	(2,564)	15,029
INTERNATIONAL SERVICES INC., S.A.U. Federico Salmón, 13 - Madrid - Holding company -	60	-	100%	-	60	1,425	-	935	691
TOTAL	1,106,289	-		13,419					

(USD) (*): United States Dollar

Translation of financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 1 and 15). In the event of a discrepancy, the Spanish-language version prevails.

2023 BUSINESS YEAR	Carrying amount		Shareholding		Dividend collected	Capital	Reserves	Other equity line items	2023 business year profit/loss	
Company	Assets	Impairment							Operation	Continuing operations
FCC AMBITO, S.A.U. Federico Salmón, 13 - Madrid - Urban Sanitation -	84,829	-		100%	-	30,089	31,762	-	17,218	13,423
FCC ENVIRONMENTAL SERVICES LLC Texas (United States) - Urban Sanitation -	231,324	-		100%	-	260,026 (USD) (*)	(7,108) (USD) (*)	-	(3,295) (USD) (*)	(11,169) (USD) (*)
FCC ENVIRONNEMENT FRANCE 14 Rue du Pont Neuf - Paris (France) - Holding company -	10	-		100%	-	1	9	-	-	-
FCC MEDIO AMBIENTE, S.A.U. Federico Salmón, 13 - Madrid - Urban Sanitation -	510,835	-		100%	-	50,000	789,144	-	119,992	102,236
FCC MEDIO AMBIENTE REINO UNIDO, S.L.U. Avda. Camino de Santiago, 40 - Madrid - Holding company -	3	-		100%	-	3	82,145	-	31,869	15,767
FCC MEDIOAMBIENTE INTERNACIONAL, S.L.U. Avda. Camino de Santiago, 40 - Madrid - Urban Sanitation -	150	-		100%	-	150	(31)	-	(30)	(24)
FCC AUSTRIA ABFALL A.S.A. SERVICE AG Hans-Hruschka-Gasse, 9 - Himberg (Austria) - Urban Sanitation -	219,078	-	dir. indt.	94.50% 5.50%	11,813	5,000	46,002	-	(2,718)	10,634
INTERNATIONAL SERVICES INC., S.A.U. Federico Salmón, 13 - Madrid - Holding company -	60	-		100%	-	60	838	-	832	587
TOTAL	1,046,290	-			11,813					

(USD) (*): United States Dollar

MANAGEMENT REPORT

Performance of the Company in the 2024 business year

The Company is the holding company of the FCC Servicios Group, which is made up of a wide array of national and foreign subsidiaries and partner companies, which develop several business activities related to the provision of solid waste collection and treatment services, public road and sewage network cleaning, industrial waste treatment, while also including the construction and operation of plants, and the energy recovery from waste.

The main risks to which the company is exposed are contracting, execution and quality in the provision of municipal sanitation, and municipal and industrial cleaning services, and investment, financial and human resources risks, as well as general business risks.

To the extent that the company is part of the FCC Group, there are risk policies aimed at limiting the impact of risks on the company's financial statements and its normal course of business.

Financial Risk Management Policy

Exchange rate risk. The positioning that FCC Servicios Medio Ambiente Holding, S.A.U. currently has in international markets means that the concept of exchange risk has a moderate impact. However, the FCC Group's policy is to reduce, as far as possible, the negative effect that this risk could have on its financial statements, both due to transactional and purely equity changes. In practice, the effect of the former is mitigated, provided that the volume of transactions warrants this, by entering into appropriate hedging instruments on the market. With regard to the latter, i.e. balance sheet transactions, the company's policy, when the situation so requires and provided that the financial markets offer liquidity, instruments and terms, is to try to obtain coverage by arranging financing transactions in the same currency in which the asset is denominated.

Interest rate risk. In view of the nature of our activities, in which working capital management plays an essential role, our policy is to determine benchmarks for our financial debt that reflect changes in inflation with greater reliability. Therefore, our company's policy is to endeavour to ensure that both current financial assets, which to a large extent provide natural hedges for our current financial liabilities, and debt are tied to floating interest rates. In long-term transactions, where required by the Group's financial structure, debt is at fixed rates for a term that matches the maturity cycle of the transaction in question, all within the possibilities offered by the market.

Solvency risk. In order to mitigate liquidity risk, the company is present at all times in different markets in a bid to obtain credit facilities and minimise the risk arising from the concentration of operations. It raises finance from various Spanish and international financial institutions and works with a wide range of financial products, such as credits, loans and discounts.

Environmental management policy

The very nature of the activity carried out by the Company is aimed at the protection and conservation of the environment.

The contingencies relating to the protection and improvement of the environment held by the company as at 31 December 2024 and 2023 are not significant amounts and management believes that they would not have a significant impact on the accompanying financial statements, which include operating provisions to cater for general and extraordinary contingencies that might arise.

Research and Development Activities

In the year there were no Research and Development activities.

Acquisition of Own Shares

No purchases of own shares were made during the year.

Use of Financial Instruments

There is no relevant additional information to that included in the annual accounts regarding financial instruments.

Events occurring after the reporting period

No significant event occurred between the reporting date and the date of authorisation for issue of these annual accounts with a significant impact on the Company's financial position that has not been disclosed in the notes to the annual accounts.

Forecast for 2025

The outlook for the 2025 business year remains favourable, in terms of both maintaining its activity and results.

Statement of Non-Financial Information

The Company is included in the consolidated Non-Financial Statement that is part of the larger Consolidated Management Report of Fomento de Construcciones y Contratas S.A. and Subsidiaries.

This Non-Financial Statement has been prepared pursuant to the requirements set out in Spanish Act 11/2018 of 28 December, amending the Code of Commerce, the consolidated text of the Corporate Enterprises Act approved by Royal Decree Legislative 1/2010 of 2 July, and Spanish Act 22/2015 of 20 July, on audits, in matters of non-financial information and diversity. The consolidated management report of Fomento de Construcciones y Contratas, S.A. and Subsidiaries are filed in the Barcelona Mercantile Register.