

Report on Limited Review

FCC SERVICIOS MEDIO AMBIENTE HOLDING, S.A.U. AND
SUBSIDIARIES
Consolidated Interim Condensed Financial Statements
for the 6 month period ended
June 30, 2023



REPORT ON LIMITED REVIEW OF CONSOLIDATED INTERIM CONDENSED FINANCIAL STATEMENTS

Translation of a report and financial statement originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails (See Note 20)

To the sole shareholder of FCC Servicios Medio Ambiente Holding, S.A.U. at the request of Management:

Introduction

We have carried out a limited review of the accompanying consolidated interim condensed financial statements (hereinafter interim condensed financial statements) of FCC Servicios Medio Ambiente Holding, S.A.U. (the Parent) and subsidiaries (the Group), which consists of the balance sheet at June 30, 2023, the income statement, the statement of recognized income and expense, the total statement of changes in equity, the statement of cash flows and the explanatory notes thereto (all of them condensed and consolidated) for the 6-month period then ended. The directors are responsible for the preparation of the Company's interim financial statements in accordance with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial information and for such internal control as they determine is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error. Our responsibility is to express a conclusion on said interim financial statements based on our limited review.

Scope of the review

We conducted our limited review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A limited review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit conducted in accordance with prevailing audit regulations in Spain and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

As a result of our limited review, which under no circumstances should be considered an audit of financial statements, nothing came to our attention that would lead us to conclude that the accompanying interim condensed financial statements for the 6-month period ended at June 30, 2023 are not prepared, in all material respects, in conformity with International Accounting Standard (IAS) 34, Interim Financial Reporting, as adopted by the European Union, for the preparation of interim condensed financial statements.

Emphasis of matter

We draw attention to the matter described in accompanying explanatory note 2, which indicates that the abovementioned interim condensed financial statements do not include all the information that would be required for complete financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and therefore, the accompanying interim condensed financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022. This matter does not modify our conclusion.

Restriction on distribution and use

This report has been prepared at the request of Management exclusively for the purpose of Debt refinancing operation and, accordingly, it should not be used by third parties or for any other purpose without our prior written consent.

We will not accept any responsibility from any third parties different to the addressees of this report.

ERNST & YOUNG, S.L.



Alfonso Balea López

September 21, 2023



FCC SERVICIOS MEDIO AMBIENTE HOLDING
AND SUBSIDIARIES (CONSOLIDATED GROUP)

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS
30 JUNE 2023**

CONSOLIDATED BALANCE SHEET (in thousands of euros)

ASSETS	30/06/2023	31/12/2022
NON-CURRENT ASSETS	3,361,506	3,179,953
Intangible assets (Note 5)	935,470	932,528
Concessions (Notes 5 and 8)	382,051	387,317
Goodwill	515,582	506,667
Other intangible assets	37,837	38,544
Property, plant and equipment (Note 6)	1,855,016	1,713,055
Land and buildings	367,581	345,181
Plant and other items of property, plant and equipment	1,487,435	1,367,874
Real estate investments		
Investments accounted for using the equity method (Note 7)	232,365	194,887
Non-current financial assets (Note 8)	259,810	258,315
Deferred tax assets	63,999	64,839
Long-term accounts receivable and other non-current assets	14,846	16,329
CURRENT ASSETS	1,692,960	1,590,027
Non-current assets held for sale		
Inventories	62,502	57,101
Trade and other receivables	1,067,886	957,658
Trade receivables for sales and services	1,001,721	897,990
Other receivables	61,724	57,434
Current tax assets	4,441	2,234
Other current financial assets (Note 8)	98,146	86,471
Other current assets	59,753	31,457
Cash and cash equivalents	404,673	457,340
TOTAL ASSETS	5,054,466	4,769,980

The accompanying notes 1 to 19 are an integral part of the condensed consolidated interim financial statements as of 30 June 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

LIABILITIES AND EQUITY	30/06/2023	31/12/2022
EQUITY (Note 9)	1,015,784	911,090
Equity attributable to the Parent	900,726	806,420
Shareholders' equity	998,647	910,081
Capital	10,000	10,000
Accumulated earnings and other reserves	900,223	715,997
Shares and equity interests		
Profit for the year attributable to the Parent company	88,424	184,084
Interim dividend		
Other equity instruments		
Valuation adjustments	(97,921)	(103,661)
Non-controlling interests	115,058	104,670
NON-CURRENT LIABILITIES	2,265,532	2,231,018
Grants	4,676	4,265
Non-current provisions (Note 10)	561,567	544,159
Non-current financial liabilities (Note 11)	1,431,624	1,418,164
Debt instruments and other held-for-trading liabilities	618,353	617,575
Bank borrowings	272,645	275,193
Other financial liabilities	540,626	525,396
Deferred tax liabilities	132,372	129,455
Other non-current liabilities	135,293	134,975
CURRENT LIABILITIES	1,773,150	1,627,872
Liabilities related to non-current assets held for sale		
Current provisions (Note 10)	4,401	5,004
Current financial liabilities (Note 11)	1,061,787	918,310
Debt instruments and other held-for-trading liabilities	789,167	740,271
Bank borrowings	133,029	68,345
Other financial liabilities	139,591	109,694
Trade and other payables	701,078	699,506
Suppliers	260,892	307,222
Other payables	424,092	383,897
Current tax liabilities	16,094	8,387
Other current liabilities	5,884	5,052
TOTAL EQUITY AND LIABILITIES	5,054,466	4,769,980

The accompanying notes 1 to 19 are an integral part of the condensed consolidated interim financial statements as of 30 June 2023.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(in thousands of euros)

	30/06/2023	30/06/2022
Net turnover	1,883,471	1,745,763
Own work capitalised	27,644	10,970
Other operating income	23,144	22,449
Changes in finished goods and work in progress inventories	552	(135)
Procurements	(471,684)	(415,620)
Staff costs	(790,300)	(709,897)
Other operating expenses	(377,606)	(377,250)
Depreciation and amortisation (Notes 5 and 6)	(141,312)	(124,826)
Apportionment of grants for fixed and non-current assets and others	474	333
Impairment and gains on disposals of fixed and non-current assets	497	868
Other profit/(loss) (Note 12.a)	(6,250)	(8,136)
OPERATING PROFIT(LOSS)	148,630	144,519
Financial income (Note 12.b)	15,307	7,297
Financial expenses	(39,750)	(33,750)
Other financial profit/(loss)	(691)	(133)
FINANCIAL LOSS	(25,134)	(26,586)
Profit/(loss) of entities accounted for using the equity method (Note 12.c)	12,160	10,806
PROFIT/(LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	135,656	128,739
Corporate income tax	(34,391)	(31,788)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	101,265	96,951
Profit or loss for the financial year from interrupted economic activities after tax		
CONSOLIDATED PROFIT FOR THE YEAR	101,265	96,951
Profit/(loss) attributable to the Parent	88,424	88,488
Profit attributable to minority interests (Note 12.d)	12,841	8,463
EARNINGS PER SHARE	8.84	8.85

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (in thousands of euros)

	30/06/2023	30/06/2022
CONSOLIDATED PROFIT FOR THE YEAR	101,265	96,951
Other comprehensive income - Items that are not reclassified to profit/(loss) for the period	68	711
Actuarial profits and losses and other adjustments (*)	68	711
Other comprehensive income - items that can subsequently be reclassified to profit/(loss) for the period	13,953	37,617
Financial assets at fair value with changes in other comprehensive income	(6,304)	2,437
Valuation gains/(losses)	(6,304)	2,437
Amounts transferred to the income statement		
Cash flow hedges	3,709	27,183
Valuation gains/(losses)	5,246	24,994
Amounts transferred to the income statement holding	(1,537)	2,189
Translation differences	18,902	9,160
Valuation gains/(losses)	18,902	9,160
Amounts transferred to the income statement holding		
Participation in other comprehensive income recognised by investments in joint ventures and associates	(23)	5,418
Valuation gains/(losses)	(23)	5,418
Amounts transferred to the income statement		
Tax effect	(2,331)	(6,581)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	115,286	135,279
Attributable to the Parent	94,299	123,866
Attributable to non-controlling interests	20,987	11,413

The accompanying notes 1 to 19 are an integral part of the condensed consolidated interim financial statements as of 30 June 2023.

(*) Amounts that under no circumstances will be charged to the statement of profit and loss.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY (in thousands of euros)

	Share capital	Share premium and reserves	Interim dividend	Profit/(loss) for the year attributed to the Parent Company	Valuation adjustments	Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
Equity as at 31 December 2021	10,000	539,569	-	172,917	(128,595)	593,891	96,550	690,441
Total income and expenses for the year	-	355		88,488	35,023	123,866	11,413	135,279
Transactions with shareholders or owners	-	172,915	-	(172,917)	(154)	(156)	(2,649)	(2,805)
Capital increases				-	-	-	-	-
Distribution of dividends	-	-	-		-	-	(5,922)	(5,922)
Distribution of profit/(loss) for 2021	-	172,917		(172,917)	-	-	-	-
Increases/(reductions) by business combinations	-	(2)			(154)	(156)	3,273	3,117
Other changes in equity	-	(40)		-	(56)	(96)		(96)
Equity at 30 June 2022	10,000	712,799	-	88,488	(93,782)	717,505	105,314	822,819
Equity as at 31 December 2022	10,000	715,997	-	184,084	(103,661)	806,420	104,670	911,090
Total income and expenses for the year	-	135		88,424	5,740	94,299	20,987	115,286
Transactions with shareholders or owners	-	184,091	-	(184,084)	-	7	(10,583)	(10,576)
Capital increases				-	-	-	95	95
Distribution of dividends	-				-	-	-	-
Distribution of profit/(loss) for 2022		184,084		(184,084)		-	(10,623)	(10,623)
Increases/(reductions) by business combinations		7			-	7	(55)	(48)
Other changes in equity	-	-		-	-	-	(16)	(16)
Equity at 30 June 2023	10,000	900,223	-	88,424	(97,921)	900,726	115,058	1,015,784

The accompanying notes 1 to 19 are an integral part of the condensed consolidated interim financial statements as of 30 June 2023.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

CONSOLIDATED STATEMENT OF CASH FLOW (INDIRECT METHOD) (in thousands of euros)

	30/06/2023	30/06/2022
Profit/(loss) before tax from continuing operations	135,656	128,739
Adjustments to profit	154,163	144,995
Amortisation and depreciation	141,312	124,826
Impairment of goodwill and fixed and non-current assets	(497)	(868)
Other adjustments to profit (net)	13,348	21,037
Changes in working capital	(152,125)	(13,106)
Other cash flows from operating activities	(2,684)	(15,361)
Dividend collections	21,404	11,194
Collections/(payment) for income tax	(24,088)	(26,555)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	135,010	245,267
Investment payments	(261,383)	(151,883)
Group companies, associates and business units	(36,818)	(5,505)
Property, plant and equipment, intangible assets and real estate investments	(222,919)	(144,340)
Other financial assets	(1,646)	(2,038)
Proceeds from divestments	2,695	10,567
Group companies, associates and business units		379
Property, plant and equipment, intangible assets and real estate investments	2,341	9,885
Other financial assets	354	303
Other cash flows from investing activities	1,438	2,344
Interest received	5,169	1,258
Other collections/(payments) from investing activities	(3,731)	1,086
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(257,250)	(138,972)
Proceeds from and (payments) for equity instruments	40	-
Issue/(redemption)	95	
(Acquisition)/disposal of own shares	(55)	
Proceeds and (payments) from financial liabilities	93,833	(27,612)
Issuance	824,156	380,385
Repayment and amortisation	(730,323)	(407,997)
Dividend payments and payments on equity instruments	(13,759)	(5,557)
Other cash flows from financing activities	(16,329)	(11,036)
Interest paid	(16,321)	(11,084)
Other collections/(payments) from financing activities	(8)	48
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	63,785	(44,205)
EFFECT OF VARIATIONS IN EXCHANGE RATES	5,788	(61)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	-52,667	62,029
Cash and cash equivalents at the start of the period	457,340	376,104
Cash and cash equivalents at the end of the period	404,673	438,133

The accompanying notes 1 to 19 are an integral part of the condensed consolidated interim financial statements as of 30 June 2023.

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

TABLE OF CONTENTS

1. Group Activity	1
2. Bases of presentation of the condensed consolidated interim financial statements	1
3. Policies, accounting methods and other information	2
- Accounting policies and methods	
- Estimates used	
- Other information	
4. Changes in the scope of consolidation	4
5. Intangible assets	4
6. Property, plant and equipment	7
- Details of property, plant and equipment	
- Acquisitions and disposals of items of property, plant and equipment	
- Commitments for the acquisition of property, plant and equipment	
7. Investments accounted for using the equity method	9
8. Financial assets	10
9. Equity	11
- Capital	
- Valuation adjustments	
10. Non-current and current provisions	12
11. Financial liabilities	13
12. Income and expenses	14
13. Segmented information	15
14. Guarantees committed to third parties and other contingent liabilities	21
15. Financial and non-financial risks	21
16. Average workforce of the consolidated Group	22
17. Remuneration received by directors and executives	23
18. Transactions with related parties	23
19. Subsequent events	23

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

1. GROUP ACTIVITY

FCC Servicios Medio Ambiente Holding, S.A.U. (hereinafter the Parent) was incorporated in Madrid on 10 July 2008 under the name Dédalo Patrimonial, S.L. On 20 May 2019, the agreement to change the company's name was executed in a public deed; accordingly, it became known as FCC Servicios Medio Ambiente Holding, S.A.U.

The Environmental Services Group is made up of the Parent FCC Servicios Medio Ambiente Holding, S.A.U. and a group of investees at national and international level, which carry out different activities associated with Environmental Services in different business divisions, classified by region and grouped together as follows:

- Spain and Portugal.
- United Kingdom.
- Central Europe.
- United States of America.

All of these business areas provide services related to the collection and processing of solid waste, sanitation of public roads and drainage, the treatment of industrial waste, including both the construction and operation of plants, and energy recovery from waste.

International activity accounts for approximately 45% of FCC Servicios Medio Ambiente Holding's revenue ("Environmental Services Group"), mainly in European (Austria and the United Kingdom) and the United States. The Environmental Services Group is a subsidiary of the Fomento de Construcciones y Contratas Group ("FCC Group").

2. BASES OF PRESENTATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed consolidated interim financial statements as at 30 June 2023 have been prepared by applying the International Financial Reporting Standards (IFRS) adapted by the European Union on the closing date, in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 19 2002, as well as all its implementing provisions and are presented pursuant to IAS 34 "Interim Financial Reporting" and the provisions of Royal Decree 1362/2007 of 19 October implementing Law 24/1988, of 28 July on the Securities Market, in relation to the transparency requirements relating to information on issuers whose securities are admitted for trading on a regulated market in the European Union.

The interim financial information has been prepared to update the contents of the most recent consolidated financial statements prepared by the Environmental Services Group for the year ending 31 December 2022. Consequently, to comprehensively understand the information it contains, we recommend bearing in mind the consolidated financial statements corresponding to 2022, which were approved by the General Shareholders Meeting on 23 June 2023.

The interim financial information consists of the condensed consolidated interim financial statements: Balance Sheet, Statement of Profit and Loss, Statement of Recognised Income and Expense, Statement of Changes in Total Equity and Statement of Cash Flows. In addition, in accordance with IAS 34 "Interim Financial Reporting", these condensed consolidated interim financial statements are accompanied by the explanatory notes required by IAS 34 to disclose information about events and transactions that are material to an understanding of the interim period.

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Reclassifications made

No significant reclassifications were made during the first half of 2023 and 2022.

Rules and interpretations issued but not in force

The Group intends to adopt standards, interpretations and amendments to standards issued by the IASB, which are not mandatory in the European Union, when they become effective, if applicable to it. Although the Group is currently analysing its impact, based on its analysis to date, the Group believes that its initial application will not have a material impact on the consolidated financial statements.

Significant standards and interpretations applied as at 30 June 2023

In both the first six months of 2023 and 2022, the Group did not apply any additional standards or interpretations to those applied at the end of 31 December of the previous year that would have had a material impact on its financial statements.

The accompanying condensed consolidated interim financial statements are expressed in thousands of euro.

3. POLICIES, ACCOUNTING METHODS AND OTHER INFORMATION

a) Accounting policies and methods

The accounting policies and methods used in the preparation of these condensed consolidated interim financial statements are the same as those used in the consolidated financial statements for 2022 (note 3 to the notes to the Group's consolidated financial statements for 2022).

b) Estimates used

Estimates have been used from time to time in the condensed consolidated interim financial statements to quantify certain of the assets, liabilities, income, expenses and commitments reported herein on the same basis as in the preparation of the consolidated financial statements of the Environmental Services Group for the year 2022 (note 3 to the notes to the consolidated financial statements of the Group for the year 2022).

In terms of corporate tax expenses, it should be noted that for interim periods, in accordance with IAS 34, they are quantified according to the best estimate of the weighted average tax rate that the Group expects to be applied for the entire year.

c) Going concern principle

Management of the Parent Company has prepared the interim financial information on a going concern basis, on the basis that it has no reasonable doubts about the Group's ability to adequately finance its operations. Note 15 of these condensed consolidated interim financial statements describes the development of the risks to which the Group is exposed and their mitigating factors.

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d) Provisions and contingent liabilities

Notes 17 "Non-current and current provisions" and 24 "Guarantees committed to third parties and other contingent liabilities" of the report on the Group's consolidated financial statements for the year ending 31 December 2022, provide information on provisions and contingent liabilities on that date. Changes during the first half of 2023 are disclosed in notes 10 and 14.

e) Comparison of information

The information contained in the condensed consolidated interim financial statements for the first half of 2022 is presented solely and exclusively for comparative purposes with the information relating to the six-month period ended 30 June 2023, while the balance sheet as at this date is compared with that presented in the consolidated annual accounts for financial year 2022.

f) Relative importance

In determining the disclosures to be made in the notes on individual financial statement line items or other matters, the Group, in accordance with IAS 34, has taken into account materiality in the condensed consolidated interim financial statements for the six-month period.

g) Consolidated statement of cash flows

The following expressions are used in the consolidated statements of cash flows:

- Cash flows are inflows and outflows of cash and cash equivalents.
- Operating activities are the activities that constitute the main source of the company's ordinary income, as well as other activities that cannot be classified as investment or financing activities.
- Investment activities are the acquisition and disposal of long-term assets, as well as other investments not included in cash and cash equivalents.
- Financing activities are the activities that generate changes in the size and composition of own capital and loans taken by out the company.

For the purpose of the condensed consolidated cash flow statement, cash and cash equivalents are cash and demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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4. CHANGES IN THE SCOPE OF CONSOLIDATION

With no significant variations, 1.5% is purchased to reach 100% in Industrial de Reciclaje de RAAES, S.L.

5. INTANGIBLE ASSETS

The net composition of intangible fixed assets at 30 June 2023 and 31 December 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net Net
30.06.2023				
Concessions	553,495	(170,630)	(814)	382,051
Goodwill	998,256	-	(482,674)	515,582
Other intangible assets	89,184	(48,561)	(2,786)	37,837
	1,640,935	(219,191)	(486,274)	935,470

	Cost	Accumulated amortisation	Impairment	Net Net
31.12.2022				
Concessions	545,060	(157,153)	(590)	387,317
Goodwill	975,957	-	(469,290)	506,667
Other intangible assets	87,173	(45,925)	(2,704)	38,544
	1,608,190	(203,078)	(472,584)	932,528

a) Concessions

This heading includes the intangible assets corresponding to the service concession arrangements.

The changes in this heading on the consolidated balance sheet for the first six months of 2023 and 2022 were as follows:

	Concessions	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.22	545,060	(157,153)	(590)	387,317
Additions or allocations	2,607	(12,376)	(223)	(9,992)
Derecognitions, disposals or reductions	0	0	0	0
Translation differences	5,709	(1,172)	0	4,537
Change in scope, transfers and other changes	118	71	0	189
Balance at 30.06.23	553,494	(170,630)	(813)	382,051

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

	Concessions	Accumulated Amortisation	Impairment	Net value
Balance at 31.12.21	533,995	(135,526)	(711)	397,758
Additions or allocations	5,073	(11,707)	(101)	(6,735)
Derecognitions, disposals or reductions	(1,312)	878	167	(267)
Translation differences	(1,989)	445	0	(1,544)
Change in scope, transfers and other changes	314	(1)	55	368
Balance at 30.06.22	536,081	(145,911)	(590)	389,580

The most noteworthy are the entries corresponding to the first six months of 2023 and 2022, with the Loeches Plant (€625 thousand) and the Campello Plant (€1,464 thousand). In 2022, they contributed €1,995 thousand and €2,638 thousand respectively.

b) Goodwill

The movements in this item in the consolidated balance sheet for the first six months of 2023 and 2022 are mainly due to translation differences:

Balance at 31.12.21		493,96
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	(5,716)	
Premier Waste Services, LLC	1,954	
Other	(786)	(4,548)
Balance at 30.06.22		489,412
Balance at 31.12.22		506,667
Exchange differences, change in consolidation scope and others:		
FCC Environment Group (UK)	9,848	
Premier Waste Services, LLC	(422)	
Houston Waste Solutions, LLC	(75)	
Houston Waste Services, LLC	(436)	
Other	-	8,915
Balance at 30.06.23		515,582

The breakdown of goodwill at 30 June 2023 and 31 December 2022 on the accompanying consolidated balance sheet is as follows:

	30.06.2023	31.12.2022
FCC Environment Group (UK)	304,842	294,994
FCC Group - CEE	136,793	136,793
FCC Ambito, S.A.	23,311	23,311
Tratamientos y Recuperaciones Industriales, S.A.	869	869
Premier Waste Services, LLC	22,529	22,951
Houston Waste Services, LLC	4,003	4,078
Houston Waste Solutions, LLC	23,235	23,671
	515,582	506,667

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The impairment analysis policies applied by the Group to its goodwill are described in notes 3 b) and 6 of the consolidated annual accounts for 2022. After analysing the current situation, the Group has not detected any signs of impairment in its most relevant goodwill, and therefore no impairment has been recorded.

c) Other intangible assets

The changes in this heading on the consolidated balance sheet for the first six months of 2023 and 2022 were as follows:

	Other intangible assets	Accumulated amortisation	Impairment	Net value
Balance at 31.12.22	87,173	(45,925)	(2,704)	38,544
Additions or allocations	2,255	(3,524)	(3)	(1,272)
Derecognitions, disposals or reductions	(1,321)	1,319	0	(2)
Translation differences	695	(395)	(79)	221
Transfers and other movements	382	(36)	0	346
Balance at 30.06.2023	89,184	(48,561)	(2,786)	37,837

	Other intangible assets	Accumulated amortisation	Impairment	Net value
Balance at 31.12.21	220,810	(178,290)	(6,768)	35,752
Additions or allocations	1,625	(2,893)	(1)	(1,269)
Derecognitions, disposals or reductions	(8,234)	7,630	563	(41)
Translation differences	61	22	(33)	50
Transfers and other movements	(130,084)	125,689	3,492	(903)
Balance at 30.06.22	84,178	(47,842)	(2,747)	33,589

In 2023 and 2022, FCC Medio Ambiente S.A.U. wrote off €607 thousand in 2023, while in 2022 the ASA Group contributed €8,010 thousand with a net value of zero in both cases.

In the first half of 2023, the entries in FCC Medio Ambiente S.A.U for €1,502 thousand, in 2022 FCC Medio Ambiente S.A.U. contributed €335 thousand and the ASA Group €399 thousand.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

6. PROPERTY, PLANT AND EQUIPMENT

The net breakdown of property, plant and equipment at 30 June 2023 and 31 December 2022 is as follows:

	Cost	Accumulated amortisation	Impairment	Net value
30.06.2023				
Land and buildings	594,935	(217,305)	(10,049)	367,581
Land and natural resources	114,372	(11,259)	(5,727)	97,386
Buildings for own use	480,563	(206,046)	(4,322)	270,195
Plant and other items of property, plant and equipment	5,375,363	(3,264,380)	(623,548)	1,487,435
Plant	3,025,394	(1,906,665)	(602,177)	516,552
Machinery and vehicles	1,823,953	(1,067,200)	(20,689)	736,064
Advances and PP&E under construction	54,005			54,005
Other PP&E	472,011	(290,515)	(682)	180,814
	5,970,298	(3,481,685)	(633,597)	1,855,016
31.12.2022				
Land and buildings	563,535	(207,774)	(10,580)	345,181
Land and natural resources	107,512	(10,664)	(6,125)	90,723
Buildings for own use	456,023	(197,110)	(4,455)	254,458
Plant and other items of property, plant and equipment	5,115,945	(3,143,532)	(604,539)	1,367,874
Plant	2,926,733	(1,822,783)	(582,836)	521,114
Machinery and vehicles	1,692,714	(1,035,980)	(20,047)	636,687
Advances and PP&E under construction	45,139			45,139
Other PP&E	451,359	(284,769)	(1,656)	164,934
	5,679,480	(3,351,306)	(615,119)	1,713,055

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

The changes in this heading on the consolidated balance sheet for the first six months of 2023 and 2022 were as follows:

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
Balance at 31.12.22	107,512	456,023	563,535	2,926,733	1,692,713	45,139	451,359	5,115,945	(3,351,306)	(615,119)
Additions or allocations	6,515	28,201	34,716	10,268	158,535	18,820	31,847	219,470	(125,412)	(53)
Derecognitions, disposals or reductions	(1,588)	(5,967)	(7,555)	0	(42,883)	(276)	(1,971)	(45,130)	48,418	855
Translation differences	1,761	2,813	4,574	87,225	9,744	1,014	2,008	99,991	(66,170)	(20,069)
Change in scope, transfers and other changes	172	(507)	(335)	1,168	5,844	(10,692)	(11,232)	(14,912)	12,785	788
Balance at 30.06.23	114,372	480,563	594,935	3,025,394	1,823,953	54,005	472,011	5,375,364	(3,481,685)	(633,598)

	Land and natural resources	Buildings for own use	Land and buildings	Plant	Machinery and vehicles	Advances and PP&E under construction	Other PP&E	Plant and other items of property, plant and equipment	Accumulated amortisation	Impairment
Balance at 31.12.21	117,787	432,582	550,369	3,016,086	1,497,838	39,100	398,400	4,951,424	(3,284,534)	(649,389)
Additions or allocations	3,495	10,428	13,923	8,510	86,911	15,572	27,502	138,495	(110,157)	(113)
Derecognitions, disposals or reductions	(133)	(6,213)	(6,346)	(125)	(35,635)	(336)	(4,859)	(40,955)	37,585	29
Translation differences	(369)	3,024	2,655	(48,925)	8,858	(331)	4,178	(36,220)	24,930	13,013
Change in scope, transfers and other changes	(15,569)	5,977	(9,592)	929	7,611	(9,354)	1,303	489	2,159	10,009
Balance at 30.06.22	105,211	445,798	551,009	2,976,475	1,565,583	44,651	426,524	5,013,233	(3,330,017)	(626,451)

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

Acquisitions and disposals of items of property, plant and equipment.

The following acquisitions of property, plant and equipment took place in the first half of the year:

	(Thousands of euros)
Land and buildings	34,716
Plant	10,268
Machinery and vehicles	158,535
Other property, plant and equipment	50,667
TOTAL	254,186

And derecognitions due to disposals of these elements were as follows:

	(Thousands of euros)
Land and buildings	7,555
Plant	-
Machinery and vehicles	42,883
Other property, plant and equipment	2,247
TOTAL	52,685

Purchase commitments

In the course of their activities, the Group companies have formalised acquisition commitments at 30 June 2023 for property, plant and equipment, mainly machinery and transport equipment, amounting to €60,394 thousand. These amounts are outstanding from the amounts reflected in note 7 to the Group's consolidated financial statements for the year ended 31 December 2022. At 30 June 2022, there were no material property, plant and equipment acquisition commitments outstanding from those reflected at 31 December 2021.

7. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

This heading includes the value of investments in companies accounted for under the equity method, which applies to both joint ventures and associates, as well as non-current loans granted to them and the breakdown of which is as follows:

	30.06.2023	31.12.2022
Joint ventures	53,343	59,134
Investment value	53,343	59,134
Associates	179,022	135,753
Investment value	65,881	57,136
Loans	113,141	78,617
	232,365	194,887

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At 30 June 2023, the most relevant amount is the loan granted to Lostock Sustainable Energy for an amount of €111,709 thousand (€77,185 thousand in December 2022).

The Group has reassessed the recoverable amount of its principal investments accounted for using the equity method, as a result of which no impairment has occurred.

8. FINANCIAL ASSETS

The details of the most significant balances under "Non-Current Financial Assets" and "Other Current Financial Assets" in the accompanying consolidated balance sheet is described in the following headings:

a) Non-current financial assets

Non-current financial assets at 30 June 2023 and 31 December 2022 are distributed as shown below:

	Financial assets at amortised cost	Financial assets at fair value charged to reserves	Financial assets at fair value charged to profit and loss	Hedging derivatives	Total
30.06.2023					
Equity instruments	-	4,439	-	-	4,439
Derivatives	-	-	-	34,071	34,071
Collection rights concession arrangements	203,596	-	-	-	203,596
Other financial assets	17,704	-	-	-	17,704
	221,300	4,439	0	34,071	259,810
31.12.2022					
Equity instruments	-	10,743	-	-	10,743
Derivatives	-	-	-	30,141	30,141
Collection rights concession arrangements	201,253	-	-	-	201,253
Other financial assets	16,178	-	-	-	16,178
	217,431	10,743	0	30,141	258,315

The decrease in "Equity instruments" relates to the dividend received for the shareholding in Vertedero de Residuos, S.A. €6,304 thousand.

The item "Receivables, concession agreements" includes the amount of receivables from concession contracts not subject to demand risk. During the first six months of 2023, there were no incidents in the average collection periods, nor has the credit quality of counterparties deteriorated significantly.

Other non-current financial assets" includes amounts granted to public entities for refinancing debt in urban redevelopment activities, which earn interest at market rates, and deposits and guarantees basically corresponding to those made for legal or contractual obligations in the course of the Group companies' activities, such as deposits for electricity connections, guarantees for the execution of works, rental of buildings, etc.

b) Other current financial assets

Current financial assets at 30 June 2023 and 31 December 2022 are distributed as shown below:

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

	Financial assets at amortised cost	Total
30.06.2023		
Collection rights concession arrangements	15,210	15,210
Deposits and guarantees	38,387	38,387
Other financial assets	44,549	44,549
	98,146	98,146
31.12.2022		
Collection rights concession arrangements	16,865	16,865
Deposits and guarantees	35,517	35,517
Other financial assets	34,089	34,089
	86,471	86,471

Other financial assets at 30 June 2023 mainly include current loans granted and other receivables from FCC Group companies, joint ventures and associates amounting to €31,330 thousand, current loans to third parties amounting to €8,453 thousand and deposits with credit institutions amounting to €4,766 thousand.

9. EQUITY

The accompanying statements of changes in total equity at 30 June 2023 and 2022 show the changes in equity attributable to equity holders of the Parent and minority interests in the respective half-year periods.

I. Equity attributable to the Parent

a) Capital

The capital of FCC Servicios Medio Ambiente Holding, S.A.U. consists of 10,000 ordinary shares represented by book entries with a par value of 1,000 euros each.

All shares are fully subscribed and paid, and carry the same rights.

At 30 June 2023 and 2022, Fomento de Construcciones y Contratas, S.A. owned 100% of the shares of the Parent. According to the Corporate Enterprises Act, in relation to Articles 438 et seq., the Company is registered as a Sole-Shareholder Company in the Companies Registry.

In June 2023, Fomento de Construcciones y Contratas, S.A. (sole shareholder) agreed to sell to CPP Investments a minority stake of 24.99% in the share capital of its subsidiary FCC Medio Ambiente Holding, S.A.U. The price to be paid for CPP Investments amounts to €965 million. The closing of the Transaction is subject to conditions precedent, which is why the transaction has not been recorded in these condensed interim financial statements.

b) Valuation adjustments

The most significant changes reflected in consolidated equity at 30 June 2023, are as follows:

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- Changes in the fair value of financial instruments

- Financial assets at fair value

Decreased by 6,304 due to the dividend received from Vertederos de Residuos S.A. (see note 8.a)

- Cash flow hedges

The fair value reserves of hedging derivative instruments in the first half of 2023 have increased by €1,886 thousand.

- Translation differences

Translation differences in the first half of 2023 have increased by €10,158 thousand, mainly due to the appreciation of the pound sterling and against the euro.

10. NON-CURRENT AND CURRENT PROVISIONS

The breakdown of provisions at 30 June 2023 and 31 December 2022 is as follows:

	30.06.2023	31.12.2022
Non-current	561,567	544,159
Liabilities for long-term employee benefits	10,234	9,816
Dismantling, removal and restoration of fixed assets	108,787	108,805
Environmental actions	304,072	295,197
Contractual and legal guarantees and obligations	60,318	54,224
Actions to improve or expand the capacity of concessions	73,037	72,847
Other provisions	5,119	3,270
Current	4,401	5,004
Other provisions	4,401	5,004

In the first half of 2023, translation differences increased non-current provisions by €13,032 thousand, mainly due to the appreciation of the pound sterling against the euro. We can also highlight the financial restatement of €7,706 thousand in the period.

With the remaining movements in the period, the provisions shown in the accompanying consolidated balance sheet at 30 June 2023 are considered to cover the liabilities that may arise in the performance of the various activities of the Services Group.

Note 17 of the notes to the consolidated annual accounts of the Services Group for the year ended 31 December 2022 provides information on provisions at that date.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group in Spain (see Notes 2 and 20). In the event of a discrepancy, the Spanish-language version prevails

11. FINANCIAL LIABILITIES

During the first half of the year, FCC Servicios Medioambiente Holding S.A.U. continued to issue and partially renew instruments maturing in the period, concentrating on the promissory note programmes issued by FCC Servicios Medioambiente Holding S.A.U. on the Irish listed market. At 30 June 2023, the outstanding balance, excluding accrued interest, amounted to €174,900 thousand at FCC Servicios Medioambiente Holding S.A.U., distributed among different maturities, from 1 to 6 months.

With regard to the availability of credit facilities signed and not drawn down at 30 June 2023, the Services Group presents an amount of €117,702 thousand.

a) Non-current financial liabilities

Non-current financial liabilities at 30 June 2023 and 31 December 2022 are distributed as follows:

	Financial liabilities at amortised cost	Hedging derivatives	Total
30.06.2023			
Bank borrowings	272,645	-	272,645
Debt instruments and other held-for-trading liabilities	618,353	-	618,353
Derivatives		174	174
Other financial liabilities	540,452	-	540,452
	1,431,450	174	1,431,624
31.12.2022			
Bank borrowings	275,193	-	275,193
Debt instruments and other held-for-trading liabilities	617,575	-	617,575
Derivatives	-	862	862
Other financial liabilities	524,534	-	524,534
	1,417,302	862	1,418,164

The heading "Bank borrowings" at 30 June 2023 includes amounts drawn down in long-term financing (€80,219 thousand) and borrowings with limited recourse for project financing subscribed by various companies (€192,426 thousand), with no additional guarantees by the Parent Company for this type of debt.

The heading "Other financial liabilities" at 30 June 2023 includes mainly the debt derived from lease contracts amounting to €130,102 thousand and a balance of financial debts with Group companies of two subordinated loans granted by Fomento de Construcciones y Contratas S.A. with a balance of €375,093 thousand. It also includes financial debts with third parties outside the Group and guarantees and deposits received.

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b) Current financial liabilities

Current financial liabilities at 30 June 2023 and 31 December 2022 are distributed as follows:

	Financial liabilities at amortised cost	Hedging derivatives	Total
30.06.2023			
Bank borrowings	133,029	-	133,029
Debt instruments and other held-for-trading liabilities	789,167	-	789,167
Derivatives		243	243
Other financial liabilities	139,348	-	139,348
	1,061,544	243	1,061,787
31.12.2022			
Bank borrowings	68,345	-	68,345
Debt instruments and other held-for-trading liabilities	740,272	-	740,272
Derivatives	-	15	15
Other financial liabilities	109,678	-	109,678
	918,295	15	918,310

The heading "Bonds and other marketable securities" includes at 30 June 2023 the bond maturing on 4 December 2023 for an amount of €600,000 thousand, promissory notes maturing between 1 and 6 months for an amount of €174,900 thousand, plus interest on bonds and debt issued in the UK.

The heading "Other financial liabilities" at 30 June 2023 includes the debt derived from lease contracts maturing in less than twelve months amounting to €39,274 thousand, suppliers of fixed assets pending payment of €60,926 thousand, and debts with companies of the FCCSA Group amounting to €26,116 thousand. Furthermore, this includes financial debts with external third parties and the bonds and deposits received.

Note 18 of the notes to the consolidated annual accounts of the Services Group for the year ended 31 December 2022 provides information on financial liabilities at that date.

12. INCOME AND EXPENSES

Worth particular mention in terms of the sections that make up the accompanying Consolidated Statement of Profit and Loss:

a) Other profits/(losses)

In the first six months of 2023, of note is the result of expenditure of €5,982 thousand to supplement costs related to fixed assets, mainly at FCC Medio Ambiente S.A.U. (expense of €7,827 thousand at June 2022). The remainder of the other results item of the half-yearly amounts corresponds to exceptional results.

b) Financial income

third-party equity instruments in the amount of €6,304 thousand (€3,051 thousand at 30 June 2022), for the dividend received from the company Vertedero de Residuos S.A.

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

In the first six months of 2023, the result contributed by the FCC Environment UK Group in the amount of €6,796 thousand (€4,027 thousand in the first six months of 2022) was noteworthy.

d) Profit/(loss) attributable to non-controlling interests

In the first six months of 2023, the result attributable to minority interests amounts to €12,841 thousand (8,463 thousand at 30 June 2022), mainly due to the amount generated by the Green Recovery Group (€9,396 thousand in the first six months of 2023 and €4,486 thousand in the first six months of 2022).

13. SEGMENTED INFORMATION

a) Activity segments

The information on each segment, shown in the tables below, has been prepared in accordance with the management criteria established internally by Group management, which coincide with the accounting policies adopted for the preparation and presentation of the Group's condensed consolidated interim financial statements.

The "Corporate" column includes the financial activity derived from the Group's centralised treasury management, as well as the operation of those companies whose management is not assigned to any of the aforementioned business areas.

"Eliminations" includes the elimination of operations between different activity segments.

Income statement by segments

In particular, the information reflected in the following tables includes, as profit/(loss) for the segment in the first six months of 2023 and 2022:

- All operating income and expenses of subsidiaries and joint management contracts that correspond to the activities carried out by the segment.
- Interest income and expenses generated on the segment's assets and liabilities, dividends and profits and losses on the sale of the segment's financial investments.
- The share in the profits/(losses) of the companies accounted for under the equity method.
- Income tax payable corresponding to the transactions carried out by each segment.
- "Contribution to the profit/(loss) of the FCC Group" contains the contribution of each area to the equity attributed to the shareholders of Fomento de Construcciones y Contratas, S.A.

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2023.06	Total Group	Spain/Portugal	United Kingdom	EEC	United States of America
Net turnover	1,883,471	1,026,852	388,905	296,640	171,073
<i>External customers</i>	1,883,471	1,026,852	388,905	296,640	171,073
Other income	50,788	44,330	0	4,040	2,419
<i>External customers</i>	50,788	44,330	0	4,040	2,419
Operating expenses	(1,639,039)	(931,316)	(303,661)	(253,316)	(150,746)
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(141,312)	(66,605)	(34,045)	(23,753)	(16,910)
Other operating income/(losses)	(5,278)	(6,046)	(91)	946	(86)
Operating profit/(loss)	148,630	67,215	51,108	24,557	5,750
<i>Percentage of revenue</i>	7.89%	6.55%	13.14%	8.28%	3.36%
Financial income	15,307	6,960	6,879	1,468	0
Financial expenses	(39,750)	(9,413)	(22,976)	(2,438)	(4,923)
Other financial profit/(loss)	(691)	36	(163)	(494)	(70)
Profit/(loss) of companies accounted for using the equity method	12,160	4,726	6,453	981	0
Profit/(loss) before tax from continuing operations	135,656	69,524	41,302	24,075	756
Corporate income tax	(34,391)	(13,439)	(14,773)	(6,152)	(27)
Profit/(loss) for the year from continuing operations	101,265	56,085	26,529	17,922	729
Consolidated profit for the year	101,265	56,085	26,529	17,922	729
Non-controlling interests	12,841	1,944	9,519	1,378	0
Profit/(loss) attributable to the Parent	88,424	54,140	17,010	16,545	729
Contribution to the Group result	88,424	54,140	17,010	16,545	729

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2022.06	Total Group	Spain/Portugal	United Kingdom	EEC	United States of America
Net turnover	1,745,763	965,936	383,588	303,499	92,740
<i>External customers</i>	1,745,763	965,936	383,588	303,499	92,740
Other income	33,419	23,264	24	3,337	6,795
<i>External customers</i>	33,419	23,264	24	3,337	6,795
Operating expenses	(1,502,902)	(849,097)	(314,984)	(253,666)	(85,155)
Amortisation of fixed assets and allocation of grants for non-financial and other assets	(124,826)	(55,364)	(36,706)	(21,352)	(11,405)
Other operating income/(losses)	(6,935)	(7,493)	(118)	651	24
Operating profit/(loss)	144,519	77,246	31,805	32,469	3,000
<i>Percentage of revenue</i>	8.28%	8.00%	8.29%	10.70%	3.23%
Financial income	7,297	3,303	3,267	671	56
Financial expenses	(33,749)	(11,348)	(19,234)	(1,609)	(1,558)
Other financial profit/(loss)	(134)	(493)	(700)	(117)	1,176
Profit/(loss) of companies accounted for using the equity method	10,806	4,774	4,916	1,115	0
Profit/(loss) before tax from continuing operations	128,739	73,482	20,054	32,528	2,674
Corporate income tax	(31,788)	(18,932)	(5,234)	(7,828)	207
Profit/(loss) for the year from continuing operations	96,951	54,550	14,820	24,700	2,881
Consolidated profit for the year	96,951	54,550	14,820	24,700	2,881
Non-controlling interests	8,463	2,457	4,461	1,545	0
Profit/(loss) attributable to the Parent	88,488	52,093	10,359	23,156	2,881
Contribution to the Group result	88,488	52,093	10,359	23,156	2,881

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Balance sheet by segments

Below is the balance sheet by segments at 30 June 2023 and 31 December 2022:

2023.06	Total Group	Spain/Portugal	United Kingdom	EEC	United States of America
<u>ASSETS</u>					
Non-current assets	3,361,506	1,152,205	1,389,129	480,746	339,426
Intangible assets	935,470	249,438	464,782	143,566	77,684
Property, plant and equipment	1,855,015	727,893	549,377	316,499	261,247
Investments accounted for using the equity method	232,365	52,995	171,305	8,065	0
Non-current financial assets	259,81	71,458	187,200	657	495
Deferred tax assets	63,999	35,575	16,465	11,959	0
Non-current trade receivables	14,846	14,846	0	0	0
Current assets	1,692,960	982,983	372,367	181,986	155,624
Inventories	62,502	49,173	3,433	9,716	180
Trade and other receivables	1,127,638	789,935	133,745	103,464	100,495
Other current financial assets	98,146	23,237	16,031	34,570	24,308
Cash and cash equivalents	404,673	120,638	219,158	34,236	30,641
Total assets	5,054,466	2,135,188	1,761,496	662,732	495,050
<u>LIABILITIES</u>					
Equity	1,015,784	773,769	62,391	164,652	14,972
Non-current liabilities	2,265,532	54,103	1,471,132	382,742	357,555
Grants	4,676	752	0	3,601	323
Non-current provisions	561,567	134,562	308,37	118,611	24
Non-current financial liabilities	1,431,624	990,184	328,585	35,289	77,566
Deferred tax liabilities	132,372	16,061	112,542	3,769	0
Other non-current liabilities	135,293	1,361	133,932	0	0
Internal relations	0	(1,088,817)	587,703	221,472	279,642
Current liabilities	1,773,150	1,307,316	227,973	115,338	122,523
Current provisions	4,401	4,371	0	0	30
Current financial liabilities	1,061,787	972,697	23,929	13,917	51,244
Trade and other payables	706,962	330,248	204,044	101,421	71,249
Total liabilities	5,054,466	2,135,188	1,761,496	662,732	495,05

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2022.06	Total Group	Spain/Portugal	United Kingdom	EEC	United States of America
ASSETS					
Non-current assets	3,061,240	998,368	1,377,305	445,686	239,881
Intangible assets	912,581	247,169	473,634	143,155	48,623
Property, plant and equipment	1,607,775	556,824	579,078	281,134	190,739
Investments accounted for using the equity method	208,906	58,876	142,386	7,645	0
Non-current financial assets	247,995	78,722	167,995	760	518
Deferred tax assets	66,472	39,268	14,212	12,993	(0)
Non-current trade receivables	17,510	17,510			
Current assets	1,527,619	889,388	352,805	157,976	127,450
Inventories	41,845	30,705	3,510	7,521	108
Trade and other receivables	966,059	680,185	127,131	97,454	61,289
Other current financial assets	81,544	20,217	19,004	28,804	13,519
Cash and cash equivalents	438,172	158,281	203,160	24,197	52,533
Total assets	4,588,859	1,887,756	1,730,110	603,662	367,331
LIABILITIES					
Equity	822,819	636,420	32,041	130,471	23,887
Non-current liabilities	2,768,115	648,468	1,483,342	360,660	275,645
Grants	4,530	783	0	3,747	0
Non-current provisions	521,054	124,279	291,259	105,517	0
Non-current financial liabilities	1,972,064	1,501,621	352,005	31,094	87,343
Deferred tax liabilities	129,658	16,485	109,709	3,464	(0)
Other non-current liabilities	140,810	2,127	138,683	0	0
Internal relations	(0)	(996,827)	591,687	216,839	188,302
Current liabilities	997,925	602,868	214,727	112,531	67,799
Current provisions	4,394	4,369	0	0	25
Current financial liabilities	323,976	280,342	23,745	10,480	9,409
Trade and other payables	669,555	318,157	190,982	102,052	58,364
Total liabilities	4,588,859	1,887,756	1,730,110	603,662	367,331

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Cash flows by segment

	All Group	Spain/Portugal	United Kingdom	EEC	United States of America
2023.06					
Operating activities	135,010	74,201	28,346	24,676	7,787
From investing activities	-257,250	-143,807	-47,799	-25,163	-40,481
Financing activities	63,785	45,331	5,760	-2,900	15,594
Other cash flows	5,788	847	6,389	321	-1,769
Cash flows for the year	-52,667	-23,428	-7,304	-3,066	-18,869
2022.06					
Operating activities	-138,972	137,341	55,213	35,237	17,476
From investing activities	-44,205	-63,600	-16,093	-20,964	-38,315
Financing activities	-62	-54,011	-32,351	-12,510	54,667
Other cash flows	62,028	12	-3,053	254	2,725
Cash flows for the year	-121,211	19,742	3,716	2,017	36,553

b) Activities by geographic markets

The Group conducts 45.5% of its business outside Spain/Portugal (44.7% in the first half of 2022).

The net turnover realised by the Group companies as at 30 June 2023 and 30 June 2022 is distributed among the following markets:

Breakdown of revenue by geographical area				
<i>(Millions of euros)</i>	30.06.2023	(%)	30.06.2022	(%)
Spain/Portugal	1,026.9	54.52%	965.9	55.33%
United Kingdom	388.9	20.65%	383.6	21.97%
Central Europe	296.6	15.75%	303.5	17.38%
USA	171.1	9.08%	92.7	5.31%
Total	1,883.5	100%	1,745.8	100%

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14. GUARANTEE COMMITMENTS TO THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

At 30 June 2023 the Group has incurred contingent liabilities, mainly guarantees to third parties, mostly to public bodies and private customers to guarantee the successful completion of urban drainage contracts, amounting to €1,381,986 thousand (€1,107,309 thousand in 2022).

On 15 January 2015, the Competition Chamber of the National Markets and Competition Commission issued a decision on file S/0429/12, for an alleged violation of Article 1 of Law 15/2007 on the Defence of Competition. The aforementioned resolution affects several companies and associations in the waste sector, including companies belonging to the Group. The Group has filed an administrative appeal before the Spanish National Appellate Court. At the end of January 2018, the National Court of Justice handed down judgments upholding the contentious-administrative appeals filed by Gestión y Valorización Integral del Centro S.L. and Betearte, S.A. Unipersonal, both companies owned by FCC Servicios Medioambiente Holding, S.A. Unipersonal, against the CNMC's ruling imposing several sanctions for alleged collusive practices. In both decisions, the argument put forward by these companies that no single, on-going breach existed was upheld.

In April 2018, we were notified of the agreement initiating new legal proceedings for the same conduct investigated in the previous proceedings forming the scope of the upholding decision, commencing an 18-month examining period. In September 2019, an agreement was issued suspending these legal proceedings until the National Court's decision on appeals filed by other companies that had been penalised. On 22 March 2023, the Competition Chamber of the CNMC issued a decision by which it agreed to close disciplinary case S/0628/18 RESIDUOS 2. The Chamber considers that it is no longer appropriate to continue with the proceedings and the case should be closed, with effects for all parties.

The Group has no other open litigation and legal proceedings other than those described above for which it does not expect any significant cash outflows.

The participation of Group companies in joint operations managed through joint ventures, joint ventures and other similar entities means that the unit holders share joint and several liability for the activity carried out.

The company has not obtained any significant assets as a result of the guarantees enforced in its favour or released.

15. FINANCIAL AND NON-FINANCIAL RISKS

a) Financial risks

The concept of financial risk refers to the variation to which, on account of market, political and other factors, the financial instruments contracted by the Group are exposed, and their impact on maximising the financial resources available, obtaining necessary financing at a reasonable cost, and its impact on the financial statements. These circumstances materialise in the so-called liquidity, credit and currency risks, which are discussed in detail in note 28 of the notes to the consolidated financial statements for 2022.

The Group has prepared the interim financial information on a going concern basis, as it has no reasonable doubts about the Group's ability to adequately finance its operations by generating resources from its

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operations to adapt the Group's financial structure to the business situation and cash flows foreseen in the Business Plan.

In relation to liquidity risk, at 30 June 2023 the Group has a negative working capital of €80,190 million (€37,845 million at 31 December 2022), as a result of the reclassification to current financial liabilities of the bond maturing on 4 December 2023 in the amount of €600,000 thousand.

The directors and management of the Company consider that the credit quality of the Parent Company with an investment grade rating (BBB-), the recurring cash flow of the businesses in which the 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, will enable the refinancing in progress to be completed successfully.

In order to manage liquidity risk, at 30 June 2023 the Group has undrawn bilateral financing facilities of €117,702 thousand (see note 11), undrawn credit lines of €115,000 thousand, undrawn promissory note facilities of €225,100 thousand and a cash balance of €404,673 thousand, and available short-term financial investments of €98,146 thousand (note 8.b).

This analysis, together with the maturity horizon of its financing facilities, is estimated to provide the Group with sufficient liquidity to meet the needs arising from its operations.

It should also be noted that some of the Group's activities are subject to seasonality, so it is not possible to extrapolate the full annual period taking the first six months of the year as a reference. Seasonality is more pronounced in cash generation, which is usually higher in the second half of the year.

b) Climate change risks

The Group takes all appropriate measures to adapt to the effects of climate change and to mitigate its possible effects on its business and fixed assets, as shown by the environmental provisions set aside for this purpose (note 10).

The Group is committed to the decarbonisation of the activities it carries out, for which it uses the most efficient technologies in the fight against climate change and the very nature of the Environmental Services Group aims to protect and conserve the environment and contribute to the circular economy by treating waste as a resource, through its reuse and energy recovery. Likewise, it uses technologies and equipment to optimise water consumption, promoting a rational use and the use of water from alternative sources, such as the use of rainwater. In terms of policies aimed at optimising energy and raw material consumption, the Area has facilities for the use of landfill gas to generate electricity and hot water, waste treatment and recycling facilities and energy recovery plants.

As a result of the above, the Environmental Services Group has prepared its financial statements on a going concern basis, as there are no doubts about the continuity of the Group.

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16. AVERAGE WORKFORCE OF THE CONSOLIDATED GROUP

The average number of employees of the Group during the period from 1 January 2023 to 30 June 2023, distributed by gender, is as follows:

	30.06.2023	30.06.2022
Men	47,772	46,026
Women	14,062	13,397
	61,834	59,423

17. REMUNERATION RECEIVED BY DIRECTORS AND EXECUTIVES:

The executive team of FCC Servicios Medio Ambiente Holding S.A.U. comprises nine (9) men and one (1) woman, whose remuneration in the first half of 2023 amounted to €2,201,167.44 thousand (in 2022 it comprised nine men and one woman, whose remuneration for the whole year amounted to €3,066,749.41).

18. TRANSACTIONS WITH RELATED PARTIES

There are transactions for various services provided by Fomento de Construcciones y Contratas S.A. under market conditions to Group companies Services, the most significant of which is included under the heading of external services for an amount at 30 June 2023 of €22,517 thousand (€19,834 thousand in the first half of 2022).

19. SUBSEQUENT EVENTS

On 12 July, a credit facility was signed with La Caixa for €600 million and a maturity date of 28 February 2024, to guarantee the bond maturing on 4 December 2023.

20. EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

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